

Globalization



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What is Globalization?

- It is a fairly new word, but well established now in almost every language.
- It means different things to different people, but most commonly
 - Deepening relationships and broadening interdependence among people in different countries
 - Integration of world economies through free trade, free flow of capital, and tapping of cheaper foreign labor markets

Growth and Consequences of Globalization

- Different people connected differently
- Different types of globalization (economic, military, environmental, and social/cultural) have moved unevenly historically
- Government policies have stimulated globalization
- Technology has limited national sovereignty



Measuring Globalization

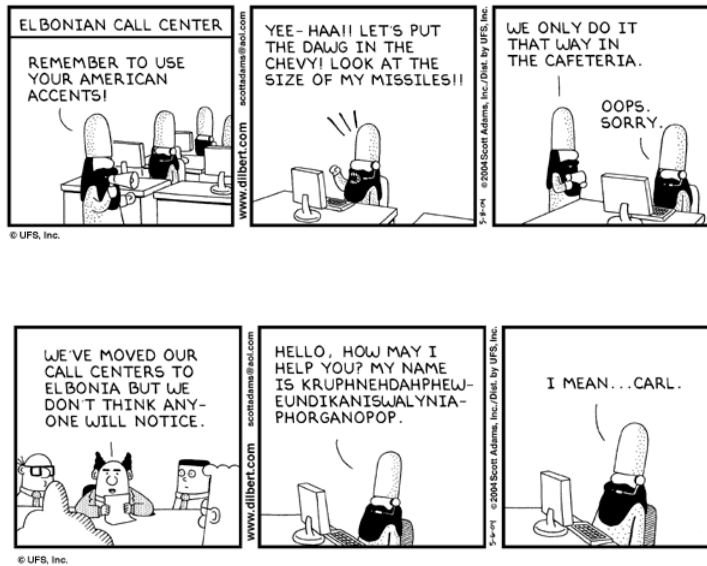
- Is the world more or *less* globalized today?
- Changing patterns of globalization
- Degree of globalization by country



Changing Process of Globalization

- Uneven globalization of countries (A.T. Kearney/Foreign Policy Globalization Index)
- Competitors are more dispersed globally
- Portions of products, functions, and value chain in different countries
- Direct investment more important than trade
- Rise of “born-global” companies





Economic Effects of Globalization

Global economic growth

Global economic distribution

Problems of developing economies

Immigration



Political Effects of Globalization

- Hard to separate political from economic
- MNEs as a political entity
- Governmental limits of using MNEs as political instruments
- Rising role of NGOs
- Challenges facing governments



Globalization and National Culture

- What is culture?
- Why look at national culture?
- Comparative management theories
- The concept of mind-sets



Studies Supporting National Cultural Differences

- Many large studies: Hofstede; Costa & McCrae; GLOBE; World Values Surveys
- Caveats: show averages; not necessarily representative; values can change; culture can affect responses



Globalization and Language

- Importance of language in culture
- Silent language
- Concept of a global language
- Language in the MNE



Role of Religion

- Stabilizer of culture
- Religious values affect economic development
- Rise of fundamentalism



Cultural Convergence and Change: Does it Matter?

- Commodities versus values
- Individual choices



Future of Globalization

- Main anti-globalization groups
- Elite versus democratic globalization
- The danger of the new elite
- New issues and changed emphasis
- Is globalization dead?



Biggest Future Challenges

- Given that there are winners and losers, how do we minimize losses of the losers?
- How do we bring about technical change and economic growth while maintaining the values that cannot be measured in purely economic terms?
- What can developing countries do to increase share of income generated through globalization?