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World class regions are the winners of globalisation

1. Globalisation as the world-wide transformation of work, life and the economy

The topic of globalisation is being discussed and analysed broadly today. We are at present at the beginning rather than in the middle or at the end of far-reaching world-wide structural change of a new quality, whose consequences for world society are almost impossible to predict. Six brief comments serve to allude to this process, rather than attempting to provide a deeper analysis.

- (1) Following the changes in China, Eastern Europe and other countries, there are fewer and fewer regions that either want to, or are able to insulate themselves against the world market. The question of whether this process should be seen as the triumphant march of capitalism, or as the development of open world-wide market economies is just as much of secondary significance as the dispute about whether a world-wide labour market already exists today or not.
- (2) The new technological opportunities of global networking recognisable today (it will not be long before for example, a movie film can be transported into houses within a matter of seconds, to be stored in a memory bank for later viewing) enable and promote incisive restructuring in the economy and within society, where only the beginnings are foreseeable today. Classical value-added chains are replaced by value-added networks, contacts between producers and consumers will become more direct, under circumvention of intermediaries, and the borders between sectors will disappear etc.
- (3) Enterprises operating internationally react to customer demand for the best available products (or what are perceived as such) world-wide, and their individual styles as far as possible, with the purchase, production and distribution of their products on a global level, with the strengthening of their direct investments abroad, as well as by the development towards globally interlinked units with divided responsibility in different regions, which both relieves and reduces the role of the "headquarters". The trend toward decentralisation is as a rule the reverse side of the increasing centralisation of capital. Jack Welch, who is quoted time and again, as head of General Electric already formulated the new paradigm openly in 1987, that: the winner in the global game will be the one who is in the position of bringing together the respective world-wide peak performance in the most diverse of fields and of attaining a maximum size ("scale will be the dominant factor").
- (4) The capacity for developing and transforming knowledge further, the development of enterprises to learning organisations, the efficient management of the

knowledge of the organisation and the ongoing qualification of the employees are increasingly becoming central prerequisites for success. What is wanted are employees who are entrepreneurs within the enterprise, for whom lifelong learning is a matter-of-course in the development of the personality. Job security increasingly develops (by way of qualification) constantly adapted to current conditions and requirements, that from the perspective of the individual, enables his/her "employability".

(5) Even small and medium-sized enterprises must face the world-market situation and adapt to it. There are no alternatives to interlinking with cooperation partners of a similar size, or large enterprises, to the utilisation of the networks for the optimisation of the own business activities and for making available the best services for the customers. The protected niche market of today can already be broken open tomorrow. Small is increasingly becoming beautiful, -from the decentralisation of large units to outsourcing, and the establishment of new connections, up to virtual enterprises. The highest motivation of the employees, the maximum work efficiency and not least, the best capacity for the speedy realisation of innovations, characterise the requirements of the enterprise of today. Smaller structures are considered to be most suitable for putting these into practice.

(6) It is self-evident that not only enterprises, technologies, jobs and structures change, but also the life-situations of the people. Even if there is not going to be a "common mode" here, the "digital revolution" nevertheless has trenchant consequences for the daily lives of many people. There will be "digital nomads" with "place of abode" within the network, just as much as personal filter-programmes, interactive television, personal newspapers, electronic mail, electronic shopping, new forms of education and entertainment ("edutainment") and telework. Although the opportunities for enterprises and the "masses" will not totally change everyday life, they will most certainly change it considerably.

What William Miller, the Stanford professor and advisor of enterprises and governments describes as a tendency to the world-wide existence of open market economies is taken into consideration by German social scientists, critical of capitalism, including Elmar Altvater and Birgit Mahnkopf, who in their book on the limits of globalisation ("Grenzen der Globalisierung") accept the general framework: "At the moment there are no convincing alternatives to the forms of the market economy, pluralistic society or political democracy". And: "The attempt to reverse globalisation would not be a future orientated project".

2. A new regionalism?

The classical separation of national, regional and local levels is becoming animated. Beneath the level of large "economic blocks", economic regions are moving closer together, partly circumventing national boundaries. William Miller even perceives a new type of Hanseatic capitalism developing in the close connections between such "macro regions" more or less bypassing the nation states, as the Hanseatic system already from early on, had developed a series of its own coordination mechanisms for the realisation of its internal exchange. The banal sounding comment by the

premier of the state of Bavaria Stoiber, that Bologna lies closer to Munich than Hamburg, allows us a deeper insight into the far-reaching effects of new regional constellations – particularly, where the provision and remuneration of services goes beyond the networks of national control.

The crystallisation of “micro regions”, of local “clusters” of dynamic enterprises is taking place below such “macro regions”. It is not isolated firms, but rather such agglomerations of certain enterprises in specific regions, the economic clusters, that will be regarded as the basis of the economic success of regions, in which an appropriate infrastructure must be available.

3. Regional success factors

The development, production, distribution and consumption of goods and services whether limited regionally or organised on a global level, only functions with real people. These real people are located at real places, even if today, in contrast to earlier times, the people are situated spatially, on different continents, they are nevertheless still able to work together almost without interruption. The development, distribution, consumption as well as human life take place in real, concrete places, in cities, communities and regions. Global business too, irrespective of how mobile and virtual people become, ultimately is realised at concrete places. The essential difference to earlier times lies therein that the technologically supported mobility of capital, as well as the increasing penetration of erstwhile protected local niches promote the tendency to a global competition of locations in which one can prevail, win, or founder.

The fortunes of cities and regions today are determined by their embodiment in the world-economy and their maintenance or gaining of positions as nodal points in the network. World-class regions develop peak profiles e.g. in the fields of development, production or trade and commerce, and develop clusters on the basis of their core competencies. The Harvard professor Rosabeth Moss Kanter talks about the “golden triumvirate of world class resources” in her book “World Class” when she refers to future based concepts, exceptional competencies and cooperative relationships.

Empirical analyses from the USA recommend two strategies borrowed from the scenario of enterprise optimisation for the maintenance or acquisition of regional world-class positions. These are the comprehensive analysis of the own position and the realisation of corresponding improvements (Total Quality Management T.Q.M) as well as the strengthening of the own regional core competencies on the basis of a broad consensus. Five factors are emphasised constantly, apart from well-known general frameworks such as openness to the world market, utilisation of new technologies, good traditional infrastructure and the existence of qualified labour:

- (1) Rapid adaptation to new developments and fast transfer of knowledge -- universities: the economy.
- (2) Favourable conditions and money for business start-ups (venture capital).
- (3) Capacity for fast changes in an interlinked structure and a regional culture of consensus.
- (4) High quality of life: The enterprises locate where “knowledge workers” feel well.
- (5) World class performance and services as an attraction point for non-locals.

4. Regional electronic communities

If the economic well-being of the people living at real places is dependent on the successful integration of the region into world market structures and the uncoupling from the world-wide economic and technological developments leads to a reduction of prosperity, then the networking of a region and its connection to world-wide networks becomes a prerequisite for the safeguarding of its economic survival. A modern efficient and inexpensive telecommunications infrastructure with fast access to the global markets acquires central significance just as much as the development of a regional culture for the organisation of structural change.

The establishment of “electronic communities” introduced by enterprises and state authorities on the local or respectively regional level is an attempt at the promotion of this goal. Presence in the Internet provides information about such activities e.g. in Silicon Valley (www.svi.org), in Baden-Württemberg (www.bwcon.de) or Bremen (www.bremen.de/brise) .

In Europe, there are already (electronic) amalgamations and cooperation concerning the activities of the European Commission: the competition initiated by Bangemann (www.challenge.stockholm.se) and the Telecities initiative (www.edc.eu.int/telecities), whereas the Hitachi Research Institute in Tokyo is for instance gaining global experience (www.gsr.or.jp/english/index.shtml).

5. Further developments in society

We most certainly are in the early stages of a radical change, of a magnitude that occurs only once a century. Having said this, all statements about social changes are perforce limited. This applies even moreso when one considers that hardly, any research work on this topic exists. The urge towards critical corrections is for all intents and purposes also reduced by the fact that apart from a certain unavoidability, the ambivalence of the consequences is also seen: In contrast to criticism concerning the armaments industry (purpose), or nuclear technology (controllability), the positive developments of the new communication technology are not only perceived theoretically, but also experienced practically (after all, who wants to do without data processing and e-mail?).

- (1) Big thrusts in productivity can be foreseen today, more jobs will become superfluous than are created; the problem of unemployment will not solve itself.
- (2) In light of the extensive security technology, the private sphere will be threatened more rather than less in the future. It is envisageable, that the breadth of individual differences will cause control to become more complicated and make the “1984” scenario of a collective streamlining unlikely.

- (3) The division of society and the world into regions and people which /who participate and those to which/whom access is denied, cannot be disputed. Many projects however demonstrate that these barriers can be overcome – perhaps even easier than without the new technology.
- (4) The centralisation of power in the hands of those who dispose over the concentration of knowledge quickly is indisputable; at the same time however, the nationalisation and even internationalisation of knowledge (gratis or cheap offers in the Internet, rapid exchange of critical information) and thus a strengthening of democracy and counter-power will take place.
- (5) World-wide communication promotes the development of a more uniform language, whilst the multitude of users fosters the expansion of American mass culture. By the same token however, new opportunities will arise locally or world-wide, in the form of communication possibilities for minority languages and cultures.
- (6) Work at the computer and in the networks can lead to personal isolation and the impoverishment of interpersonal relationships (similar to passive behaviour such as evidenced by excessive television viewing); on the other hand, new contacts can be made via the networks (one can occasionally really meet in person) and new educational opportunities, new creativity, as well as a new sense of self-worth can develop etc.
- (7) The global village will consist of a multitude of small villages that will have very differentiated relationships among one another. There are strong indications of a change in the state structures as we have come to know them, up to a growing together within regions and between regions, according to real economic contexts. The functioning nation states of today in particular, could become the losers – with perhaps problematical consequences for compensatory mechanisms for the cohesion of society (what will be the nature of taxation income and social security insurance in the future?).