

# **Taking Globalization as a Chance**

**Enabling a shift of paradigm for  
medium-sized companies in Europe**

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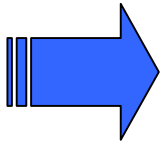
## **The challenges of globalization**

- **Growing inequalities (between states and regions & within states)**
- **Widening Social gaps and environmental degradation**
- **“Race to the bottom” – degradation of social standards**
- **Problems of public regulations (especially in developing countries regarding international social and environmental standards)**
- **Risk of growing global concentration of multi national companies → widening power imbalances**

## **The challenges of globalization**

### **Constraints for medium-sized companies in the global market arena:**

- Lack of resources and knowledge to explore global market opportunities**
- High opportunity costs to obtain necessary information**
- Lack of capacity to offer “package solutions”**



**medium sized companies are less involved due to  
assumed disadvantages on the global market**

## **The chances of globalization**

- **New potential customers enter the global market**
- **New business opportunities emerge through ease of communication**
- **Cooperation and linkages through partnerships**
- **Increasing coherence of policies (economy, social, environment) due to international standards**
- **Global information network and exchange**
- **Global distribution of niche markets**

## **What is needed: a shift of paradigm**

- **Think globally – act locally and globally**
- **Understand global dynamics**
- **Be prepared to venture into the unknown**
- **Be prepared for cross-cultural business**
- **Find your unique selling point**
- **Move from exporting to investing**
- **Be future-oriented: think in terms of sustainability**

## Features of medium-sized companies (MSC)

- **Skills**: both production- and service sectors of European MSCs are of high interest in a globalizing world economy
  - What is the unique competency of European businesses?
- **Competencies**: flexibility, innovation capacity and high commitment of staff - faculties needed for a sustainable engagement in the global market
  - How can one sustain and further develop these competencies?

## Features of medium-sized companies (MSC)

- **Societal role**: MSCs tend to have a stabilizing effect on society both in industrial and developing countries
  - How can this role be strengthened in Europe and in countries European MSCs invest in?
- **Structures**: MSCs are often long-standing business (sometimes over generations) and they display structures needed in developing countries
  - How can this be of an advantage for an engagement of MSCs in developing countries?

## **What MSCs need:**

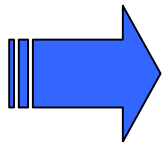
- **Open markets**
- **Little bureaucracy**
- **Investment security**
- **Enforceable commercial law**
- **State support for their globalization strategies**
- **Access to information**
- **Qualification of employees**
- **Sustainability strategies**

## **The case of Germany: how to use the chances of globalization?**

- **Current emphasis on export**
- **Increasing investments (Results of a study on „Globalisierung des Mittelstands – Chancen und Risiken“ der KfW, 2006)**
- **Globalization support by the Ministry for Economic Affairs and Technology**
- **Education, Employee qualification**
- **Business and opportunity brokering**
- **The ideal situation:**
  - **qualified jobs remain in Germany or even increase**
  - **new jobs are created in developing economies und contribute to economic stability**

## **Strategic choices**

- **Secure business in the area/country  
(Standortsicherung)**
- **Globalize business (Internationalisierung)**



**Both strategies can be combined and are best supported by socially responsible business action (CSR – Corporate Social Responsibility)**

## **Securing the economic future in the area/country**

- **Reflexion of future role:**
  - **What is our competitive advantage in Europe?**
- **Competencies needed:**
  - **What are the competencies we need to develop further?  
Innovation capacity, high willingness to learn quickly,  
ability to adjust, networking**
- **Corporate responsibility:**
  - **How can we build sustainability engagement into a  
competitive advantage?**

## **Globalizing business**

- **Explore new market opportunities:**
  - What is the information we need? Where to go? Who can support business brokering?
- **Competencies needed:**
  - What are the competencies we need to develop further? Intercultural competencies, high willingness to learn quickly, ability to adjust, networking
- **Creating packages:**
  - Who do we need to collaborate with to use a competitive advantage?
- **Corporate responsibility:**
  - How can we build sustainability engagement into a competitive advantage?

## Packages – what does it mean?

- **Export of products often does not respond to the needs and specific circumstances in the target country**
- **Developing countries often require complex solutions that can only be generated through collaboration between different businesses**
- **Offering additional consultancy for building long-term investment is a competitive advantage (e.g. capacity building) , e.g.**
- **Investment based on sustainable development principles regarding is a competitive advantage the special needs of a region (partnerships)**

## **Case study: the middle-sized media and marketing company**

**Aims at becoming the most innovative media and marketing agency in Germany**

- **Gaining profile through a long-term project on environmental education in schools**
- **Developing its own sustainability strategy**
- **Qualification of employees in CSR**
- **Taking the approach to South Africa: corporate social responsibility as a marketing strategy for entering the South African market**

**Case study:  
the middle-sized company selling management  
informationsystems and consultancy in the area of  
quality management for meat production**

**Has achieved 100% market coverage in Germany, needs to expand into other countries**

- **Gaining profile through a long-term project on supporting meat production in the informal sector in South Africa**
- **Developing a public private partnership with the Department of Agriculture in a South African province:**
  - **Capacity development for the public management of the meat value chain**
  - **Opening the market for selling its products in South Africa**
- **Qualification of employees in partnership building**

## **Conclusions**

**Globalization with all its down-sides can also be  
used as a chance,**

**particularly if it is combined with a new role of  
locally and globally responsible business**

**Thank you for your attention !!!!**

***In a globalized world any business can operate  
according to the principles of sustainable  
development.***

***Sustainable Development  
is  
development that meets the needs of the  
present without compromising the ability  
of future generations to meet their own  
needs.***

**Brundtland Report, 1987**