

DECISION LINE

Vol. 41, No. 4

July 2010

PRESIDENT'S LETTER



Transition and Transformation

by G. Keong Leong, President, DSI

The summer is upon us. Many will take the opportunity to recharge their system, work on their research, or travel. In my last letter the focus was on the board objectives for the coming year. One of the objectives was to continue to look for additional opportunities to grow internationally. The Asia Pacific DSI was the first international region of the Institute and was formed in the mid-1990s. After that we added the Mexico and India Sub-Continent regions. The latest addition to the DSI family is the European region. I would like to document the formation of the European region so we can better understand and appreciate the contribution made by so many members.

The wheels started turning in the summer of 2009 when a group of European scholars including Chris Voss (London Business School, U.K.), Christine Harland (University of Bath, U.K.), Richard Pibernik (EBS, Germany), Constantin Blome (EBS, Germany), Gyula Vastag (Corvinus University, Hungary), Jan Arlbjorn (Southern Denmark University, Denmark), Marc Sachon (IESEA, Spain), Paolo Barbieri (University of Bologna, Italy), Alesandro Ancarani (University of Udine, Italy), and Frank Moreax (University of Rennes, France) met with members of the DSI Board (Ram Narasimhan, Norma Harrison, Carol Latta, and me). We were on our way to attend the International DSI meeting in Nancy, France. It was an opportune time to start the process of forming the European region of the Institute. Ram was responsible for seeking out interested European scholars to attend the meeting in Paris. As a result of the meeting, a task force comprising of five scholars, Richard Pibernik, Constantin Blome, Marc Sachon, Gyula Vastag, and Jan Arlbjorn, was formed to work on the constitution and by-laws of EDSI.

I was fortunate to be able to attend the inaugural meeting of the European region in Barcelona, Spain, this year. Marc Sachon was the program chair, and he was well supported by Gyula Vastag,

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Richard Pibernik, and Constantin Bloom. The meeting went very well. There was a wide variety of topics covered and quality in the presentation topics. The meeting was held in the new business building on the campus of IESE, a fitting location with a fantastic view of the city. At the meeting, Marc Sachon was elected president, Bart MacCarthy as president-elect, and Constantine Bloom as secretary general/treasurer. Congratulations to all the new officers of EDSI. We are very excited at the future of the European region and hope for bigger and better things to come in the future.

Gyula had raised the issue of membership dues and the impact this has on members from very diverse countries in Europe. While the cost of DSI membership represents only a small percentage of a faculty member's salary in the U.S. and other developed countries, the same cannot be said for those working in emerging economies. How best to equitably address this issue has been raised previously. Gyula spearheaded the charge of coming out with a workable solution to this issue. The new structure, which has been approved by the Board is based on the per capita GDP of the country where the member is teaching. For example, if a member is from a country belonging to the top quartile in terms of per capita GDP, he/she will pay the full membership fee. If a faculty is teaching at an institution in a country with per capita GDP in the 50-75 percentile range, the membership fee is 75 percent of the regular dues. Finally, members in a country with per capital GDP in the bottom quartile will pay 25 percent of the regular fee. While this membership due structure was proposed by the European region, it is applicable to all members of the Institute. We believe this is an excellent solution to an issue that has been raised previously.

Today we are witnessing a global economy that is more connected than ever. However, it does not mean that the economies of all countries will be affected similarly. The report on global forces in the June 2010 issue of *McKinsey Quarterly* predicts that in the next decade emerging economies will experience higher economic growth than developed economies for the first time in 200 years.¹ We are already seeing the early start of this trend. For example, growth in

Singapore for the first half of this year is reported at a staggering 18 percent. This is the fastest growth in Singapore since 1975. One must note that Singapore is a relatively small country with few natural resources and yet able to achieve great success with its economy. While the developed economies in the U.S. and many Western countries are in a severe downturn, the same is not true for several emerging economies in Asia. Countries such as China and India are currently concerned about increasing inflation and prices due to a growing economy. We can learn much from McKinsey's advice for business executives on emerging trends in the economy:

Systematically spotting and acting on emerging ones helps companies to capture market opportunities, test risks, and spur innovation. Today, when the biggest business challenge is responding to a world in which the frame and basis of competition are always changing, any effort to set corporate strategy must consider more than traditional performance measures, such as a company's core capabilities and the structure of the industry in which it competes. Managers must also gain an understanding of deep external forces and the narrower trends they can unleash. In our experience, if senior executives

wait for the full impact of global forces to manifest themselves at an industry and company level, they will have waited too long.²

Aside from a growing economy, we would expect that education is the number one priority for many emerging countries and that growth in higher institutions will only increase. More than ever, many institutions outside the U.S. are seeking AACSB accreditation. At the same time, institutions in emerging economies are requiring their faculty to engage in high-quality research to be published in international journals. This trend represents great opportunity for the Institute to increase its global presence but we cannot afford to wait too long to act.

Have a great summer! ■

Endnotes

1. Peter Bisson, Elizabeth Stephenson, and S. Patrick Viguerie, "Global forces: An introduction," *McKinsey Quarterly*, June 2010, McKinsey & Company.
2. Ibid



San Diego, the site of the 2010 DSI Annual Meeting, features a stunning skyline and fascinating neighborhoods such as the Gaslamp Quarter.