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ABSTRACT

This two-part report explains the economic importance of international trade to the Canadian economy and reviews responses taken by Ontario's Confederation College to the threats and opportunities posed by economic globalization. The first part traces Canada's economic evolution over the past 50 years; summarizes post-World War II global economic growth; discusses the challenges and opportunities presented by Canada's role in the new global economy; explains Canada's need to focus on trade; and identifies how community colleges can assist at the local, regional, and national level to respond to the global economic challenge. The second part of the report presents information on Confederation College (northwestern Ontario) and its service area and explains how the college globalized its curriculum in response to economic changes, such as a 1990 recession, and growing government support for export. This section also details the following elements of the college's response to the new global economy: (1) the creation of awareness and understanding of export-import, international issues, and global economic developments; (2) the development of related education and training programs; (3) the establishment of a library of resources; (4) the development of international linkages; (5) international projects; (6) international business development; and (7) support of international initiatives of other economic stakeholders, such as local mayors or national business associations. Finally, a summary of benefits from the college's international activities is provided.

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# Developing International Competitiveness on a Broad Front: COUNTRY NEEDS AND A COLLEGE RESPONSE

by

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# PROLOGUE

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This paper consists of two distinct, but related sections.

Section I seeks to explain the vital economic importance of international trade to the Canadian economy. It traces Canada's economic evolution over the past 50 years, as well as that of the rest of the world. It then goes on to explain Canada's connectedness to the new Global Economy, and the challenges and opportunities which this entails. Finally, after identifying various Canadian global awareness and competitiveness needs, it goes on to discuss a possible role for Canadian community colleges in assisting Canada at the local, regional and national level to respond to the global economic challenge.

Section II of this paper provides a detailed review of how Confederation College undertook to be a proactive resource and key partner in its regions response to the threats and opportunities posed by economic globalization.

## **SECTION I**

### **The Big Picture and a Role for Colleges**

## CANADA: THE LAST 50 YEARS

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To compare today's Canada with the Canada that emerged from the Second World War is to compare two radically different countries. WWII was an economic turning point for Canada. During the hostilities it became a major player in the Allies' military industrial and provisioning production system. Its engineering and manufacturing industries made a quantum leap forward from operating widely in tolerances of hundredths of an inch to designing and manufacturing in tolerances of thousandths and even ten-thousandths of an inch. Along with this came dramatic improvements in industrial organization and business management, skills upgrading and experience gains for the labour force, as well as various infrastructural and other economic improvements.

Canada had become an economic power with modern technology, enhanced production potential, and new business skills. Its economy, like that of the U.S., had avoided the war-time ravages that had laid waste to the economies of Europe and Japan. In the next five plus years, Canada, like the U.S., would be in a position of unique economic advantage globally, doing growing business at home and abroad as the western economic world recovered. Incomes and output would rise in Canada along with the average standard of living. Major infrastructural projects, new business investments, and other economic initiatives would sustain the growth/development process through the 1950s and into the 1960s. Canada was on its way to becoming G-7, the western world's seventh largest economy.

Economically, Keynesian macroeconomics was on the ascent, governments accepted increasingly a counter-cyclical stabilization role through the use of fiscal and monetary policy, prosperity gains were becoming routine, and people came more and more to take the economy for granted. The 1960s saw government beginning to develop a significant social safety net, the ever-growing managed economy. Expanded health care and expanded postsecondary education access were a visible indicator of Canada's expanded economic prowess. Government intervention into the economy for "social improvement" was also on the rise with often scant regard for future economic costs.

By the 1970s, economic management through fiscal and monetary policy were increasingly less effective, and governments experimented with cruder and more direct measures. Unemployment and inflation rates soared to new levels, the value of the Canadian dollar started to come under downward pressure, and the role of big business as a job creator peaked. Despite this, Canadians

continued to expect and demand economic gains and improved living standards even as more and more of them found themselves in households with both adults working in order to realize their economic dreams.

The country was now heavily urbanized with most of its major cities expanding in size and population. With this came growing costs for provincial and local governments. Fiscal federalism now had the provinces pressing for greater tax access, flow-through grants and other funding assistance.

As the 1980s got under way, it became increasingly obvious to those who were looking, including Pierre Elliot Trudeau, that Canada was endeavouring to live beyond its means. A government-induced recession in 1982 pushed interest rates over 20 percent and large numbers of companies and individuals into bankruptcy. In a flat housing market, Canadians by the thousands, unable to meet mortgage payments, were dispossessed of their dream to own their own house.

The recovery from the 1982 recession had an upside and a downside. The upside was a surge of entrepreneurial activity in small business with the number of new business start-ups increasing annually up to 1988. The small business community became the leading new job creator in the economy accounting for anywhere from 60-90 percent plus of the net annual job creation.

The downside was a growing public and foreign debt problem which contributed to downward pressure on the dollar, but seemingly only became a widespread concern by the end of the decade. Even then, many Canadians continued to be in denial or ignorance about the negative effects of these developments on the economy.

The 1990s started with a transitional recession. Recovery from the recession saw Canadian exports growing year after year with a boost from the Canada-U.S. Free Trade Agreement, U.S. economic expansion, and the North American Free Trade Agreement (NAFTA). Unfortunately, the recovery in domestic markets was far less spectacular with both consumer and investor confidence down. A fast growth versus slow growth split of a sort seemed to be developing in the economy with trade-focused firms, industries, and sectors doing generally better than their domestic market-focused counterparts.

## THE WORLD: THE LAST 50 YEARS

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The western economic powers (former Allied and Axis countries alike) came out of the Second World War into a very different global environment to that of the pre-war years. The Allies had been planning, as early as 1942, for a new world economic order. The perceived errors of the 1918 armistice would not be repeated. The global depression and related global trade war of the 1930s would not be returned to. Defeated and ally countries alike would receive economic assistance, both material and financial, primarily from the United States, so long as they had no communist aspirations. International institutions were established to act as global forums in which major political, military, economic and other issues would be debated. The United Nations, the World Court, the World Bank (IBRD), the International Monetary Fund, and other multi-lateral institutions were established with major funding support from the U.S.

The development of the Cold War put these institutions to the test and reduced their overall effectiveness, but failed to cause their downfall.

One international development in particular, the establishment of the GATT (General Agreement on Tariffs and Trade), would have a profound effect on post-war trade development.

The 1950s were a period of re-emergence both for western Europe and Japan. Their economic recoveries, with industrial and infrastructural rebuilding, led to an expanded introduction of new products, new technologies and new ways of conducting business. Interestingly, both the western Europeans (perhaps because of their proximity to one another and a desire to return to their global orientations) and the Japanese (perhaps because of their need to import resources and a seeming domestic aversion to western-style consumption behaviour) both embraced trade expansion as a vehicle to promote economic growth and development.

By the 1960s, the western Europeans and the Japanese were industrially and economically BACK. European and Japanese products made increasing in-roads into North American and other world markets while reasserting themselves in their home markets.

The 1960s saw a surge of decolonization and the establishment of dozens of newly emergent Third World countries. The promotion of primary product exports and the establishment of new manufacturing industries, both for import-substitution and export, became pillars of the economic development plans of a great many of these countries. Aid, trade and foreign investment would bring the hard currency foreign exchange, machinery, equipment, fuels, technology and know-how that these countries needed in order to realize their national economic aspirations. Many of the Third World countries worked in consort to seek greater economic assistance, improved terms of trade, preferential export market access, concessional lending, balance of payments assistance, and so on.

The so-called “Japanese Miracle”, or more correctly, its “Export-Lead” economic development process, was hugely successful through the 1960s and ‘70s, and became a model for much of the developing world, *especially* in east Asia. One by one, South Korea, Taiwan and other east Asian countries began to emulate the Japanese trade-based approach to economic modernization and improved living standards.

The recurrent GATT rounds steadily reduced global trade barriers, improved global market access, and refined trade rules, processes, and institutions.

The OPEC crises of 1973-74 and 1979, more than any other single events, made it clear that the world economic order was changing and that many Third World countries were acquiring significant economic power.

By now the growth of world trade was routinely outpacing the growth of world economic output. Even China, isolationist to the west since the late 1940s, had opened to American political advances and by 1978 to fundamental economic reform aimed at phased integration into the global economy.

Globally, the 1980s was a decade of transformation in economic thinking and practices. Heavy economic interventionism and control by governments, what many Asian scribes began calling the western economic failing, became increasingly out of favour. Economically, reform-minded governments in the U.S. and U.K. moved to strengthen market forces and increase economic autonomy for their business communities. Keynesianism and other schools of economic interventionism were under attack in light of the economic demands and challenges emanating from what increasingly came to be referred to as the “Global Economy”. If western government heavy-handedness in their economies was under attack, what did this imply about socialist-oriented, politico-economic regimes? Mexico rapidly abandoned its heavily socialist economic roots following a foreign exchange crisis in 1984 and flourished for a decade. Seeds of economic discontent in the populations of many soviet bloc countries and republics were becoming increasingly difficult to ignore and attention started to be paid to consumer demand and greater economic freedom.

Throughout this post-war period, fundamental changes took place which permanently changed the global economic environment. Accelerated technological change effectively shrunk the world, bringing people, companies and nations into closer economic, social and political contact. The increasing global portability of financial capital, physical capital, technology, human resources, business and entrepreneurial know-how had created a global environment in which less-developed nations could achieve in a single generation the kinds of economic advances that previously took western developed economies 100 to 150 years to achieve. The significance of this to developed



economies that might be tempted to either sit on their economic laurels and/or endeavour to insulate themselves from the rest of the global economic community should be obvious. A runner that slows towards the end of a race risks being caught and passed. In the global economic race, there is no end and early leads mean less and less, except if you continue to fully commit to maintaining the lead.

Spectacular technological developments in communications and transportation have shrunk the “global economic distances” separating buyers and sellers. This means that buyers, be they individuals, companies or governments, face expanding product choice from growing numbers of suppliers from all over the world. High labour cost, high overhead, heavily-taxed and regulated western firms face competition increasingly from foreign firms that have lower business costs in many areas and produce world-class products. They are countering this competition using, where possible, technological advantages, market knowledge and business skill advantages, and so on. Alternatively, they are moving production to comparably low cost areas, sub-contracting, joint venturing, product and technology licensing, etc. Clearly, under such circumstances, this is not a time to be either unaware or complacent.

The foundering of Soviet-style communism in recent years and those countries’ efforts to transform their economies into market-based mixed economies will ultimately bring them more and more into global market competition.

There is no economic let-up or breathing space in sight. The recent establishment of the World Trade Organization (WTO), the further reductions in global trade barriers achieved in the Uruguay round of GATT, the push by the Peoples’ Republic of China to become a major global economic player, ever-widening efforts in international economic integration initiatives and steps to improve the global money system, all point in the same direction, namely, increasing global economic connectedness and interaction.

## CANADA AND THE GLOBAL ECONOMY

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Most Canadians view Canada as a trading nation. We have been exporters of food stuffs, forestry products, minerals and a wide variety of semi-processed raw materials for generations. The significant development of manufactured exports and service exports is a more recent phenomenon. Even so, the Auto Pact, which covers some \$40 billion or so in automotive vehicle and parts exports to the U.S., has been in place since 1965.

Many Canadians, however, seem to be either unaware of or under-informed about the kinds of changes that have taken place over the last half century, particularly the changes that have taken place outside of our borders but which affect our ability to compete globally. Combine this shortcoming with generally low levels of economic and business understanding in the population and you have a situation where large numbers of Canadians remain detached from the whole issue of Canadian global competitiveness and all that it entails for our continued economic prosperity.

A quick review of Canada's global economic connectedness and dependency will place the inappropriateness of the above situation in stark relief.

Over the last five years (1991-1995), Canada's merchandise exports increased by \$113.6 billion. At the same time our service exports increased by \$11.9 billion. Combining these two amounts gives us overall trade growth (i.e., exports) amounting to \$125.5 billion.

To put this trade growth in perspective, it's worth noting that during the same five-year period the combined increase in consumer spending, domestic investment and government spending was a mere \$68.2 billion. The total increase in GNP over this period was only \$95.2 billion; i.e., more than \$30 billion less than our export growth. Exports were the engine of our economic recovery from the 1990 recession.

The table below documents Canada's international trade growth for the period 1991-1995 to illustrate the size of its contribution to the economy.

In 1991, exports accounted for a little more than one quarter of the demand for Canadian-made goods and services. By the end of 1995 exports were accounting for 38.7 percent of the total.

The federal government now estimates that four out of every ten jobs in Canada are based on exports. Each additional billion dollars of exports is believed to create 10,000 new full-time jobs.

Canada's import volumes also increased over the five-year period, but by less than our exports, both for merchandise and services alike. Our overall trade balance has moved from an \$8 billion deficit in 1991 to a \$19 billion surplus in 1995.

## CANADA: National Income and the Trade Contribution

YEAR	1991	1992	1993	1994	1995
GNP (Billions)	654.6	665.9	688.9	720.2	749.8
GNP Annual Change (%)	1.4	1.7	3.5	4.5	4.1
Merchandise Exports (Billions)	140.2	155.4	181.3	217.9	253.8
$X_{\text{MERCH}}$ Annual Change (%)	-3.7	10.8	16.7	20.2	16.5
Merchandise Imports (Billions)	136.6	149.2	171.9	203.0	225.4
$M_{\text{MERCH}}$ Annual Change (%)	- .3	9.2	15.2	18.1	11.0
Merchandise Trade Balance (Billions)	3.6	6.2	9.3	14.9	28.4
Service Exports (Billions)	24.6	25.8	28.1	32.9	36.5
$X_{\text{SERV}}$ Annual Change (%)	5.4	10.5	9.0	17.2	10.8
Service Imports (Billions)	36.2	38.0	40.6	43.5	45.9
$M_{\text{SERV}}$ Annual Change (%)	5.3	5.2	6.7	7.0	5.5
Service Trade Balance (Billions)	-11.6	-12.3	-12.5	-10.5	-9.4
Overall Trade Balance (Billions)	-8.0	-6.1	-3.2	4.4	19.0

**SOURCE: Statistics Canada**

Despite the tremendous growth achieved by Canada's exporters, the country continues to suffer with nine to ten percent unemployment rates, continues to be heavily dependent on foreign borrowing, and to be disproportionately dependent on foreign investment compared to other major OECD countries. Given this, one has to wonder what would happen to the Canadian economy if its global competitiveness began to decline?

Canada faces a number of problems in the export area. Firstly, it is far more dependent on primary product exports than any of the other G-10 countries, and for that matter, most other developed countries. Roughly half of Canada's merchandise exports consist of primary products and semi-processed raw materials. Such products tend to be homogenous in nature; that is, standardized in terms of product grades, quality and various physical properties, to the point of one firm or country's products being indistinguishable from that of others. Wheat is wheat, taconite is taconite, pine board is pine board, and so on. The key market factors for such products are delivered price, supply capability and surety of delivery. Product differentiation and the ability to vary price is not an option for firms producing such products. For them, being cost-competitive is critical. Canadian producers find themselves trying to maintain global price competitiveness by employing higher-level technology and better management practices than are employed by their foreign competition. How far this can be carried effectively is unclear. What is clear is that producers in many second and third world countries have access to year-round, multi-crop growing seasons, faster growing alternate species of trees, higher grade ore bodies, lower labour costs, lower overhead and utility costs, less costly government regulations and lower taxation levels - all of which serve to lower their production costs and selling prices which Canadian producers must match or at least be close to matching in order to be competitive in the marketplace.

Over the longer term, it is to be expected that Canada's primary product producer-exporters will become less and less labour intensive, but will continue to focus on exporting. At the same time, it has to be recognized that there is tremendous service export potential in the primary product sectors. Canada has amassed tremendous exploration, development, production, management, distribution and marketing know-how in these fields which is saleable on the world market. That these and related industries need to focus on further processing to add value to our primary product exports, and thereby create jobs and a tax base in Canada, is a given. The recent successes achieved in wooden building products and pre-fabricated housing exports to Japan are good examples of what can be done in this regard.

Canada exports a variety of manufactured products including goods which either embody or whose production entails advanced technologies. Exports of automotive products, other transportation products, machinery, equipment and electronic products are some good examples of these. As the vintage and sophistication level of technology employed in production in second and third world countries advances, Canada, like other developed countries, will have to focus

more and more on the production of advanced technology products, green market products, and products with heavy financial investment and advanced infrastructural needs.

Canada should also follow the example of the United States and Japan, both of which have begun placing high priority on service export development, the fastest growing component of world trade. The common 20th century experience has been that as economies develop and nations prosper, an increasing portion of their national expenditure is devoted to purchases of services. The U.S. and Japan, the world's two largest and arguably most advanced economies, could well be looking forward to a time when their goods producers start to be displaced in global markets by lower-cost up-and-comers. Replacing merchandise exports with sophisticated service exports could be a good longer-term trade strategy.

Two-thirds of all working Canadians are employed in the private service sectors, and yet these sectors account for less than five percent of total Canadian exports. The fact that this amount is almost 50 percent more than what the service sectors were exporting in 1991 is clear evidence of the kind of increases possible if more service firms were to focus on export sales development.

Another insight into Canada's untapped export potential can be gained by looking at who is generating Canada's export sales. The 70 largest volume merchandise exporters in Canada account for almost half of the country's total merchandise exports. Half of these firms are either foreign-owned or controlled. The 100 largest volume merchandise exporters in Canada account for more than 60 percent of total merchandise exports. Included in this top 100 are major automotive, transportation, mineral and forest product-producing companies which by their very nature are scale- and export market-focused. Given that there are roughly a million companies operating in Canada, plus 1.4 million self-employed, one has to wonder what Canada could do export-wise if more businesses and entrepreneurs focused on export market development. The 99 percent of Canadian firms which are either small- or medium-sized account for only eight percent of total merchandise exports. Indeed, 75 percent of Canada's small manufacturers make no export sales whatsoever. There has to be untapped export potential here.

For a long time, our own governments promoted the view that exporting was primarily the domain of large established firms. Then again, our governments also pandered to big business in the belief that they were the primary net job creators. These perspectives date back over 20 years, have long since been contradicted by fact, and have been abandoned by our governments. However, if smaller firms perceive exporting to be primarily for larger firms, will they venture abroad? The fact is that many small firms have had great success at export market development, and some of them have grown dramatically as a result of this.

## **GETTING CANADA MORE TRADE -FOCUSED**

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Many Canadians seem to be aware of literacy and numeracy problems and concerns in Canada. There is also widespread understanding that computer literacy is important and deserving of attention. One hears these issues raised regularly in the media, in various forums, and in conversations with parents, employers and young people. By stark contrast, one seldom hears any concern raised about the average Canadian's massive ignorance in the areas of economics, business, trade and the workings of the Canadian economy. Our dismally low levels of "economacy", for want of a term, seem to have eluded the attention of both the media and the general public. The days of Canadians being able to take their economy for granted with general impunity are OVER! The days of Canadians being able to generally disregard foreign economic developments and their impacts on the Canadian economy are also OVER. The problem of low levels of "economacy", particularly in regard to the global economy and Canada's position in it, has to be addressed.

Canadian business, Canadian labour, and the communities in which they reside, need greater awareness of the threats and opportunities posed by economic globalization. Canadian companies will be challenged by foreign firms both at home and abroad. If they fail to respond effectively, they will lose sales, have declining market share and may ultimately be forced to close.

Most Canadian companies have very little trade know-how. Their owners and managers seldom have education or training in international business. Similar comments can be made about Canadian business people in general as well as most of the labour force. This is hardly surprising. The overwhelming majority of Canadian companies are neither trade-active nor trade-oriented. Fully half of the companies presently operating in Canada didn't exist ten years ago. Most business owners, managers and other business people who received a college or university education in Canada probably took few, if any, courses in international businesses simply because they were not offered at their schools. Less than five percent of Canadian college and university business professors have field expertise in the international area. Add to this the generally limited availability of international business newspapers, magazines, books and software in Canada and the outcome of limited trade know-how is hardly surprising. Only Internet surfers and on-line information system users can readily surmount the problem of access to international economics, trade and business information.

Even when Canadian business owners and managers are interested in looking into the export option, all too often they have difficulty getting direction, information, assistance and contacts with like-minded business people. There are huge needs for clearing house, support and networking systems to provide assistance to such people who very often seem to be a lone voice in the wilderness.

## WHAT COLLEGES CAN DO TO HELP

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The linkage and interaction that typically takes place between Canada's community colleges and their geographic catchment or service areas is quite unique. As postsecondary institutions of applied learning, they tend to be highly integrated into their local and regional economies through a myriad of linkages with business, labour, professional and trades associations, government and non-profit agencies, as well as with other educational bodies. The consultative and collaborative working relationships that the colleges have with the various community economic stakeholders positions them well to influence both the level of awareness of and the capacity to compete in the new global economic environment.

Colleges need to be proactive in this area whether working alone or in consort with like-minded allies. While some colleges have already started to have a significant globalization influence, many others have done little, if anything at all, in this area. Such inaction, given the gravity of the issues involved, is difficult to fathom.

Colleges have to understand that globalization, like entrepreneurship and self-employment, are critical dimensions of the new economy that are here to stay and that need to be dealt with both in terms of college internal resource capacities and programs, and also in terms of their outreach activities with the community. Many schools will face significant upgrading challenges in this area. Be that as it may, the time to start is now, not in five or ten years time. The new global economy doesn't wait for anyone.

### *Where to start? What to do?*

College programs and activities in support of increased understanding and capacity in dealing with the threats and opportunities posed by the global economy can be classified into eight general categories. These are:

1. Creation of awareness and understanding.
2. Education and training
3. International information resources development
4. International linkage development
5. International project work
6. International business development
7. Support of international initiatives of other economic stakeholders
8. Everything else

Category 1 initiatives are generally the easiest and quickest to launch. They include such things as speaking engagements, presentations at business and community forums, local print and media articles and letter submissions, TV and radio interviews, seminar and dinner programs with an international awareness creation focus, faculty and staff development workshops, information dissemination through internal and external distribution newsletters and other communications, brown-bag sessions on international economic and business issues, promotion of international working relations with business, labour, government, etc., and so on. Broader-based community awareness and understanding can at times be a pre-requisite not only for support of college international initiatives, but also for the avoidance or diffusion of community resistance to such efforts.

The education and training category is one in which colleges can make a much more direct or tangible contribution to a community's ability to compete at a global level. The options here are extensive and should by no means be limited to postsecondary course and program developments. Outreach programs of varying focus, format and duration can be of tremendous value in meeting the community knowledge and know-how needs of business owners, managers, employees, the professions, and many others.

Category 3 recognizes the importance of access to up-to-date and broad-based information resources dealing with international economics, international business, global current events, legal issues in going global, country economy information and so on. Such resources come in print, software, fax-back, on-line, Internet, and audio/video/multi-media formats. Colleges and their partners or allies in globalization need to make such resources available to their students, staff, and the community. This is an area where schools are inclined to scimp and doing so is a mistake!

International linkage development refers to networking, partnering, alliance formation and the like, with a global focus and foreign active participation. However, it can also include domestic initiatives of a similar nature aimed at facilitating international project or business development work, and other out-of-country activities.

International project work can be employed to expand the international capabilities of a college and also as a means of both identifying and seizing other international opportunities, both for the school and for its community.

Category 6 includes a wide variety of possible initiatives that generate opportunities, access, contacts and sales for private sector firms in a college's catchment or service area. Helping the business community, which hires many college graduates, to get more business just makes sense.



Not all colleges will have the means or wherewithal to play a lead role in making their communities more globally aware and capable. However, by supporting and partnering in the globalization initiatives of other economic stakeholders such as chambers of commerce, economic development offices, business syndicates, and the like, they can make an important contribution to their community. Colleges can often significantly expand their range of contributions and the payoff for the resources used by taking advantage of opportunities to support and partner in the international area.

It is important to realize that while college initiatives in any of the suggested categories can be of considerable value to their local and regional economies, they may not bring about a fundamental change in either their will or capacity to effectively respond to global threats and opportunities. This is because such a transformation may require a so-called “Big Push” approach; that is, a multi-level, broad-based array of initiatives that enable a community to achieve the “critical mass” necessary to make the change. This does not mean that lesser initiatives don’t make a positive contribution. They do, but expectations should be realistic. Critical mass can be achieved over time by steadily broadening and deepening the scope to globalization initiatives. Alternatively, the process may be accelerated and simplified by partnering with other initiators both inside and outside of the colleges’ service area.

## **SECTION II**

### **Confederation College: The Build-up to a “Big Push”**

## **THE SCHOOL AND ITS CATCHMENT OR SERVICE AREA**

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Confederation College is located in northwestern Ontario with a main campus in Thunder Bay and regional campuses in Atikokan, Dryden, Fort Francis, Geraldton, Kenora, Marathon and Sioux Lookout. Its catchment or service area is geographically the size of France, and includes all of the territory stretching north from Marathon to Hudson Bay and west to the Manitoba border. The school delivers 52 postsecondary diploma and certificate programs, plus a multitude of specialized courses and training programs in a variety of formats.

Confederation College has a staff of 585 full-time and 450 part-time employees. The college enrolment consists of 3,500 full-time postsecondary students, approximately 500 apprentices, 1,100 adult training students and 18,000 continuing education students. Its annual operating budget is roughly \$60 million and it has some 16,000 alumni.

Northwestern Ontario has a total population of approximately 250,000, half of which live in the port city of Thunder Bay. The regional economy is heavily dependent on forestry, mining and tourism. Thunder Bay serves as a major bulk port for shipments of grains, other agricultural products, minerals and forest products. It is also the major centre for government, regional health care and hospitals, postsecondary education, manufacturing and support service businesses. Export markets have long been the focus of the forestry, mining and agricultural bulk products sectors, and are increasingly the focus of smaller firms in the area owing to the small size of the regional market ( a push factor) and the proximity of the U.S. market ( a pull factor).

## **HOW THE COLLEGE STARTED GOING GLOBAL**

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Prior to the 1990s, Confederation College was typical of a great many Canadian community colleges insofar as their international activities were concerned. They enrolled a small number of foreign students and provided some contract training for foreign clients in health services, aviation, ESL, etc., in Canada. These, and various offshore contracts that they secured, were often of a pass-through nature with ACCC and various other broker-type intermediaries. The school did customized curriculum development for foreign clients, train-the-trainer contracts, technical assistance and advisory work such as in the area of distance education technology, systems and delivery. This type of work took college administration staff and faculty to Latin America, Africa and Asia, but such activity was peripheral, not mainstream. There were no international business courses or programs, no international trade development initiatives, no

international economics and business information resources, no globalization awareness efforts, nor any staff dedicated to any of these areas. In short, going global was on the backburner, at best, of the college's itinerary.

So what changed all of this? Basically, three things.

1. The 1990 Recession
2. Growing Government Support for Export
3. The Slow Realization By Senior College Managers that the Economy was Undergoing Fundamental Change

There was no sudden change of agenda at the college. The school, like the QE II would take a while to come about and get up to speed.

The initial push came from the newly established Centre of Entrepreneurship for the Northwest (CEN) in 1988. The coming new role for trade was predicated by the centre, but it was recognized that the time was not yet ripe for any big changes. The centre began by starting the development of an independent international business collection alongside its entrepreneurship collection. The logic was simple. If you are going to upgrade staff and introduce new programs then you had better start putting the necessary informational resources in place to support the development.

The CEN developed the first two international trade courses, both with an export-import focus, in 1989. One was a general education course and the other was a core course in the one-year Entrepreneurship Certificate program. The first deliveries of these began in January 1990. The CEN also developed a program outline for a one-year certificate or post-basic diploma in international business as a discussion paper for a college move into the international business education field. By this time the combined entrepreneurship and international business resource collection had grown to over a thousand publications, most of which had been acquired at no cost to the school. A handful of college faculty and staff began to develop an interest in the trade field, and signed up to take the general education trade course when it began to be offered in the evening as a continuing education course. The college was slowly beginning to evolve an international business field capacity.

1990 was a turning point year in terms of Confederation College's commitment to developing a global business focus. The recession and a flat domestic market, combined with the beginning of the Free Trade Agreement with the United States, turned the attention of both area business and related government departments to exporting. The college would take a leadership role in the international trade area by partnering with business and government stakeholders. In this role the college would move steadily into more and more international business and global economy-related program and initiative areas. The development of a "Big Push" capacity would take a further five years to put in place.

# CONFEDERATION COLLEGE: COMPONENTS OF THE “BIG PUSH”

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## *1. Creation of Awareness and Understanding*

The process of creating increased awareness and understanding was begun by a handful of college managers and staff consistently pushing to place the topic on the itinerary of meetings, forums, and other events of local and regional economic development committees, business development groups and area business associations. They also spoke out on the subject to representatives of the print and electronic media, as well as to elected government representatives in the region.

College personnel started getting articles published on export-import subjects, college international initiatives and global economic developments in regional news and business periodicals.

A Global Business Executive program was developed as a means of upgrading the awareness levels and understanding of community and business leaders. Participants were treated to seminar-style briefings by top international experts on business and economic developments. These high-profile programs ran for three years and included seminars delivered in neighbouring Minneapolis-St. Paul, Minnesota. Participants included leading politicians, large company executives, and successful business owner/operators.

The college began publishing an international business services newsletter for regional distribution which highlighted college international initiatives, global business opportunities and other international developments.

The college launched a series of international information dinners with both full-series package and selected dinner options. Each dinner has a specific country or foreign region theme with matching gourmet cuisine and featured expert guest speakers who provide an informed briefing on developments and business opportunities in the theme locale. These dinners have now been running for three years with a roughly six-week interval between dinners.

These regular initiatives were supplemented by a variety of one-time events such as workshops, information seminars and the like, to broaden the level of community awareness of economic globalization and what it means to northwestern Ontario.

## 2. *Education and Training*

Within six months of introducing its first postsecondary courses in the international trade area, Confederation College concluded an agreement with government funders to provide a subsidized export training program for small business owner/operators and their key staff people. This program, called *Export Enhancement*, was offered in 1990-91 and 1991-92. It combined seminar deliveries by trade experts along with workshops and business advisory work on export development. Roughly 50 area firms received training through these programs. The programs were delivered by the Northwest Enterprise Centre, a small business outreach training unit of Confederation College.

In 1992 Confederation College launched a two-year diploma program in International Business and a three-year diploma program in International Business Management, the latter entailing 16 further courses beyond the two-year diploma. The detailed international curriculum required for these two programs was developed in stages. Both programs employ a common first year of business subjects which is the foundation of all of Confederation College's business diploma programs. This facilitated the development of the second-year international subjects during the first year of student intake, and the third-year international subjects development during the second year of student intake. These programs continue to undergo updating and revision and this year alternate program tracks were introduced to facilitate a semester of foreign study at partner institutions. Half of the third-year students opted for study abroad either in Mexico or China. Foreign study options in a range of countries will be a regular feature of the three-year diploma program in International Business Management.

At the same time that Confederation College launched the two international programs it also began a process of internationalizing selected courses in its other business diploma programs. A core export/import course was developed for the fourth semester of the two-year Business Administration diploma program. This trade course was subsequently offered as a night course in Thunder Bay, and also as a satellite delivery course elsewhere across northwestern Ontario.

The advent of NAFTA produced a change in focus towards Mexico. In the spring of 1993, the CEN organized a two-day business -to-business seminar program for 50 Mexican and Canadian business owners. This was part of a tripartite initiative with business schools in Minnesota and Mexico which would lead to the development of TMI (trade mission included) export training programs.

In 1993, the college also ran a 32-week International Trade Technician (ITT) certificate program. This program trained 30 people to be the right-hand trade specialists for small

business owner/operators. It focused on process issues in export, import, packing, shipping, documentation, insurance, customs clearance, trade finance and contracting, combined with a foundation in economics and cross-cultural awareness. It combined five months of classroom teaching with three months of co-op work placement.

This was followed in 1994 by the introduction of FITTskills program delivery, a federally-funded, eight-module trade training program with national accreditation.

Throughout the period of postsecondary international program development, Confederation College worked concurrently on the establishment of articulation options for graduates of the three-year diploma program. In 1995, an articulation agreement was concluded with Northwood University in Michigan, and the first Confederation International Business Management diploma graduate was enrolled there in the fall of 1996. A path into university is considered to be an important career option for international business students. Articulation efforts are also being pursued with the University of St. Thomas in Minneapolis-St. Paul, and with Lakehead University in Thunder Bay.

Confederation College's work with the University of St. Thomas resulted in an agreement for delivery in Thunder Bay of that university's Master in International Management (MIM) graduate degree program. It has been running as a part-time graduate program with delivery at the college since 1995.

Confederation College is currently working on a post-basic program for third-year graduates as a possible bridge to the MIM program.

### **3. *International Information Resources Development***

Getting started early in the establishment of international business and global economy information resources was the *Right Thing To Do!*

Today, Confederation College's "International Business Collection" contains more than 2,000 publications, still mostly donated to the school. This print collection is supplemented by subscriptions to some 60 international or international-related periodicals including the top English language trade and business magazines from the U.S., Mexico, Europe and Asia.

The college, faculty and staff also have access to a modest assortment of video products dealing with international business and the global economy. Generally, however, such resources tend to be high-cost and of limited use.

Floppy-disc software products such as PC Globe, PC USA, NAFTA Competitiveness Manual, Marco Polo, etc., that were key resources in 1991-92, have largely either been duplicated or surpassed by CD Rom and electronic data system alternatives. Confederation College continues to utilize some such software products as program support resources, but their relative importance is declining.

Key trade support resources now widely employed at the college include the monthly two-disc CD Rom format National Trade Data Bank, more than a dozen international business faxback data services, on-line data services through Dialog, Strategis and the Internet.

The information access made possible through the use of the resources described above enables Confederation College to stay on the leading edge in terms of international program and service offerings.

#### **4. *International Linkage Development***

The important role played by networking, partnering and the formation of alliances should not be underestimated by any college looking to develop an expanded international role. Confederation College's success and capacity in the international field is often tied directly to the successful international linkages that it has developed.

Confederation College has forged partnerships and alliances with foreign colleges, universities and other educational bodies, both public and private. These linkages have led to collaboration on international student and faculty exchanges, joint educational initiatives, trade mission facilitation, international project work, and so on.

Confederation College partners not only with foreign educational bodies, but also with foreign private consultants, companies, business and professional associations, non-profit agencies and government departments. The school also extensively networks and partners with Canadian like bodies on international initiatives. It presently is a member of ten major strategic alliances which give it awareness, access and a capacity to function well beyond what it could realize if it were to go it alone.

In the education area, the college has struck "countertrade-type" deals with foreign schools whereby each school hosts and provides in-country education services to the



students or clients of the other school without billing them. Each school bills its own students at domestic rates for courses that they take abroad at the partner school. This approach removes exchange rate and foreign payments issues from the table, cuts the often high cost of study abroad by avoiding foreign student tuition fees, and brings the partner schools into closer communication and working relationships.

Similar benefits could be identified for alliances and partnering on international projects, business development initiatives, and broader focus undertakings of a global nature.

## **5. *International Project Work***

Confederation College has been involved in international project work for a long time, but relatively little of this work generated much economic spin-off or local global capacity development in the region before the late 1980s. At that time, Confederation College started focussing increasingly on entrepreneurship-related foreign project activity. This was done primarily through the Northwest Enterprise Centre which had achieved recognition and success nationally with its various entrepreneurship and small business owner development programs. The 1980s is widely recognized as the decade when entrepreneurship and small business came to occupy a leading role in economic development and job creation worldwide. This meant that the enterprise centre's programs and know-how were increasingly exportable.

Foreign contracts for entrepreneurship training and related project activity were secured in Malaysia, China, Jamaica, and the Leeward and Windward Islands in the late 1980s and early 1990s. All of these projects made money for the college, provided both employment and skill enhancement for college staff, and started the process of establishing contacts both with foreign governments and their business communities. This latter benefit would prove to be of increasing value to the school and its regional business community over the coming years. The good will, partnerships and other contacts so developed would be the basis for an entry path into foreign markets and would open up new business opportunities to the college's service area, and also to the communities of the college's Canadian partners.

In 1992, Confederation College secured a multi-year contract for entrepreneurship training in Poland as part of the privatization process. The success garnered in this project contributed to both its extension and the winning of a five-year, multi-million dollar contract in 1996 for small business and economic development work in the western Ukraine. These two projects provided a major opportunity to both increase the international economic awareness and experience of college faculty and staff, and also to

develop extensive experience in foreign curriculum design, development and delivery. Unlike prior projects, these two projects resulted in the establishment of an ongoing Confederation College staff presence and offices in the host country through which faculty and local business volunteers were rotated. In short, the college had begun to put down foreign roots.

## **6. *International Business Development***

The Global Business Executive programs were successful in creating awareness of economic globalization and of the threats and opportunities that this entailed, among community and business leaders. They became increasingly supportive of college internationalization initiatives; however, no one took the “international business opportunity ball” and ran with it, so to speak. Similarly, college export training programs for small business owner/operators did not foster export market development activities. Participant firm activity for export development declined dramatically within six months of program completion. The increasing availability of ITT and international business diploma graduates also failed to trigger local firm export activity. Clearly, trade education and training programs, while necessary, were not sufficient to spur true globalization in the business community. Something more was needed.

Initially, the college tried to promote a sustained export commitment in its trade training alumni by initiating and supporting an International Trade Network. This was a sort of export club in which local firms were supposed to take over the leadership. This takeover failed to materialize, but it became clear that if the college were to take the initiative and organize real trade development programs, the alumni and other business owners would support it. The result was a move by Confederation College into the development and delivery of a series of trade training programs built around a trade mission taken to a foreign market. These TMI programs would include pre-mission orientation and provision of target market information, a fully organized trade mission, and a post-mission debriefing and review of the business opportunities identified. Since 1994 the college has run 14 trade missions, taking over 200 Canadian firms to Mexico, China, Singapore, Chile, Poland and Italy. Within the next few months, further trade missions will be going to Ukraine and Cuba, and other missions are on the drawing board for still more target export markets.

The TMI programs worked and generated sales contracts, overseas partnerships and other business benefits for participant firms. The college worked with foreign partners established through its foreign projects, educational alliances and other international initiatives to facilitate in-country briefings and seminars, business match-making and other

commercial contact development. These partners functioned as an in-country advance guard preparing the in-country program, providing operating facilities and using their good offices to open doors for the incoming business people. A number of these Canadian trade missions are linked to reciprocal assistance on incoming foreign trade missions.

In order to both extend TMI program geographic benefits and increase the domestic business client market area accessible, Confederation College began developing domestic partnerships and alliances with other Canadian colleges and universities. One example of this is the Northern Enterprise Alliance which includes every community college in northern Ontario. Such partnering enables Confederation College to spread TMI program know-how and to pass the responsibility for organizing and running some trade missions to other schools.

Confederation has also had success in experiments with sectoral business syndicates for export development. The best example of this is the forestry products business syndicate which brought a small number of firms together to pursue forestry sector business opportunities in Chile. Participant firms, working with the college's Northern Ontario Marketplace unit, succeeded in securing both export sales and establishing local business partnerships.

Further assistance to the regional business community's efforts at going global was provided through three other supportive college initiatives. Each year, a number of regional firms benefit from foreign business opportunity studies carried out for them by second-year International Business students during the winter semester. Some of these major studies are researched abroad by the students during their March overseas study period. Thus far, such studies have been conducted in Poland and Mexico. Students who opt out of the foreign study track research studies on business opportunities in other countries. At the same time that second-year students are carrying out these major business research projects, the third-year International Business students operate the International Visions business consulting service. This is a hands-on learning component of the three-year International Business Management program in which senior students carry out an average of 30 international business consulting projects for regional firms, agencies and other clients on a nominal fee basis. The third supporting initiative in this area is the provision of database and on-line business information services through the Buyers On-Line unit of the college, plus Internet training for small business provided through the Student Connection unit. At any one time between 10 and 20 people staff these two business information access operations.

The latest extension of college support for international business development is the establishment of foreign business offices to assist Canadian firms in their efforts to enter

foreign markets. Building on relationships established through projects, trade missions and other initiatives, Confederation College is opening business offices in Poland, Ukraine, the Czech Republic and Cuba. Assuming that these operations will be successful, the college will extend the practice to other foreign markets.

**7. *Support of International Initiatives of Other Economic Stakeholders***

As mentioned earlier, colleges can often get a greater bang for the resource buck invested in globalization by supporting and participating in international initiatives of other economic stakeholders. Who these stakeholders are can vary anywhere from the mayor's office or municipal council and local economic development office or chamber of commerce, all the way to national business or professional associations, big business and the federal government. Confederation College has participated in a variety of such activities including an initiative of the Thunder Bay mayor's office to promote increased business dealings between Minnesota, Wisconsin and northwestern Ontario. Other area examples include support of Thunder Bay Ventures export research and promotional activities, collaboration on government export training seminars and NEBS (New Exporters to Border States) trade missions, support of Chamber of Commerce breakfast programs and other activities to promote export, and so on.

## **THE SERVICE AREA PAYOFF FROM GLOBALIZATION**

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Currently, the various international activities underway at Confederation College yield gross annual revenues of about \$3.5 million, the overwhelming majority of which is spent in the school's service region. Fifteen college staff are employed full-time in these activities, and a like number spend between one-quarter and three-quarters of their work week carrying out related duties. The college earnings and employment trends are rising markedly in this area while various other areas of college operations are struggling to make ends meet. Over 200 area firms have taken advantage of the various international trade program and service offerings at the college, and many have formed working relationships with fellow business alumni. The college is generally limited in what it can say about the commercial gains realized by client firms, but there have been some very significant success stories in the international area. The international trade educational programs established at the college have given rise to the establishment of a handful of new small businesses launched by graduates in the international consulting and trade area. Such tangible business development spinoffs from college activity in turn spark the interest of other firms in the region to the possible commercial gains to be realized by going global.

Thunder Bay and northwestern Ontario are a lot more aware of and plugged into the global economy than they were ten years ago, and a lot more capable of effectively responding, in no small part due to the ongoing international efforts of Confederation College and its like-minded partners.



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