

BizEd

FROM

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CONFLICT TO COMMERCE

GLOBAL COMMERCE THRIVES during peacetime. Just look at the economic boom in North America after the end of the Cold War in the late 1990s, when formerly communist countries were opened to world trade. Trade causes peace through increased understanding and interdependence, while *less* trade causes *less* of both.

Economists have long argued this to be true. Solomon W. Polachek, for example, made this point in his 1997 article “Why Democracies Cooperate More and Fight Less: the Relationship Between International Trade and Cooperation.” As he wrote, “the fundamental factor in causing bilateral cooperation is trade. Countries seek to protect wealth gained through international trade, [and] therefore trading partners are less combative than nontrading nations.”

Or, as psychologist Steven Pinker puts it more concisely in his book *Human Nature with a Human Face*: “You can’t kill someone and trade with him too.”

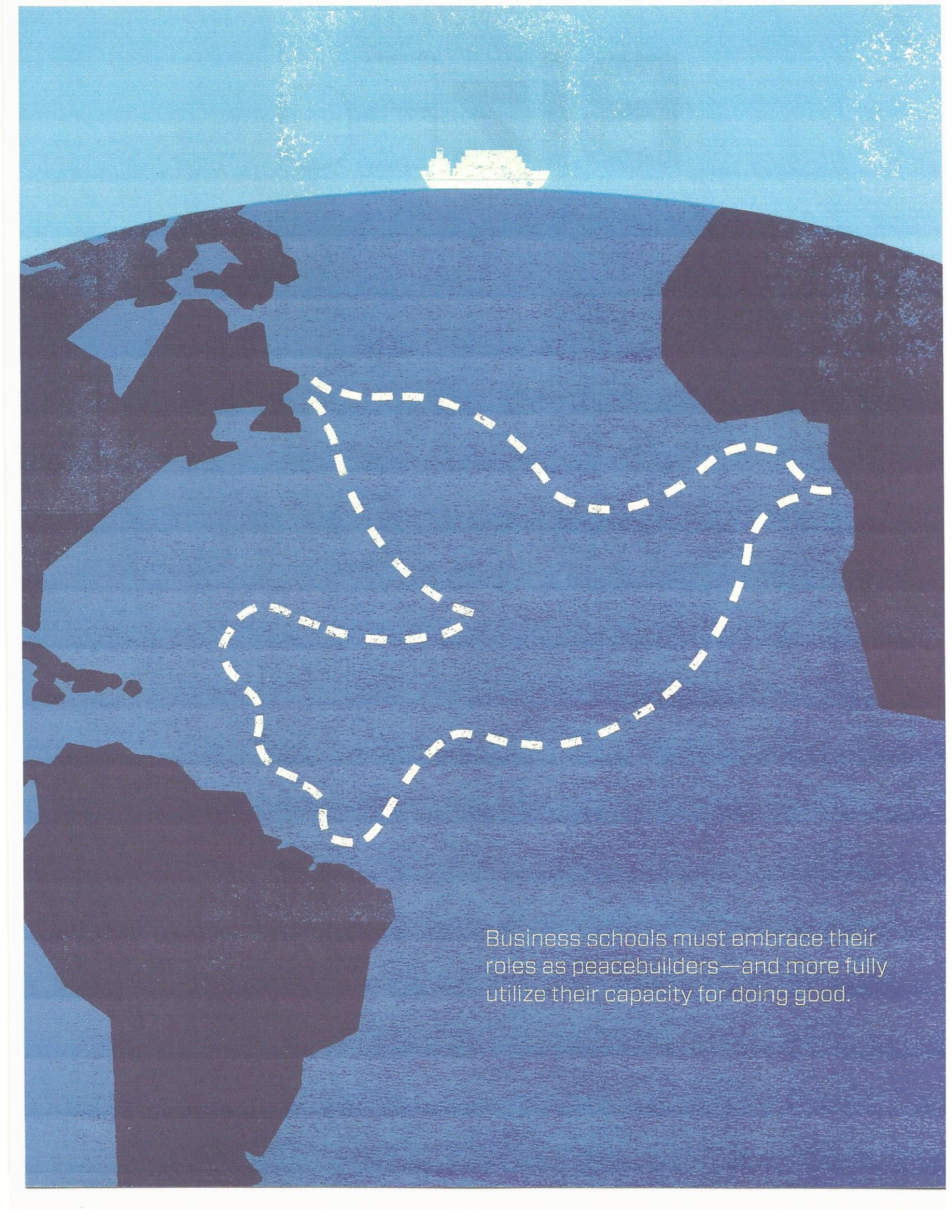
With this in mind, we have embarked on a number of initiatives at the University of California, Irvine (UCI), designed to promote peace through commerce. These include our MBA Peacebuilding Program, in which we partner with universities in conflict-affected nations to send MBAs on peacebuilding missions.

Some educators find this notion to be controversial, because they don’t view commerce and peace as a sensible pairing. Instead, they argue that business education should emphasize efficiency, profits, shareholder value, and corporate welfare. For that reason, we find that it is important to explain our inspiration for promoting peace through commerce.

We believe that trade and international commerce play an essential role in reducing conflict at home and abroad, so as business school leaders, we must take every opportunity to promote trade as a catalyst for peace and prosperity.

We recognize that many business schools involve their students in valuable international consulting projects, but peacebuilding business projects are different in two distinctive ways. First, they involve areas of the world isolated from global commerce by past conflicts or nondemocratic governments. And, second, they team up students on campuses in two nations to work on projects that expose them to both regions.

At the deepest level, business schools should do more than teach students and executives in both conflict-affected and unaffected countries how to work



Business schools must embrace their roles as peacebuilders—and more fully utilize their capacity for doing good.

together effectively and inventively. We also should be catalysts for sustainable commercial relationships that build economic prosperity—and contribute to peace worldwide.

INSPIRED START

At UCI, we first attempted to deploy MBAs as peacebuilders more than a decade ago. In 2008, UCI and five other b-schools formed what we called the MBA Peace Corps. The other schools included the University of Notre Dame, Brigham Young University, American University, George Washington University, and the College of William & Mary. At the time, the consortium intended to solicit support from American multinationals. But then the Great Recession intervened, making it an inopportune time to approach companies for financial support. The MBA Peace Corps was put on hold.

Now we believe the time is right to revive this effort and launch a new set of initiatives devoted to peace through commerce. One of these is our partnership with the University of Havana (UH). As part of the MBA Peacebuilding Program, students and faculty from both universities travel to each campus to collaborate on research and educational ventures; in addition, graduates, entrepreneurs, and potential investors from both regions will cooperate in mutually beneficial commercial ventures. The partnership between our schools is intended to restore the educational, personal, commercial, institutional, and governmental relationship between the two countries. (See “Peacebuilding in Havana,” below.)

We also reinforce our school’s emphasis on peace through commerce with our Center for Global Leadership and the UCI Center for Citizen Peacebuilding, where we conduct research on

the topic and sponsor activities focused on peace awareness, nonviolence, and poverty alleviation.

We draw inspiration for our activities from multiple sources. These include institutions such as the U.S. Peace Corps and the United Nations Development Programme. We were inspired by the 2006 “Peace Through Commerce” initiative sponsored by AACSB International and led in part by Carolyn Woo, then dean of the University of Notre Dame’s Mendoza School of Business. We’ve also looked to research institutions such as the Institute for Economics and Peace, a global think tank dedicated to quantifying the economic value of peace; and examples from the private sector, such as PricewaterhouseCoopers’ Project Ulysses and IBM’s Corporate Service Corps, which both send teams of fast-track executives to developing countries to work on long-term projects.

PEACEBUILDING IN HAVANA

To help restore U.S.-Cuba relations, the University of California, Irvine (UCI), and the University of Havana (UH) in Cuba have partnered to develop educational programs for students and executives in both countries.

UH and UCI started working together in 2009. Their faculty and administrators built personal relationships via ongoing communications before planning any student programs. At the time, the U.S. State Department barred UH officials from visiting the campus in Irvine, so UCI faculty traveled to Cuba as needed. They took advantage of the University of California’s long-standing license for educational travel and programs in Cuba through the U.S. Treasury’s Office of Foreign Assets Control.

Finally, in 2013, graduate students from the UCI schools of business and law traveled to Havana for a one-week residential course hosted by the UH Center for Research in International Economics. During that week, UCI students heard presentations by UH faculty and other Cuban officials, met with Cuban graduate students, and visited commercial operations and institutes in the country.

The visit was part of the MBA Peacebuilding Program, which is modeled on the Merage School’s prior collaboration with the University of Ulster (UU). In 2004, 25 Merage MBAs traveled to

Northern Ireland to visit businesses, meet with UU students and entrepreneurial organizations, hear from executives and officials, and learn what it’s like to do business in an area affected by conflict. Once the students returned, both UCI and UU students collaborated online to produce business plans. Students and entrepreneurs in Northern Ireland then traveled to Irvine to refine the business plans and meet with potential investors. (To learn more, read “The Dimensions of Peace” on page 24 of the May/June 2006 issue of *BizEd*.)

After the U.S. re-established relations with Cuba in 2014, the Merage School was able to accelerate its activities. In February 2016, for example, professors John Graham and William Hernández Requejo collaborated with Alexis Codina, professor of economics and management, and his colleagues at the UH Center for the Study of Management Techniques to develop and deliver a two-day executive education program. The session trained 30 Cuban managers to negotiate with Americans and other international businesspeople, as they geared up for burgeoning commerce between the two countries. Both universities are now collaborating on research into the Cuban negotiation style.

In March 2016, 30 UCI MBA students traveled to Havana for an

PERSONAL RELATIONSHIPS BUILD MORE STABLE, PEACEFUL ENVIRONMENTS.

Peacebuilding is not without challenges, over and above those that come with traditional international study and work projects. First, perhaps the most prominent challenge is the need to overcome cultural barriers. In our work with UH, for example, we must address the language barrier, even though many of the students from both the U.S. and Cuba are bilingual. To overcome this barrier, we take greater care using electronic, telephonic, and face-to-face communications, to make sure those on both sides understand each other

clearly. Second, we have had some issues with responsiveness from the students in Cuba, where institutional barriers can slow down information flows and decision making; this reality makes patience a key part of the program. Finally, a lack of internet bandwidth in Cuba can make even simple online tasks arduous. Fortunately, both governments are supporting efforts to widen the communications bandwidth across the Straits of Florida, so we expect this challenge to be less of an issue over time.

Of course, we must find a way to secure financial support. Our MBA Peacebuilding Program costs approximately US\$1 million for each five-year partnership we form with a foreign busi-

ness school, with most expenses relating to travel costs for students and faculty. Therefore, we are continually fundraising to support the MBA Peacebuilding Program's ongoing effort, targeting companies and their foundations, philanthropists, NGOs, and governmental organizations.

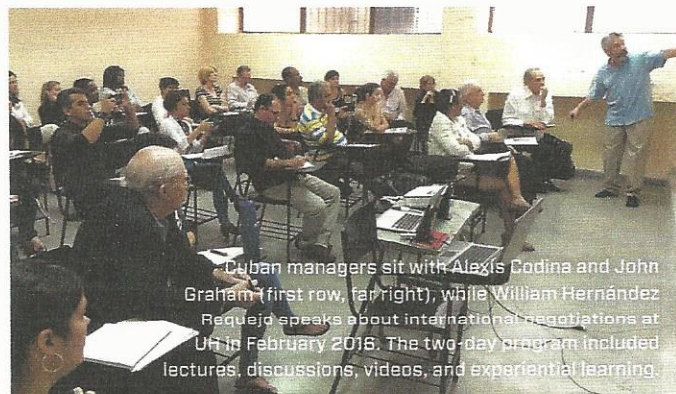
No matter how important we believe peacebuilding programs are to the mission of business education, we know that they cannot succeed without the backing of b-school leadership. At UCI, our dean's support has been crucial to our efforts. Before coming to the Merage School in 2014, Eric Spangenberg was dean of the Carson College of Business at Washington State University in Pullman, where he created a program in Tanzania that was similar to the MBA Peacebuilding concept. After coming to UCI, he reached out to UH administrators in 2015 while in Havana, in an effort

encore of the 2013 program, but with an important twist. This time, ten UCI students formed teams with ten UH students to develop business plans for four Cuban enterprises: two large state-owned companies in the food and high-tech industries and two entrepreneurial ventures in 3-D copying and personal care. (See "Learning in Cuba" on page 62 of *BizEd's* July/August 2016 issue.)

Graham estimates that it took approximately 400 man-hours of the students' time to develop a business plan for each Cuban organization. Merage School students received course credit for their participation in these projects.

Ultimately, the schools plan to expand these team projects to include 30 UCI and 30 UH students serving ten Cuban enterprises. Once the schools obtain permission from both countries' governments, the 30 Cuban students also will visit UCI each year for a one-week residential course. That means that, over a few years, approximately 300 students will travel between the two countries to learn firsthand about differing commercial systems and cultures, says Graham. Collectively, they will develop about 450 cross-cultural personal and working relationships and 50 business plans for fledgling Cuban organizations.

"Our hope," Graham adds, "is that the net positive effect of our



Cuban managers sit with Alexis Codina and John Graham (first row, far right), while William Hernández Requejo speaks about international negotiations at UH in February 2016. The two-day program included lectures, discussions, videos, and experiential learning.

students' work on Cuban society and economic prosperity will be substantial."

Eventually, UCI would like to expand the impact of its MBA Peacebuilding Program by sharing what its faculty have learned with other schools interested in starting their own MBA peacebuilding efforts. Says Graham, "We believe that the number of potential partnerships business schools could have with institutions in developing countries would well address business education's underutilized capacity for doing good."

to strengthen that partnership. He is traveling to Cuba again this year to sign agreements. As he puts it, "A multi-cultural education better prepares our students to face the world we have lived in since 9/11, not in a spirit of fear but in a spirit of understanding and readiness to make it a better place."

RELATIONSHIP BUILDERS

Despite the cultural and financial challenges involved, we expect our peacebuilding program to foster greater academic interactions and stronger relationships among faculty members at both universities. We expect that institutional relationships between the universities will grow in an organic way, perhaps involving other disciplines on campus such as engineering, the arts, and the sciences. Indeed, we are now working with the IBM Watson Group, the University of Havana, and Cuban government agencies to explore a possible "hackathon" event to be held in Cuba and the United States this spring focusing on innovations in healthcare.

In addition, by providing opportunities to work with students and faculty in regions affected by conflict, the MBA Peacebuilding Program is helping students develop leadership skills, ethical awareness, and a sense of social responsibility. And, perhaps most important, students are learning to appreciate the importance of personal relationships, particularly in international business.

As our dean is fond of saying, "You can't build interpersonal, much less international, relationships over the internet. Think about the difference between texting 'LOL' rather than actually laughing out loud." As our students form personal and professional relationships

in Cuba and elsewhere, they will help build entrepreneurial cultures that will lead to more stable, peaceful environments. They will enable business schools to fulfill their missions to make an impact on society.

POLITICAL UNCERTAINTY

Cuba remains a country in a state of transformation, as evidenced by the recent death of Fidel Castro. However, Castro's death, while historically significant as a transition, is unlikely to change the possibilities Cuba presents to business schools for at least the next two years. Fidel's brother Raul Castro was handed the reins eight years ago and is scheduled to continue in power until at least April 2018. At that time, it is understood that he will transfer his title as president of Cuba to Miguel Díaz-Canel, now the country's vice president.

The election of Donald Trump as president of the United States, however, does add a level of uncertainty to U.S.-Cuba relations. He is capable by means of a signature on an executive order to essentially erase the lift of sanctions ordered by Barack Obama. Our hope, however, is that such an order would not be so simple to enact, now that so many contractual relationships with corresponding economic interests are already in place. Travel between the U.S. and the island is increasing, and airlines and cruise ships have scheduled routes to Cuba over the next several years. The Marriott chain of hotels is already on the island, and others are projected to follow.

Perhaps most important, the staunch anti-Castro lobby in the U.S. Congress is weakened not only because of Castro's death, but also because polls reflect a

change in attitude. Young people, who have no personal experience of the early years of the Cuban revolution, support the removal of the embargo.

Although the future might be uncertain, we believe business schools should continue to take the lead and explore the island while they can, to further define the advantages and disadvantages of integrated economics.

EXPANDING OUR EFFORTS

As our next step, we are expanding the impact of our MBA Peacebuilding Program beyond Cuba. We have signed an agreement and begun work with the International School of Business at the University of Economics, Ho Chi Minh City (UEH), with the goal of creating a similar MBA Peacebuilding Program in Vietnam. Our initial contact with UEH dates back to 1995 during Vietnam's *Doi Moi* period of economic reform. Yes, patience is important in international work.

We have a favorite quote that we think sums up what we're trying to achieve. Made famous by Father Gregory Boyle, CEO of Homeboy Industries, it's his company's slogan: "Nothing stops a bullet like a job." Boyle is talking about his organization's mission to build peace on the tough urban streets of Los Angeles by creating jobs for recently paroled gang members. We see the mission of business schools—and the role of MBAs as peacebuilders—as very similar. If we provide our students with the right opportunities, they can turn conflict into commerce all around the world—one relationship and one business at a time. ■

John Graham is professor emeritus in marketing and international business, director of international programs, and faculty director of the Center for Global Leadership at the Paul Merage School of Business at the University of California, Irvine. William Hernández Requejo is an attorney, lecturer, and the center's executive director.

■ For more information about the Merage School's MBA Peacebuilding Program, visit www.peacebuilding.mba.

MBA DIPLOMATS

Brandeis International Business School sent 30 of its business students to Havana, Cuba, in February 2012. For more about what Brandeis students and faculty learned from the experience, read "Pursuing Business Education Diplomacy," which appeared online in *BizEd* in November 2015: www.bizedmagazine.com/your-turn/pursuing-business-education-diplomacy.