

- **Consequences of Globalisation:**
- An integrated interdependent economy of **markets**
 - One huge market, one geography
 - Convergence of product acceptance, requirements, tastes
- An integrated interdependent economy of **production**
 - Global production, global skills, learning, services, operational strategies, brands, licensing
 - Operational efficiencies, regulations
- Thomas Friedman set up the debate around a flat world
 - Geographic barriers eliminated by the internet
 - Local output now has global reach
 - The world is now flat - free market access, fewer competitive barriers and regulations that are enforced uniformly
 - Individuals and small business can seemingly fight corporations
 - *However*, in most areas, global output in areas is less than 10%.
- **Organisations that facilitate and regulate global markets**
 - World Trade Organisation (WTO)
 - Enabled lower barriers
 - Facilitation of trade and investment
 - Multilateral organisation
 - Treaty signed by countries committing to lowered barriers for trade between countries
 - Audis trade policies and agreements of countries
 - Works with other global entities
 - 164 countries
 - 23 observer governments
 - International Monetary Fund (IMF)
 - Maintains the monetary system
 - Structural loans, regiment, country led plans
 - Restructuring of loans
 - The World Bank
 - Infrastructure project loans, funding at concessional rates
 - United Nations
 - 193 countries
 - Vision: peace and security for humanity, through enablement of global standards of living, social progress, development, poverty eradication
 - G 20: Group of Twenty
 - A premier forum for intl economic cooperation brings together developed and developing countries from every continent.

- Represent 80% of the world's economic output, two thirds of global population, and three quarters of international trade
 - World economic forum, WEF:
 - International not for profit organization for public private cooperation at a global level
 - Global Business School Network
 - An independent NGO designated to improve access to locally relevant management education, creating long term impact on development
- **Managing globalisation**
 - 2008 financial crisis left an impact, since then trade in services stagnant
 - Financial markets are less globalised (investors keep funds at home)
 - Development countries exhibit protectionism and look inwards
 - Emerging markets look to liberalise. They have driven most of global growth in recent years

Textbook

Sovereign nations are countries that govern themselves rather than being controlled by a foreign power

Globalization is the evolution of an integrated and interdependent world economy

- national sovereignty with increased connections
- Free trade agreements, broadband networks, communication technologies, and global express shipping are all major innovations that connect us to each other and to everyone else around the world
- events in Brazil, Russia, India, and China, often referred to as the “**BRICs**,” have made some dramatic marks on the world.
- a market is a virtual or physical setting where people exchange goods and services
- A **globalized market** is a large market created by combining separate national markets. (EU)
- **Global convergence** represents the spread of common preferences across national borders
 - Iphones, IKEA, mcdonalds burgers etc..
- **factors of production** the component parts, skill sets, or information required to produce a product or service, usually classified as land, labor, or capital
 - **The globalization of production** refers to sourcing land, labor, and capital from different nations rather than obtaining everything locally.
 - **arbitrage** the search for deals on production factors across geographic boundaries

The flat world is a world with free access to markets, few barriers to competition, and consistent enforcement of regulations

- 10 percent presumption the presumption that 10 percent of activity is conducted globally, with 90 percent being domestic
- **Joseph Stiglitz**, argues that globalization perpetuates inequality throughout the world

Multilateral organizations are orgs formed between three or more nations to work on issues that relate to their joint interests

- World Trade Organization, The International Monetary Fund, The World Bank, the United Nations, the G20, and The World Economic Forum

Emerging markets countries moving toward economic policies of open trade and free markets

- **Multinational corporation (MNC)** a company with operations in more than one country
 - Apple, google, coca cola
- **Micro Multinational corporations** small, web-wired start-ups that are using social media to recruit the best talent from around the world and leverage it for immediate innovation and impact

Summary

LEARNING OBJECTIVE 1.1 Identify the causes and consequences of globalization.

The collapse of the Soviet Union and the opening of India, Brazil, China, and other markets in the 1990s brought significant social, economic, and political changes. Now, companies around the globe are able to sell goods and services in nearly any market, leading to a more integrated and interdependent globalized world economy. The ease of buying and selling internationally is leading to a convergence of preferences and tastes across the world.

LEARNING OBJECTIVE 1.2 Discuss the “flat world, round world” debate.

The Internet made it easier for small companies and companies in poor countries to compete with traditional global giants. People can share information instantaneously and connect across national borders at essentially no cost, thanks to fiber-optic telecommunications cables. Despite these shifts, however, global trade still accounts for only about 20 percent of all economic activity.

LEARNING OBJECTIVE 1.3 Explain the roles of the organizations that regulate global markets.

The World Trade Organization, the International Monetary Fund, the United Nations, the G20, and the World Bank are multilateral organizations intended to help countries, companies, and people interact more effectively and peacefully in a globalized world. These quasi-governmental organizations do much to encourage economic and political cooperation, but they aren't enough on their own. Companies, non-profit organizations, and universities also play a critical role in improving global economic cooperation and health.

LEARNING OBJECTIVE 1.4 Describe a road map for doing business in a global market.

Any type of company buying or selling outside its home market is engaged in international business. The number of MNCs from emerging markets have been increasing in the past decade.