

Executive Summaries

Managing Risks in Digital Globalization

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Digital globalization, globalization aided by new and powerful digital technologies, has made it possible for multinational companies to rapidly expand. While much has been said about the benefits of digital globalization, the associated business risks have received less attention. Nambisan and Luo identify five types of digital globalization risks that businesses should be aware of: cross-border interdependence risks, information security risks, international reputation fragility, new global rivals, and institutional/infrastructural risks. They offer a practical, research-based framework for companies to use to evaluate each of these risks as well as to manage them through an appropriate set of strategies. Globalization has entered a new era that is full of extreme disruptions and adversities from supply chain breakdowns to anti-globalization sentiments. A multinational company's ability to critically evaluate and mitigate digital globalization risks will determine whether it can enjoy the fruits of digital globalization without succumbing to the inherent risks.

Digital Strategies for Managing Global Operations in a Geopolitically Fragmented World

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Multinationals have faced new operational challenges in recent years as both global and local forces intensify. New digital technologies offer promising ways for companies to navigate these challenging market conditions.

Leaders should pursue two distinct approaches: the intelligent hub model, which handles global forces, and the intelligent edge model, which addresses local forces. This combined approach creates a loose coupling between a company and its subsidiaries and partners around the world. There is a range of ways that multinationals can design and balance these digitally enabled loose coupling strategies, using both collective and local intelligence to reconfigure operations regionally and locally. The digital strategies that underlie these configurations promise to transform multinationals into operational powerhouses that can deliver superior performance in an increasingly fragmented global business landscape.

How to Manage Technical Debt and Shadow IT to Synchronize Digital Strategy

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The digital transformation efforts of many firms are hindered by the misalignment of their information technology (IT) with their business strategies. The symptoms of such misalignment include technical debt and shadow IT. Misalignments of this kind are generally caused by a mismatch between IT investments and business strategy, a mismatch between IT delivery and business priorities, or a mismatch between the pace of change in IT and the pace of change in business. Business leaders can overcome these challenges by including IT in business processes early in the planning stages, fostering a culture that supports digital experimentation, and synchronizing business and IT changes by launching digital initiatives aligned with their business strategies.

Infusing an Operational Perspective into Franchise Management

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Recent advancements in digital technology have upended traditional service models, compelling businesses in all sectors to reevaluate how they interact with consumers. Franchising research suggests that adopting an operational perspective on franchise management could improve a franchise's structure as well as its operational capabilities and innovations. Essential to implementing the operationally focused franchise management system is a strategy that combines, centralizes, and coordinates resources, infrastructure, and information. Franchise systems should combine resources by recognizing the strengths of each business partner and fostering highly interdependent relationships. This structure is achieved by making long-term investments tailored to the firm and maintaining internal operational knowledge and capabilities. Franchisors and franchisees should also centralize operational functions, including information technology (IT) infrastructure which supports delivery, customer acquisition, and online ordering. They should also coordinate in governing shared spaces, encouraging the formation of cross-disciplinary teams, and building operational knowledge that spans boundaries. This new perspective on franchise management shifts the traditional mindset from growing the business through reliance on marketing and franchisee investment to developing capabilities and innovations essential to the digital transformation of the entire system.

Don't Let the AI Hype Undermine Good Decision-making

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Delegating decisions to data-driven algorithms, otherwise known as artificial intelligence (AI), has become increasingly popular in recent years due to AI's impressive

successes in some operational settings. But AI has also failed now and then, in large part because, for all its value, AI is often tremendously difficult to implement. We highlight some of the common traps that can befall managers during the implementation process. We also present the types of decisions for which AI is well suited and the decisions that are better off made by human intelligence. We classify managerial decisions according to two factors that are crucial for AI to be successful: clarity of goal and speed of feedback. More specifically, if the goal of a decision is clear and the feedback is available quickly, AI can successfully replace a human decision-maker. When either the goal is not entirely clear or the feedback is slow, AI can still contribute as a decision-support tool, providing managers with new alternatives or helping with their initial screening. However, in cases where both the goal is ambiguous and the feedback is slow, executives should avoid using AI.

Identifying and Overcoming Barriers to Implementing Blockchain in Supply Chains

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Blockchain is a decentralized digital record of transactions that permanently records information with clear verification. In a supply chain, a transaction could be any processing or movement of raw materials, components, or final products from the source to the ultimate customer. In our research, we found that enhancing supply chain traceability is the main motivation for supply chain leaders to consider using blockchain. Some of the supply chain challenges that using blockchain can solve are making a product's source transparent to consumers, efficient tracing, and demonstrating compliance. Solution providers and the business press have heralded blockchain as an effective solution to these problems. Despite the potential of blockchain, however, companies face several barriers to successful implementation. The two key barriers we have observed in our research are

information complexity and supply chain buy-in. Yet a number of companies have successfully overcome these hurdles. Their success reveals four barrier breakers that can pave the way: government, NGOs, powerful companies or consortiums, and technology. Managers who are hesitant to consider blockchain would be wise to investigate whether these barrier breakers are at play or could be applied to their situations.

Is Social E-commerce the Future of Online Shopping?

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A new breed of digital e-commerce platforms has emerged, challenging the dominance of e-commerce giants like Alibaba and Amazon. Social e-commerce platforms – led by Shopify, BigCommerce, Pinduoduo, and SEA Ltd. – have gained a global foothold by introducing a better business model. Social e-commerce emphasizes the customer’s experience with an entertaining, often gamified, journey through a virtual mall. Unlike traditional e-commerce sites or social media platforms, social e-commerce combines direct and indirect network effects while seamlessly integrating complementary businesses that sell accompanying products. Understanding these practices will help business leaders to reimagine their digital

shopping experience, preparing for a future in which social e-commerce will be a force to reckon with.

Getting More from Crowdsourcing: Solving Wicked Business and Societal Problems

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Instead of empowering crowds, most crowdsourcing efforts today fail to take advantage of the full potential of the wisdom of the crowd, restricting its members to solving only well-defined problems. We conducted field research, including five detailed case studies and twenty crowdsourcing events. This work has allowed us to outline a collective production process that enables and encourages crowds to solve large, complex societal and business problems, or “wicked problems.” Crowds can provide useful, novel, and advantageous solutions to difficult problems, but only when they are free to follow a collective production process, in which they are “unminded.” The conventional idea-sharing process is quite different from this collective production process which unleashes the crowds to generate truly novel solutions. The collective production process also allows crowds to not only solve the problem, but also often redefine the problem. This collective production is fueled by the exchange of knowledge and not just ideas. Encouraging crowd members to share a broad diversity of perspectives drives better results.