

# Ouverture de ‘Global Networks and Sustainable Development - 1’

*Silvio M. Brondoni\**

## *Abstract*

*From the beginning of the 2010s and up to these years, a fourth phase of globalisation produced a structural change in network’s competition (network globalisation 2010-2020).*

*The global capitalism, in effect, determines profound changes in economics and social bonds and radically modifies the traditional basic principles of industrial production.*

*The global capitalism introduced indeed a new dimension of worldwide competition based on collaborative networks. For example, in several industries fusions have involved a ‘mega-merger’ of corporate giants that has radically transformed the competitive balance in these sectors.*

*The new basic driver of global capitalism specifically regard: Health; Energy; Food; and Communication.*

**Keywords:** Global Capitalism; Global Markets; Network’s Competition; Sustainable Development; New Drivers of Global Capitalism

## **1. Overture**

The sustainable development, as originally defined by the 1987 World Commission on Environment and Development (the "Brundtland Commission") is focused on entailing "development that meets the needs of the present without compromising the ability of future generations to meet their own needs"(World Commission on Environment and Development 1987). The task of sustainable development was included as part of an effort to bring environmental issues into the goals of development, recognizing that in order to address the escalating problems related to the environment, the root causes which lay in the broader development process and the global economic system needed to be addressed. As originally articulated ‘sustainable’ captured the environmental issues (assumed to centre on the needs of *future* generations) while ‘development’ captured the economic issues (assumed to centre on the needs of the *present* generation). The concept has since been broadened, in recognition of the non-environmental aspects of sustainability, and the non-economic aspects of development.

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\* Editor-in-Chief Symphonya. Emerging Issues in Management ([silvio.brondoni@unimib.it](mailto:silvio.brondoni@unimib.it))

From the beginning of the 2010s and up to these years, a fourth phase of globalisation produced a structural change in network's competition (*network globalisation 2010-2020*). The primacy of knowledge management, the worldwide localization of production and the new policies of innovation and imitation have been modified in opportunities for merger and acquisitions, global competitive alliances and joint ventures (Brondoni 2012a). As a result of strategic alliances, mergers and acquisitions, globalising capitalism has brought increased concentration of ownership and power to many areas of production. For example, in several industries fusions have involved a 'mega-merger' of corporate giants that has radically transformed the competitive balance in these sectors.

Global capitalism thus determines profound changes in economic and social bonds, and the progressive transformation of these bonds from territorial to functional. Indeed, in the most evolved realities, social and economic relationships are related to an array of functions (knowledge, information, cultural climate, ability to adapt to diversity, action and reaction times, mobility) that go beyond the bounds of fixed physical space (geographical area, nation, ethnic settlement, administrative precinct, etc.) based on the preservation of well defined, exclusive local rights and duties.

The global capitalism, in effect, radically modifies the traditional basic principles of industrial production: the coordinated interaction of workers, technology and materials, with a high level of standardization in the time-space sequence, where the direct control and proximity limits characterize physical aspects of the business (immutability of the goods produced, a finite number of suppliers, fixed manufacturing plant locations, etc.) (Brondoni 2002).

The global capitalism introduced indeed a new dimension of worldwide competition based on collaborative networks through strategic alliances in the form of equity alliances or non-equity alliances. In fact, in situations of over-supplied and high competitive markets, the setting up of lines of cooperation represents the typical strategic behavior for companies with a long-term view and a global market vision (Lambin 2014).

Corporate development based on 'enlarged' competitive space (market-space management) tends to generate mega-organizations with very strong 'top tier management power'. Thus, nowadays, firms operate under conditions of high competitive tension in a context subject to political, social and technological instability. No company can, therefore, trust, as in the past, solely in its own resources, knowledge and skills, since corporate development is reached with the help of different 'carriers' (shareholders, managers, employees, customers and competitors).

By the end of the last century, global capitalism entered a deep crisis that began in Mexico in 1995 and then intensified with the Asian financial crisis of 1997-98 and the world recession of 2001 (Robinson 2005).

The economic and financial crisis has motivated many opinion-leaders announcing the end of the capitalistic system. In fact, the capitalist system was considered responsible for the financial and socio-economic chaos, for the society's materialism and consumerism as well as for the environments destruction. In a global economy system, it is indeed impossible to abandon the capitalistic system as if it was a political party or simply a sport club. Indeed, the market economy is believed essential for a natural capitalism development (Lambin 2009).

In fact, such considerations regarding the capitalistic system abandonment are highly nebulous. The abandonment of the capitalism would entail in fact the suppression of the ownership of means of production and the collectivization of profits. The Governments, however, really count a lot on the innovation and on the enterprises to revitalize the economy. In other words, it is an ‘auto-destructive’ way of thinking, surely doomed to failure in a global economy context, especially in Europe – expressly contrary to a similar solution (Lambin 2009).

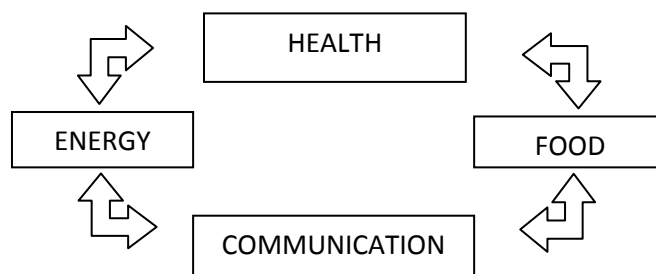
Nowadays, all the markets are global, even those that seem mostly rooted in their national traditions; nevertheless, in global markets does not exist any right that would regulate the economy. Consequently, without global rules, the global capitalism produces positive and negative consequences as social disparities and economic differences (Scholte 1997).

In recent years, the Greek economic crisis of 2009 showed the new basic drivers of global capitalism (Figure 1).

The new drivers of capitalism are made up of business areas of defensible innovations that concentrate the long-term investments of worldwide corporations (Corniani 2012). In synthesis, the current basic drivers of global capitalism define an interconnected system of corporate business with very high expectations on profits and that specifically regard:

- Health;
- Energy (renewable and conventional);
- Food;
- Communication (digital and analog) (Brondoni 2014).

**Figure 1:** *Global Capitalism. Basic Drivers*



The term ‘market economy’ is often used as a synonym for capitalism - by both proponents and critics - but this is wrong. Capitalism should be thought of as an amalgam of three distinct kinds of markets: markets for commodities, for labour and for capital.

The contemporary global capitalism is also facing other challenges, particularly the need of promoting the sustainable growth, dramatically stressed by the economic and financial crisis. In the meanwhile, for the future growth of global corporations the challenge is to conciliate the profitability imperative with a business model compatible with the objective of a sustainable development (Lambin 2009).

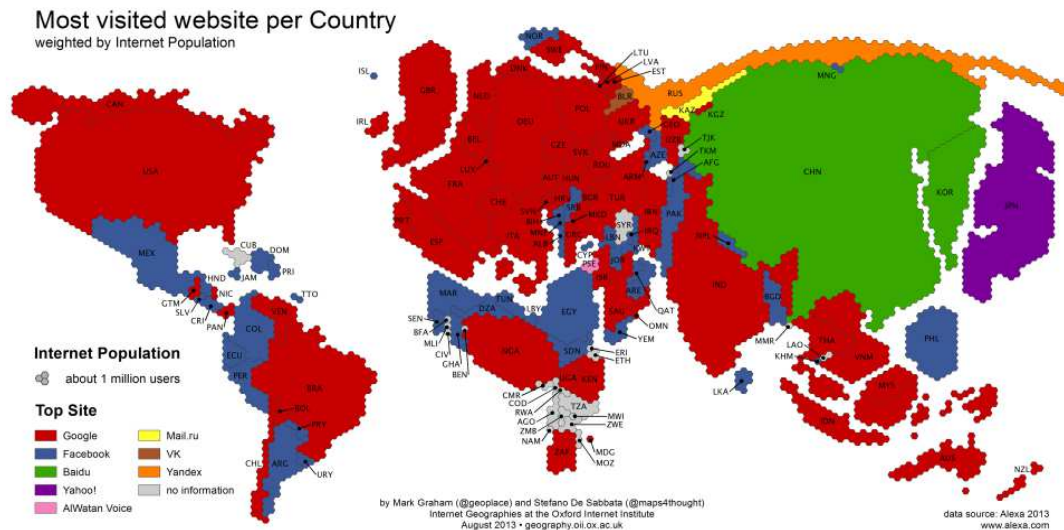
## 2. Communication as a Basic Driver of Global Capitalism

Technology changed people. Digital technology changed the way consumers relate to products and markets. The cyber consumer expects to be able to customise everything - from the products and services they buy, the information they seek, to the price they are willing to pay. They want to be able to engage the producer in the kind of bargaining that used to characterise the street bazaar.

Consumers can sort products based on any desired attribute, price, nutritional value, functionality, etc., or combination of attributes such as price. They can easily obtain third party endorsements and evaluations including sharing the experience of other users. Empowered by digital technology, customers are unforgiving. Pity the poor company that fails to see this or refuses to play by their rules (Wind, Mahajan 2002).

The pervasive nature of the Internet made communication global and interconnected (Figure 1). New instruments of communication register phenomena of radical change, particularly due to the technological convergence of telecommunications, audio-visual and IT.

**Figure 1:** *Most Visited Website per Country*



Source: Alexa 2013

Globally interconnected communication processes radically modify relations with the market, because the following distinctive characteristics emerge: communications with two-way flows and active exposed parties, selective communications with personal messages and immediate feedback/feed-forward, and communication on demand (Brondoni 2005).

### 3. Food as a Basic Driver of Global Capitalism

Beef, like sugar, is a clear example of using resources wastefully, degrading the environment, contributing to hunger, poor health and more. As with sugar, beef was a luxury turned into an everyday item. Like sugar, it is also an example of how people's tastes are influenced by global corporations and how demands can be created (or very much expanded), rather than meeting some natural demand.

□ *'Access to food and other resources is not a matter of availability, but rather of ability to pay. Put bluntly, those with the most money command the most resources, whilst those with little or no money go hungry. This inevitably leads to a situation whereby some sections of humanity arguably have too much and other sections little or nothing. Indeed, globally the richest 20 per cent of humanity controls around 85 per cent of all wealth, whilst the poorest 20 per cent control only 1.5 per cent (Copeland 2000).*

There are enormous costs related to the inefficient global process of food production and consumption when considered as a whole. Subsidies in farming in the US and elsewhere end up encouraging unhealthy foods to be cheaper than healthy foods.

□ *More than one third of the world's grain harvest is used to feed livestock. Some 70 to 80 per cent of grain produced in the United States is fed to livestock. A lot of rainforest in the Amazon and elsewhere are cleared for raising cattle not so much for local consumption, but for fast food restaurants elsewhere.*

In this sense, the global biotech industry claims that biotechnology will help alleviate world hunger. However, people are hungry because they cannot afford to buy food. Global corporations, international trade and economic policies are driving toward a growing inequality and lack of access to food, not food scarcity due to over population. While genetically modified food could help alleviate hunger, it would not solve it, as it would not help tackle the root causes.

The food as a driver of global capitalism became more and more evident observing that obesity typically results from over-eating (especially an unhealthy diet). In our modern world with increasingly cheap, high calorie food (example, fast food — or junk food), prepared foods that are high in substances like salt, sugars or fat, combined with increasing urbanization and changing modes of transport, it is no wonder that obesity has rapidly increased in the last few decades, around the world. The number of obese or overweight people is now rivaling the number of people suffering from hunger around the world. In the past, obese people were coming mainly from wealthier segments of society and richer countries, but at present poor people are suffering as the global food industry supplies industrialised and cheaper food of poorer quality and appear reluctant to take measures that could change societal and environmental factors.

#### 4. Health as a Basic Driver of Global Capitalism

In the today global capitalism, a key aspect of significance is recognition of the critical importance of health.

Health markets across the globe are changing rapidly in light of dynamic emerging economies and increased purchasing power, changing views on the role of the state and markets, a global push to achieve universal health coverage, and technological change, notably increased access to information and communication technologies (ICT). Technological change is globally driving health developments (Franco, Tursunbayeva 2014). In this sense, mobile and increased access to more sophisticated services of information and communication technologies (ICTs) along with low-cost diagnostic technologies have facilitated the emergence of new kinds of health provider networks, some bridging formal and informal providers (Bennet et al. 2014). All these factors are driving the emergence of diverse new models for organizing service provision, including innovative network providers, direct to client marketing, and collaborations between formal and informal providers.

Traditionally, the health sector has been closed and nationally focused, but globalisation changed everything rapidly, and global health moved to:

- The increasing mobility of health professionals across borders. For example, the United Kingdom now actively recruits nurses from developing countries, even if the movement of professionals in general seems to be detrimental to poorer countries.
- Another emerging phenomenon is the development, in less developed countries, of medical curricula that have been adapted to North American or Western European standards and are offered in English, allowing such programs to negotiate a higher level of recognition worldwide and to provide a financially competitive education for students from wealthier countries. Developing international standards in medical education and health care delivery can help improving quality in health care all over the world. (Segouin et al. 2005).
- The increasing mobility of health consumers (people). For example, patients travelling abroad to access medical care. Though still marginal, so called 'medical tourism' is becoming more important. Treatments offered in Western European countries attract infertile couples from United States because they cost half or one third of those provided in North America (Segouin et al. 2005).
- The increase in private companies, often operating across different countries, which provide health services and health insurance schemes.
- The use of new technologies, such as the mobile and Internet, to provide health services across borders and to remote regions within countries.

This increased movement of both goods and people increased opportunities for the spread of disease around the world. But just as globalization increases the frequency and ease with which diseases can move around the world, it can also improve access to the medicines, medical information, and training that can help treat or cure these diseases.

Global health companies and governments can trade and ship drugs to remote parts of the world thanks to those product distribution networks, communications

technologies, and logistic solutions that have promoted globalisation over the past decades.

## 5. Energy as a Basic Driver of Global Capitalism

The growth in world energy demand in the coming decades will be very large, and this increase reflects big changes in the world economy. Developed countries still represent two-thirds of total oil demand, but due to the globalisation of demand China already consume more total energy than the United States.

Energy innovation will be critical and solar and wind will become prominent in the energy system.

The interaction of environmental concerns with energy will continue to shape the energy marketplace. The biggest question is climate change and carbon footprint. Wind and solar are growing rapidly, but they are still a very small part of the overall energy mix. The two biggest sources of carbon-free electricity today are nuclear and hydropower. Nuclear is growing in some parts of the world, while in others it is stymied.

The energy system is large and complex, with an enormous amount of embedded capital. It does not turn over easily like the speed of mobile phones. A power plant may have a 60-year life span or even more. A major new oil field may require a decade or more between exploration and first production.

By the early 2030s, the world will be using more energy. But the reason why the mix will not be too different is the rapid growth of demand in developing countries, where coal plays a very big role.

The issue of growth calls into question the basic premise of capitalism. If economic global system is predicated on growth and growth is not sustainable then the logical inference is that the planet cannot survive under a capitalist economic system.

Anyway a recent study from the World Bank provides evidence that economies can grow and be sustainable, by being 'climate-smart'. The world doesn't need to take a decision between growth and prosperity or preservation, as long as it takes action immediately, works together, and transforms its energy systems. Countries can continue to develop by employing 'climate-smart' policies that reduce vulnerability to climate change while pursuing low-carbon growth.

□ *“The incentives provided by our economic system are capable of advancing the green agenda. Those nations that invest in the green economy stand to reap substantial benefits. Climate change will affect the comparative advantage of a number of nations, particularly if those nations are first-movers. We will need to call on all the ingenuity and innovation that we are capable of” (Fay 2010).*

A growing economy does not necessarily need to consume more resources. In other words, the goal should not be to achieve less growth but better growth, and not to forego consumption but to improve the quality of that consumption.

Energy thus defines a critical driver of global capitalism not only because fossil fuels are scarce, but also because their reserves are remarkably concentrated in

terms of location and ownership. The territorial concentration of the reserves favoured the consolidation of centralized and hierarchical energy infrastructures (Borghesi, Vercelli 2003). World energy supplies depend on a network of oil and gas pipelines and the very high costs linked to prospecting, extracting, refining and distributing oil and other fossil fuels require mega investments which only global corporations can manage (Riboldazzi 2010).

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