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GLOBALISATION, INTERNATIONALISATION AND WORLDWIDE DEVELOPMENT : Concepts to be clarified

By the rector Gerard-François DUMONT*

At the threshold of XXIst century, the world context is dominated by three new phenomena or of a new nature in the History of humanity: globalisation, internationalisation and universalisation. To wonder about the current and future planetary situation supposes a preliminary clarification of these three concepts without which it is impossible to understand the contemporary world and the current geopolitical changes.

Moreover, this clarification is all the more necessary as the definitions, implicit or explicit, used for these three concepts are often fuzzy, leading to mingled and impenetrable representations which do not make it possible to enlighten the evolution of the world. Thus, many analyses and comments present the "globalisation" (globalization) as the result of an insatiable appetite of multinational firms. In their will to always want to increase their profits, the companies would be the heralds of this globalisation

that would correspond perfectly to their expectations: on the one hand, the increased freedom of trade on the planet would enable them to choose places allowing them to achieve the lowest cost prices: the price of labor, the price of capital, the price of real estate, the price of taxes and social contributions; on the other hand, this freedom of trade would enable them to unceasingly widen their market to consumers previously locked up in political systems which had organized the closure (total or partial) of their markets.

According to a number of speeches, the slightest hindrance appearing in the life of our contemporary companies – ill-development in various areas and countries, mad-cow disease, Erika black oil slick, agricultural product price-cut, removal of industrial employment due to productivity needs... – lead to denounce "universalisation", i.e., according to the implicit sense given to this term, firms

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behavior thinking only of globalisation profits. These reflexes are often conditioned by the great media result, for example in being pleased with the failure of the Seattle Summit, in the perspective that it should put a brake to the multinational firms' voracity, when it is in fact a political failure.

Reality seems to be completely contrary to this analysis. If there has always been curious entrepreneurs eager to know other world environments, if international trade has developed itself, especially since the end of the XVth century, to enable necessary products to circulate everywhere but only available in certain areas (considering salt, spices, sugar cane...), globalisation which organizes permanent competition on world-wide markets, has never been and shall never be an objective for the firms, even less a project. The ideal for a firm is not to be subjected to an increasingly keener international competition, but in the contrary to dispose of competing advantages enabling it to take over the least competitive sectors or niches on the markets, hence as captive as possible. The firm's ideal is not to be subjected to constant pressure from financial analysts with voracious temperaments and endless requirements, but would rather be to have the insurance to maintain a high profitability thanks to preponderance on a protected market. All the firms' strategies aim thus at acquiring competing advantages, preferably captive niches, and are failing in the opposite case. The strategy of Renault does not consist in wishing to be competed by Ford or Toyota for its customers, but in the contrary to put on the market products and an image of its products leading to the removal of competition from its customers.

Rather than to cite the well-known example of Microsoft that has not ceased to be positioned in a situation of quasi-monopoly, which American justice has ended up by condemning in the year 2000; let us take instead, the example of the McDonald's firm: its objective is not to strive for globalisation of the markets, i.e. for markets increasingly opened to other existing rapid catering companies or new ones. Quite on the contrary, its objective is of trying to obtain as much as possible a strong position, one of quasi-monopoly on the rapid catering market to limit to the maximum risks arising from the opening of the markets. That the Frenchman José Bové should destroy in August 1999 a McDonald's restaurant in construction at Millau (in Aveyron) or that he should plead for the quality of the Roquefort cheese in Seattle, hardly affects McDonald's. However, if José Bové should use his media notoriety to create a rapid catering chain founded in each country on the culinary originalities of each soil, McDonald's would have to reconsider.

The firm's objective consisting in ensuring a certain economic safety facilitating its profitability and its perpetuity is sometimes difficult to realize alone. Hence, the company seeks for example to obtain support from the public authorities: delegation of an exclusive concession, obtaining a monopoly, conditions of alleviated competition... Another method consists in finding support from other companies in the same sector that also want to limit the risks of competition and ensure the return on their investments: whereof alliances allowing to stabilize tariff, technological, or commercial competition; joint ventures, to draw benefits from complemen-

tarities and to share the costs and risks on a given project; the subcontracting and the transfer of licenses, to limit the cost in capital of international development; or mergers and acquisitions to acquire critical sizes rendering competition more bearable.

Contrary to the generally accepted and often widespread idea, the firms are practically foreign to the activation and extension of the globalisation process, which they generally did not ask for by their wishes. In reality, globalisation rises from political decisions, which, arriving in a context of geographical changes, that we refer to by the term of internationalisation, have been able to operate quickly and force the firms to re-examine their strategies, by giving them a world dimension (a worldwide strategy).

The best proof that globalisation, which is more pronounced since the last third of the XXth century, was undergone and not desired by companies is the enormous shock it caused to giant firms which seemed to be as strong and powerful as elephants. Some of these firms, as Pan Am, have disappeared or have had to leave their place to others. As for the companies which were able to implement forced and then interactive strategies, these are found in completely new situations: the capacity to think world-wide has substituted a sequential approach of the markets, the enterprise-network has replaced the hierarchical company, the re-focusing on core competencies has replaced the crawling diversification or chosen without true logic; the search of the most powerful size succeeded to a simple will for power, and the question of activities localization became essential.

To clarify the above summary of our analysis, let us first specify the political shifts, which have fertilized "globalisation" then the geographical changes corresponding to internationalisation. We will examine finally how the enterprises modify their strategies to adapt themselves to this new international and globalized environment.

1. POLITICAL MUTATIONS : "GLOBALISATION"

Fruit of political decisions, globalisation results from a whole set of decisions taken at a world-wide level, at regional levels, at national levels or at local levels.

The world-wide choices for globalisation

Shortly after the Second World War, the Western world signed the GATT Treaty whose principles are the refusal of protectionism and a progressive opening of domestic markets. Starts then, initially on a modest quantitative level, a development of international trade; the annual growth rate of international trade becomes superior to the annual average rate of economic growth and represents an increasing proportion of the economic activities. We are at the premises of globalisation, even if the term is not yet used, during a period when the relating decisions are modest.

The 1957 Treaty of Rome marks a very significant stage because it shows the way toward globalisation of the markets in regional space and offers a model that will be imitated in other areas of the world. The progress of this stage illustrates our analysis according to which globalisation

is due to political decisions: thus, the French political leaders signed the Treaty of Rome against the opinion of the body representing the firms leadership, the national Council of French employers. This last one attempts to oppose itself to the implementation of a Common Market, arguing officially that the French economy and enterprises are incapable of resisting sufficiently to the new competitors attracted by the opening of the borders, and actually wishing to preserve the protected markets from which they profit.

What precedes justifies entirely defining *globalisation* as *the whole set of political processes aiming at the deployment of the markets regional organisations and/or single planetary organisation, the latter being less and less segmented or rendered heterogeneous by the existing frontiers between national or regional spaces.*

The consecutive years and decades following the Treaty of Rome confirm the veracity of this often occulted definition: while the Six' globalize their market, the United States worry about the economic progress of a Europe which starts to unify and realize that their share in the international trade is very modest compared to their economic weight in the world. In fact, this is not abnormal, because the United States benefit from a vast territory having diversified resources, and are consequently practically self-sufficient. Contrary to Europe, which is dependent on the rest of the world for many raw materials and sources of energy, the United States hardly need to import, even if they import for example oil in order to economize on their own reserves; consequently, they hardly need to export to balance their imports.

However, this reality is inappropriate for their power strategy. Also, under President Kennedy, the United States decides to exert a major role in international trade. The *Trade Expansion Act* is presented as the birth certificate of the worldwide globalisation, following the example of the Treaty of Rome, the birth certificate of the processes of regional globalisation. Indeed, preceding the Kennedy Round (1964-1967), and by forming the premises, the *Trade Expansion Act*, voted for by the American Congress in 1962, decides to reduce by half, and by annual stages, the customs duties on the whole set of imported products to the United States. It is followed at the international level by the introduction of these discussions aiming at enlarging the markets more, known under the name of Kennedy Round. Then the Tokyo Round ends up in a nonlinear reduction of the customs duties (the countries having the highest rights making the most significant effort) and dismantling non-tariff barriers. Then, the Uruguay Round (1986-1993) approaches the negotiation of new aspects, as the trade of services (20% of world trade and including the film audio-visual industries), the investments, and the reinforcement of the intellectual property. This Uruguay Round, which runs up against the thorny question of official aids and subsidies of exports granted to agricultural nationals, has especially lead to the implementation, in 1994, of the World Trade Organisation (WTO) whose decisions have a complete and whole legal range. The WTO object consists indeed in promoting trade on a nondiscriminatory basis, by setting up an international legal framework allowing to control the markets and firms operations

extended to several countries. Among other things it is a question of modifying the sectional policies of protection in order to eliminate them.

The failure of the Seattle negotiations, fall 1999, is only an adventure because globalisation does not only come from decisions taken within a quasi-worldwide framework, like that of the WTO, but also from regional, national and local decisions which were hardly hindered by the Seattle events.

Regional choices for globalisation

Since the 1960s, the multilateral political decisions resulting in widening the sphere of competition multiply themselves. The development of regional economic groupings like the European Union results in new forms of liberty as that of people and capital movements, consequently extending thereby the spatial sphere of economic competition. The economic success of the European Economic Community encouraged the creation of institutions setting forth equivalent objectives: Mercosur, Alena...

Moreover, these regional economic groupings tend to increase as political upheavals lead more countries toward economic systems leaving larger space for market mechanisms. Thus, the European Union an outcome of the 1957 Europe of the Six, extended itself notably to Denmark, Ireland and the United Kingdom in 1973, to Greece in 1981, to the Iberian Peninsula in 1986, before passing to fifteen January 1 1995 with the addition of Sweden, Finland and Austria. In a general way, these groupings are attracting for the countries not forming

part of them yet, wherefrom the enlargement of their geographical space.

Another regional level, which is taking shape, joins together non-bordering countries trying to define joint positions so that the repercussions from globalisation on their economies are not unfavorable and rather advantageous. Thus, eight Moslem countries (Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey) signed in February 2001 the Cairo Declaration forming a group baptized "D8" for the development whose object is to defend a joint position in the political negotiations of the World Trade Organisation. There again, this step does not have as an aim to refute the process of globalisation but, on the contrary, gives it their adherence, since the D8 countries wish «to double during the next five years the volume of their commercial trade» with the whole planet.

National decisions opening globalisation

In accordance with the planetary globalisation or to regional forms of globalisation, internationalisation of the law unifies the legal trade context, limiting the impact of the specific policies of the States. Moreover, the majority of the States display a will aiming at cutting down the economic frontiers and making decisions facilitating the increasing opening of national spaces to trade flows of any nature with the exterior. In this spirit, the reduction of national monopolies sphere and the development of privatizations gradually lead toward entering a competitive international market of the sectors previously protected, like water, electricity, telephone³, post-office... All

this facilitates the international agreements, the crossed holding acquisitions, even mergers.

At the same time, the national legislations are liberalized, increasingly opening national markets. Thus France, still rather hostile at the beginning of the 1980s to the implementation of foreign companies and in particular Japanese, changed attitude in 1984 by removing most of the power of the State in the control of foreign establishments. The principle of *a priori* authorization for the investments of enterprises whose head office is in a Member State of the European Union has

been removed; it is practically the same for the firms outside the European Union. As for the administrative formalities, they have been simplified and accelerated. The territories can thus openly incite establishments of foreign investors.

Among the national decisions enhancing globalisation, it is necessary to quote the implosion of communist regimes, generally replaced by political systems in favor of foreign trade development, or by the will of economic openness of countries like Mexico which adhered to GATT in 1986 or China that undertook to adhere to WTO in 1999.

1 - Political changes: "Globalisation"

- World choices for globalisation
 - Kennedy Round at the World Trade Organisation;
 - Internationalisation of the legal rules;

- Regional choices for globalisation
 - The creation and extension of regional sets: European Union, ASEAN, Alena, Mercosur...;
 - The increasing commercial opening of the frontiers;

- National decisions opening globalisation
 - Reduction of national monopolies sphere;
 - Development of privatizations;
 - National economic regulations and Free-traders, such as for example:
 - + Less framed international investments,
 - + Less constraining administrative formalities.

- Spaces enhancing globalisation

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Acceptance of microcomputer-States facilitators

Finally, globalisation is facilitated by places offered, thanks to even less constraining regulations, more flexible rules of management, or particular know-how, to facilitate trade and in particular capital trade. On the one hand, it concerns countries having already acquired such competencies (Netherlands in the greetings of holding, Luxembourg, Switzerland, Monaco or offshore places like Jersey, Guernesey, the island of Man, the Bermudas, Curaçao in the Dutch West

Indies, the Cayman Islands...). All these sites are favorable to the development of globalisation because they enhance the movements of capital and domiciling floating money. They exist and develop their activities only because the great States of the planet allow them to exist, because they consider them useful for the development of globalisation, even if they complain of their competing taxes or of their role in money laundering.

All this whole set of political decisions leading toward globalisation was accelerated because it was carried by the rise of

2 - Geographical and space-time evolutions: Internationalisation

- The revolution of material transports:
changes in space-time;
- The revolution of immaterial transport:
new communication and information technologies;
- Mobility of productive capital;
- Mobility of men with the enlargement of life spaces and of new migratory logics, of which the entrepreneurial and managerial migrations;
- The concomitant use of a plurality of spaces:
the " plural city ";
- The process of metropolisation.
- The hierarchical organisation of spaces according to their accesses to the most advanced communications and the best quality-price ratio;

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new technologies and the geographical mutations linked to them.

2. GEOGRAPHICAL MUTATIONS: INTERNATIONALISATION

Indeed, the economic effects of globalisation would undoubtedly have been slower if the geographical context had not been marked by considerable changes in space-time, that one can indicate by the term internationalisation. *Internationalisation is thus defined as the use of a set of techniques and processes reducing space-time, exchanges of resources, goods and services between the planet territories.* It is convenient first to quote the revolution of material and immaterial goods transport, facilitating the mobility of productive capital and men, as well as the concomitant use of a plurality of spaces. This internationalisation of space should nevertheless not lead to think of a total space standardization, in particular due to the process of metropolisation and more generally due to a new hierarchical organisation of spaces.

Transports revolution

The progress of communications is essential. They "represent the most outstanding leap forward" of the 1980s and the most radical change in the systems of relations at all levels, local, regional, national and international, "with the epic of the TGV", the "triumph of the motorways", the "multiplication of air routes" or the "container ships".

At the same time, the economy's internationalisation was facilitated by the revolution of the telecommunications (gener-

alization of the automatic dial telephone and now portable, the lowering of international communications cost due to the diffusion of the telephone and the new resources for the transmission of messages, diffusions of telex, telefax, numerical networks, Internet...). The debates on the eventual return on investments of the M. U.T.S. (Mobile Universal Telecommunication System), became difficult in Europe due to the States taxes, tends to omit an essential element, the consequences of this new standardization (if it spreads) to facilitate internationalisation. Indeed, this standardization means not only the marriage of mobile telephony with the high flow Internet accesses, multiplying thus the possibilities of planetary communications, but even more so a compatibility between the American and European telephone networks, while the current European numerical standard G.S.M. (Global System for Mobile Communications), adopted in 1987, and supplanted by the analogical system, is incompatible with the American network. This double revolution of the transports, material and immaterial, facilitates international mobility considerably.

Enlargement of the economic area

The mobility of productive capital is well highlighted by the enlargement of the economic area. Two scaling changes must be underlined: the first - the enlargement of the economic area - is of primarily national nature⁵, with the mutation of relatively closed economic areas to inevitably open economic areas. An economic area is defined as "a heterogeneous space of which the various parts are complementary and maintain

between them more trade than with neighboring areas ⁶". However, a rupture, definitely emphasized in the 1970s, deeply modifies the relationship between these two types of trade. Previously, in a world where the communications costs and the displacements time lengths were still high, the population privileges local productions because in order to be fed, get dressed, improve its living conditions, it could only count on close resources: "Formerly the cost of communications obliged the establishments of the same channels not to be too distant from one another. The cycles of transformation remained generally locked up within national spaces" ⁷ and often close to energy sources or ores.

Trade with the space outside, which had been secondary, even marginal, may now take such an importance that any economic area fits from now on into a broader system to which it is linked. Trade concerns of course goods and services, but also men.

The second change in scaling resulting from the transport revolution concerns the mobility of men with the enlargement of life spaces and new migratory logics.

Life spaces enlargement.

Diversification of urban transports, the development of motorway infrastructures, the high-speed trains enlarge the life spaces by allowing peripheral urbanization⁸ of the cities, then of the agglomerations. This peripheral urbanization is well put into evidence in the case of Paris where one has passed from a purely community perspective, with a municipal town council preventing the subway network

from leaving the twenty districts⁹, to a regional perspective with the extension of the subway line, the creation of the RER (regional express train network), and the development of connections between the stations like EOLE and METEOR intend to connect the station of St Lazare with the East station and to that of Austerlitz. In September 1999, this regional will is symbolized when the National Railroad Company S.N.C.F. decides to name the suburban trains under the commercial generic term of "transilien" (neologism created from transport and francilien, meaning from the Ile-de-France).

Simultaneously, the car diffusion¹⁰, encouraged by the networks' improvement, goes in the same direction by enabling to have a residence area further away from the zone of employment, whether these be located in the downtown area or in the new activity spaces located in the peripheral urban areas.

The Peripheral urbanization of agglomerations, for which the term of "pro-urbanization" seems to be an appropriate neologism¹¹, which is expanding in particular thanks to the car, enlarges even more the demographic scope of the economic countries. At the international level, the revolution of transports contributes to the new migratory logics and an increasing diversity of the migratory types¹², of which the managerial and entrepreneurial migrations.

The concomitant use of a plurality of spaces or "the plural city"

To the process of the economic sphere enlargement, it is necessary to add that of their geographical diversity. Space did

not only widen it has also become more open, because of the changes which have occurred in economics and transports. In particular, the concept of space-time, has more than ever replaced that of distance. People are less and less enclosed in a continuous circumscribed space defined by the distance in kilometers that it can cover in a certain time¹³, but in a discontinuous space formed by all the territory accessible by an unspecified mean of communication (motor-, rail-, airway) in a limited amount of time¹⁴. The concepts of distance deeply changed. This change is well symbolized in France by the heading of the association of the "cities an hour from Paris"¹⁵.

More and more individuals have a geographical mobility outside of the economic area concept polarized by a city, and register their activities in a plurality of economic areas, and thus in a plurality of cities: "a quiet urban revolution, the plural city"¹⁶ has been emphasized since the 1980s. Whereas the space scale in men's life was in general, limited to a unity of space corresponding to the territory of an economic area and in particular to his urban space, men live more and more often in several cities and not anymore in only one: town of the residency, town of activity, town of consumption, town of leisures, town of second residency... It is besides this plural character of the "consumption" of the cities, which leads each one of them to seek and to develop its singularity. The five elements of internationalisation previously quoted do not mean economic unification of spaces because one notices that processes of metropolisation and of new space hierarchies are taking shape.

The process of metropolisation

Indeed, in a more general way¹⁷, a process of metropolisation is being developed, i.e. "the exercise of centripetal forces leading to the concentration of men and activities in urban spaces"¹⁸. For example, the installation of the U.M.T.S. standard will be initially in large cities, first possibility of return on investments, which can only contribute to the continuation of the urbanization growth rate¹⁹ due to metropolisation.

This process is related to the need for a broad, qualified and flexible labor, to the needs of various services, the need to maintain exchanges with a multiplicity of trade, and technical, institutional partners. Paul Claval interprets the metropolisation as the product of the "geography of contacts" revealing new needs of the enterprises in connection with their partners. He notes the total coincidence between the metropolises' map and the airports' map²⁰.

New spatial hierarchies

The consequences of the economic areas scale enlargement are triple: on the one hand spatial diffusion of the activities and more so of the inhabitants in a vaster territory, on the other hand the mobility²¹ revolution leading to the plural city, and finally the growing importance of the spatial hierarchy concept. Indeed, the growing interdependence between spaces inevitably creates increased relations of dependence.

The increasingly international character of the world creates new spatial differentiations between territories possessing the

best means of communication with the world-economy and others, whose communication capacities are lesser and whose economic activity is consequently limited.

The means of communication create new space distortions, spreading out some, retracting others. In the interurban relations, one notices a longitudinal retraction along the axes of communication, whose distance in time decreases because of the interurban motorways, the air links or the high-speed trains. In parallel, the territories know a transversal retraction: the zone of influence of the new transport and communication infrastructures is limited in space. The users of a teleport must gather on the few hectares where one can benefit from this equipment.

The mobility of productive capital

The development of the means of transportation and of their technology largely undervalues the incidence of the transport cost in enterprises economic decisions. The facility and the transport time length are more significant than its cost strictly speaking. It becomes more important to measure the distances in time than in kilometers. The revolution of transports allows a considerable mobility, i.e. international, of the productive capital. Transport is not generally any more a factor determining localization. On the contrary, it is from now on a factor opening the sphere of the localization's choice.

The territory, which benefits on its ground of the establishment from such or such an enterprise, is not protected anymore from a transfer to another territory due to the distance's cost between this

other territory and the market. Even if this is less true for some industries which require very specific locations (nuclear power, transformation of heavy goods) or proximity services.

Internationalisation resulting in the contraction of space and time, these involve mutations in the strategies and the organisation of the enterprises also forced to adapt to the decisions emphasizing the various levels of regional or worldwide globalisation.

3. ECONOMIC TRANSFERS: WORLDWIDE GLOBALISATION OR ENTERPRISES WORLDWIDE STRATEGIES

Vis-a-vis globalisation and internationalisation of the factors of distribution and of production, the enterprises are forced to implement new strategies, worldwide strategies, to react to the additional risks arising. It would be advisable to reserve the use of the term "worldwide globalisation" to define *the actions of the firms aiming at responding in any place and without particular discrimination of time and price to the demand specifications, actions requiring the implementation of worldwide strategies responding to globalisation and internationalisation.* These strategies are in conformity with the constant concern of every enterprise on a market, to evolve more quickly than its competitors.

Additional risks

Vis-a-vis the political good will of globalisation, the enterprises initially had to face additional risks. The shock has even

been terrible for several of them, to start with the number one of air transport Pan Am, that disappeared, which nobody had ever imagined. In 1989, IBM accumulates deficits and is at the brink of the abyss; General Motors loses the equivalent of 9 400 Francs on each car sold in the United States²². Vis-a-vis the increasing instability of the environment, large companies deflate considerably their manpower to increase their productivity, and to develop their resort to subcontracting. IBM, General Motors, British Airways, British Telecom, British Petroleum, Renault, Peugeot... cut down on employment massively, within the framework of a strategy forced by globalisation.

Indeed, it is known that one can classify the enterprise strategies into three categories: voluntarist strategies, when the enterprises decide to prod the environment's evolution; forced strategies, when the enterprises have no other choice than to adapt to a changing environment; and finally the interactive strategies, consisting in drawing the best benefits from the environment mutations, turning the advantages of globalisation to its own profit while turning its inconveniences against its competitors. However, the current attitude of the enterprises consisting in deploying worldwide strategies (worldwide strategy) do not arise initially from voluntary choices, but more from the new constraints of the world. The enterprises have had to and must adapt themselves to the political decisions that organize globalisation and to the geographical mutations born with new technologies. Then, the initial strategies of constraints leave the place to interactive strategies consisting in thinking worldwide, to be focused

on its core competencies, to privilege reticular operations aiming at passing from a multi-domestic operation to a network enterprise.

Thinking worldwide

The need to think worldwide is imperative since the risks undergone by the enterprise have from now on regional or world sources. For example, the French enterprise in the 1970s worried mainly about the distortions of competition created by the French authorities to the benefit of the nationalized companies, fighting with the French administration which controlled the selling prices of the products, worried about electoral programs anticipating the companies or providers nationalization... Today, the economic climate depends also and sometimes especially on decisions taken in Brussels, in New York, in Geneva (OMC), in Tokyo, in Peking...

Focusing on the core competencies

To want to do everything is to act badly. Globalisation requires to be terribly qualified on its market, and thus not to disperse its forces on various markets, all the more so as it is also always necessary to retain the maximum amount of forces available for the inevitable re-orientations which will reveal themselves necessary. This is why firms sell profitable subsidiary companies too distant from their principal vocation. They re-focus on one or more trades in which they have their best competitive position: for example, some chemical-pharmaceutical groups specialize in only one of these two activities.

Externalization

This re-focusing has a corollary: externalization of all the productions which are not the essence of the company's vocation; makes it possible for example to reduce the internal costs which were related to the former hierarchical organization of the firm. To the difference of traditional subcontracting, externalization consists in entrusting to an external beneficiary person the responsibility of a function of the company (and not only the manufacture of a by-product), sometimes at the cost of having to also transfer the credits and the personnel concerned. Hereby, the enterprises see the means of better facing globalisation and economic shifts while becoming more flexible and more reactive. Except for basic services, as catering or cleaning, the information technologies (data processing departments) and telecommunications are currently the functions most often externalized on a worldwide scale²³. In the future, one could thus imagine that the large automobile companies are satisfied with the core of their trade: to design cars and market them.

This externalization of the activities of the firms consists in responding to another strategic element: to have an effective size.

The rise of the company-networks

As specified above, the worldwide strategies mean that the firms must seek to respond in any place and without particular time and price discrimination to the demand requirements; the strategies are thus beyond the simple exports will of the 1960s, which was managed by a single

center, and beyond the stage of the multinational corporations of the 1970s, organized according to a hierarchical structure arranged from the mother-company. The worldwide firm animates a network of establishments drawing advantage from a broad autonomy of production and marketing.

It is a question of moving toward the international company of the third type. The first type is created by addition of foreign subsidiaries that function in a relatively autonomous way within the framework of multi-domestic enterprises. Then, the idea - second type - consists in implementing firms with simple integration: the holding of the group exerts a major role for the strategic decisions, the options of research, the design of the products, however the activities in the various countries are narrowly coordinated so as to benefit the most from competencies and local resources. In the international company of the third type, there is no a priori functional distribution; each foreign subsidiary company can be seen entrusting a leading role for certain activities and a role of support for others inside the firm. This last one functions in networks and the role of each node of the network can evolve according to the needs.

Moreover, the quest for competitiveness consists in optimizing researches, methods of management, sources of financing. Three research centers scattered in the world functioning in a network are more productive than a single research center requiring a heavier and less capable organisation to extract the richness from different locations. Seeking to adapt itself to a globalized environment, the enter-

prises rely at the same time on the worldwide dimension of their market and on the advantages to be drawn from the transnational networks of establishments. This is particularly true with regards to the production facilities of the same firm, which from now on are put in competition. For example, the Peugeot factory of Madrid found itself in direct competition with the Ryton site in England for the manufacture of new 306 models. In this competition, the partners of Peugeot-Espanola - local subcontractors, trade unions, employees - mobilized themselves to achieve excellency, improving in a few years the productivity of the Spanish sites, formerly mediocre, to the best European standards²⁴.

The enterprises consider this way that geographical competition can be beneficial and favorable to the productivity, taking into account the increased means of mobility: possibility of closing not very competitive sites, choice of implementation where the synergistic profits seem most advantageous, possibility of transferring from lately elaborated technologies towards zones considered as more dynamic or offering a better quality-cost ratio.

"The large firm organizes itself like an archipelago, by combining on the one hand the anchoring of its establishments in the basins where they are implemented, their local socialization, making profit out of the available externalities, but also of the production and reproduction of rare resources such as labor and know-how; on the other hand while making these establishments function together, sometimes on very long distances, according to a variable proportioning of

decentralization and coordination. To this archipelago belong also the providers, subcontractors, customers functionally - if not geographically - closest"²⁵.

Acting according to an efficient dimension

In spite of their efforts to function in networks, the large firms are inevitably more bureaucratic and more rigid than the medium or small organisations whose size allows adaptability and great flexibility.

The medium and small dimension often also have a competitive advantage due to the quality of information and competency that it can gather quickly or put easily into synergy. Globalisation thus does not impose a worldwide size, but the need for adapting the dimension to discounted efficiency.

The new criterias of localization

Moreover, the worldwide strategy leads to choices of localization that fit increasingly into worldwide logic.

The entrepreneurs establish units of research and of production there where the conditions appear to be most advantageous²⁶, even if the choice of the distribution and marketing units of implementation is more imposed by the proximity of the markets, and thus by the economic value of the demographic potential.

The companies do not necessarily choose external subcontractors and beneficiaries because of their geographical proximity, but according to a quality-price ratio in which the price of transport has an

increasingly limited importance²⁷. It is thus possible to call upon countries where the cost price is the lowest, particularly due to lower wages or tax and special taxation costs. The firms that collaborate within a subsidiary can have geographical implementations very distant from each other and yet exchange the necessary information in due time. International trade flows are not limited any

more to energy, raw materials and finished products, but can include as in national flows many intermediary products, such as for example cars details to be build in the country of destination.

The companies formulate, within the framework of their productive projects strategy implementations and these projects are not accompanied *a priori* by a wish of precise location. This results from

3 - Economic changes: " worldwide " strategies of the companies

- Thinking worldwide
 - Rise of a world design of the economy;
 - Worldwide globalisation of the large companies markets as well as for the S.M.E. (providers market, market of the customers);
- Focusing on the core competencies
 - Externalization
- Rise of the company-networks
 - Worldwide competition for the production sites.
- Acting according to an efficient dimension
 - From economies of production to economies of flexibility;
- New localization criteria
 - Transnational implementation networks of considered advantageous:
 - emulation between the establishments
 - mobilization of the subcontractors;
 - possibility of closing the less competitive sites;
 - choice of the implementation according to the synergistic benefits;
 - possibility of transfer of technologies.

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the defined needs and available supplies best suitable to the demands, varying according to the type of the economic sector or the nature of the activity to be established. An electronics firm will be sensitive to the level of labor qualifications; a company of fresh food-processing products will combine the physical infrastructures (airports, motorways) and the central character of the site depending on the local market²⁸.

The criteria of the burden schedules defining the needs thus have a different hierarchy, even a different nature, according to whether the company seeks to implement services, distribution, production, high technology or executive activities. A banking firm feels the need to be close to the stock exchanges and markets. A large distribution enterprise requires a location very strongly linked to the transportation communication channels. A firm that implants a production establishment seeks first to meet its needs for labor and communication facilities. Experience shows that the high technology enterprises are particularly gregarious. They ask for a location in a site where they will be able to profit from synergies and from a general environment enhancing the technological development of their industry sector. As for executive activities, it seeks a place where the political dimension is present: place associated with a certain prestige, or creation of a head office whose architecture will symbolize the image that they wish to convey.

The needs for the enterprises can thus be very varied, according to their functions, their partners, and their relations of the location with the markets. But in any case, the large companies carry out their arbitration on a worldwide scale.

For more and more products and services, competition is planetary and the means to be implemented to face this competition must be the subject of a reflection at the same scale. This is obviously true for the companies established on the five continents. But it is also the case of a number of medium and small enterprises whose existing or prospective customers are everywhere in the world²⁹.

Just as the customers are everywhere, production or research do not have strong geographical constraints on location any more. There is a world competition for the production, distribution and services sites³⁰, which continuously prods increased productivity researches, with as a consequence the disappearance of certain types of jobs and the creation of new ones. The territories, directly concerned with the evolution of employment, cannot remain indifferent to this worldwide globalisation which requires more spatial competitiveness.

CONCLUSION

Fruit of national, regional and international political decisions, globalisation was facilitated by the rise of processes facilitating trade between different territories of the planet. Firms have had no other choices then to realize their strategies worldwide taking into account the political and geographical context evolution.³¹

These considerable evolutions should not mask two fundamental elements concerning the role of the States on the territories of which they are in charge and the maintenance - happy - of national local requirements and identities.³²

Admittedly, with the rise of the information firm, and the increasing needs for flexibility of the economic activities, the role of the national States evolves and must evolve, while the regional groupings in constitution, gathering several countries, must take into account the new situation. These States or regional organisations remain necessary because the companies need authorities looking after rules compliance, however without installing rigid economic standards unsuited to a world in constant evolution. In fact numerous enterprises avoid, with regret, the States appearing incapable to

ensure a minimum amount of security and economic justice.

Moreover, globalisation and internationalisation of the markets fortunately do not erase geographical and cultural differences, which force companies to think local even if they cannot avoid thinking worldwide. Ultimately, globalisation leads to strategic behaviors having to satisfy the "glocalisation" (glocalization), this neologism making it possible to synthesize the need for being able at the same time to think globally and to act locally. ■

NOTES

1 German Federal Republic, Belgium, France, Italy, Luxembourg and the Netherlands.

2 *Le Figaro économie*, February 26 2001.

3 In France, the monopoly (of France Telecom) on local telephone communications has been eliminated since January 1 2001.

4 Rochefort Michel, *Dynamique de l'espace français et aménagement du territoire*, Harmattan, Paris, 1995.

5 It is thus intra-national, but can be international given the cross-border spaces.

6 Boudeville, J.R., *Les Espaces économiques*, Paris, P.U.F, 1969. Quoted by Dumont Gérard-François, "Les évolutions démographiques et les défis de l'aménagement du territoire", in : *Démographie et aménagement du territoire*, Paris, Cudep, 1999.

7 Claval, Paul, *Histoire de la géographie*, Paris, P.U.F, 1995.

8 Urbanization form which is translated by the habitat development, and eventually of certain activities at the towns periphery.

9 Margairaz, Michel, *Histoire de la RATP*, Paris, Albin Michel, 1989.

10 Dupuy, Gabriel, *Les territoires de l'automobile*, Paris, Anthropos-Economica, 1995, p. 120.

11 Dumont, Gérard-François, *Les Spécificités démographiques des régions et l'aménagement du territoire*, Paris, Official Journals Edition, 1996.

12 Dumont Gérard-François, *Les migrations internationales*, Sedes Edition, Paris, 1995.

13 It is by basing itself on this principle that France has delimited the Departments in 1790 by considering at the maximum one horse day away from the main place.

14 Even if the discontinuous character of space is, in a certain way, an ancient reality depending on the existence of the transport network, let us think of the effects on the territories of the Roman roads, or of the development of postal cars in the XVth century.

15 The following cities do not belong Lille (1h00 in TGV in 1996), Montbard (1h05), Douai (1h05), Tours (1h02) nor Arras (0h50), where as Reims (1h29) has adhered.

16 Dumont, Gérard-François, "Une révolution urbaine silencieuse : la ville plurielle", in : *Penser la ville de demain*, Paris, Harmattan, 1994.

- 17 The rather general character of this process is for example put into evidence in The alpin arc by Perlik, Manfred, "Polarisation de l'arc alpin en régions urbanisées de navetteurs et en régions de dépopulation", *Revue de géographie alpine*, 1996, n° 1 et "Processus de périurbanisation dans les villes des Alpes", *Revue de géographie alpine*, 1999, n° 1.
- 18 Dumont, Gérard-François, "Evolutions démographiques et métropolisation", in: *Métropolisation et aménagement*, Paris, Commissariat général au Plan, juin 1994.
- 19 Dumont Gérard-François, *Les populations du monde*, Paris, Armand Colin, 2001.
- 20 Claval, Paul, "Métropolisation et aménagement", in *Métropolisation et internationalisation*, Commissariat général au Plan, Paris, January 1994.
- 21 Means rapidity, extension of the networks, cost reductions, increasing frequencies.
- 22 Paulet, Alain, "Grande firmes mondiales : stratégies et réalités économiques", *Revue française de géoéconomie*, n°3, Fall 1997.
- 23 *Le Monde Économie*, January 11 2000, p. X.
- 24 Hatem, Fabrice, "Les politiques d'attractivité en Europe de l'Ouest", *Pouvoirs locaux*, n° 19, Decembre 1993, p. 35.
- 25 Savy Michel, "Communications et localisation des activités", in *La localisation des activités économiques*, Commissariat général au Plan, Paris, January 1994.
- 26 This way, the President General Director of Essilor affirms that without de-localization in Asia, Essilor would have disappeared. Fontanet, Xavier, "La mondialisation vécue au jour le jour", Académie d'Etudes et d'éducation sociales, Novembre 1998.
- 27 The policy of tensed fluctuations sometimes gives a certain importance to the notion of the suppliers' proximity.
- 28 "La localisation des activités économiques", Commissariat général au Plan, Paris, January 13 1994, p. 4.
- 29 For example, small enterprises from the region of Oyonnax in the French Jura sell mussels to China for the plastic industry.
- 30 Globalisation also affects territories and their strategies. Cf. Dumont, Gérard-François, *Économie urbaine. Villes et territoires en compétition*, Paris, Litec Edition, 1993.
- 31 The cases of Renault, France Telecom and even EDF are the among the most known examples.
- 32 For Europe, Cf. Dumont Gérard-François and alii, *Les racines de l'identité européenne*, Paris, Economica, 1999 ; for the Alpes, Cf. Dumont Gérard-François and alii, *L'arc alpin*, Paris, Economica, et Zurich, Thésis Verlag, 1998; for the French regions, Cf. Dumont Gérard-François, "Le dessein identitaire des régions françaises", in: Bonnemaïson, Joël, Cambrésy, Luc, Quinty-Bourgeois, Laurence (dir.), *Les territoires de l'identité*, tome 1, Paris, Harmattan, 1999 ; for the Department of the Alpes-Maritimes, Cf. Dumont, Gérard-François, "Globalisation et identité dans le sud de l'arc alpin : les Alpes-Maritimes et Nice", in: Borsdorf, Axel, Paal, Michaela (HG.), *Die "alpine stadt" zwischen lokaler verankerung und globaler vernetzung*, Vienne, Verlag der österreichischen Akademie der Wissenschaften, 2000.