

GLOBALIZATION AND OPPORTUNITY *Embracing Change to Meet the Challenge*

Globalization – Then and Now

In many respects, international trade and the development of global business opportunities are nothing new. Individuals, companies and countries have been selling goods, services and know-how to distant customers since the earliest of days.

Today, however, the opportunities, risks and consequences associated with international trade are increasingly the subject of intense scrutiny. For while it is certainly true that goods, services, people and capital have been moving across borders for centuries, the changes - both positive and negative – wrought by international trade are being felt more quickly and more dramatically than ever before.

“Globalization,” which we may define as the opening and integration of global markets via the movement of goods, services, people and capital across national boundaries, has been accelerated by a number of factors, including deregulation, the reduction of tariff and non-tariff barriers, improvements in telecommunications (including access to bandwidth), advances in shipping technology, and privatization. Globalization, facilitated by these factors, certainly creates enormous business opportunities and potential.

Yet there are risks and consequences, and how we adapt to the new conditions created by globalization will determine to a significant extent whether we prosper in the future.

The “American” View

The notion that in change and adaptation we can find solutions to our challenges is a particularly “American” view, and it stands in marked contrast to the position of those who feel strongly that limitations on trade and investment are the best means of coping with these risks and consequences. Americans tend to believe that we can innovate our way out of most any difficulty.

Early in the 1990’s, for example, the US government was facing an enormous budget deficit. By the end of the decade, however, the government enjoyed a large surplus. Many observers credit not only tax policy but also the development of Internet and related technologies for the economic expansion and societal transformation that developed. Innovation and the ability of society to adapt created new industries, possibilities and prosperity.

For Americans, the lack of traditional institutions and class-bound behavior are badges of honor. Innovation and change are America’s “terroir,” and what some might call naïve optimism remains a defining characteristic of the national psyche.

Thus, few Americans would be willing, when push comes to shove, to abandon the potential for growth for the promise of a sluggish stability.

Benefits ... and Consequences

There are many benefits to globalization, among them the possibility for entire societies to become more prosperous, as investment in the developing world creates employment, greater wealth among workers and consequent increased consumerism. Those in a position to reap the benefits of these investments – typically larger firms with the capacity to invest – can enhance their profitability and shareholder value. And as distant markets become more open, even smaller firms can export their goods and services to potential new customers.

Yet on the other side of the ledger there are workers and communities adversely affected by investment in distant markets. Jobs formerly held by workers in higher wage environments frequently follow investments to lower cost markets, leaving behind unemployment, idle factories and battered communities. And even in the rapidly growing economies themselves, the social consequences of torrid economic activity are tangible.

Globalization need not be a zero-sum game, however. By almost every measurement, societies whose markets are open and whose citizens embrace trade are more prosperous and better positioned for the future than are those that are closed off and “protected” from outside forces of competition. The key to a sound economic future, from an American point of view, is a willingness to adapt and engage in a process of continuous improvement.

Embracing Change

Larger firms with the capital to invest have aggressively pursued opportunities in foreign markets for many years. Smaller firms must also seize opportunities to access new markets, via exports, technology partnerships and joint marketing initiatives, often with new and distant partners. Technology has leveled the playing

field, enabling smaller enterprises to communicate, to research, to access and serve larger and more distant customers.

Numerous resources, some obvious and some more obscure, exist to support these efforts. For example, both France and the US support bilateral technology development between private sector firms in their own nations and in nations either deemed to be emerging or in which each government recognizes economic potential – or political advantage – in cooperation. Funds are available to support international product and technology development, since such collaborations add value to the efforts of all partners and create competitive advantages.

Enlightened policy recognizes that in mature industrialized societies, opportunity can only be maximized and prosperity maintained through constant innovation, since the developing world now performs much of the basic mining, processing and manufacturing that supported our own economic growth in years past.

But what is required above all is a willingness to face change, to adapt, to put one’s company and oneself in a state of continuous improvement and evolution. Without this willingness to change, policy initiatives are little more than words and platitudes.

In an innovation environment, companies and workers alike must constantly strive for relevance and push relentlessly to add value. When a business or a worker becomes a mere commodity – or is regarded as an element in production that is immediately replaceable through a lower-cost option – the adverse consequences attributable to globalization come to fruition.

Businesses and workers alike can maximize their own potential by adopting an entrepreneurial approach and by pursuing strategies that enhance their own value, creativity and competitiveness. Risk can never be averted entirely in a dynamic global business environment, but embracing change and focusing on the potential for continuous improvement can enable the vast majority of us

to achieve greater prosperity and economic security.

This American “mantra” is likely to continue to serve as the foundation for both government policy and business strategy in the future. It is the cornerstone of American business and, right or wrong, it is an essential and defining characteristic of our national character.

Perry B. Newman is founder and principal of Atlantica Group. Atlantica Group assists clients in North America, Europe and Israel develop international market and business opportunities. Atlantica Group is on the web at www.atlanticagroup.com.

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