



## South by Southeast

**During the INSEAD Leadership Summit Middle East on 22 January, my colleague, Antonio Fatas, Portuguese Council Chaired Professor of European Studies and Professor of Economics at INSEAD, presented a map of the world with a red dot representing the center of gravity of world economic activity.**

The basic idea is simple: put this dot on the map at the spot that is least distant from the most global economic activity. Comparing the location of this dot from 1980 to 2010 shows a clear trend; it is moving south and east. There is no reason to expect that this trend will not continue. A variety of emerging markets have accounted for the lion's share of economic growth over the last 30 years and seem poised to continue to do so.

I have a belief, based on some evidence, that, at least in the field of business, theory follows practice. As a result, I predict that research and theory in business will be moving south and east. Of course, south and east are always relative to one's current position, and this statement is no different. It is shorthand to describe the massive shift in the locations that show the most growth in economic activity. The former centres of economic activity, the U.S. and Europe, are stagnating, while areas to the South and East are booming. While the so-called BRIC countries, Brazil, Russia, India, and China, are getting a lot of the attention, the phenomenon is far more widespread. A December report by *The Economist* noted that between 2000 and 2010, six of the world's ten fastest-growing economies were in sub-Saharan Africa; over the next five years, growth in Africa rate should outpace that of Asia.

These trends in globalization offer tremendous opportunities for the business research community in Abu Dhabi, the U.A.E., and the region. I will briefly point to two. The first is research to understand the opportunities in these rapidly growing markets. The aggregate growth numbers of the emerging markets obscure an important fact. While much of the current growth is driven by a rising middle class in emerging markets, mid-term and long-term growth projections require economic participation by very low-income people living in urban slums and rural villages. This segment has come to be known within the business literature as the base of the pyramid. We know little to nothing about how to market to or source from this incredibly important demographic. There is an urgent need for market-based solutions to endemic

poverty to give these people a stake in sustainable global economic development. How quickly and how well this half of the world's population is integrated into the global economy is not simply an important research issue; I believe it will likely determine the future of human civilization as we know it.

The second research opportunity involves understanding the role of the multinational corporation in driving the shift to the south and the east. Part of this opportunity is already being exploited as the firms that have been the traditional sources of data for business research move parts of their operations south and east. I would guess, however, that interesting opportunities also arise from understanding the emergence of new players, such as multinational corporations from emerging economies, and the transformation of global institutions that must accompany this shift. Efforts to develop the financial and legal institutions to spur and enable diversification in Abu Dhabi and the U.A.E. as well as policies to encourage private sector growth are research topics that have local, regional, and global relevance.

Success in this endeavor requires that academics form collaborations that create synergies between and among researchers and businesses. The hard work of effecting this coordination and collaboration is the only way to become an effective broker between the massive changes to practice that are occurring even as you read these words and the world of academic business research. The U.A.E. is already an important logistics centre for the incredible volumes of trade and foreign direct investment that are occurring between Asia and Africa. As a result, the port, Jebel Ali, and the Dubai airport are the busiest in the region. The related phenomenon — that Abu Dhabi and the U.A.E. have become hubs for the movement of financial, human, and knowledge resources — is also of incredible importance.

Rather than try to comprehensively review the large number of possibilities for collaborative synergy, I will highlight two that seem rather straightforward

Visit **INSEAD Knowledge**  
<http://knowledge.insead.edu>

for researchers interested in the U.A.E. and this region. First, in 2011 India and U.A.E. became each other's principal trading partners exchanging more than US\$67B worth of goods. Let me pause for emphasis here: India trades more with the U.A.E. than with China or the U.S.! This unprecedented level of trade between these two countries represents a remarkable research opportunity. Studying the organizational topography of how the flows of goods, people, and capabilities have contributed to this growth is one example of an untapped research opportunity. Second, China has invested in Africa in ways that seem to defy conventional neo-liberal economic development theory. Leveraging the growing economic relationship between the U.A.E. and China as well as the use of the U.A.E. as a logistics center for this investment may offer researchers here some advantage in trying to understand these developments.

These are great opportunities for the community of researchers in Abu Dhabi, the U.A.E., and the region. I urge all of my colleagues to work together to support the effort to get this important work noticed by the academic community outside the region and the best journals in business fields. I urge policy makers in Abu Dhabi, the U.A.E., and the region, to move quickly to support and fund such research. This is an opportunity to create and utilize knowledge about a set of phenomena and developments of incredible global importance. More importantly, it is an area where local researchers and policy makers can create and sustain knowledge advantages based on location and experience.

*Professor Stephen MEZIAS is the Abu Dhabi Commercial Bank Chaired Professor in International Management and academic director of the Abu Dhabi campus.*

**Find article at**

<https://knowledge.insead.edu/blog/insead-blog/south-by-southeast-2827>

**Download the Knowledge app for free**



Visit INSEAD Knowledge  
<http://knowledge.insead.edu>