Having completed its first year, the Nanyang Centre for Emerging Markets (CEM) shares its progress to date. The overarching goal of the Centre is to establish a knowledge hub which generates exemplary and distinguished knowledge, particularly on ASEAN and Asian economies. The past year focused on two very distinct aims: developing its global research network and publishing its research. This newsletter provides an overview of both.
Launch of the Centre

Professor Sam Park launched Nanyang CEM at Nanyang Business School in June 2019. Its mission is to provide thought leadership and serve as an influential knowledge hub for business issues in emerging markets. The Centre brings together preeminent practitioners and academics from around the world to explore the role of emerging markets in the global economy.

During the past year, the Centre organized its global research network. This network consists of 34 Non-Resident Senior Research Fellows and 35 institutional partners from 33 different countries. The Nanyang CEM network embraces thought leaders, leading researchers, and selected business schools with strong influence in emerging markets.

In consultation with members of our global research network, leading companies, and the relevant government agencies, CEM identified ten themes that serve to focus the Centre’s research and related activities:

- New globalisation and value chain alignment
- Sustained high-performance organisations
- Firm innovation in the middle-class
- Digitalisation and organisational transition
- Capability development for globalisation
- New ventures and entrepreneurial growth
- Managing family business
- Consumer trends and attitudes
- Sustainability and social entrepreneurship
- Organisational innovation across borders

This broad set of topics include those that present severe challenges to public and private stakeholders across global emerging markets. The Centre works closely with the business community to identify specific research topics that illuminate these current themes.
Integration with Strategy, International Business and Entrepreneurship Division

The Centre is aligned to the Strategy, International Business and Entrepreneurship (SIE) division of Nanyang Business School. The SIE faculty provides a solid intellectual foundation for actionable research focusing on emerging markets. The Centre organizes and participates with the division via regular divisional meetings, workshops and social events.

Close integration with relevant local agencies

Nanyang CEM aims to provide research insights and practical solutions that enable ASEAN multinationals and public agencies to transition to a knowledge-based society. Nanyang CEM incorporated local and regional agencies such as Enterprise Singapore, the Singapore Business Federation, and the Asian Development Bank into its network. These linkages provide the strategic foundation that enables the Nanyang CEM to develop a coherent framework and direction to guide its research.

Nanyang CEM Global network

The Centre established partnerships with Business Schools across ASEAN economies. In addition to its ASEAN links, the Centre places a high value on other Asian emerging markets studies that will provide a complete picture of emerging market challenges and opportunities. CEM also collaborates with other major business School in Asia, including China, India, Bangladesh, and Pakistan. The Centre has been able to bring together scholars from top business schools in the developed world, who are instrumental

THE TEAM

Three full-time research staff currently assist Professor Sam Park (Director, Nanyang CEM), to organize research projects and related activities. Nanyang CEM also relies on its global research network to carry out the international aspects of this work.

Dr. Zhao Meng
(Ph.D, Oxford Univ.)

Dr. Zhao is a Senior Research Fellow at the Nanyang CEM and Senior Lecturer at the Nanyang Business School. He previously served on the faculties of Renmin Business School and the Moscow School of Management Skolkovo. Dr. Zhao was the founding director of the Yunus Centre for Social Business & Microfinance, Renmin University of China.

Dr. Sasidaran Gopalan
(Ph.D, George Mason Univ.)

Dr. Gopalan is a Senior Research Fellow at the Nanyang CEM. His prior academic and research appointments across Asia include serving the Graduate School of Public Policy at Nazarbayev University in Kazakhstan, the Lee Kuan Yew School of Public Policy at the National University of Singapore, and the Hong Kong University of Science and Technology.

Dr. Rakhi Verma
(Ph.D, Trinity College Dublin)

Dr. Verma is the Manager and Research Fellow at Nanyang CEM. She also holds an MBA and a BS degree in life sciences. Her current research interests in the International Business domain focus on healthcare and economic policy in emerging markets.
in defining the scope and scale of the Centre. The Centre maintains regular communication with these business schools through research participation and by sharing the Centre’s publications.

**NTU-SBF Centre for African Studies (CAS)**

Nanyang CEM jointly operates with the NTU-SBF Centre for African Studies (CAS). CAS aims to bridge the gap between Africa to Southeast Asia and Singapore and to help position Singapore as Africa’s gateway into Southeast Asia. The Centre is one of Asia’s leading centres of African expertise and the largest such resource centre in Singapore. The Centre hosts a vibrant, cutting edge research community who deliver high-quality publications and exchange programmes between Singapore and Africa. CAS offers programmes designed for those multinationals that plan to extend their business in Asia and Africa. The CAS and CEM research focus and these programmes complement each other.

You will find more details about CAS at [https://nbs.ntu.edu.sg/Research/ResearchCentres/cas/Pages/home.aspx](https://nbs.ntu.edu.sg/Research/ResearchCentres/cas/Pages/home.aspx).

**RESEARCH OUTPUTS**

In addition to issue-related and brief reports, last year we created two indexes — Emerging Market Rankings and Emerging Markets Soft Power Index — that we plan to continue updating and publishing as yearly status reports. All CEM reports are available on [https://nbs.ntu.edu.sg/Research/ResearchCentres/CEM/Pages/home.aspx](https://nbs.ntu.edu.sg/Research/ResearchCentres/CEM/Pages/home.aspx).


The Emerging Market Index reflects a framework encompassing six distinct yet related dimensions - macroeconomic performance, infrastructure and connectivity, financial sector development, development profile and endowments, external orientation and financing, and institutional quality. CEM researchers constructed an Emerging Market index, as a weighted average of these six dimensions represented by 32 variables covering 95 Emerging Markets across all world regions. In this report, we classified these Emerging Markets in a pyramid-like structure, using five categories: Advanced, Accelerating, Intermediate, Early and Dormant EMs.
II. Revisiting Soft Power: 2019 Rankings

The notion of soft power in international relations reflects the ability to assert influence on the global stage without exercising coercion. Quantifying soft power remains a formidable challenge, despite the proliferation of academic and policy literature published in the last three decades. We addressed that challenge by constructing a soft power index and applying it to the world’s Emerging Markets. These countries play an increasingly significant role in our global economy. This report compares the soft power held by Emerging Markets vis-à-vis each other, relative to that wielded by more advanced economies.

III. Capabilities for Creating Shared Value: Optimizing Social-Business Balance in Southeast and South Asian Countries

Our understanding and practice of business sustainability expanded in this new century. We now stand far beyond “going green” and corporate social responsibility (CSR). Creating shared value (CSV) is among the major trends in the field. CSV goes beyond CSR, systematically embedding social value in the business model and operations in pursuit of the joint growth of financial performance and social impact.

This report focuses on the puzzle of how to effectively manage the process of simultaneously creating social and business values. This report draws on annual surveys, and research publications focused on building CSV capability. For this report, we partnered with leading business schools, non-profit organizations and companies in eight ASEAN and South Asia countries that share an interest in generating rigorous yet actionable knowledge on business sustainability.

IV. Global Value Chains and Disruptions in East Asia

The world economy is grappling with the fallout from two significant social and economic shocks. First, there was the trade war between the US and China. This conflict surfaced in early 2018, escalating until January 2020 when both countries seemed to hit a pause button with completion of their “Phase One” trade deal on 15 January 2020. The second is the evolving crisis stemming from the rampant spread of COVID-19, which originated in China, and is now a global pandemic.

This report investigates very critical issues in today’s global trade, such as “Are patterns of Global Value Chain led integration in the East Asian region shifting, and how to have these patterns changed in the wake of the US-China trade war?” This issue report surveys the dynamics of GVCs in the East Asian region over the last two decades, based on available data regarding value-added trade. It also presents insights into emerging patterns of production relocations that follow from the US-China trade war and comments briefly on the potential impacts of the COVID-19 pandemic on global value chains.
Since 2018, the global economy encountered two massive shocks. First came the US-China trade war, followed almost immediately by the COVID-19 pandemic. These back-to-back shocks significantly disrupted global supply chains and stoked fears of a massive wave of trade deglobalization. The tightly coupled nature of world trade through global value chains, interacting with changes in behaviours and lifestyles, leads to disruptive outcomes for the world economy. These economic changes will have profound impacts on the region.

In this Regional Outlook, we predict the magnitude of aggregate output losses as a result of these shocks on the Association of Southeast Asian Nations (ASEAN) bloc of economies. Our predictions, based on a Computable General Equilibrium (CGE) model, show that the intensification of COVID-19 appears to completely erase any plausible growth gains from the trade war shock.

Business as a force for social good is trending globally. This report examines companies that create shared value. The data draws on a survey of 191 domestic companies, based in 12 Southeast and South Asian countries, that position social value at the Centre of their business model. The current analysis identifies and classifies strategies used to transform the business models of 84 firms selected from this pool. The resulting changes to the business model enabled each of the firms to drive systemic change.

Based on our findings, this report proposes an “Impact-System-Strategy” analytical process. This process enables companies to scale the social impact of their business activities. This report encourages resource providers and policymakers to apply our findings to empower businesses as a force for addressing pervasive social issues.
The Centre collaborated with Professors Maria Alejandra Gonzalez-Perez (Universidad EAFIT, Columbia) and Dinorá Eliete Floriani (Univali, Brazil) to edit a comprehensive handbook on two of the most critical issues, corporate sustainability and digitalization, the global business faces in the new century. This handbook aims to address the intersection between corporate sustainability and digital transformation. It seeks to analyse the challenges and transformations required to have sustainable businesses with a future orientation. It provides the elements on current and potential social, demographic, technological, and managerial trends, the implications of the digital era in society and business, as well as the challenges of surviving, being sustainable, and profitable.

VII. Building Strategic Capabilities in Emerging Markets (Cambridge Univ. Press, 2020)

Nanyang CEM launched a flagship project in 2017 that brought together institutional partners from 14 different countries. This team examined the strategic capabilities applied by emerging market companies to manage their local and international growth over time. Led by Nanyang CEM Director Professor Sam Park, Professors Alvaro Cuervo-Cazurra and William Newburry, 32 scholars from 22 institutions worked together on this ambitious project. Over the last three years, CEM organized two symposia at AOM and AIB to share our preliminary research findings and seek feedback from the academic community. Cambridge University Press will publish a book reporting on the project and its final output.

Below please find an abstract of this forthcoming book.

Firms in emerging markets are becoming leading global players despite operating in challenging home country environments, but little is known about how they build their capabilities. By analysing multiple companies operating across over a dozen emerging markets in Asia, Latin America, Africa and Europe, the authors identify the specific challenges faced by emerging market firms to become internationally competitive. Furthermore, they provide actionable solutions to upgrading capabilities, sustaining competitive advantage, and achieving multinational status, all while operating in emerging economies. Featuring contributions from eminent business scholars from across the globe, this timely volume provides a valuable tool for academics and practitioners, managers and consultants, especially those involved with emerging market firms working to grow and succeed globally.

VIII. The Palgrave Handbook of Corporate Sustainability in the Digital Era (Palgrave McMillan, 2020)

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Due to the COVID-19 pandemic, Singapore was under a government-administered “Circuit Breaker” from the beginning of April 2020. Although these controls will gradually decline as the infection rate falls, we can expect the travel ban to continue and to follow a work-from-home mode through August. At the moment, all planned CEM workshops and CEO Roundtables are on hold. However, we will find alternative ways to carry out some of our activities. Over the next ten months, CEM plans to release ten reports (see list below). In collaboration with Professors Alvaro Cuervo-Cazurra and William Newburry, CEM will launch a multi-year flagship project focused on digital innovation in ASEAN this year.

**Planned Reports**

1. Composition of Foreign Direct Investment (FDI) Inflows to Asian Emerging Markets
2. Digital Financial Inclusion in ASEAN
3. Financial Globalization and De-Globalization in ASEAN
4. Greenfield FDI Inflows to Asia: Tracking the Evolution in Firms’ Investment Motives
5. Digital champions in ASEAN
6. Digitization and Global Value Chain in ASEAN
7. How have Firms Adjusted Supply Chains in Post-COVID World?
8. 2nd CSV capability report: Learning from the Journey to Failure
9. Paced purpose: Winning business sustainability in Asia
10. The role of corporate social intrapreneurship in monitoring Multinationals’ Social Intrapreneurship

**Flagship Project: Digital Innovation in ASEAN**

Working with Professors Alvaro Cuervo-Cazurra and William Newburry, the Centre will launch a multi-year flagship project on “Digital Innovation” that will involve institutional partners from ASEAN countries. This project aims to analyse the development of digital innovations in firms across ASEAN countries. The media focuses on digital innovators in advanced countries such as the US, or in large emerging markets like China. However, digital innovation is rapidly transforming business activity in many other markets. This project will identify indigenous digital innovations in ASEAN countries, identify the appropriate business models to extract value from these innovations, and suggest actions to exploit these innovations and improve the competitiveness of the firms that deploy them.
Workshops
The Centre also aims to spearhead essential events that bring together experts in emerging markets to facilitate scholarly research as well as to share experiences and best practices on key aspects of globalization and strategy between researchers and business practitioners. Assuming the current COVID-19 situation improves, the Centre will organize an ASEAN workshop that will bring all our research partners from the ASEAN countries. This workshop will brainstorm on those topics that are essential for the growth of the region. In the upcoming workshop, the goal is to generate ideas on the Business Sustainability Capability (BSC) in Asia. We expect these research ideas to identify the actions needed to manage a firm and its relationships in pursuit of alignment among economic, social and environmental performance improvements along with the firm’s network of relationships and influence.

We plan to organize our second workshop on Global Value Chains in ASEAN economies. Our ASEAN partners will share their strategies and challenges on the reconfiguration on the global value chain in the light of on-going trade war and COVID-19 pandemic. We aim to invite our ASEAN research partners to Singapore for these workshops by the end of this year. However, if the COVID-19 situation doesn’t allow, we will carry on organizing these workshops via virtual platforms.

CEO Roundtable
Globalization and digital innovation enable companies with competitive strengths to scale across markets. The Centre plans to bring together like-minded leaders and top executives (chief executive officers, vice-presidents, managing directors, chief financial officers, heads of strategy, chief economists) of multinational companies from diverse sectors. These participants will engage in debates with high-level policymakers and academic experts and share and learn from one another. These debates will focus on ways to foster effective growth strategies for emerging market multinationals. This year’s roundtable will focus on “Challenges and opportunities associated with digital innovation among ASEAN multinationals”.

Webinars
Given the COVID19 pandemic and local measures to contain its spread, CEM plans to conduct webinars regularly on timely and critical issues in ASEAN and other emerging markets, involving senior managers and thought leaders around the world.

As we are all set now, we believe this year will be very exciting at the Nanyang CEM. We are thrilled to have your support to the Centre, it has been a great source of inspiration. We look forward to your active participation and continuing contribution to the Centre.

Best Wishes,

Professor Sam Park
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