The Bath

Perspective

THE MAGAZINE OF THE UNIVERSITY OF BATH SCHOOL OF MANAGEMENT

IN THIS ISSUE

Strategies for emerging economy markets

China and Japan: a multinational firm perspective

The growing relationship between China and Latin America

UNIVERSITY OF BATH
SCHOOL OF MANAGEMENT

THE UNIVERSITY OF BATH

School of Management

With over forty years' experience of delivering high quality management programmes, the School of Management is one of the oldest established business schools in the UK. The School is research-led, with a faculty and staff unique in the diversity of cultures and interests represented.

Our rating of 5A for research and 'excellent' for teaching in the Higher Education Funding Council for England (HEFCE) assessments and our accreditation by EQUIS, the international gold-standard for business schools, are testament to the quality of operations in the School. The School is also consistently ranked amongst the top business schools in the UK by the key media rankings: *The Times Good University Guide* positions Bath 4th in the UK in their 2008 Business Studies ranking; The Bath MBA is ranked in the top 100 in the world by the Economist Intelligence Unit's *Which MBA?* Guide; and the *Financial Times'* ranking of European Masters in Management programmes places the Bath MSc in Management at 7th in the UK and 27th in Europe.

These credentials stem from our world-class teaching faculty who use their leading-edge research to inform their teaching. The School's taught programmes benefit greatly from this interaction of research and teaching, perhaps none more so than the School's tailored programmes for executives, which are designed to provide customised solutions to organisational challenges. Our corporate connections and expertise extend across a wide range of industry sectors as we work with organisations on a global, national and local scale. We take the time to get to know our clients, understand their business and appreciate their wider context. We build long lasting relationships based on a collaborative approach which seeks to inspire higher individual performance and organisational transformation.

We offer a stimulating environment with an excellent reputation for business education and international research. We believe in helping organisations to thrive through the provision of cutting-edge thinking and supported personal development. We pride ourselves on providing practical solutions to real business problems.

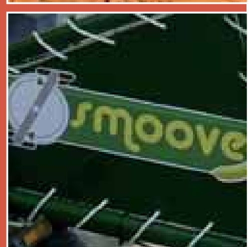
EFMD EQUIS ACCREDITED

UNIVERSITY OF BATH SCHOOL OF MANAGEMENT

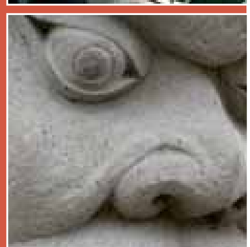
Editor: Kate Stringer
Design: Phil Retter
Photography: Tom Smith Photography and Nic Delves-Broughton, University Photographer (unless otherwise credited)

Contents

6



13



14

26

DEAN'S MESSAGE

Welcome to the second edition of our new-look Bath Perspective. The feedback from the first edition of our revamped magazine has been extremely positive. If you missed that edition – which covered the topic of 'Business, Organisations and Society' – it is available to download from our website at: *www.bath.ac.uk/management/news_events/perspective.html*

As I reported in the last magazine we have been undergoing a time of positive change and development in the School and we are now enjoying external recognition of this. Any period of rapid growth and change brings its own challenges – roles, structures and processes need to catch up. As part of this process of change we have declared 2008 our 'year of quality' and have already made a number of appointments in the School which are helping us to achieve our objectives in this area.

In the School Secretary's unit, led by Kay Elliott (see her profile on page 4), a new post focused on assessments and exams has been created – Claire Jay is now our Assessment Officer. Affiliated to this unit and responsible to Dr Nick Kinnie in his role as Head of Quality, Teaching and Learning, is our new Student Experience Officer, Jenny Szewiel (see her profile on page 4). The idea for this post came from the Teaching Resource Working Group and it is to focus on supporting overseas undergraduate students from recruitment through to graduation – a key element of our international strategy for the School. We hope that this appointment will be the first of a number of similar ones looking after different sets of our student body.

With these key developments the School is continuing to look to its future, ensuring it is meeting the needs of its students and providing the best possible environment in which learning can flourish. This in turn means we will continue to produce the high calibre graduates (see our alumni profiles on page 25, 30 & 31) our corporate recruiters find so valuable to their organisations.

"THIS EDITION FOCUSES ON THE AREA OF INTERNATIONAL BUSINESS AND WE BRING YOU HIGHLIGHTS OF WORK BEING CONDUCTED ACROSS THE SCHOOL."

As I look ahead, the end of my five year tenure as Dean of the School approaches. Notwithstanding an offer from the University to extend my tenure for another year, I have decided to step down from the post of Dean. While the search for my successor is in the hands of the University, the School's Advisory Board and staff throughout the School are being consulted as part of the search process. I remain committed to the School and its staff and will maintain the momentum of success we have built here until my tenure ends on September 30th, 2008.

I hope you will enjoy reading this magazine and that you will find the insights into the work being conducted by my academic colleagues of interest. This edition focuses on the area of international business and we bring you highlights of work being conducted across the School. We are also delighted to report on the speech given in the School by Mr Sunil Mittal – one of the world's most successful business men. The speech was part of our Bath India Economic Forum which has become an annual event attracting the very highest level speakers.

If you would like further information about anything you read in this magazine, please get in touch with the authors of the articles or with our corporate relations team (see page 33 for details) who are here to facilitate greater links between the School and the business community.

A. M. Pettigrew

Professor Andrew Pettigrew
B.A., DIA., Ph.D, FBA, Hon.Ph.D; AcSS; FAM; FBAM; FSMS

Dean, School of Management
University of Bath

New Academics' Profiles

PROFESSOR RUSS VINCE

Prof. Russ Vince joined the School last year and is Professor of Leadership and Change, a joint appointment with the School for Health. Prior to joining us he was Professor of Organisational Behaviour and Human Resource Management and Director of the Centre for Management and Organizational Learning at the Hull University Business School. He has a first-class publishing record and is also editor of the journal, *Management Learning*. Russ has brought strong research and teaching skills in the areas of leadership, learning and change.

DR ALISTAIR BRANDON-JONES

Dr Alistair Brandon-Jones also joined the School last year and is a Lecturer in Operations and Supply. Alistair was recently awarded his PhD at Warwick Business School and was a Teaching Fellow there. His research interests are in E-procurement. He has already developed high quality teaching skills in the areas of Operations Management and Service Operations Management.

DR ADAM JOINSON

Dr Adam Joinson joined the School last year and is a Senior Lecturer in Information Systems. Adam was previously a Senior Lecturer in Information Systems at the Open University. His research and teaching interests are in the broad area of computing and society. He is particularly interested in issues to do with privacy, trust and security. These are important themes in contemporary society and complement the existing strengths in the IS group in the School.

Professional Staff Profiles

KAY ELLIOTT

Kay joined the School in October 1998 having previously worked in central administration at the London School of Economics. Prior to this role Kay ran training centres helping unemployed managers in London and Derbyshire to get back into the work-place. Before graduating from the University of Essex with a degree in Sociology, Kay worked in a number of administration roles as well as volunteering at a Probation Centre.

Kay holds one of our key professional staff roles: as Secretary to the School she is responsible to the Dean for the smooth running of the academic and assessment activities of the School. She is charged with ensuring that members of the School adhere to the University's quality assurance procedures and requirements and that good practice is disseminated across the School. Her role also bridges the day-to-day activities of an academic department and the strategic functions of the School as a University Faculty. The Secretary to the School forms a vital point of liaison between members of the School, central University administration and other Faculties.

JENNY SZEWIEL

Jenny joined the School in 2007 as our first Student Experience Officer working with Dr Nick Kinnie in his role of Head of Learning, Teaching & Quality on improving the quality of the student experience in the School. Jenny read English at Southampton and returned a year later to do an MA in Gender Studies. Jenny's career in higher education began with a role at the Careers Service at the University of Bristol, latterly also working part-time as a Student Welfare Advisor in the Students' Union there. Jenny is also a self-employed Life Coach.

In her role at Bath she is the first point of contact for students requiring advice and support and she is also the key liaison point for staff members, advising them where to send students in need of further assistance. Jenny provides an advice and support clinic for first year students who also have the support of their Personal Tutors. In her role Jenny has also been developing links with the University Support Services and other services throughout campus; she is also researching other ways in which we can improve the student experience.

CAROLINE BALDWIN

Caroline joined the School last year as the Placements Officer for the new MSc in Advanced Management Practice. After graduating in French from Sussex, Caroline worked briefly for Islington Council then taught English as a Foreign Language in Japan, Australia, and Hungary – while in Budapest she gained an MSc in International Economics. She worked in the Czech Republic for the next two years, and then spent some time in Lebanon and Slovenia. Upon her return to the UK Caroline was appointed Regional Development Officer for S.W. England for SAVAGE (Southern Association of Voluntary Action Groups for Europe). Immediately before joining us she was a Training Officer for SORTED, in the University of Bath Students' Union.

The new MSc in Advanced Management Practice degree is a different kind of Masters': it couples high quality academic inquiry with work experience. The School has a growing list of organisations across the world which welcome our Masters' students on 20-22 week professional work placements.

Prof Ania Zalewska –

Emerging markets: What is all the fuss about?

In recent decades capital markets around the world have been developing faster than ever before. This is true whether we look at their size or the sophistication of the services that they provide. For example, in the period 1980-2006 the world capitalisation of stock markets increased over 1,700%. But this growth has not been equally spread around the globe. It has been heavily focused on the emerging stock markets of the world. At a time when the capitalisation of the US market grew by 1,372%, and the UK market by 1,543%, the stock market of South Korea grew by a staggering 21,713%. Indeed, in this time, the capitalisation of the emerging stock markets as a group grew by nearly 8,000%.

This growth of the emerging markets' capitalisation is the result of two trends: first, existing markets have grown and second, new emerging markets have been created. Indeed, there are more countries now with 'new' emerging markets than there were countries with stock markets, developed and emerging, in the 1980s. Although we tend to hear most on the news about the developed markets, currently there are nearly five times as many countries with emerging stock markets than with developed stock markets.

However, if the emerging markets are to play a significant part in the future capital market development, there are two critical questions that need to be answered. First, will the growth of the emerging markets observed over the last 25 years extend to the next few decades? Second, what are the prospects that these emerging markets will mature?

Prof Zalewska's inaugural lecture addressed these questions and provided an overview of the growth of emerging markets. It also highlighted the difficulties emerging markets can face in the future, unless appropriate measures to stimulate the development of good governance, legal and regulatory frameworks are introduced. Prof Zalewska argued that, despite investors' enthusiasm for the emerging markets and their broad expectations of continued success, these markets are extremely delicate and rather frail. Individually they are very small, extremely risky and provide limited potential benefits for investors.

To listen to the podcast of Ania's Inaugural Lecture please visit our website *www.bath.ac.uk/management*

FEATURE

Strategies for emerging economy markets

Klaus Meyer, Professor of Strategy and International Business

Emerging economies

have opened their gates, and multinational enterprises (MNEs) are flooding in. Some seek new opportunities for low cost production and re-configuration of global value chains. Most investors, however, seek fast growing markets that offer new growth opportunities, for example:

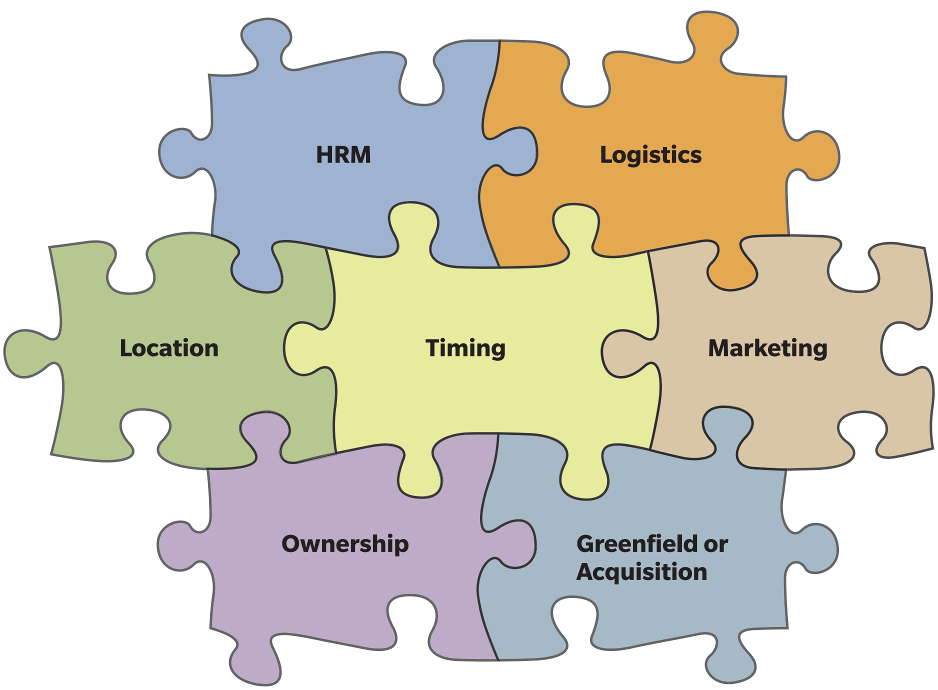
- The emerging middle classes are seeking quality and luxury goods that support lifestyles resembling those of mature market economies.
- Huge numbers of people at the 'Bottom of the Pyramid' are becoming potential customers, especially for business concepts that meet their needs, resources and aspirations.
- Local businesses, some of which themselves enter the global stage, seek specialist investment goods and components, industries that are the traditional strength of Northern European businesses.

To take advantage of these opportunities, MNEs need strategies to enter and grow their businesses. The strategy needs to create value for local customers as well as profits for the MNE. Thus, investors aim for market positions that are viable in the long term, preferably as a leader in their market. The initial entry thus needs to provide not only a foothold, but a perspective to develop a leading position.

The entry strategy has to match the needs and resources of the MNE with the opportunities and constraints in the local environment. Entry strategies thus require adaptation to the local resource endowment, market demand and the institutional environment, i.e. the local 'rules of the game'. The degree of such adaptations varies across industries and host countries.

The design of an entry strategy is a creative process of integrating many interdependent elements (Figure 1). Various scenarios may be explored to decide over a wide range of

Figure 1: **The Building Blocks of an Entry Strategy**



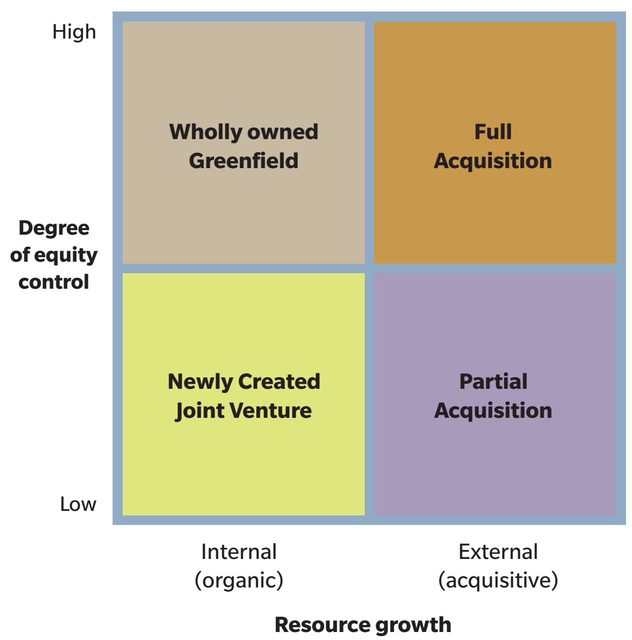
issues. This essay introduces and discusses key questions and issues that strategists have to consider when designing an entry strategy for an emerging economy.

Should we go alone …?

The first question that often comes to mind when discussing foreign entry is the choice of entry mode, especially the 'JV issue'. Yet, entry modes vary in fact across multiple dimensions; crucial is not only the ownership stake, but how the entrant develops its resources locally: organically or by acquisition (Figure 2).

Businesses usually like to be in control of their operations. Control facilitates the effective management of knowledge, avoids dependencies on external partners, and allows reacting flexibly to new market opportunities. If an entrant has (or has access to) all the resources required for a new operation, and if no legal requirements mandate local ownership, then foreign investors would normally prefer to establish a wholly owned subsidiary to attain full control over the operation.

Figure 2: **Dimensions of entry Modes**



… or should we share with a local partner?

Despite the attractions of full control, many foreign investors choose a joint venture (JV) as an entry mode in emerging economies. A JV creates a new entity with two or more partner firms contributing resources and sharing the control.

Theoretical models suggest that a JV would be chosen if three conditions are met: (a) the new business unit depends on resource contributions from two or more firms, (b) the transfer of these resources or the expected benefits for the investors are subject to high transaction costs, and (c) it is not feasible for the entire parent firms to be integrated into one firm, for instance because they are big relative to the envisaged project, or one of them is a state-owned enterprise.

In market-seeking JVs in emerging economies, local partners typically contribute local business networks and knowledge of the local business environment, especially consumer behaviour and the role of governments. These types of resources are important where local conditions lack transparency, where markets do not function well, and where relationships are an essential foundation for business.

At the same time, MNEs contribute their own technologies, business processes and brands. Such transfers are often essential to achieve competitiveness, while asymmetric information inhibits the efficiency of markets for their transfers, such that investors prefer to keep them internal and under control. Moreover, knowledge to be transferred is often tacit and thus requires 'learning by doing' and thus an intra-organizational mode of transfer.

The ownership preferences depend on the institutional environment governing the market, notably the feasibility and cost of enforcing contracts. Where these institutions are weak, investors would abstain from arm-length contracts; at the same time local partners may be helpful to interact with other local businesses. Thus, JVs provide an avenue to operate in unfamiliar contexts, especially where the investor lacks experience and understanding of local culture and business practices.

Should we acquire a local firm …?

The other dimension of entry is essentially a make-or-buy decision, namely the choice between a greenfield operation and an acquisition of (a stake in) an existing company. This decision is primarily driven by the investor's need for local resources: An acquisition provides local organizationally embedded resources, such as human capital and networks with local authorities. Acquisitions thus are preferred by those who need complementary local resources, or who wish to establish a strong market position on the basis of the acquired firm's market share, brands and distribution network.

Acquirers often prefer a full acquisition and thus full control over the operation. This is particularly important when they want to implement radical restructuring to upgrade and integrate the acquired organization with the acquirer's own operation. Yet, in some circumstances partial acquisitions may be appropriate, at least as a temporary arrangement. For instance, only partial equity stakes may be available for acquisition in the context of a privatization. Or, the business may be acquired from a local business group that may continue to contribute in a variety of ways.

... or should we create a new entity as a Greenfield project?
A greenfield operation in contrast allows investors to create a new operation from scratch according to their own designs, and thus to replicate organizational procedures and practices used elsewhere. The greenfield option thus is preferred in particular by investors whose competitive advantages are grounded in the firm's organizational structure and culture, and who thus would not want to dilute them by adapting to an existing local organization.

Should we locate in the country's economic hub...?
Location concerns both the choice of country to invest in, and the selection of a specific site. Market-seeking investors are primarily concerned with the access to distribution channels and potential customers in the target market. They would invest in a central location for sales, marketing and logistics, while the distribution network may cover the entire country. In some industries, also, the actual production needs to be located close to the customer or the point of consumption, notably in service industries such as tourism, and for manufactured goods that face high transportation costs. Thus, market-seeking investors locate in large and growing markets, and where traffic infrastructure allows convenient access to customers.

... in peripheral areas offering specific resources...?
For investment projects aiming for export markets, the primary concerns are costs of production. Hence, the key parameters for such location decisions are the costs and quality of the local resources. This includes the specific inputs required for the operations, including natural assets like cost of the local workforce and natural resources, and 'created assets' like intermediate goods, human capital and infrastructure. Such created assets are of increasing importance in emerging economies, and they are often provided by other businesses. Therefore, foreign entrants often invest where a strong community of related local and foreign-owned businesses already exists.

... or where local governments offer attractive subsidies?
In addition, location decisions are often moderated by investors' concern about regulation of the industry, political risk and law enforcement. Investors may negotiate with the pertinent national and local authorities about specific conditions and benefits. Investment incentives such as the provision of local infrastructure or subsidies and financial incentives may tip the balance for a particular site, especially if competition for FDI is strong. Yet, such incentives are usually only worthwhile pursuing if the fundamentals – resource endowments and institutional infrastructure – are solid.

Should we seek first mover advantages...?
Market-seeking foreign investors normally aim to be number one or two in their industry or market segment, especially if the industry tends to oligopolistic market structures. Investors may pursue market leadership by entering ahead of major competitors in pursuit of first mover advantages.

First movers may build reputation and consumer loyalty, and establish relationships with key suppliers and customers. They may even be able to lock business partners into a relationship, and thus raise barriers to entry for potential competitors. Moreover, they may build goodwill with local authorities, slide down learning curves, and acquire unique local resources, such as distribution channels, local brands and raw material sources.

In some industries, first movers have to commit heavy up front investment to establish a leadership position from which to face later entrants, as for branded consumer goods, or because of the capital intensity of the industry, as for oil exploration. Other first movers may pursue a 'platform strategy' that establishes a foothold to observe the local industry and to react flexibly to business opportunities if and when they emerge.

... or should we wait?
Followers, on the other hand, may benefit from a less uncertain business environment, and from observing the first mover, its customers and the local authorities. In particular, 'fast seconds' may learn from the experiences and mistakes of the first mover, yet create a challenge before the market structure has stabilized.

Empirical evidence suggests that first movers can maintain their leadership position if they continuously commit resources and focus on learning about the local environment. Yet, ample case evidence points to first movers who did not succeed in creating sustained market leadership, especially when challenged by resourceful and determined competitors entering the market.

Should we position in the premium market ...?
In emerging economies, markets tend to be highly segmented, both regionally and in terms of income groups. In consequence, differences of margins between global brands and local mainstream brands tend to be large. The premium segment is the prerogative of the middle and upper classes,

who often aspire to 'Western' style living standards and are less price sensitive. Moreover, premium brands are often important status symbols for this group of consumers.

Foreign investors may be able to reach these consumers with global products, brands, and marketing strategies. Advantages of such a strategy include economies of scale in product development, production and marketing. Global standardization is most likely to be appropriate for MNEs with core competences supporting premium brands and products, in industries that are technology intensive and face little variation in consumer preferences, and in urban locations with a cosmopolitan outlook (Figure 3).

... or the mass market...?

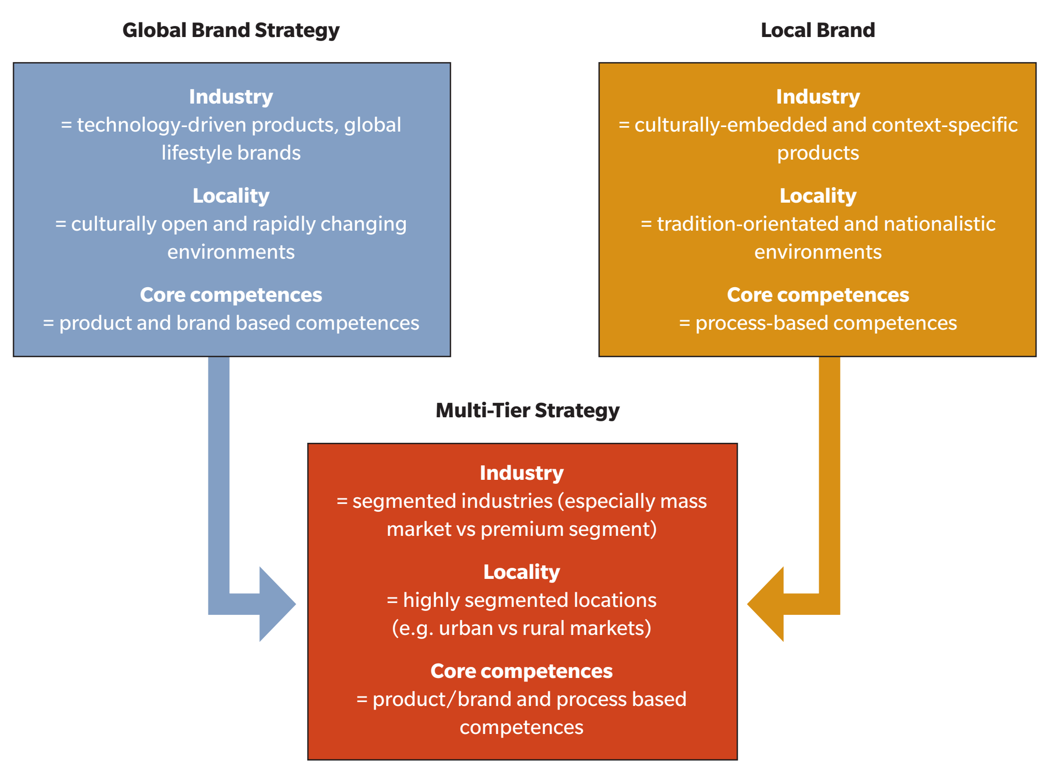
Mass markets in emerging economies are potentially vast, yet margins are typically small. Consumers have tight budgets and thus react highly price sensitively, while local business may offer price-competitive products. Goods and services for such "Bottom of the Pyramid" markets would have to accommodate local needs and purchasing power for instance with simpler yet more robust product designs. Marketing strategies may be very people intensive – thus taking advantage of low labour costs – and use traders in the informal sector to reach customers.

Foreign entrants may create or acquire local brands that provide a local image, and are distinct from global brands. Such localization is important when targeting markets where volume driven strategies with small per-unit margins may be most appropriate, and for culturally sensitive products such as foods. To succeed in such markets, firms need operational capabilities to profitably run low cost/low margin production and distribution operations.

... or both?

Some MNEs target both premium and mass markets using a multi-tier strategy. This allows combining an international product positioned in the premium segment and a local brand aimed at the mass market. Such a strategy allows synergies, for instance in the use of distribution channels, yet it requires MNEs to have both strong international brands and deep understanding of how to operate under emerging economy conditions.

Figure 3: **Branding Strategies for Emerging Economies**



Source: Meyer and Tran (2006)

How should we manage our expatriates, ...?
A foreign entry depends on qualified and motivated people to implement the strategy. Thus, along with the establishment of a new subsidiary, expatriate managers have to be selected and prepared for their assignment. Expatriates play a pivotal role in this process; without suitable managers in charge of local operations, even the best planned strategy is likely to flounder.

... and our local staff?
Local staff need to be recruited and trained. For newcomers it can be hard to identify the most suitable individuals, especially for managerial positions. Often local middle and top management are headhunted from other foreign investment firms. Technical skills may often be readily available, yet potential leaders are scarce, and thus in a strong position to negotiate salaries.

Human resources management has to create mechanisms for two-way knowledge sharing within the organization: to transmit key technologies and organizational practices to the new operation, and to inform decision makers at headquarters about the local business. Training for local staff has to convey tacit knowledge and may thus include learning by doing in other operations of the MNE. Related challenges include leadership of a workforce in a culturally different context, and adaptation of systems for recruitment, performance assessment and remuneration of local staff.

How should we ship our products around the world?
An important aspect of a foreign entry strategy that is little analyzed in the literature but of great importance for management practice is logistics. Lower labor costs are only valuable if the products can be transported to the customer in good time at acceptable costs. Modern transportation infrastructure and IT systems are designed to allow MNEs to optimize the integration of their internal operations as well as supplier relations. Specialist intermediaries offer services that may include not only warehousing, shipping and door to door delivery, but processing of customer orders and identification of appropriate suppliers.

A foreign entry often triggers changes in these systems, especially if it involves the relocation of production. When designing a foreign entry, MNEs thus have to establish processes to coordinate over great distances, to interact with distant customers and suppliers, and to move products around the world.

Round Up
Thinking strategically about entry in emerging economies requires developing a vision of the development of the market, and the firm's position within it. The initial entry strategy establishes the foundations for a subsidiary that creates value for both local customers and for the global company.

The design of this strategy concerns many interdependent decisions. Take, for example, the choice of entry mode. If timing and speed of entry are crucial for an investor – as they are for those pursuing first-mover advantages – an acquisition or a JV may offer quick access to local marketing assets. On the other hand, acquisitions pose greater challenges in terms of integrating marketing, logistics and human resource management with the entrant's existing structures and practices. Thus, foreign entry strategies have to integrate the complex interdependencies of multiple dimensions.

Professor Klaus Meyer

Literature:

Dawar, N. & Chattopadhay, A. 2002. Rethinking marketing programs for emerging markets, *Long Range Planning* 35: 457-474.

Ghemawat, P. 2007. *Redefining Global Strategy*, Cambridge, MA: Harvard Business School Press.

Estrin, S. & Meyer, K.E., eds. 2004. *Investment Strategies in Emerging Economies*, Cheltenham: Elgar.

Meyer, K.E. & Estrin, S. eds. 2007. *Acquisition Strategies in European Emerging Economies*, Basingstoke: Palgrave-MacMillan.

Meyer, K.E, Estrin, S., Bhaumik S.K. & Peng, M.W. 2007. Institutions, Resources and Entry Strategies in Emerging Economies, Working paper #2007-18, School of Management, University of Bath.

Meyer, K.E., & Tran, Y. T. T. 2006. Market penetration and acquisition strategies for emerging economies. *Long Range Planning*, 39: 177-197.

Prahalad, C.K. 2004. *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*, Prentice Hall.

Welch, L.S., Benito, G.R.G. & Petersen, B. 2007. *Foreign Operation Methods: Analysis, Strategy, and Dynamics*. London: Edward Elgar.

Internet:

Prof Klaus Meyer maintains a personal website featuring research on business in emerging economies at ***www.klausmeyer.co.uk***

STUDENT PROFILES

“THERE’S NO POINT SPENDING SIX MONTHS IN A COMPANY DOING MARKETING WHEN YOU REALLY WANT TO BE A BANKER.”

Matthew Sanderson
International Management with Modern Languages (IMML) Spanish student

As part of my degree I undertook an international placement with Merrill Lynch Capital Markets S.A. in Madrid. I worked in the pan-European equity sales department for six months. I knew I wanted to get into banking but I wasn’t sure which area, having never done it before. A position in equity sales became available and after interviews I was offered the role.

My international placement experience helped me to develop personally as well as professionally. It was the first time I had ever done a serious internship and it taught me different things such as how to behave in the workplace, around clients etc. I also learnt a vast amount of theory; the job was quite technical sometimes and so my colleagues urged me to spend time on the company’s internal learning platform and I also attended external workshops with companies like Bloomberg.

I would definitely recommend an international placement to other students. It gives you the opportunity to learn two things at once: the language and the area in which your company works. It’s not just the work life either, you may have the opportunity to travel too! The hardest thing I found about my placement was the speed at which I had to take to my job, but this was mostly down to it being in a foreign language. Although I had a good grounding in Spanish, the first day at work was a bit of a shock – there was a lot of yelling going on and a certain degree of stress was apparent but this added to the vibrancy of the environment. The business culture wasn’t that hard to get used to, but you have to know how to behave, and to remember you are the student.

My advice to other students would be to look for a placement in a company doing the thing you think you may want to get involved with in the future. There’s no point spending six months in a company doing marketing when you really want to be a banker. Work hard and impress your bosses, they may not show it all the time but they will be keeping an eye on you. Remember: you’re not on holiday!

My placement definitely has encouraged me to work overseas, not necessarily straight away, but almost certainly in the future.

STUDENT CREATIVITY IN URUGUAY

Daniel Spencer and Charlie Stephenson

are third year Bath International Management with Modern Languages (IMML)-Spanish students currently studying in the Faculty of Business Administration at ORT University in Montevideo, Uruguay. As part of their course on New Company Creation, they were required to create their own profitable business within a three-month period – whilst also finding their way within a new culture, a new university and a foreign language. In collaboration with Federico Mangold, a local student on the same course, they came up with the novel plan to build a bicycle-powered liquidiser that could produce smoothies. They named their company "Smoove" – a Spanish interpretation of the word 'smoothie'.

Montevideo is located on the shores of the River Plate and has wonderful, long beaches. There are several miles of broad promenades, or 'ramblas', and the enterprising students decided that the Ramblas of Pocitos and Buceo – the fashionable part of the city – would be an ideal marketplace for the new venture.

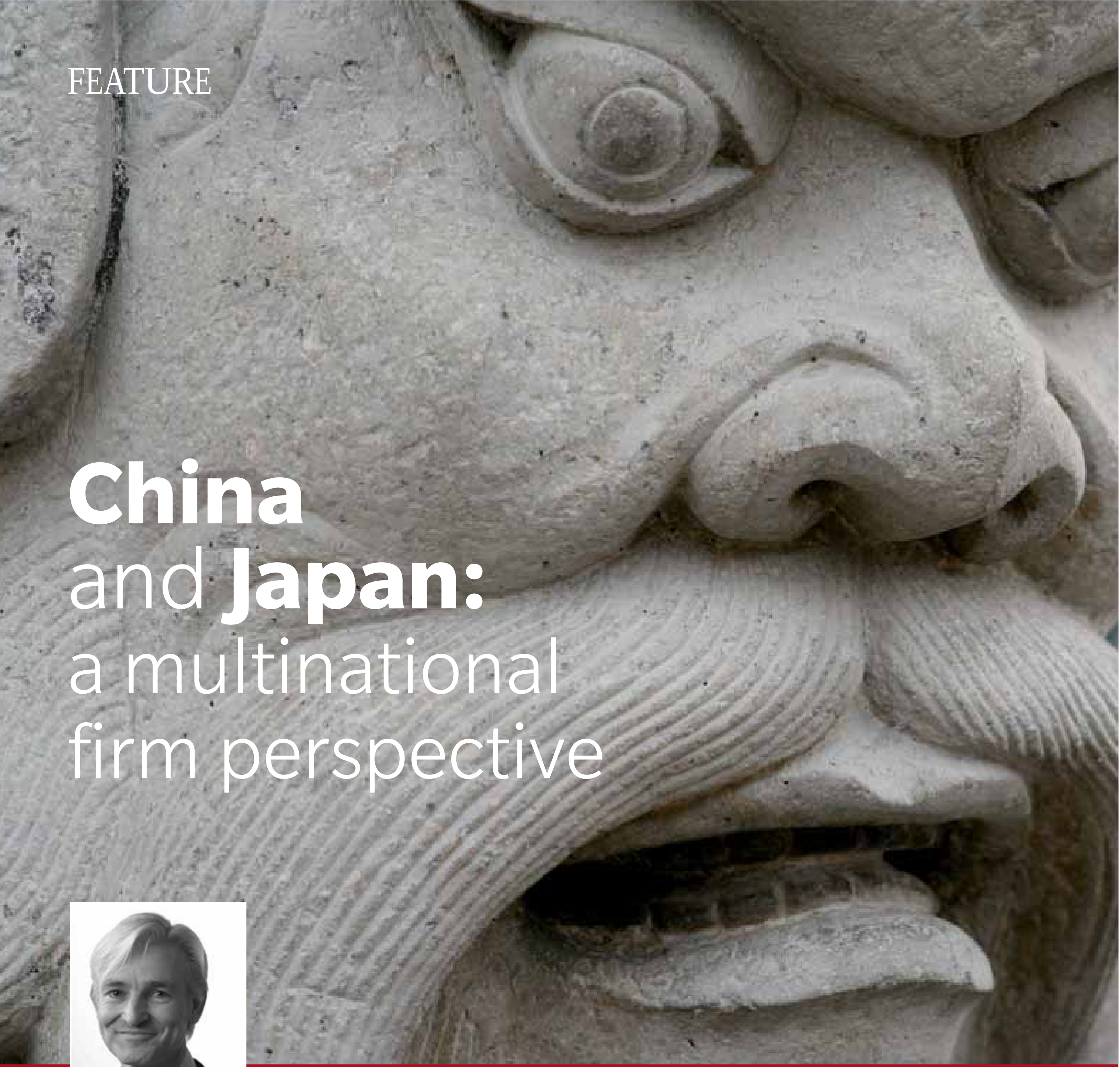
The technology took its lead from a very traditional business that used to be a common feature of Montevideo – the mobile knife grinder. This was based on a bicycle which, when mounted on a stand, could be pedalled and then by way of a variety of gears could drive a sharpening wheel.

Dan took on the task of creating a new version of the bicycle where pedal-power could drive a liquidiser and by adding a top-box for the ingredients the mobile, pedal-powered smoothie maker came into being. Charlie and Federico took control of the administrative and logistics aspects of the venture and soon after the business came into being.

When the project was still in the planning phase Dan entered an international competition the 'Innovate or Die Pedal-Powered Machine Contest' – sponsored by Google and several other organisations. With over 100 qualified entrants "Smoove's" offering of a healthy, refreshing alternative to ice-creams to the strollers along the Montevideo Ramblas, with its environmentally-friendly operator-generated energy source, was up against tough competition.

Commenting on the 100 entrants to the competition, Dan Reicher, Director of Climate and Energy Initiatives for Google.org and former US Assistant Secretary of Energy, said: "The diversity, creativity and potential impact of the proposals was impressive. I was interested to see if bicycle powered technologies could help address global problems like climate change and water pollution. These proposals convinced me that human brainpower can harness muscle power to help solve some of our biggest environmental challenges."

Although the "Smoove" venture did not win the competition, it did catch the attention and imagination of the local media. El Pais, the major national newspaper of Uruguay, ran a feature on the "bici-liquadora" and the team have been in great demand by local radio stations for interviews. The "Smoove" bicycle has become one of the sights on the Pocitos Rambla.



China and **Japan:** a multinational firm perspective

Professor Edmund R Thompson

China and Japan are both in the unusual position of being the world's second largest economy after the US, depending on which measure of GDP you choose. Both should in consequence be attractive for foreign firms to invest in. But while China has become more attractive to foreign firms in the past few decades, Japan appears to be declining as a foreign investment location. Why this should be so is often speculated about superficially, but is not known for certain. Recently collected data from a series of studies on the locational competitiveness of, respectively, China and Japan shed some empirical light on the matter and suggest that China's current attractiveness may wane while Japan's attraction to multinational firms may prove to be stronger in future.

The world's second largest economies

In straight exchange rate terms, Japan's 2006 GDP of $4.3 trillion made it still the second largest economy in the world, behind the US with a GDP of $13.2 trillion. By comparison, China's GDP of $2.6 trillion in exchange rate terms was only the fourth largest in the world, behind Germany in third place. However, in purchasing power parity (PPP), or what-your-money-will-buy-on-the-street, terms, China's GDP is around $10 trillion, just $3 trillion short of US GDP, while Japan's GDP in PPP terms falls to $4.1 trillion, putting Japan instead of China in fourth place behind Germany.

However their GDP is measured, China and Japan are both massive economies that the world's multinationals ought to find attractive as markets. Certainly China has become one of the world's largest recipients of foreign direct investment (FDI) in the past two decades, with some 7,500 new 'greenfield' investments by foreign firms in the period 2002 to 2006 alone, according to United Nations figures. However, Japan's share of world inward FDI flows has declined by a third in the same period, with a mere 664 new greenfield investments in 2002 to 2006, not even a quarter of the 2,571 such investments received in the same period by Britain, whose economy is nearly 45% smaller than Japan's.

Much of China's attraction to foreign firms is assumed to be the result of both its huge population of 1,300 million and its average annual GDP growth over the past 15 years of 10% making it potentially the world's largest single market. By contrast, Japan has a population that is just one tenth of China's, and has had an average annual GDP growth rate over the past 15 years that is also just one tenth of China's, both factors assumed to make Japan decidedly unappealing as a market for foreign firms.

Data gathered from over 2,000 multinational firms from around the world in a series of studies I have conducted would seem to support the assumption that China's vast size and high GDP growth do indeed contribute to its recent attraction for foreign investment (see box Methodological Note). However, China is also revealed to have several highly unattractive features for multinational firms, and Japan is shown to have a number of deep-rooted factors that could make it a more popular destination for multinational firm investments of certain kinds in future.

Chart 1 **Top 15 attractive aspects of China for multinationals**

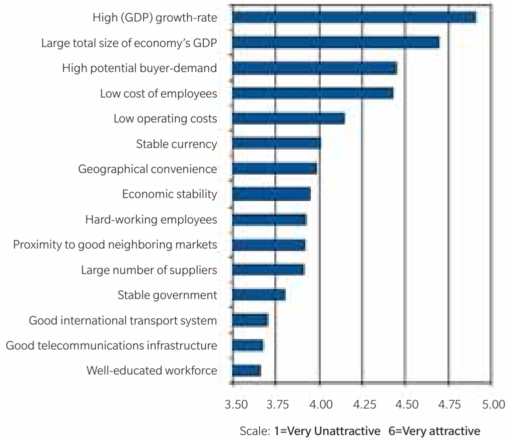
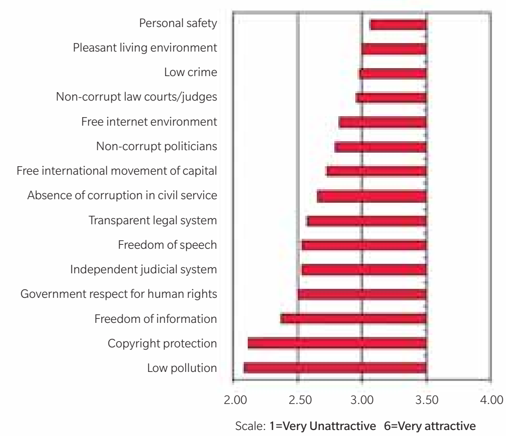


Chart 2 **Worst 15 aspects of China for multinationals**



China's big attractions

When multinational firms are asked to rate how attractive or unattractive China is in relation to a range of factors suggested by firms generally to be important to their foreign investment decisions, those factors relating to China's market potential and low production costs predominate (see Chart 1). China's high GDP growth rate, large total GDP and potential buyer demand all score highly, higher indeed than the country's cheap labour and operating costs. This would seem to suggest that, while China has come to be regarded as a world manufacturing powerhouse, this will perhaps become secondary to its role as one of the world's biggest markets from a foreign firm perspective.

However, it is important to note both that China is not greatly attractive to all types of production for all multinational firms, and that China still has a very long way to go before it becomes an attractive market location for many types of higher-value-adding goods and services. China is still regarded very much as a potential rather than actual market by many multinationals, and the sheer cheapness of China as a production base is offset by several serious problems from a foreign investment perspective.

China scores very badly in terms of many factors that multinationals regard as highly important to a competitive foreign location for their activities, as Chart 2 shows. The overall institutional environment of China is still distinctly unattractive for foreign investment. For example, firms that need copyright and patent protection for their products cannot expect easily to find these within China, and no multinational firm can currently hope to enjoy even modest protection from breach of contract or corrupt practices under China's prevailing political and legal systems. Moreover, China's tremendous dynamism has brought attendant environmental and social problems that result in an off-puttingly low and, in many places, declining quality of life for multinational managers. For instance, massive development of China's physical infrastructure and the rapid growth of consumption have, in the absence of either appropriate legislation or the enforcement of what few regulations exist, produced pollution of equally massive proportions. Additionally, as the social strictures of the old communist authoritarian China have given way to China's new form of authoritarian capitalism, crime levels and issues of personal safety have become serious concerns for foreign firms.

China will need to see a magnitude of development of its institutional systems that matches its economic development over the past two decades if some of its less attractive facets are to be dealt with effectively. However, addressing the broader institutional problems that face China is an essentially political matter for which the country is exceptionally ill-equipped. The alacrity with which China's authoritarian rulers have sought to encourage economic advance is matched only by the alacrity with which they have sought to retard any form of political advance. China might have been relatively quick in the past two decades to welcome some kinds of foreign firms in the hope of promoting access to, and adoption domestically of, foreign micro-level business technology, but it has been slow to adopt much of the macro-level institutional technology in terms of legal and political systems that have helped facilitate the sustained economic growth of advanced industrial economies over many decades.

Japan's entrenched attractions

Foreign multinational firms may not have been going in large numbers to Japan in the past decade, but this cannot be taken straightforwardly to indicate that the country is unattractive to foreign multinationals. Many foreign firms are, of course, already in Japan having entered in the decades before the 1990s, and Japan still scores highly as an attractive location on many points for many multinational firms (see Chart 3).

Japan has, by global standards, large, wealthy and sophisticated markets, both in terms of consumer and business buyers, that are attractive to foreign firms. Japan is also found to be attractive in respect of the quality of business inputs it offers, such as human resources and suppliers. These inputs may not be cheap, but they are of a standard that China currently struggles to match. But perhaps where Japan is markedly more attractive to foreign firms than China is in relation to its macro-institutional environment. Although far from faultless, Japan has an entrenched liberal democratic political system and strong rule of law. While China is suffering deterioration of an already poor living environment for personal safety and pollution, Japan represents one of the world's safest and cleanest countries, offering a very attractive quality of life for foreign firm executives, together with excellent transport, telecommunications and freedom of information.

In terms of most determinants of business locational attractiveness, Japan scores markedly higher than China. And certainly Japan has relatively few unattractive features compared to China, with high operating costs being the most significantly unattractive aspect of Japan identified by multinationals (see Chart 4).

Looking forward

There can be no doubting that China is currently an attractive location for many foreign firms, both as a market and a cheap production base. However, it is as well to remember that Japan was once, in the 1950s and 1960s, synonymous with cheap production and has proven to be an attractive market for a wide range and large number of foreign firms over a number of decades. Fuelled by the kind of rapid economic growth that Japan enjoyed during the three decades prior to the 1990s which ensured Japan's current high economic wealth, China has the potential to become an increasingly rich market and high-value-adding production location.

However, China, unlike Japan when its post-war economic growth was held in awe by the world, does not currently have the advantage of an institutional framework for the kinds of legal and political infrastructural environments that foreign multinationals regard as a key element of locational attractiveness for their direct investments. China's future attraction to foreign firms may well be constrained by its lack of a political economy infrastructure capable of supporting the kinds of high-value-added business activities that foreign firms can perform in Japan.

Moreover, because China does not currently appear to have any political mechanism by which it can shift towards a more appropriate institutional structure, radical political change will likely be necessary to provide such a mechanism. While radical political change can be smooth and peaceful, history provides few examples of this for China to follow. Unfortunately for China, history, especially its own, does hold plenty of examples of disruptive radical political change, as well as copious evidence of how unattractive foreign firms find unpeaceful political change, especially when they have institutionally attractive alternative investment locations that are geographically proximate in the way that Japan is to China.

Chart 3 **Top 15 attractive aspects of Japan for multinationals**

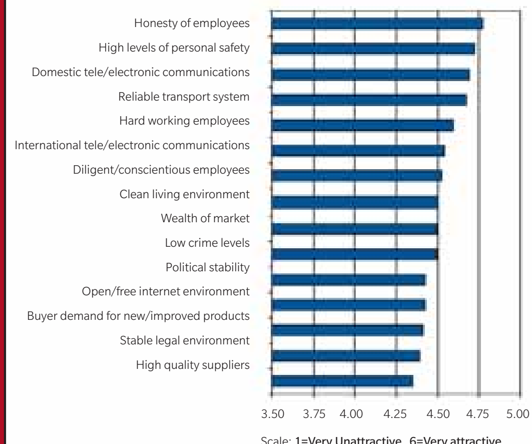
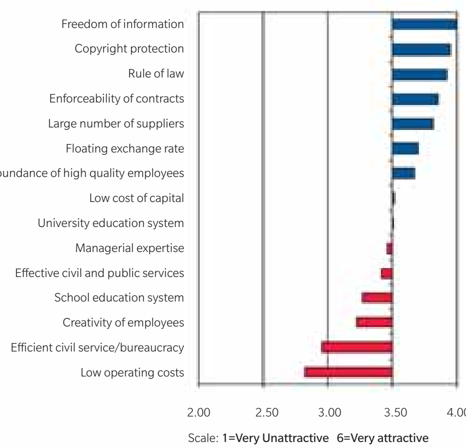


Chart 4 **Worst 15 aspects of Japan for multinationals**



SXC

Methodological Note

Charts are based on data collected from 2,347 multinational firms with operations in China and Japan. In a qualitative study, senior managers of multinational firms were first asked to state the key factors determining the locational competitiveness of countries that their firms consider when deciding to make direct foreign investments. Several thousand resulting individual suggestions were then reduced to 150 key determining factors. In subsequent quantitative studies, China and Japan, respectively, were then rated in terms of how attractive they are in relation to each factor. Factors were rated on a 6-point interval measure, with 1 being Very Unattractive and 6 being Very Attractive, meaning that scores above 3.5 indicate attractiveness, with scores below 3.5 indicating unattractiveness.

The growing relationship between China and Latin America, a source of opportunities?

Dr Gaston Fornes, *University of Bristol (UK) and ESIC Business and Marketing School (Spain)*
Visiting Fellow in International Business – School of Management – University of Bath (UK)

Dr Alan Butt-Philip, *School of Management - University of Bath (UK)*

Introduction

The Chinese economy has become the world's fourth largest and is expected to take over the top position around 2050. This expansion has been fuelled by a wave of foreign resources flooding different sectors of the Chinese economy mainly in the form of foreign direct investments. The combination of foreign resources with local assets has created one of the most successful stories of economic development in modern history as China has shown high growth rates during the last 15 years.

Although the Chinese domestic market is still far from being mature, many Chinese companies have started to look for opportunities abroad. It has been suggested that this international expansion is aimed at acquiring resources from Western economies in the form of knowledge, products, technology, or even strategic positions to secure the supply of raw materials. Probably within the latter, China and the most important Latin American countries (Argentina, Brazil, Chile, Peru, and Venezuela) have been strengthening their economic and political ties by signing investment and trade agreements. In this context, China has already made relatively large investments in Latin America and trade between them has exploded in recent years in both directions as the countries appear to have complementarities in their export baskets.

Sino-Latin American Relations

Santiso (2006) claims that "the expanding link between Asia and Latin America is symbolic of the economic shakeout going on worldwide...with Europe, Japan, and the US retreating from their roles as omnipotent centres to leave space for a more balanced configuration". This "more balanced" situation can be seen in the expected flows of trade and investment between China and Latin America of around US$50 billion a year, a figure similar to the trade from the EU to Japan at the end of 1990s. This means that a new strong axis of trade and investment between emerging countries may be developing.

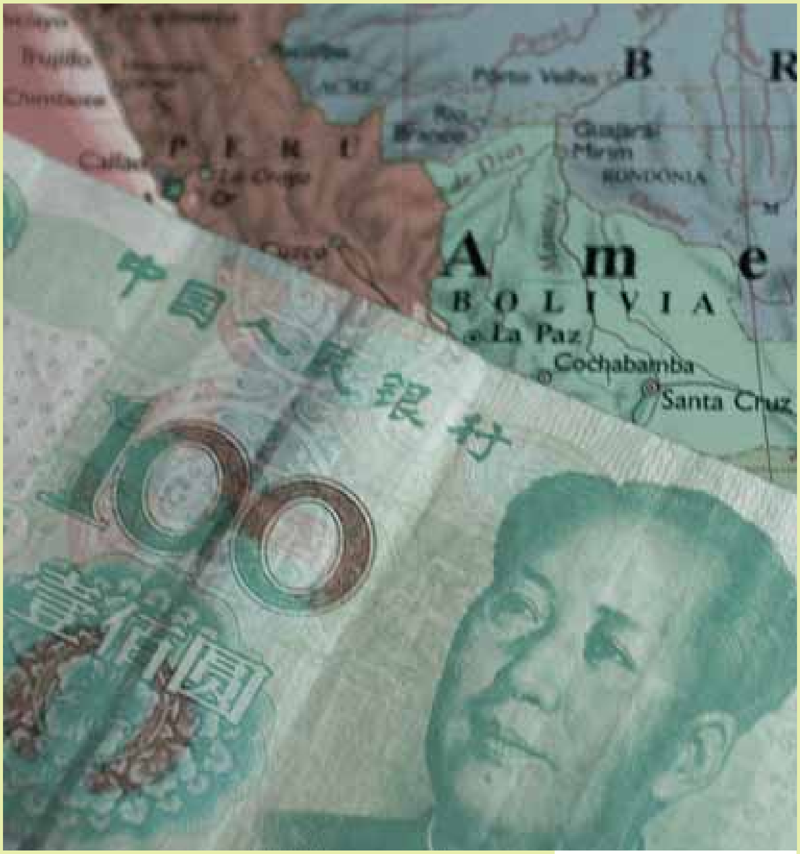
These expectations are the result, among other things, of investment and trade agreements signed between China and Argentina, Brazil, Chile, and Peru in 2004, with Venezuela in 2006, a Free Trade Agreement (FTA) between Chile and China signed in 2005 (operational from October 2006), an FTA under negotiation between Peru and China (expected to be signed between 2007 and 2008), and China's membership of the Inter-American Development Bank. In addition, China has committed investments for around US$100,000 million in the region before 2015 probably with the aim of controlling assets and exerting political influence.

Trade between China and Latin America "has increased more than fivefold since 1999, partly as a result of a big increase in Chinese demand for raw materials such as soya, iron ore, and copper" (Lapper, 2007), and also because Latin America appears as one of the most complementary trade partners for China. Besides the increasing trade, "in 2004, 50 per cent of Chinese FDI went towards Latin America (more than the 30 per cent that went towards Asia)" (Blazquez-Lidoy, et al., 2006, p. 35), Latin America was the second destination for outward Chinese investment in 2005 with 16% of the total (after Asia with 60% (Santiso, 2006)), and in the first three months of 2006 the region received US$930 million (35% of the total Chinese FDI for the period (Sanchez Ancochea, 2006)).

In terms of foreign investments from third countries, early research on the impact of China on Latin America (IADB, 2004) using data up to 2002 (after the crises in Argentina and Brazil) hinted that severe competition for foreign investments from developed countries between the two regions might be on the cards. However, more recent studies have suggested that this competition has affected mainly Mexico and other countries in the Caribbean (Blazquez-Lidoy, et al., 2006, ECLAC, 2006a). In this sense, Blazquez-Lidoy et al. (2006, p. 42) said that "the 1990s golden years of the FDI rush towards Latin America might be over, at least while the processes of privatisation are not reopened, but at the same time Latin American countries are far from being left out of the map of FDI dynamics". Latin America and the Caribbean received around US$51.5 billion in 2005, the highest level since 2000 (ECLAC, 2006a), while China received around US$60 billion in both 2004 and 2005.

In terms of trade, while South America shows trade surpluses with China, Mexico and Central America maintain growing deficits. For this reason, the analysis differs depending on the geographic area. On the one hand, China has displaced Mexico as the United States' main trading partner owing to the fact that Mexico and Central American countries have a similar export basket to

SOUTH AMERICA IS SUPPLYING CHINA WITH RAW MATERIALS, FOOD PRODUCTS, AND ENERGY PRODUCTS TO FUEL ITS RAPID GROWTH



that of China and, as a consequence, they face strong competition in the low and intermediate technology manufactures and also in textiles and apparel.

On the other hand, South America is supplying China with raw materials, food products, and energy products to fuel its rapid growth. In fact, China has become a major trading partner for Brazil, Chile, Argentina, and Peru; in addition, China finds a favourable market for its exports in this sub-region as it has obtained 'market economy' status from many of its countries.

Finally, the main threat to the Latin America-China relationship currently seems to come from the possible trade diversion due to the "reduction in tariffs and other non-tariff barriers being implemented under the ASEAN and China" and the "India-China trade agreement (scheduled to enter into force in 2007)" (ECLAC, 2006b).

STRONG CULTURAL AND SOCIAL LINKS BETWEEN EUROPE AND LATIN AMERICA (ESPECIALLY WITH SPAIN, PORTUGAL, ITALY, AND FRANCE) HAVE MADE COMPETITION RELATIVELY EASIER FOR EUROPEAN COMPANIES IN THE HOST MARKETS

China - Latin America: an Opportunity for European Companies?

The foreign investments from European companies in China are relatively small (IADB, 2004). However, Europe is the largest foreign investor in South America. Around 120 European companies operate in Latin America with between 5% and up to 50% of their annual sales coming from the region, a group dominated by a few (less than ten) Spanish firms that represent near 50% of the total €150 billion invested by Europeans in the region over the last 15 years (Fornes, 2007).

Europe has been a major foreign investor in Latin America since the beginning of the 20th Century with the UK being the largest European investor for most of the first 90 years. Spain started to become a relevant player in 1991 when Telefónica won the bid for the privatisation of Entel in Argentina and reached a peak (in terms of the amount of investments) in 1999 when Repsol acquired YPF in Argentina for around €15 billion. After 1997, Latin America received around 60% of Spanish foreign investments (as an annual average) which positioned Latin America as the first destination for Spanish companies, and Spain as the second-largest international investor in the region after the United States.

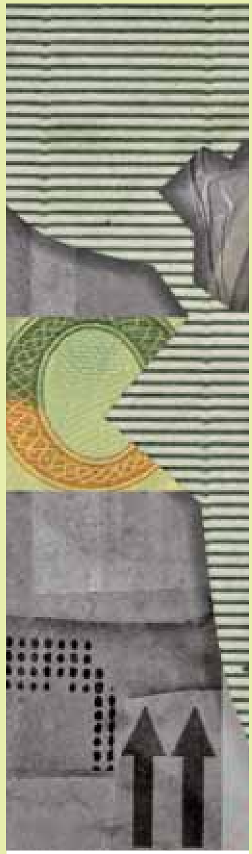
Telefónica seems to be leading Spanish firms again in the development of links with China. The company, which operates the largest telecommunication network in South America, signed a contract in 2004 with Huawei, the Chinese telecommunication equipment maker, to sell products through all Telefónica's subsidiaries in Latin America. In addition, Telefónica has taken an equity stake in China Netcom Corporation, the second largest landline operator in China, and Telefónica's president along with Telefónica International's president sit on the board of this company, one of the very few Europeans in the board of a Chinese company (Blazquez-Lidoy, et al., 2006, El Mundo, 2007). Telefónica is the largest MNC operating in Latin America and its relations with these two Chinese companies are a good example of the opportunities for European companies, especially as there are many other firms from Europe operating in sectors that are likely to be impacted by the Chinese landing in Latin America.

Concluding Remarks

China has been a source of business opportunities and above average returns during the last decade. The growing relationship with Latin America is one of the many opportunities brought by China to the world economy and, owing to the huge potential for growth of this relationship, it is expected that this new axis of trade and investment will become one of the more economically active in the years to come. After all, China and Brazil are two of the four so-called BRIC countries, the emerging markets that are developing rapidly and will probably eclipse most of today's richest countries in around 50 years.

This growing relationship opens up opportunities and threats for European companies operating in Latin America, as their business will be increased by the expected wave of Chinese companies arriving into the region. One of the challenges that EU firms will face is the adaptation of their strategies to cater for the needs of the companies coming from China, since most European enterprises in Latin America have been commercialising products and services previously developed mainly for the European market. The strong cultural and social links between Europe and Latin America (especially with Spain, Portugal, Italy, and France) have made competition relatively easier for European companies in the host markets; nevertheless, the addition of the Chinese culture to the business equation adds extra complexity to already highly competitive markets. Another factor that is hard to assess is how Chinese enterprises might react to any return to political or economic volatility among the South American countries they have now invested in so heavily.

Finally, this relationship will also change the world's geopolitics. China has been a great supporter of Brazil (and the Group of 20) in the WTO improving its bargaining power against the US and the EU. The relation between Europe and Latin America will be affected as, for example, increasing Chinese investments and trade have improved the host governments' bargaining power with other foreign investors. Lastly, Latin America has traditionally been the USA's backyard since the enunciation of the Monroe doctrine, but now that China is willing to play a significant role in the future development of the region there may well be unease about this in Washington and in the boardrooms of corporate America.



Dr Gaston Fornes

Dr Alan Butt-Philip

References

Blazquez-Lidoy, J.; Rodriguez, J. and Santiso, J. (2006) *Angel or devil? China's trade impact on Latin American emerging markets.* Paris: OECD Development Centre.

ECLAC (2001) *Foreign Investment in Latin America and the Caribbean.* Santiago de Chile: Economic Commission for Latin America and the Caribbean.

ECLAC (2006a) *Foreign investment in Latin America and the Caribbean 2005.* Santiago de Chile: Economic Commission for Latin America and the Caribbean.

ECLAC (2006b) *Latin America and the Caribbean in the World Economy, 2005-2006.* Santiago de Chile: Economic Commission for Latin America and the Caribbean.

El Mundo, *"Alierta entra en el consejo de Netcom"*, El Mundo, 5/12/2007.

Fornes, G. (2007). Foreign exchange exposure in emerging markets. A study of European companies in the Mercosur and Chile, *Academy of International Business UK and Ireland Chapter Conference*, London.

Fornes, G. and Cardoza, G. (2007). Foreign Exchange Exposure in Emerging Markets. A study of Spanish companies in Latin America, *International Journal of Emerging Markets*, 3/3.

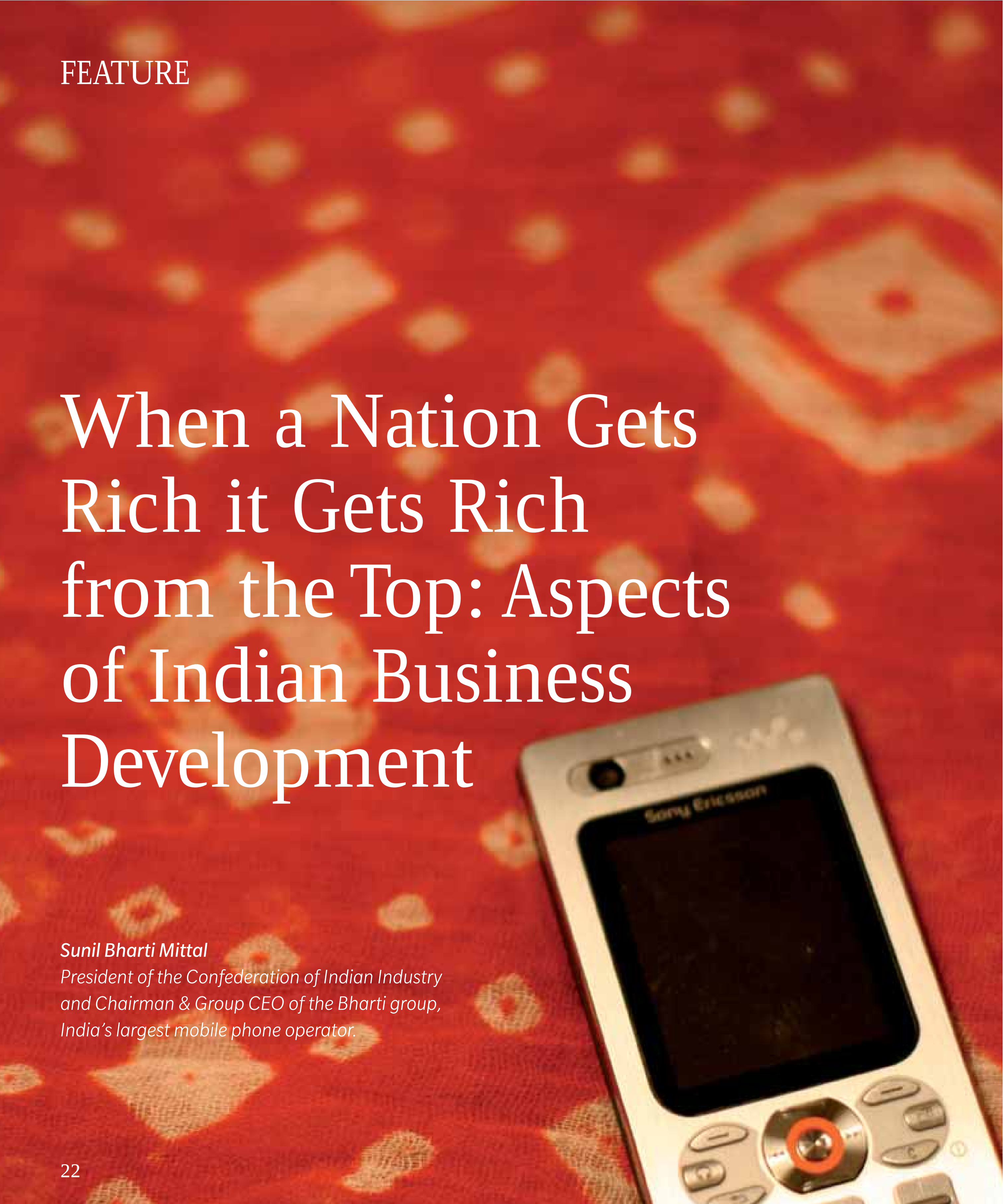
IADB (2004) *The emergence of China: opportunities and challenges for Latin America and the Caribbean.* Washington: Inter-American Development Bank.

Lapper, R., *"US agrees to China joining IADB"*, Financial Times, 18/3/2007.

Sanchez Ancochea, D. (2006), El impacto de China en América Latina: ¿oportunidad o amenaza? *ARI - Real Instituto Elcano*, Diciembre 2006/38, 4-8.

Santiso, J. (2006), Of dragons & elephants, *LatinFinance*, September.

When a Nation Gets Rich it Gets Rich from the Top: Aspects of Indian Business Development



Sunil Bharti Mittal
President of the Confederation of Indian Industry and Chairman & Group CEO of the Bharti group, India's largest mobile phone operator.

At the second Bath India Economic Forum the School welcomed a prestigious panel of speakers including international business leader and entrepreneur Sunil Bharti Mittal. Also on the panel were: Suresh Seetharaman, the co-founder and President of Virgin Comics LLC and Virgin Animation Ltd; Richard Perry, Head of Business Services, UK India Business Council; Chris Mathias, Co-founder, CMG Partners and Arbor Ventures and Shai Vyakarnam, Director, Centre for Entrepreneurial Learning, Judge Business School.

The Forum, organised by students and faculty in the School of Management, with the support and assistance of the Confederation of Indian Industry (UK) covered a variety of issues including: the internationalisation of Indian business; entrepreneurship in India; Indian companies in the UK and the social and environmental impact of economic growth in India. Mr Sunil Bharti Mittal gave the keynote address, speaking about the internationalisation of Indian business – the following aims to highlight the key points from his presentation.

A changing environment

Mr Mittal shared with the audience the changes that have taken place in India since he started on his entrepreneurial journey 32 years ago. He noted: "India operated a very insular, very protected environment – its success story is remarkable in how quickly a country of its size has turned itself around. When I started out there was no system of lending for an idea or an intangible service, so it was very hard for a young entrepreneur to start up in that environment. In 1976 all that was open to us was to move into the small business sector to support large businesses that had come about since independence. Foreign investors were starting to be allowed in at that time but it wasn't until the mid-1980s that there was a big shift in allowing foreign capital into the country; initially it was limited but now it is allowed at almost 100% with only a handful of areas of the economy still showing resistance."

Foreign investment

Mr Mittal noted that now: "Any board that has an international presence has to have India within their game plan. India is now extremely important to global business and it is expressing its own global aspirations by aligning with best practice around the world."

The confidence of international companies who see a good regulatory structure in place in India is shown most clearly in the levels of money being invested by the western world into India; quite a turn around of the situation that existed in 1991-1992 when India had to pledge its gold reserves to the Bank of England to raise just $500 million. Mr Mittal recalled that there was even a point when the Indian government had to decide whether to sell its foreign embassy in Japan to raise money. From that situation India today finds itself coping with $275 billion of foreign exchange. It has also seen private equity firms entering the country in large numbers where previously they were non-existent. The Bharti Group was one of the first recipients of private equity and it is one of India's great success stories. Mr Mittal turned Bharti into India's largest mobile phone operator in just 10 years; the Group also has partnerships with Axa for insurance and with the Rothschild family for exporting fruits and vegetables. In 2006 the Bharti Group signed a joint agreement with the US supermarket giant Wal-Mart. The deal has enabled the two organisations to jointly explore business opportunities in the Indian retail market – a market that analysts expect will double in value to $637 billion by 2015 – with Wal-Mart handling the supply side of the operation, and the Bharti Group running the stores.

Mr Mittal notes: "India's growth story is for real. Indian consumption patterns show we will not slow down for the next 10-20 years. All the high street brands are coming to India, the consumer electronics companies and the car manufacturers are already here. In the mid-1980s a lot of foreign brands had to leave India but they have returned and now their position is very secure."

"Outward investment is new to us. When you flew out of India around 15 years ago there was a $20 limit to the amount of money you could take out with you. Now Corus, the Anglo-Dutch steelmaker, has been bought by an Indian company for over $11 billion and many other international companies are being bought by Indian businesses. Be prepared to see more Indian companies coming into more companies around the world."

A global workforce

Mr Mittal noted that: "2025 will be an important year – it is predicted that India will be the third largest economy in the world in real terms. Another prediction is that 70 million jobs in the USA will need to be filled by foreign workers; it could be that every second hand required anywhere in the world will be Indian. At the moment we have 630 million people in India of working age, in 2060 that will rise to 830 million. This will be a force not just working in India, but a global workforce. My assessment is

" INDIA'S GROWTH STORY IS FOR REAL. INDIAN CONSUMPTION PATTERNS SHOW WE WILL NOT SLOW DOWN FOR THE NEXT 10-20 YEARS. "

that some countries are in denial about what is happening with their own aging workforce. India, for the next several decades, will stay young. These people will be able, willing and confident to work across the world. Immigration won't stop it – offshore working will take its place where necessary. These workers will generate a lot of income and that will fire up the economy."

"To achieve this, however, we must tackle one of our greatest challenges – India has 300 million children in the 6-16 years old age bracket; in 10 years time they will be ready to knock on the doors of society, if we can make them employable they will be an asset for India – if we don't India will be in strife, in social disorder. 270 million of those children will never go to school and others will drop out in their first or second year of school. They need primary education but then they need to be skilled; Indians think everyone must be lawyers, doctors or accountants – the mindset needs to change to be proud of children who become skilled workers. The Prime Minister is very aware of the failure of the state to provide education – India needs to catch up in a big way."

A continent of consumers – the energy challenge

"The changes we are experiencing mean we will become a continent of consumers which will of course lead to pressures of sustainability. We have genuine issues in rural areas and India will have to fight for economic inequities to be addressed by the World Trade Organisation, but despite these challenges India is still committed to being a partner in the globe and it is committing itself in the area of global warming/climate change."

"We have the second largest arable lands in the world but we waste a lot of food in India; we could be a major contributor to the world's food supplies but we will need energy to drive our development and we are actively looking for clean fuels to use."

"Energy is our biggest challenge. We are hopeful of a nuclear deal with the US but even in 12 years' time it will only give 7% of our energy needs. Alternative energy such as solar power will be useful and wind power is becoming interesting but our strength is in coal. The problem is that our coal has a very high ash content and if we use it this will be a problem. India needs clean coal technology, we need investment into these technologies – we recognise that managing carbon emissions in India is vital. People use wood and coal in their ovens at home and collectively this creates large carbon emissions; people need an alternative fuel source."

"India is going to Iran for its gas needs and the USA is not happy about it but the world must seriously look at India's energy needs; other nations fired their economies with fossil fuels but India knows it needs to be reasonable in not demanding an 'eye for an eye'. Biofuels are being looked at but we are now importing wheat for the first time so home-grown biofuels are some way off. Without having a central grid we waste a lot of power – a huge amount of companies in India have their own sources of power generation and this is not efficient. There is the opportunity for massive projects to meet this challenge. I am convinced that Indians will find a solution when they hit a wall, but it is a serious issue that we need to engage with now. India has suddenly become very aware of its energy needs and the consequences of that consumption."

"Our infrastructure is also in constant catch up. Money has been committed for major infrastructure projects over the next five years but with migration from rural areas to cities there is a lot of pressure already. India is focused on sorting this out but I feel that there has to be a change in the mindset of bureaucrats if we are to succeed."

Globalisation – is it bad for India?

"People ask me if globalisation is bad for India – it cannot be. Although it is argued that traditional values are being eroded, as is also happening in China, our core values are still there – marriage and strong families being the cornerstone. Of course affluence brings different pressures on values: people used to depend on each other because they couldn't afford separate houses, they had to share resources but this is not so much the case anymore. India will change, it will accept foreign brands and culture but our spirituality will still be there and I believe the two can co-exist. Some will say the old values are changing but at the core I am hopeful."

"I believe that Indian business models will become global models. India is now outsourcing to other countries. Already India has, in PPP terms, the third largest economy in the world; by 2035 it will be third largest in real terms."

China and India – two engines on a large plane

"Many people make the comparison between China and India – China has a very big, strong economy and the growth of its infrastructure has been at a phenomenal pace. It is firing up economies around the world through manufacturing and the Chinese government is using the opportunity to acquire companies around the world. In 20 years' time China's acquisitions will mean they will effectively 'own' Africa – this is part of their long term strategy to acquire the natural resources they need."

"China will be an important dynamo that will drive the world economy but I see China and India, metaphorically, as two engines on a large plane – they will compete but that will be good for the world. Their strengths are different and India needs to catch up, but China needs to build the rule of law, it needs a patent regime and democracy – India already has these. The two countries will also continue to collaborate but I would say that there will be a positive, competitive scenario."

A success story for all of India?

"The number of people in India who are below the poverty line has reduced significantly but there is the increasingly evident disparity of the rich getting richer. India's growth cannot be just for a limited group of people but the trickle-down effect takes a long time. We are, however, seeing the salaries of skilled workers rising, which is a good sign."

"Ultimately though, the State has to intervene; we need a public health and public education system. People can't be left out of the mainstream – governments will be punished if this is not addressed."

"It is, however, a truism that when a nation gets rich, it gets rich from the top."

Deryck J. van Rensburg
The Coca-Cola Company

The Bath MBA 1988-'89

In April 2007 Deryck was appointed President of Venturing & Emerging Brands for Coca-Cola North America reporting to the North American Group President located in Atlanta. He is responsible for sourcing external growth via acquisition, entrepreneurial partnering and equity investment, then building the next series of billion dollar brands. His 25 years of international business leadership experience with The Coca-Cola Company and Unilever PLC has seen him operating in the United States, Germany, United Kingdom, Austria, Greece, Romania and South Africa.

Working for The Coca-Cola Company has exposed Deryck to a truly worldwide business; today it is the largest beverage company with the most extensive distribution system in the world. With their first soda fountain sales being made to Canada and Mexico in 1897 the company can claim to be one of the world's longest standing global businesses. Their global vision spans five areas: people, planet, portfolio, profit and partners. This is indicative of how globalisation has changed their business model: profit is not the first of their five areas although of course they are hugely profitable – in 2006, their total return to shareowners was 23 percent, outperforming the Dow Jones Industrial Average and the S&P 500. Alongside their profits they are also looking at the impact their global business has. In January 2007 they released their Workplace Rights Policy and Human Rights Statement as part of their commitment to upholding the United Nations Global Compact principles – an important move as in 90% of more than 200 countries their beverages are produced by local people with local resources. They have made commitments to: water stewardship, sustainable packaging, and energy and climate protection. They recognise that they have made progress in these areas but that there is much more to be done.

Deryck notes that the most visible changes in international business during his career have been:

- The need for innovation and speed to market
- Design has become critical
- Global growth of the 'middle class'
- Retailer consolidation and their discovery of marketing leverage
- The internet and mobile – consumer shift from target audience to content creators
- Sustainability makes good business sense
- Borderless outsourcing
- Redefinition of categories and competitors

For Deryck his MBA (for which he gained a Distinction, coming top in his class) helped his international career by giving him a better insight into the importance of organizational change, and that winning in the external marketplace is often dependent on building a winning internal culture that harnesses the passions and talents of multiple, diverse constituents.

Deryck's advice for those starting out on or seeking to broaden out their career into the international arena is "be flexible" and stay open to unconventional career pathways. He recalls a decision he made to move from the comfort of a stable market, living in Vienna, to a turbulent, emerging market based in Bucharest to lead a major business transformation. This experience uniquely equipped him to assume even higher levels of executive responsibility far sooner than would have been the case had he not taken "the road less travelled".

Russia: An Emerging Market with a Difference

Dr Gregory Schwartz

Russia presents something of an anomaly among emerging markets. On the one hand, it is a middle-income, predominantly raw materials exporting economy with a modestly developed service sector and an insignificant globally competitive manufacturing sector. On the other hand, it is a former superpower with significant political clout in the international arena, has a well developed (if now somewhat outdated) industrial base and infrastructure, boasts achievements and know-how in aerospace, defence technologies, nuclear engineering and many branches of science, and has a variety of technology oriented companies.

Unlike many emerging markets, Russia is also a highly urbanised country, with the majority of its population living in large industrial cities. Having been developed during the Soviet period, the cities have most of the infrastructure businesses have come to expect in other Eastern European countries. In addition, electricity, gas, telephone and transportation networks, which have been receiving considerable state and private investment in the last five years, span the country and bind its businesses and communities. There is by now an established and constantly expanding middle class (particularly in cities with over one million inhabitants), which displays increasing purchasing power and established or improving tastes for quality goods and services. Russia has a highly skilled and well educated workforce[1], secular attitudes and a mobile class structure, which set it apart from the majority of emerging markets.

What do these cursory indicators imply for international business and for our understanding of emerging markets? I would like to make headway towards this understanding by discussing two inter-related dynamics. On the one hand, I want to outline some major changes taking place in Russia

SXC

which qualitatively distinguish it from other emerging markets and may place it ahead of many of its peers.[2] On the other hand, I want to point to the opportunities and challenges these developments pose for three different kinds of organisations – the established Russian firms looking to stay competitive, foreign firms looking to invest in Russia, and domestic start-ups looking to expand operations and market share – across two substantive areas of business – strategy and organisational processes – as these are necessitated by the changing business environment.

The rise and rise of Russia

After a decade of uncertainty and decline, the Russian economy has rebounded with remarkable speed. In the last five to seven years, Russia's GDP growth has stood at an average of 7.1 percent, and by the end of 2007 reached its highest level of 7.9 percent, placing it eighth in GDP (PPP) terms. This was matched by fixed capital investment growth of 21.2 percent, an unprecedented spell of growth in the current account surplus (standing at around $40 billion) and foreign currency and gold reserves (standing at close to $500 billion), all underpinned by a declining rate of inflation (now at 8%), rising incomes and increasing disposable incomes (+15.5% y-o-y in July 2007)[3]. In fact, in less than a decade since its financial crisis in 1998, Russia has the largest per capita currency reserves in the world while paying down nearly all sovereign debt. At a time when the world is teetering on the brink of a major recession, following the subprime mortgage crisis in the US, Russia is being described as the most insulated economy among the major emerging-market economies, and its Minister of Finance, speaking at the 2008 World Economic Forum in Davos, Switzerland, boasted that the country will be an "island of stability in the sea of the world crisis."

There is no doubt that Russia has enjoyed this rapid growth due predominantly to the high price of oil, gas and metals on world markets, in which it is a leader. But this has been matched by the government's responsible fiscal and macro-economic policies, and institution building on different levels. In 2004 the Russian government introduced the so-called Stabilization Fund, collected annually through the taxation of oil, gas and metals companies, and invested abroad to prevent high inflation rates. By November 2007 the Fund reached nearly $150 billion and has served as an important tool for absorbing excessive liquidity, reducing inflationary pressure and insulating the economy from volatility of raw material export earnings. Also, while Russia's macro-economic indicators still trail China's current and India's potential figures, particularly in terms of manufacturing and export, they do suggest a very rapid pace of change for a developed industrialized economy.

What's the difference?

Being the world's largest country endowed with many natural, technological, scientific, organizational and human resources, Russia offers business opportunities which match its size. It is not uncommon to hear business people in Russia discussing investment opportunities and saying that anything less than a 30% return on investment is 'uninteresting'. Speaking at the Reuters Russia Investment Forum in September, Vladimir Yevtushenkov, ***Forbes*** magazine's 11th richest Russian and majority shareholder of AFK Sistema, the country's leading consumer services company, stated that investing $50 million today will not get you very far: "If we are talking about up to $50 million, it's better to spend it on yourself. A hundred million is too little."[4]

Judging by many recent developments, it would be fair to say that Russia has entered the second wave of large-scale investments and market expansion, which will have a qualitatively different character from the first wave that has been in place in the last five to seven years. Part of the more audacious investment environment is the buoyancy, size and future potential of the country's consumer base. And it is this buoyancy which offers opportunities and challenges to domestic and foreign companies, start-ups, venture capital and private equity companies, and investors in the West and in Russia.

[1] The country boasts the highest number of tertiary education graduates in any European country. While some raise questions as to the quality of the education received by graduates in relation to world or European standards, and of its evenness across the country and institutions, Moscow and St. Petersburg yearly attract thousands of students from other emerging markets, including from India, China and Latin America.

[2] For example, other BRIC (Brazil, Russia, India and China) countries, which have become the focus of attention for their status as serious competitors and investors in international markets since the 2003 publication of a research paper by Goldman Sachs researchers. See www2.goldmansachs.com/hkchina/insight/research/pdf/brics.pdf.

[3] Data is from Rosstat, Central Bank, Economy Ministry, ratings agencies, and World Bank 'Russian Economic Report'.

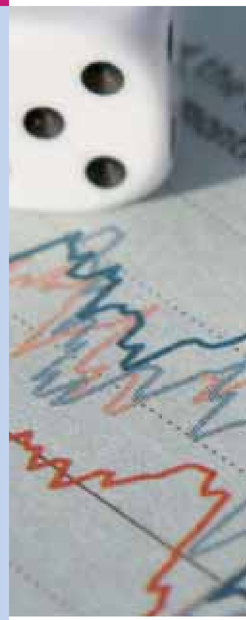
[4] Reuters, '$50 million won't get you far in Russia' www.reuters.com/article/RussiaInvestment07/idUSL1280662520070913. Accessed January 7, 2008.

As incomes and the general level of wealth in the country have rebounded with the rising revenues from commodity exports and prudent fiscal policies, demand for consumer goods, construction and non-tradable services, industrial products, machinery and technology, has expanded. Many analysts and investors, both domestic and foreign, see Russia not just as a potential but an established vast market with serious further growth potential. Many segments of the consumer goods and services market have already reached a level of maturity and many others are poised to grow rapidly over the medium term, driven by steady growth in personal incomes and the associated increase in consumer confidence and demand. In particular, the telecommunications, media and technology sector is poised to grow considerably. Other areas of high potential value, including areas of financial services, such as consumer credit instruments, insurance and pension products, are also set to outgrow their present size and scope. The goal of investors in this climate will be to focus on two goals: to tap into the rapidly-growing domestic market for media, information technology, telecommunication and financial services; and to leverage Russia's rich scientific and human resource base into broad commercial applications.

What about Strategy?

The first group of companies that is being forced to confront the new business environment is the leading domestic firms, those largely responsible for generating the previous wave of investments and shaping the country's business environment. These companies began to form soon after the financial crisis of 1998. With significant restrictions on financial speculation and the introduction of the new bankruptcy law, intermediary companies which were relatively unaffected by the devaluation of the rouble began massive acquisitions, building upstream and downstream operations in the oil, gas, metals and timber industries, and diversifying into insurance, banking, wholesale and retail trade, real estate and construction, consumer goods manufacturing, food production, telecommunication and media. Exploiting the opportunity offered by the prohibitiveness of foreign imports produced by the devaluation and the relative absence of competitors, these companies have used their market power and (political) networking abilities to establish a solid base as leaders in many fields.

However, the rise in disposable incomes and the relative size of the middle class has been a very important impetus for Western firms to establish a foothold in Russia. Manufacturing, retailing and business service companies, from Ford Motor Company, to IKEA of Sweden, and PricewaterhouseCoopers, have been active in Russia in the last 15 years. But it is in the last two to three years that their activity here has expanded on a massive scale. This presence has particularly been felt in retail and consumer goods sectors, with large shopping malls and leisure facilities quickly populating large cities. Construction and development projects which have involved foreign companies and consultants have also grown in number and magnitude. The manufacturing of foreign brand vehicles in Russia rose by 57% in 2007 from an already sizeable base, while the import of new foreign vehicles rose by 67% and used foreign vehicles rose by 46% in the same year. Buoyed by the growing wealth, foreign firms are increasingly entering into the sectors and niches dominated in the last five to seven years by the Russian companies, promising to create greater competition.



FINANCIAL RESOURCES WITHIN THE RUSSIAN MARKET ARE STILL RELATIVELY LIMITED AND DOMESTIC FIRMS INCREASINGLY SEEK WESTERN INVESTORS AND LENDERS

These developments have implications for both Russia's leading firms and start-ups, and will likely have knock-on effects on the nature of the business environment in Russia and beyond. The large, diversified business groups, which have reigned unchallenged, may want to focus on core competencies, spinning out non-core, but usually quite desirable and, from the perspective of market share, well established and performing units. This will undoubtedly result in an increase in entrepreneurship (for example through management buy-outs), a rise in the number of new companies and a further increase in wealth creation and consumption levels. More importantly, this should provide opportunities for both domestic and western firms in the area of finance (e.g. private equity, venture capital, commercial banks) and increase demand for market information, consultancy and specialist knowledge, as well as provide opportunities for investors in domestic and foreign stock markets, in particular the London and New York Stock Exchanges, where Russian firms have traditionally floated. At the moment, many private equity firms in Russia operate without leverage, and the turnaround time between investment and exit is much quicker than in a mature market. Moreover, most disposals by private equity firms have been through strategic sales, rather than initial public offerings, suggesting that businesses continue to offer superior financial performance.

The other side of focusing on core competencies and moving away from unrelated diversification is the potential growth of the activities of Russian firms in international markets, as they seek to make up for lost revenues by tapping into their increased expertise, networks and market power on a global level. This kind of development promises to increase the diffusion and local translation of global practices in the various industries where Russian firms are involved, affecting not only the learning within

Russia's internationalising firms but also the norms of business in Russia.

Organisations organising

Yet, the existing and ever growing opportunities offered by the Russian market are not immune from threats. In fact, as argued by Carl Fey and Stanislav Shekshnia in their October 27, 2007 article in the *Wall Street Journal*, it is often *risk*, rather than *opportunity*, which comes to mind when doing business in Russia. While Fey and Shekshnia propose eight detailed 'commandments' for foreign firms doing business in Russia, there are two key challenges that all firms in Russia face.

The first of these is corporate governance, which in conditions of continued economic growth plays an increasingly prominent role. Without a corporate governance structure that is transparent and features sufficient interaction between shareholders, Boards of Directors and management, many Russian companies would find themselves in capital deficiency in the medium term. The financial resources within the Russian market are still relatively limited and domestic firms increasingly seek Western investors and lenders. While until recently these investors could disregard insufficient financial transparency and poor corporate governance in Russian companies in the face of high profits and seemingly limitless investment prospects, the situation has now changed considerably. The Russian government and financial institutions have improved their monitoring of investments and investors are forced to be more careful in selecting their target companies. The result of such oversight is likely to result in serious criminal charges, loss of licences or (in the worst cases) expropriation. In this respect, financial transparency and a developed corporate governance system are not only the key factors in effective decision-taking processes, but could also be one of the most effective ways for companies to combat corruption (one of Russian economy's most serious problems), rather than passively manage it.

Another key challenge facing businesses in Russia is the effective management of people and human capital. In my research in Russian companies and from discussion with business people and management educators, today organisations and heads of human resources are under increasing pressure to explore ways of effectively managing their people and finding ways in which HR management could more directly influence the sustainability of business and value creation. In Russia, HR is increasingly being seen as a crucial component in the implementation of strategy in many successful companies and those that wish to compete with or emulate them. Executive compensation, including long-


SXC

term incentives to align the interests of shareholders and managers is on the agenda of many prospering and rising firms, as are policies aimed at systematic approaches to compensation, and improved, more efficient systems of non-monetary benefits and pension plans.

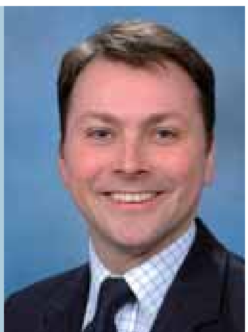
In relation to this, one of the key people-centred organisational problems facing companies in Russia is finding employees and managers with the right skills and retaining talent in the face of strong competition for this limited and highly prized resource. One way in which companies can resolve at least one side of the issue is by rating their employment conditions against the competition. But this will only provide a part of the solution – the bigger problem lies in the nature of the higher and vocational education system in Russia, which only recently began to be addressed as one of the four aspects of National Priority Programmes. The government's aim is to restructure the curriculum, methods and governance of education institutions in order to provide the economy with modern specialist skills which match the current and future demand of the market. To this effect, new colleges for innovation, business schools and a string of universities are being created, and it is hoped that the improvement of arts, science and management education will form the basis of a more talent-rich labour market. The results of these reforms are presently difficult to predict, and until these are visibly making an impact on the labour market firms will continue to face one of the more formidable problems in the Russian business environment.

ALUMNI PROFILE

Ian Wroe
IBM Global Business Services

Bath MBA 1995-'96

As an engineering graduate in aerospace who trained to fly with the RAF Voluntary Reserve Unit while at Bristol University, it was perhaps inevitable that Ian would take to globetrotting following his Bath MBA. His international career has so far spanned 11 countries and it has tested his, and his family's, skills in cultural adaptability. Having moved to New Zealand with his wife and new-born son in 2006 to join IBM as the Head of Strategy and Change in New Zealand he now finds himself operating at IBM Global Business Services as Corporate Development Consultant serving the head offices in New York remotely from Auckland.



Ian's adaptability no doubt stems in part from his broad-ranging career. He has held diverse positions within large corporates such as Corporate Director of Operations Improvement (Carter Holt Harvey) and Global Head of Internet Application Forecasting (Ericsson AB). His experience includes strategic planning, equity transactions, high value business development, channel/account experience, leadership of successful corporate venture teams and general management. He has found change management work to be the most rewarding, which is no surprise as it was one of the modules on the Bath MBA which most inspired him. Working at IBM he has played his part in change management; looking for solutions that transform and improve business operations across borders, industries and organisations.

The ability to help organisations make the transition they need to bring about change has translated into Ian's personal life. He and his family have embraced the New Zealand lifestyle and have settled in quickly. He puts this success down to a number of factors beginning with the research and planning that they conducted before leaving the UK. It is essential, he believes, to both appreciate and be satisfied by the range of career options available in a country like New Zealand. It was also important to understand that although New Zealand offers many incentives as far as quality of life is concerned, the cost of living can be just as high as the UK when you are earning a Kiwi salary. Having appreciated all this, the time and effort devoted to gaining permanent residency visas before making the move showed Ian's commitment to NZ. The immigration process demanded a huge amount of paperwork to trace Ian's employment history over the preceding 15 years. He was suddenly grateful that he had kept a full set of records in his professional development file.

Ian has been keen to share his family's experiences in adapting to a new culture and has given talks to others considering such a move. His key advice in finding work is to use Expos, they are a rare touch point for prospective migrants. Then identify important relationships early-on and invest in them. Ian chose to develop links with just one firm of recruitment consultants who were willing to develop a long-distance relationship before he moved to NZ; surprisingly many other consultants were not and he screened out those for whom 'out of sight was out of mind'. He says: "There is no substitute for 'boots on the ground' but there is much that candidates can achieve beforehand to secure a good career move".

Ian also warns of things that can go wrong with an international move. Finances are often a big issue for new migrants due to the relatively high initial costs of setting up. In Ian's case taking a start-up fund for cars and accommodation helped, but the family quickly had to learn to deal in their new currency without constantly making the conversion to sterling. The flip-side of material goods appearing inexpensive in NZ, is that salaries also look low in light of an FX conversion. Commuting can still be an issue; a beautiful country such as NZ with wide-open spaces comes at a cost and you will almost certainly need a car to get anywhere. It can also be difficult building a new friendship base. Ian was helped by a welcoming local church and through pre-existing connections in NZ, however, in a close-knit, family-based community it can prove difficult to make new friendships. Equally, for some, the distance from family can prove to be unworkable. For Ian and his family, use of SKYPE, VOIP and regular blogs have helped maintain those connections. Perhaps the most important pitfall to watch out for is the 'grass is greener' attitude – personal life issues travel well, changing geography will not resolve them. Ian notes: "If the desire to escape the country is rooted in wanting to change self or a search for a perfect life then it's worth remembering that mirrors work just as well all over the world..."

Kiki Savvidou

MSc in Management 2006-2007

Kiki came to Bath following a four-year course in International Economics and Politics at the University of Macedonia in Thessaloniki, Greece.

Explaining why she chose Bath, Kiki said: "I decided to further my studies with a business subject at a postgraduate level. I chose to come to the UK and I dedicated a lot of time in searching for the right programme, eventually choosing the MSc in Management at Bath. It is a course with an excellent international reputation and a flexible course structure. It gave me the opportunity to study all the main business areas (Finance, Marketing, HR, Business Economics, and Operations) and then specialise in one of these. In addition, as it would be my first time studying abroad I wanted to live in a city that would allow me to adapt quickly and Bath was definitely the ideal choice. The MSc course provided me with both the academic knowledge and the transferable skills that are invaluable in my job today. It was also a great experience."

"The opportunity to study Finance as part of the MSc course cemented my interest in this subject and helped me shape my career goals. The insight I gained by studying Finance also gave me the confidence needed to succeed in the application and assessment process for my current role. What I think is equally important is that during my studies I developed the ability to communicate and work effectively with people from different backgrounds. This has been a great way to prepare myself for a job in a big, modern company that embraces diversity."

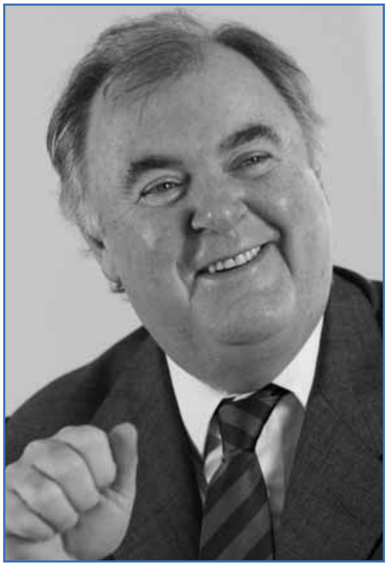
Kiki is currently working within the Financial Planning & Analysis department at Sony BMG, reporting to the Senior Financial Manager of Central Reporting. Working for a leading music entertainment company is, Kiki says: "as cool and interesting as you may imagine – if not more! It is a challenging and inspiring company with very interesting people who all share a passion for music. Working within the Finance division feels like working at the heart of the company and it still allows me to learn a lot about the other areas of the business. The emphasis that is placed on everyone feeling part of the company's success –e.g. everyone is invited to the celebrations whenever we enjoy a top position in the music charts – gives a great incentive to work hard and it creates a feeling of accomplishment in the working environment. What is also very important, especially for a recent graduate like me, is the opportunity to receive ongoing training and opportunities for development. I am constantly learning new skills and I have the company's support in my studies for the CIMA qualification."

"The Finance function at Sony BMG offers a wide range of opportunities in various areas such as Royalties, Internal Audit and Financial Planning and Analysis. There is also the option to take on a role in Finance at one of the company's record labels (Columbia, RCA etc) or to work at the Central Reporting department. I am currently very happy with my role and position and I have not yet decided which of the above options I will choose in the future. For now, I am focusing on learning and developing my skills through my current role and of course on studying for the CIMA qualification, which will definitely help me with my future career options."

"My advice to others looking for a graduate job in Finance is to think hard about which area you would be more suited to, which company you would love to work for as well as which company would be the best provider of training for your chosen career path. Of course, it's usually hard to tell what you are really looking for in a job, especially as a recent graduate with no experience. That's why it's useful to start thinking about your career at an early stage and to get information and gain relevant experience while you are still at University. Finally, take time to prepare yourself well for the applications and interviews and be confident!"

"WORKING WITHIN THE FINANCE DIVISION FEELS LIKE WORKING AT THE HEART OF THE COMPANY AND IT STILL ALLOWS ME TO LEARN A LOT ABOUT THE OTHER AREAS OF THE BUSINESS"

Honorary Graduate and Visiting Research Fellow



SIR JULIAN HORN-SMITH DOCTOR OF LAWS – HONORARY GRADUATE

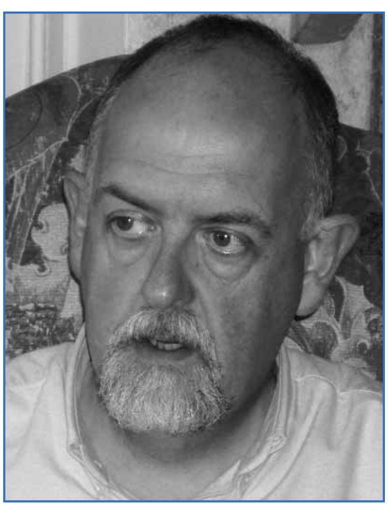
Sir Julian's role as one of the founders of the UK's success in the mobile phone market was recognised by the conferment of the degree of Doctor of Laws at the University's winter graduation ceremony.

Sir Julian worked for Rediffusion, Philips and Mars before joining Vodafone. He studied part-time at the University of Bath and was awarded an MSc in Management, now known as an MBA, in 1979. He later said: "the MSc provided me with a real stepping stone into professional management." Sir Julian then worked for Vodafone from its launch in 1984 to 2006, working his way up from Marketing Executive to Deputy Chief Executive.

The most notable period in his career was his part in helping Vodafone carry out a hostile takeover of the huge German conglomerate, Mannesmann, for $200 billion dollars, the largest corporate transaction ever. This formed the largest telecoms operator in the world.

Sir Julian is also well-known for promoting corporate social responsibility and his philanthropic interests include working as a trustee for the Prince of Wales' International Business Leaders' Forum.

In his oration, Professor Andrew Pettigrew, Dean of the School of Management, said: "Sir Julian Horn-Smith has distinguished himself by helping to create in Vodafone a company of global presence. In doing so he has also helped to create a new industry which touches us all."



PAUL FELDWICK – VISITING RESEARCH FELLOW

In his newly appointed role as Visiting Research Fellow, Paul Feldwick will be working with the School's Centre for Research in Advertising and Consumption (CRiAC) on issues of creativity, communication and change: developing Paul Watzlawick's communication theory and utilising action research methods to explore culture and change in advertising agencies.

Paul started his career as an account executive and became one of BMP's and London's most highly regarded planners. He went on to run the hugely successful planning function at BMP and over the years increasingly worked for DDB as a global network, developing a global framework for planning advertising and helping to found DDB University. He was Convenor of Judges for the IPA Effectiveness Awards in 1988/90 and has written and lectured extensively on how advertising works and on brand equity. His book, *What Is Brand Equity Anyway*, was published in 2002. Paul has also been Chairman of the APG and the AQR, and is a Fellow of the IPA and of the MRS

Contacts

School of Management Contacts

Dean	Prof Andrew Pettigrew *A.M.Pettigrew@bath.ac.uk +44 (0) 1225 383052*
Director of Research	Prof Andrew Millington *A.I.Millington@bath.ac.uk +44 (0) 1225 383068*
Director of Executive Development	Prof Mike Lewis *M.A.Lewis@bath.ac.uk +44 (0) 1225 386536*
Director of Corporate Relations	Stephen Rangecroft *S.Rangecroft@bath.ac.uk +44 (0) 1225 386643*
Alumni Relations Officer	Diana Braddock *D.M.Braddock@bath.ac.uk +44 (0) 1225 384591*
Undergraduate Placements, Projects and International Manager	Gurprite Lehal *G.Lehal@bath.ac.uk +44 (0) 1225 386577*

Programmes of Study

Director of Studies PhD Programmes	Prof Andrew Brown *A.D.Brown@bath.ac.uk +44 (0) 1225 383841*
Director of Studies Doctor of Business Administration in Higher Education Management	Dr Rajani Naidoo *R.Naidoo@bath.ac.uk +44 (0) 1225 386819*
Director of Studies Postgraduate Programme in Action Research	Prof Peter Reason *P.W.Reason@bath.ac.uk +44 (0) 1225 386792*
Director of Studies Master of Research in Management (MRes)	Prof Rod Green *R.H.Green@bath.ac.uk +44 (0) 1225 386885*
Director of MBA Programmes	Prof Richard Elliott *R.Elliott@bath.ac.uk +44 (0) 1225 386632*
Director of Studies MSc Advanced Management Practice	Dr Stephen Brammer *S.J.A.Brammer@bath.ac.uk +44 (0) 1225 385685*
Director of Studies MSc in Responsibility and Business Practice	Prof Peter Reason *P.W.Reason@bath.ac.uk +44 (0) 1225 386792*
Director of Studies MSc in Management	Dr Stephen Brammer *S.J.A.Brammer@bath.ac.uk +44 (0) 1225 385685*
Director of Studies MSc in Marketing	Dr Avi Shankar *A.Shankar@bath.ac.uk +44 (0) 1225 385265*
Director of Studies MSc in Accounting and Finance	Prof Christos Ioannidis *C.Ioannidis@bath.ac.uk +44 (0) 1225 383226*
Director of Studies Engineering Management Partnership	Dr Mickey Howard *M.B.Howard@bath.ac.uk +44 (0) 1225 383682*
Director of Studies Undergraduate Programmes	Dr Alan Butt-Philip *A.A.S.Butt-Philip@bath.ac.uk +44 (0) 1225 383013*

School of Management,
University of Bath,
Claverton Down,
Bath BA2 7AY, England.

e: pr@management.bath.ac.uk
t: +44 (0) 1225 38 6856/ 6741
www.bath.ac.uk/management

The University of Bath is committed to reducing its impact on the environment by the use of recycled materials in its publications.

recycle
When you have finished with this magazine please recycle it

50% recycled
This magazine is printed on 50% recycled paper