

## **SERVITIZATION: HOW GERMAN COMPANIES ARE IMPLEMENTING SUSTAINABLE SERVICE-BASED BUSINESS MODELS**

In today's world, the economy is rapidly changing. It is moving from an industrial to a post-industrial stage. One of the main processes in this change is servitization [1].

The aim of the study is to identify the role of servitization in achieving economic growth by transitioning from selling products to offering services instead of merely physical goods.

Servitization is the process that helps companies to move from selling products to providing services related to those products. This approach focuses on delivering value through services rather than just tangible products.

The success of servitization is closely linked to several ongoing processes, such as:

- Integration of technologies into services. Multinational corporations demonstrate how technology facilitates the creation of new service models, such as cloud platforms and e-commerce.
- Growth of outsourcing. Countries have become global hubs for IT services and business process outsourcing due to skilled labor and competitive prices.

The positive influence of servitization on the world economy can be reflected in the following aspects:

- increase in added value. Services such as consulting, logistics, and information technology generate high added value, contributing to economic growth.
- Economic diversification. Servitization reduces dependence on raw materials and industrial sectors, making economies more resilient to global fluctuations.
- Innovation stimulation. The development of the service sector fosters the adoption of new technologies, including artificial intelligence, blockchain, and the Internet of Things.
- Job creation. The service sector is a major source of employment in many countries because the shift to providing services requires new specialists to develop and support these services [1].

In fact, servitization has become an important trend in many countries, encompassing developed and developing ones. In wealthy countries, such as Japan, the USA, and the European Union states, services make up more than 70% of their economies. In developing countries, this number is lower, but it is growing due to the development of the IT sector, outsourcing, and financial services.

Servitization is becoming more popular in Germany, one of the most developed countries, especially in advanced manufacturing and industry. The share of the service sector in GDP is about 70%. Germany actively combines production and services, offering its clients maintenance and digital solutions. German companies are moving from traditional product-based models to service-based solutions and are using digital technologies to offer extra services. This change helps Germany stay strong as a global

leader in smart production. By using servitization, the German businesses improve customer satisfaction, create new ways to generate revenue, and become more competitive in the long-term perspective [2].

Many German companies offer different services ranging from traditional manufacturing and engineering to advanced digital solutions and IT services. For example, the car company Audi has an app called myAudi App which helps users control car functions and access services based on trip data. Moreover, Audi is also working on building charging stations and offering services for electric car charging [4].

Bosch is a German multinational engineering and technology company that has moved to service-based solutions. Automation and control services for home appliances are offered by Bosch through the Home Connect app, which allows devices to be controlled remotely by users. The company also provides repair and maintenance services for its products [5].

SAP is a German company that develops software for businesses. SAP provides cloud platforms to manage business processes which assists companies in working more efficiently and be more flexible. The company also offers services to set up and improve its software [6].

Siemens is a German multinational leader in industrial manufacturing, specializes in advanced technologies such as automation, robotics, and artificial intelligence integration. Its 'Smart Factory' concept demonstrates how the Internet of Things and smart infrastructure work together to enhance sustainability, workforce efficiency, and facility performance [7].

In the future, the further development of servitization will contribute to strengthening global cooperation, the growth of the green economy sector, the creation of new jobs and the digitalization of services. Additionally, the success of servitization is closely linked to several ongoing processes, such as the integration of technologies into services and the growth of outsourcing.

In conclusion, servitization plays a key role in the world economy. It makes the economy more stable, innovative, and diverse. Technology, sustainability trends, and globalization are likely to contribute to the promotion of servitization. To get the most benefits from servitization, countries need to invest in infrastructure, education, and innovation.

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## **HOW MIGHT CHANGES IN TRADE POLICIES AFFECT GLOBAL ECONOMIC STABILITY?**

Changes in trade policies, including tariffs, trade agreements, and sanctions, have profound implications for global economic stability. Trade policies influence economic growth, financial markets, and geopolitical relations, making them a critical factor in global economic resilience. The aim of this scientific work is to analyze the impact of trade policy shifts on economic stability, and explore historical examples.

Classical and Neoclassical theories by Adam Smith, David Ricardo, and Heckscher-Ohlin explain why countries engage in trade, but they primarily focus on inter-industry trade. Although they do not fully account for intra-industry trade, they are still leading to the development of modern trade theories.

The development of global trade policies has seen several major milestones. The establishment of the General Agreement on Tariffs and Trade in 1947 laid the groundwork for the current global trade system. GATT aimed to reduce tariffs and other trade barriers and to provide a forum for negotiating international trade agreements.