



An Essay by

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In the aftermath of the September 11, 2001, global politics and security policies underwent profound changes. Concurrently, Goldman Sachs introduced the BRIC acronym, projecting significant economic growth for Brazil, Russia, India, and China. Fast forward to 2023, the BRICs did in fact experience overproportioned growth. The global economy has changed but the old way of thinking and doing things hasn't kept up. Throughout this era, major tech firms have grown to dominate, geopolitical issues have materialized, and an issue-hardened populace, on account of social media, have added to the many demand of business executives, urging them into political decision making such as lobbying, public statement and participation. Against this backdrop, I recommend business executives align with frameworks such as the Leipzig Leadership Model, emphasizing purpose, entrepreneurial spirit, responsibility, and effectiveness. Taking a proactive stance must start on a foundation of their executive's individual personal beliefs.

On September 11, 2001, the world changed again. Labeled as the deadliest terrorist act in world history, the event had a profound impact on global politics, security policies, and public perceptions with the US initiated "War on Terror." Tangentially, Jim O'Neill, an economist at Goldman Sachs, in a research paper titled Building Better Global Economic BRICs¹ laid down the acronym and projected amazing economic growth, outside the middle east. While the western world was aiming its focus on extremist jihad Islam terrorists, experts in geopolitics saw opportunity elsewhere. The main hypothesis of O'Neill's research was that in the decade to come BRIC countries will overperform and in one scenario reach over one fourth of world GDP. His assumptions lay on increased globalization of the world economy driven by international economic and political co-operation and most importantly consumerism.

Around that time, I was mostly based in Texas, and amongst other things, I studied business at the University of North Texas. Perhaps the "BRIC strategy" was a self-fulfilling philosophy, regardless, the Jargon caught the attention of many business students, and business leaders. In 2011, empirical research from Johansson, J. K., et al.², analyzed penetration of foreign firms into BRIC countries and concluded that indeed growth in market share had occurred. The world was becoming more interconnected, large global firms more geographically diversified and market dominate.

Today, over two decades since O'Neill's research paper, Bloomberg (on November 2023) reported that the BRICS, now including South Africa, grew GDP in purchasing power parity terms from 17% to 36% from 20013. BRICS countries grew their GDP overproportioned but large multinational firms were in part responsible.

The US's big five tech firms: Alphabet (Google), Amazon, Apple, Meta, and Microsoft have come to dominate the digital (ads, social media, software, etc.) as well as the physical (data centers, etc.). The power of large global firms in part prompted (in terms of regulation) increased transfer pricing scrutiny, anti-trust regulation as well as NGO attention.



In 2023, the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz) becomes active, but the foundations were agreed in 2018; the law in essence focuses on shifting liability onto large corporations for what their business partners were doing. Globally, politicians seem more active than ever, but the traditional dynamic of business as economic operators rather than powerful political actors is being upended especially by the big five (Lindman, et.al. 2023)⁵.

As an executive of a multinational firm, focusing on political risk and compliance management are just two of many priorities. A second order effect of regulation is that it creates a closer domestic dialog between business and government as well as jobs, legal and compliance experts. Regarding the later, Barker Gilmore, a Legal Executive Search & Advisory firm, noted in their 2023 Compliance Compensation Report that the “demand for compliance talent has never been higher” and compliance compensation increased 8% “As the government increases regulations and expectations, companies have responded by scaling up their compliance teams.”⁶

However, executives can take a proactive strategy too, that is getting involved in public policy.

"Globalization has created this interlocking fragility. At no time in the history of the universe has the cancellation of a Christmas order in New York meant layoffs in China."⁷

- Nassim Nicholas Taleb

Populist revolutions, patriotism, domestic focus, and decoupling from dogmatic beliefs that globalization is good, are still very nascent trends. Post pandemic it has become even more apparent to me that whereas economics had driven the politics in the west, now politics drive the economics. In the East, it always seemed to me as if politics drove the economics.

For example, the world saw explosive growth in the US consumers shift from bricks and mortar to online consumption, in-part due to a natural cost advantage, due to nil state sales tax, mirrored in Jeff Bezos rise to the top as the world's richest person circa 2018; then, came legislation⁹ in 2018 to close this tax loophole. However, in the example of semiconductors, many see the US 2022 CHIPS and Science Act, which aims to boost the US's domestic research and manufacturing of semiconductors with \$280 billion in new funding, as a response to the geopolitical issues of Taiwan, island building in the South China Sea and posturing on TSMC, a major global semiconductor manufacturer.

The future is uncertain, but I will attempt to forecast a near-term future. Artificial Intelligence will continue to drive more efficient operations; thus, the growth in data center and hardware needed to run these models continues. The war in Ukraine will likely end in partition and as a second order effect a larger EU/NATO. The weaponizing of the global payments and shift from the status quo (Nölke, 2023)¹⁰ will expand the white space for a new order, perhaps one that involves cryptocurrencies and blockchain. Europe and China will continue to experience a demographic shift which will prompt more domestic family friendly incentives. It will be more common and beneficial for business to step in here as well, for example the German Betriebskindergärten Company-Daycare offerings will grow¹¹. Geopolitical swing states (Cohen, 2023) such as India¹² will boom and create growth opportunities for businesses.



To think that business is not ready to face the new order is false. Business Executives are aware of and focused on the issues, some even have compensation targets accordingly¹³. Satya Nadella, CEO of Microsoft states “We are living through a time of historic challenge and opportunity. . . the world faces ongoing economic, social, and geopolitical volatility. At the same time, we have entered a new age of AI that will fundamentally transform productivity for every individual, organization, and industry on earth, and help us address some of our most pressing challenges.”¹⁴

How should any executive act when facing the question, do I become politically involved?

There exist several frameworks for decision making, one such framework comes from the German business school, HHL, and is called The Leipzig Leadership Model hereinafter “LLM” (Meynhardt, et.al. 2017). “The key element of the LLM are the four dimensions of Purpose, Entrepreneurial Spirit, Responsibility, and Effectiveness.”¹⁵ I’ve heard people say leaders reach their limits when they try to mimic others and lose being themselves. A virtuous decision, according to Aristotle, is one that is guided by practical wisdom (phronesis) and a well-developed character. The LLM is built on those beliefs. Namely, the most important tool in leadership is one’s own personality—“If you can’t lead yourself, you can’t lead others either.”

A business executive following the LLM would gain a feeling that the framework is similar to utilitarianism, choose the action that produces the greatest good for the greatest number. However, a key difference is that the LLM focuses first on the individual, then the organization then the social level. According to the LLM, an executive would decide to become politically active in a waterfall fashion. Is the issue something that resonates with the firm and not themselves? Then, likely it will not be an issue that the executive should take up personally, but alternatively put into play in a dialogue facilitation, within the firm and perhaps the public.

I like the Leipzig Leadership Model, but as a doctoral student of HHL, I might be biased. The LLM is based on an image of humanity that is committed to recognizing the dignity of everyone even oneself. Mutual respect and the right to individual freedom and participation are fundamental points in how I live. I would therefore recommend to an executive that when he or she considers becoming active in politics, e.g. in lobbying, making a political statement on a platform or taking part in a public office, that he / she exercise empathy. Actions of the executive must first be attributed directly and he / she should take full ownership. If the organization is not a stakeholder in that decision, then the executive should be prepared to maintain ownership and to sponsor, even financially, their activities privately.

The 2023 Edelman Trust Barometer global survey¹⁶ results are interesting. “Business is now viewed as the only global institution to be both competent and ethical. . . [a] 53-point lead over government in competence and is 29 points ahead on ethics means the public.” Similar discourse is echoed Eurasiagroup, a global political risk advisory firm, who state public trust in the USA’s core institutions—such as Congress, the judiciary, and the media—is at historic lows¹⁷.

How did we get to this point where business leaders are now the most trusted, more than politicians?



I think it is because executives cannot avoid being politicized in our social media age, knowing this they take personal stances according to their beliefs. In many ways but not all cases, the best leaders generally lead the best companies, and a great company is built on value. The findings make sense to me. Personally, should I ever rise to be an executive, by means of merit, then I would of course continue to trust in my whole-self, my individuality, even my political action.

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