

Chapter 1: Globalization and International Business



Chapter Objectives

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- To define globalization and international business and show how they affect each other
- To understand why companies engage in international business and why international business growth has accelerated
- To discuss the major criticisms of globalization



Japan	Czech Republic
Malaysia	Russia
Singapore	Finland
Taiwan	India
Canada	Philippines
Spain	Argentina
Greece	New Zealand
Hong Kong	Norway
USA	Pakistan
Vietnam	Poland
Albania	Australia
UK	Iceland
Croatia	Chile
Hungary	Germany
Ireland	Brazil
Kuwait	Mexico
Netherlands	Bangladesh
Serbia	Peru
Bulgaria	Denmark
Estonia	Italy
Lithuania	Belgium
Romania	France
Turkey	Sweden

Argentina	47 Ronin: La Leyenda del Samurai
Bulgaria	47 РОНИНИ
Chile	47 Ronin: La leyenda del samurái
Czech Republic	47 Róninu
Spain	La leyenda del samurái: 47 Ronin
Croatia	Ronin 47
Lithuania	47 Roninai
Mexico	47 Ronin: La Leyenda del Samurai
Poland	47 roninów
Portugal	47 Ronin - A Grande Batalha Samurai
Romania	Ronin: 47 pentru razbunare
Serbia	47 ronina

Joint Effort

Parts for the Boeing 787 are manufactured around the globe:

Fixed and movable leading edge
Spirit, U.S.

Wing
Mitsubishi, Japan

Wing tips
KAL-ASD, Korea

Movable trailing edge
Boeing, Australia

Passenger-entry doors
Latecoere, France

Cargo-access doors
Saab, Sweden

Landing gear
Messier-Dowty, U.K.

Wing-body fairing, landing-gear doors
Boeing, Canada

Engine
Rolls-Royce, U.K., and GE, U.S.

Engine housings
Goodrich, U.S.

Center wing box
Fuji, Japan

Forward fuselage
Spirit, U.S.

Forward fuselage II
Kawasaki, Japan

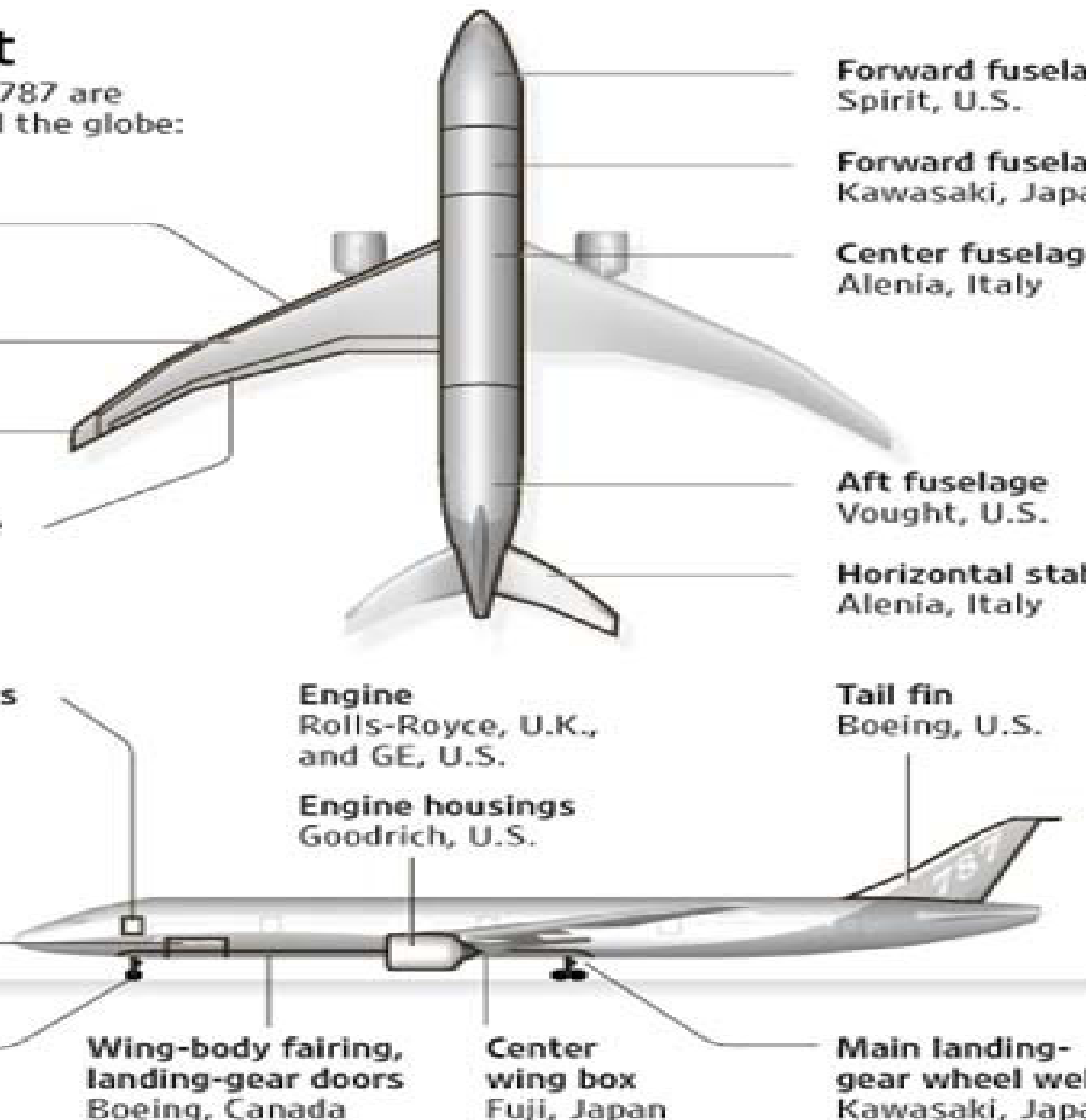
Center fuselage
Alenia, Italy

Aft fuselage
Vought, U.S.

Horizontal stabilizer
Alenia, Italy

Tail fin
Boeing, U.S.

Main landing-gear wheel well
Kawasaki, Japan



Source: the company

International Business

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International business consists of all commercial transactions—including sales, investments, and transportation—that take place between two or more countries

Increasingly foreign countries are a source of both production and sales for domestic companies



HACETTEPE
ÜNİVERSİTESİ

International Business ?

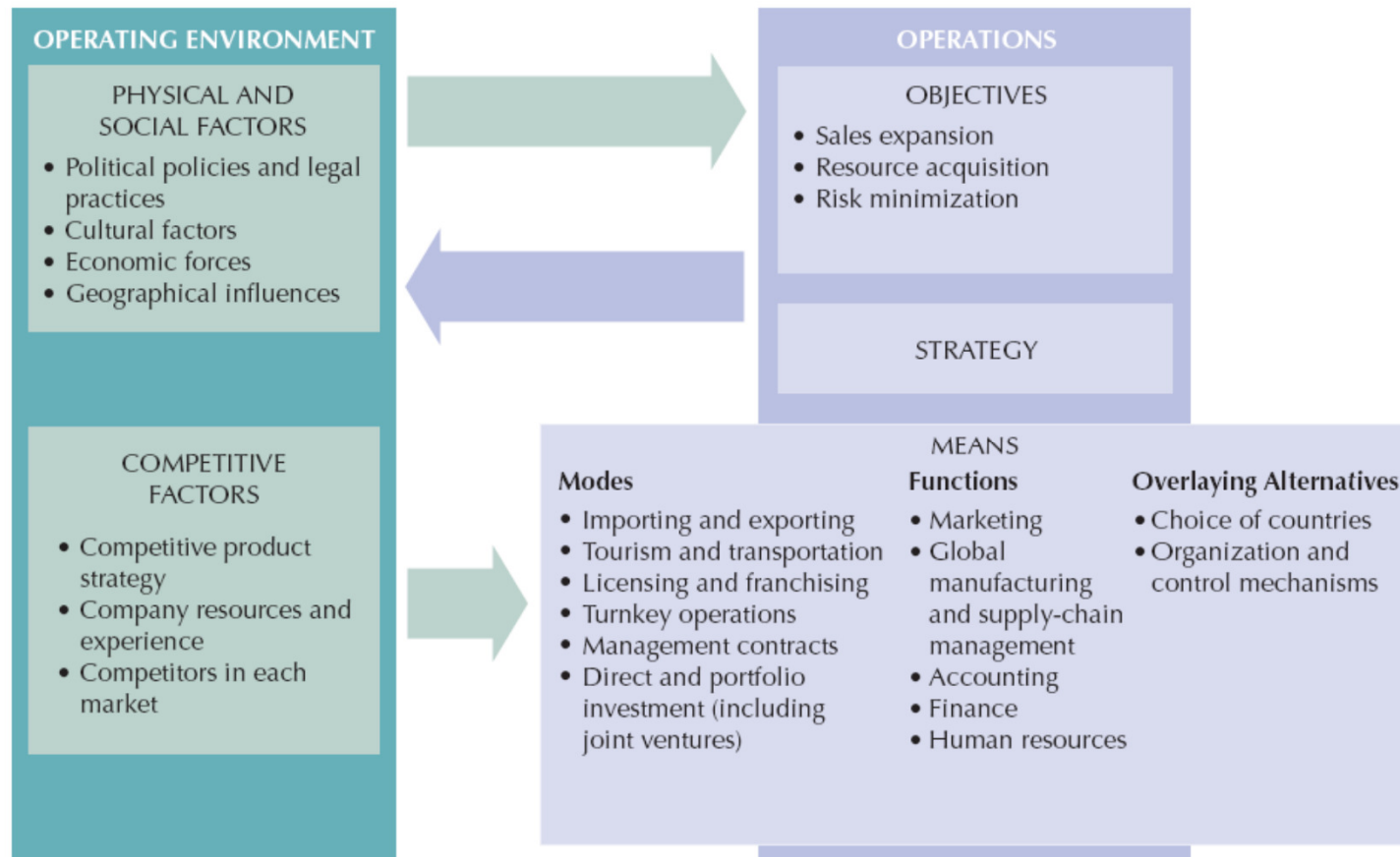
Studying International Business is Important

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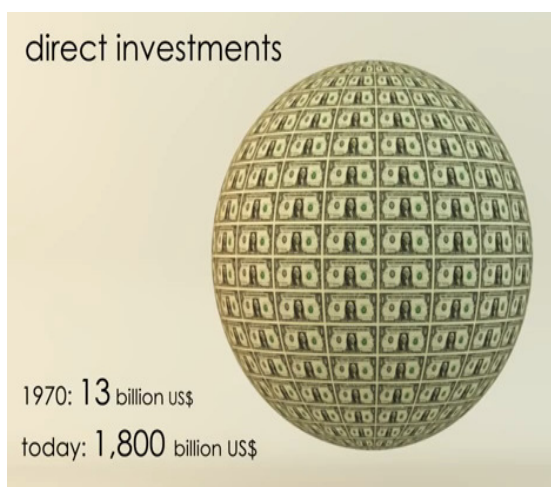
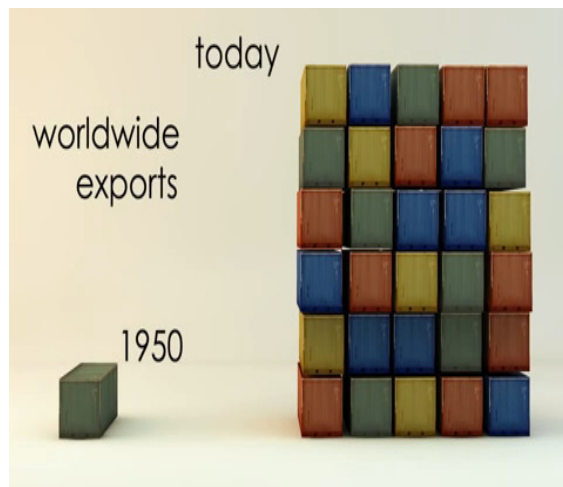
- Most companies are either international or compete with international companies
- Modes of operations may differ from those used domestically
- The best way of conducting business may differ by country
- Global events influence companies of all sizes and industries.

International Business: Operations and Influences

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Globalization is the ongoing process that deepens and broadens the relationships and interdependence among countries.



Factors Contributing to Rapid Growth of International Business

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1. Increase in and expansion of technology
2. Liberalization of cross-border trade and resource movements
3. Development of services that support international business
4. Growing consumer pressures
5. Increased global competition
6. Changing political situations
7. Expanded cross-national cooperation

Factors Contributing to Rapid Growth of International Business

The screenshot displays the Alibaba.com website interface. At the top, a blue header bar contains the text "Manufacturers, Suppliers, Ex" followed by a close button. Below this, a browser address bar shows "www.alibaba.com". The main navigation bar includes links for "Welcome to Alibaba.com", "Join Free", "Sign In", "Buy", "Sell", "Community", "My Alibaba", "Messages", "My Favorites", and "Help". A secondary navigation bar features "Shopping online? Buy it now".

The central area features the Alibaba.com logo with the tagline "Global trade starts here." and a search bar with the placeholder "Please input a keyword". To the right of the search bar is a "Search" button and a link to "Post Buying Requests". Below the search bar is an "Advanced Search" link.

On the left side, there is a "Categories" section with a list of product categories, each with a right-pointing arrow: Agriculture, Apparel, Automobiles & Motorcycles, Beauty & Personal Care, Chemicals, Computer, Construction & Real Estate, Consumer Electronics, Electronic Components, Electrical Equipment, Energy, Fashion Accessories, Food & Beverage, Furniture, Gifts & Crafts, and Health & Medical.

The main content area features a large banner with the text "Welcome to Alibaba.com" and "Global leader in e-commerce for small businesses". Below this text are three checkmarks: "Over 2 Million Supplier Storefronts", "Safe and Simple Trade Solutions", and "Easily Access Verified Suppliers". A "Join Free" button is positioned below these checkmarks. To the right of the banner is a profile picture of a man.

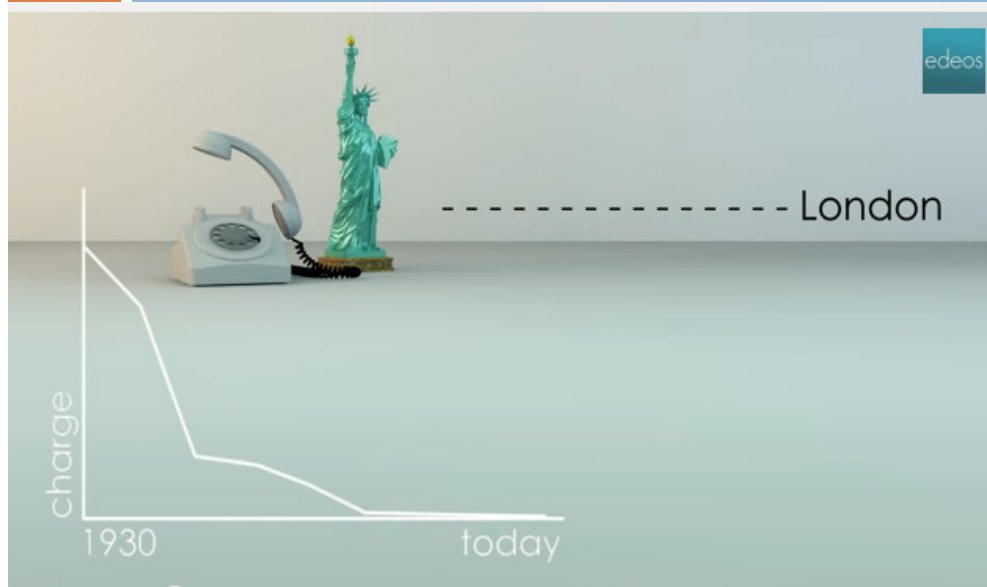
Below the banner, there is a row of links: "Join Alibaba.com", "Customized Sourcing", "Supplier Assessment", and "Inspection Service".

On the right side, there is a section titled "For Buyers | For Suppliers" with the heading "Our Sourcing Services". This section lists four services: "Customized Sourcing", "Supplier Assessment", "Escrow Service", and "Inspection Service". Below this list is a "Quick Guide | Join Free" link.

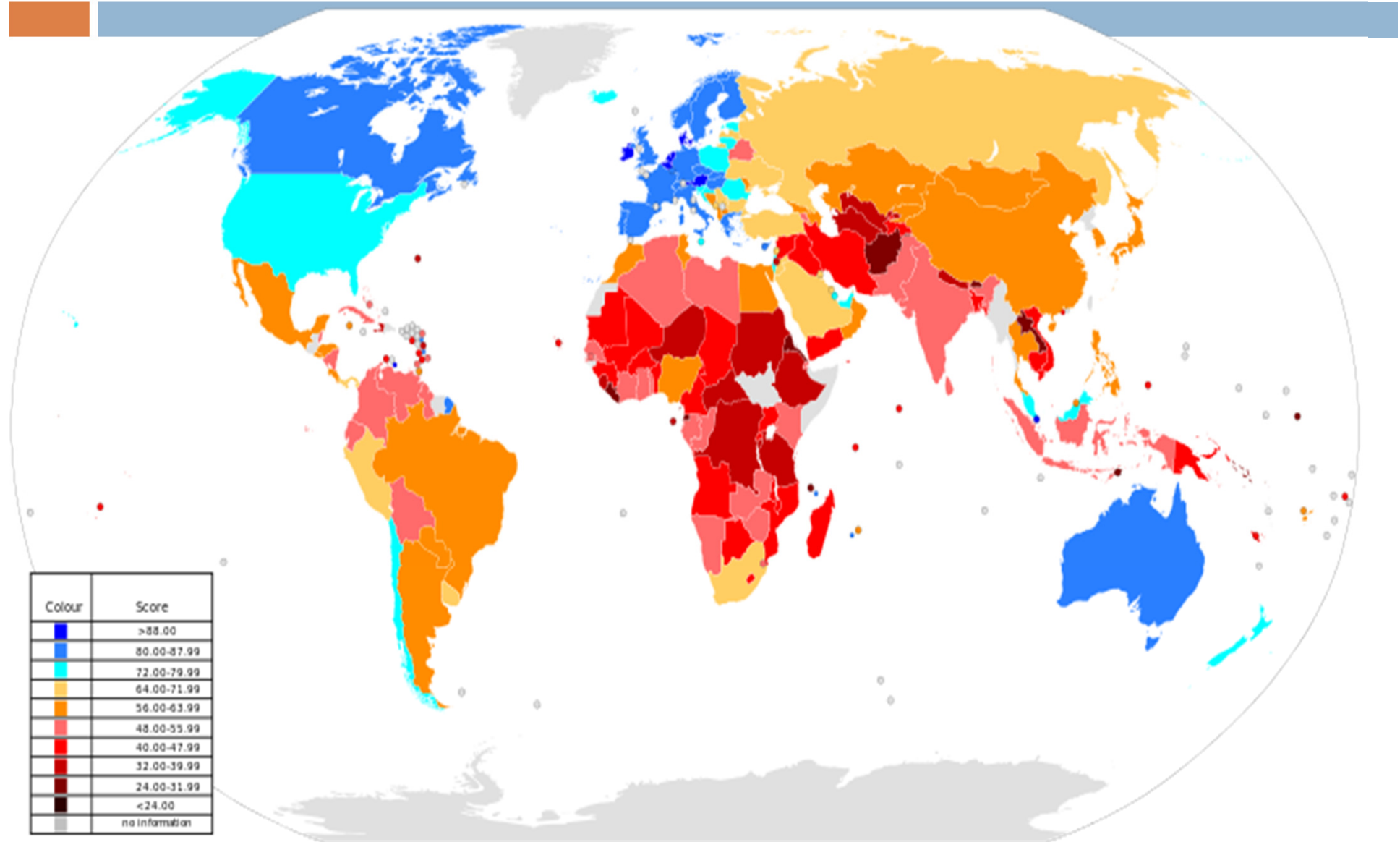
Below the main banner, there is a section titled "Women's Fashion Frontline: T-shirts" with three checkmarks: "Latest Styles", "Detailed Pictures", and "Updated Weekly". A "Shop now" link is positioned below these checkmarks. To the right of this section is a profile picture of a woman.

At the bottom of the page, there is a "Group Sourcing" section with the text "Find amazing deals every day!". To the right of this section is a row of links: "Global Sourcing Ideas", "T-shirt Fashion", "Expo-Center", and "Escrow Top Suppliers".

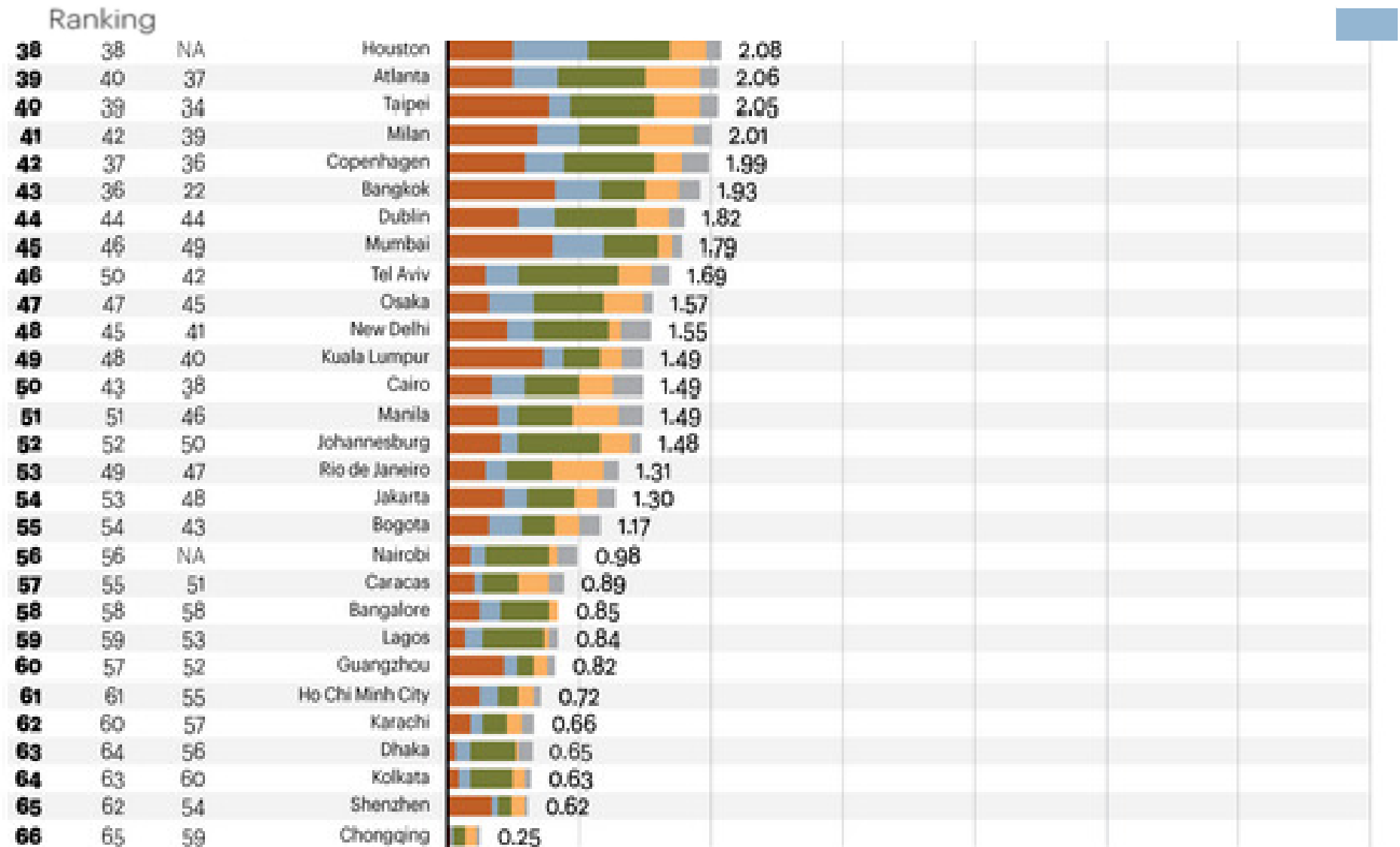
Factors Contributing to Rapid Growth of International Business



A.T. Kearney/Foreign Policy Globalization Index (2012)



A.T. Kearney/Global Cities Index (2012)



Measuring Globalization

□ A.T. Kearney/Foreign Policy Globalization Index

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The Global Top 20

The world's most integrated countries come in very different shapes and sizes, and they have followed many different paths to globalization.



POLITICAL ENGAGEMENT

Including foreign aid, treaties, organizations, and peacekeeping



TECHNOLOGICAL CONNECTIVITY

Including number of Internet users, hosts, and secure servers



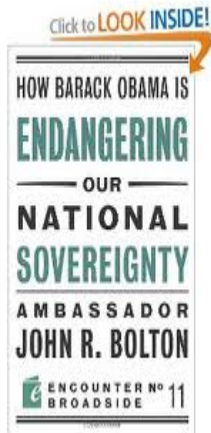
PERSONAL CONTACT

Including telephone calls, travel, and remittances



ECONOMIC INTEGRATION

Including international trade and foreign direct investment



What's Wrong with Globalization

- ❑ Threats to national sovereignty
- ❑ Economic growth and environmental stress
- ❑ Growing income inequality and personal stress
- ❑ Offshoring is controversial in terms of who benefits when costs are reduced and whether the process exchanges good jobs for bad ones.



Companies Engage in International Business

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□ To Expand Sales:

- 90% of total production of Beko is exported (almost 80% of its sales)
- Turkish airlines' passengers increased 10% when it joined Star Alliance in 2009.

□ To Acquire Resources:

- Turkey produce 75% of worlds' hazelnut (nutella)

□ To Diversify or Reduce Risks:

- Nestle has 13 suppliers around world such as China, England, Thailand
- Nestle experienced slower growth in US but higher growth in Asia.

Multinational Enterprises

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Multinational Enterprises (MNEs) take a global approach to markets and production. Sometimes they are referred to as multinational corporations or companies (MNCs) or transnational companies (TNCs).