

The report highlights two overarching trends shaping the world today: the shift of capital from developed to emerging markets and global demographic change. Success will occur in many parts of the world, not just the west. Customers and employees will cross many cultures, and traditional ideas and practices may no longer hold true. Tomorrow's successful companies will be those that adapt and see the value of diversity.

To help companies understand these changes, Ernst & Young, in cooperation with the Economic Intelligence Unit, surveyed 520 senior business executives. Ernst & Young also interviewed 30 senior executives and high-level experts. The report highlights the findings.

### **Five business responses to globalization**

The surveys and interviews revealed how companies view the present and future of globalization, with five key insights emerging.

1. **Competing in a new environment:** The rise of companies from emerging markets has changed the game and the outlook for business.
2. **Expanding internationally:** Despite the downturn and concerns over state intervention, companies are still planning geographic expansion.
3. **Innovations in innovation:** Companies must rethink strategies to ensure that innovations developed in one country are commercially viable in others.
4. **Diversifying management:** As companies deepen and broaden their presence in international markets, the need for culturally diverse management teams becomes all the more pressing.
5. **Policy matters:** Business will have to engage with governments and other policy makers on global issues such as protectionism, regulation and trade issues.

The **Globalization Index** suggests that a decline in the movement of labour will slow globalization. It may be up to politicians to decide whether it is preferable to export jobs or import labour. The International Labour Organization estimates 40-60 million workers lost jobs between 2007-2009, making the total worldwide jobless number up to 241 million and making migrant workers particularly vulnerable. Governments must be satisfied that firms are sensitive to local concerns.

The **Globalization Index** created for this report identifies two major trends:

- 1 The financial crisis has essentially reversed globalization but as the economy recovers, the Index predicts that the globalization rate will pick up again.
- 2 Technological innovations will continue to drive globalization, especially during the economic recovery. The most important technological impetus behind globalization is the reliability and speed of communication tools.