
Business Strategies Part II – Chapter 2

Globalization

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- Global Governance -
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Business Strategies – Globalization

2.1. What is Globalization?

a) **“If the world of the humble hamburger is so complicated, imagine the world of global business”** (Steers et al., p. 18)



Ingredients (in U.S.): Canadian yeast; Chinese vitamin enrichment; polish wheat gluten; tomatoes from Mexico; lettuce from Canada, Mexico or Peru; beef meat from up to 50 cattle shipped from different countries; Italian vinegar; Australian garlic powder



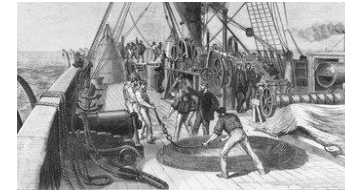
Silk road



Hanse



Colonies



Transatlantic cable
telegraph



Fall of the Berlin
Wall

Business Strategies – Globalization

2.1. What is Globalization?

a))

world



Silk road

Hanse

Colonies

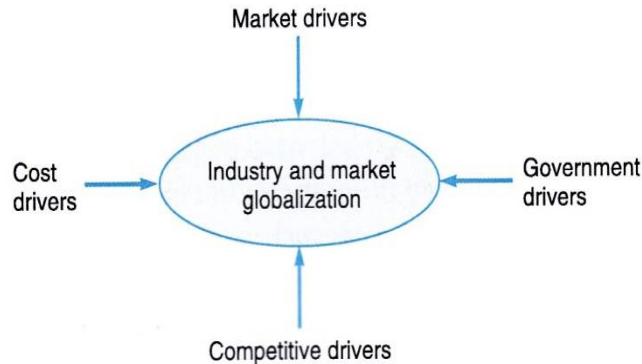
Transatlantic cable
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Fall of the Berlin
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2.2. Drivers for Globalization?

Drivers for globalization



Give one example for each category

<i>Market globalization drivers</i> <ul style="list-style-type: none">■ common customer needs■ global customers■ global distribution channels■ transferable marketing techniques■ presence in lead countries	<i>Cost globalization drivers</i> <ul style="list-style-type: none">■ global scale economies■ steep experience curve effect■ sourcing efficiencies■ favourable logistics■ differences in country costs (including exchange rates)■ high product development costs■ rapidly changing technology
<i>Government globalization drivers</i> <ul style="list-style-type: none">■ favourable trade policies■ compatible technical standards■ common marketing regulations■ government-owned competitors and customers■ host government concerns	<i>Competitive globalization drivers</i> <ul style="list-style-type: none">■ high exports and imports■ competitors from different continents■ interdependence of countries■ competitors globalized

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international
multinational
global
transnational



GUCCI



Coca-Cola



enel



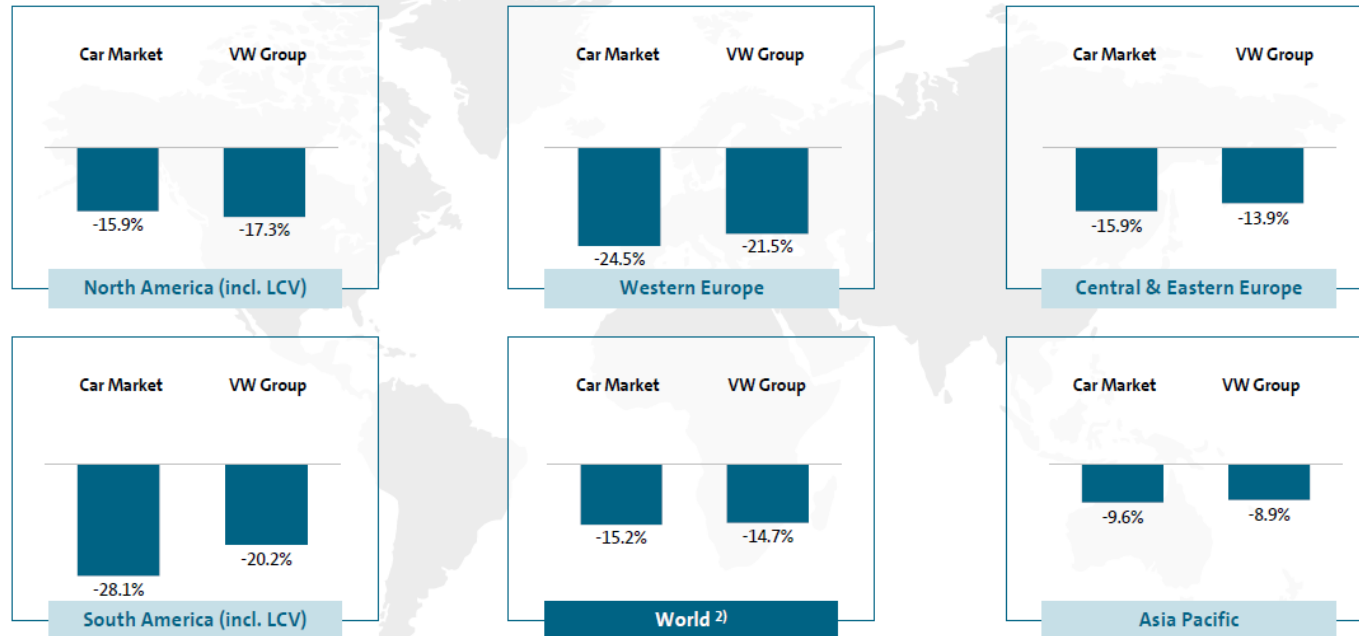
Nestlé

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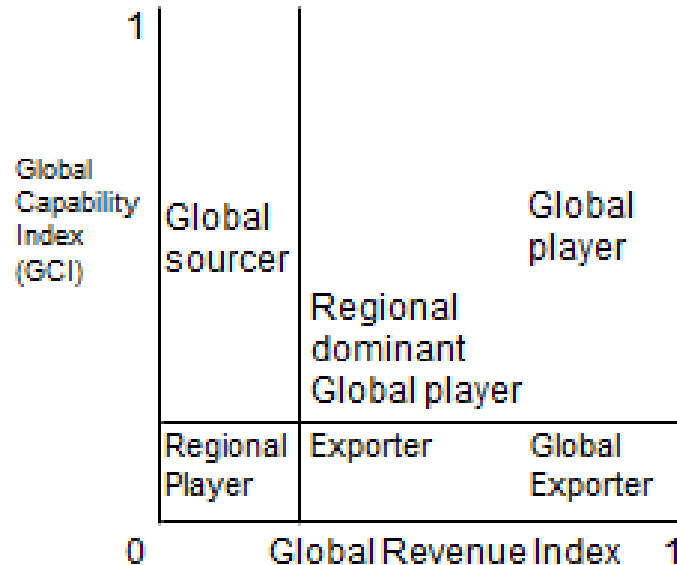
How Volkswagen divides the world.....

VOLKSWAGEN
AKTIENGESELLSCHAFT

Development World Car Market vs. Volkswagen Group Car Deliveries to Customers by Regions ¹⁾
(Growth y-o-y, January to December 2020 vs. 2019)



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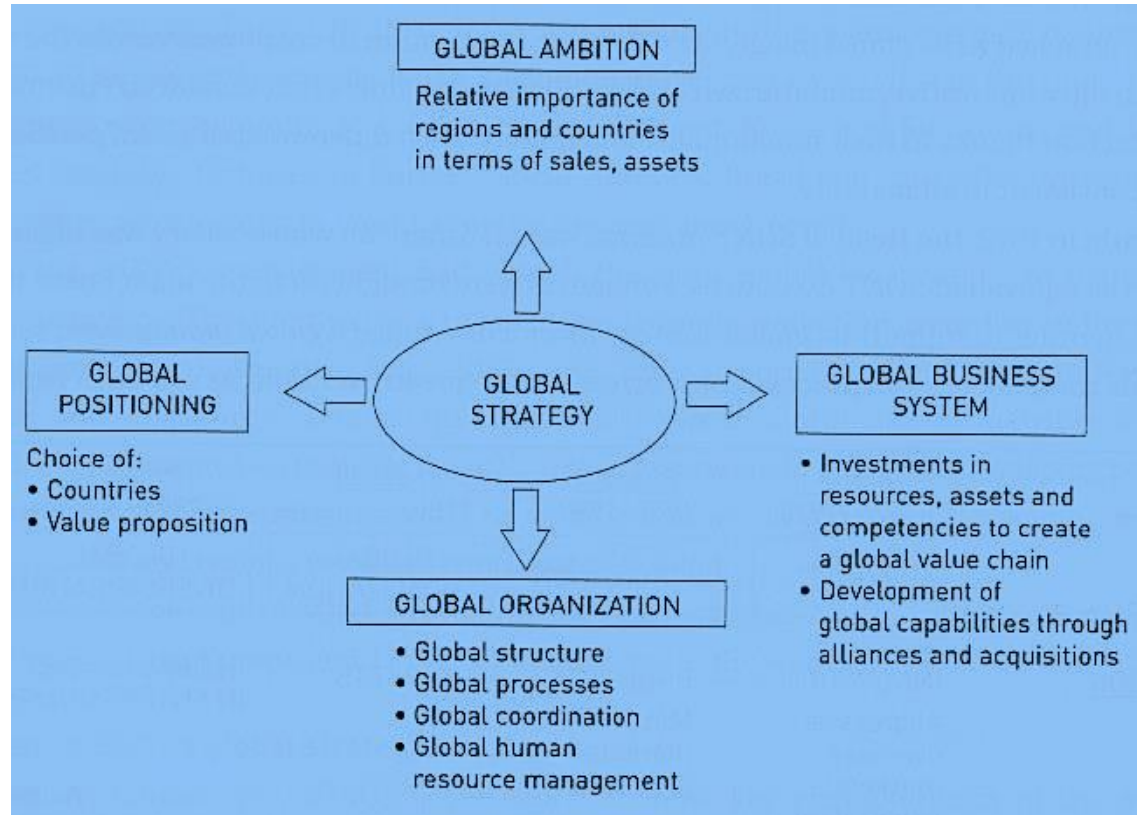


Source: Lassere 2012, p. 35

Definition of a multinational company (Holtbrügge/ Welge 2015):

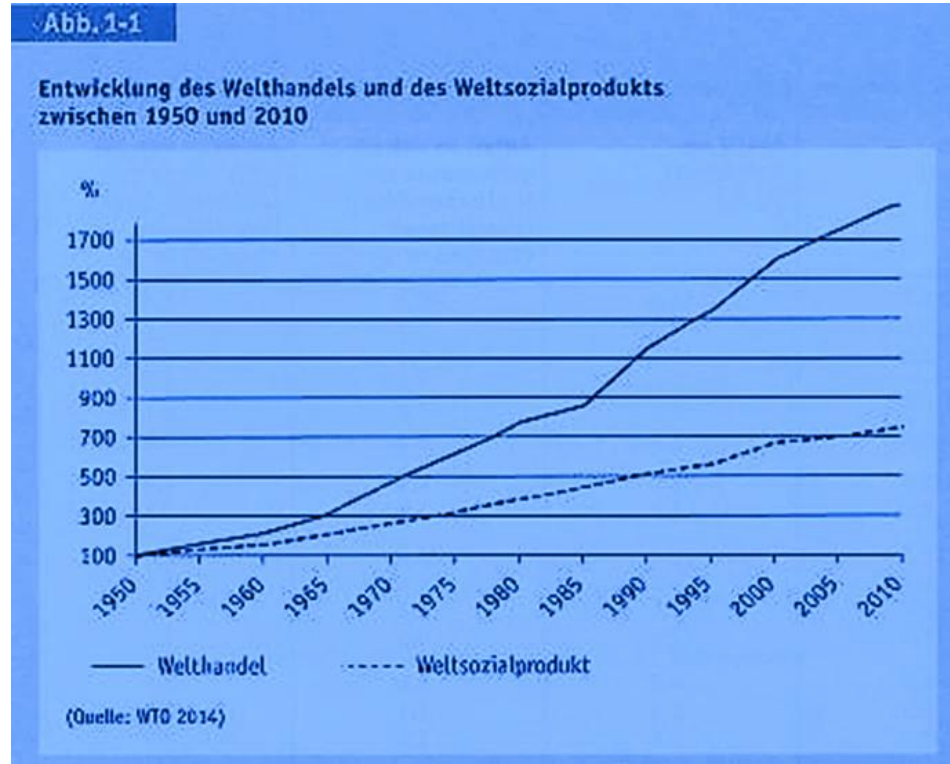
- Business in different countries (Five countries, three continents)
- Foreign business reflects a substantial part and includes total value chain.
- Company strategy is global.
- Mother company takes top decisions, daughter company operates inside defined rules.
- Management thinks and acts globally.

Global Strategy

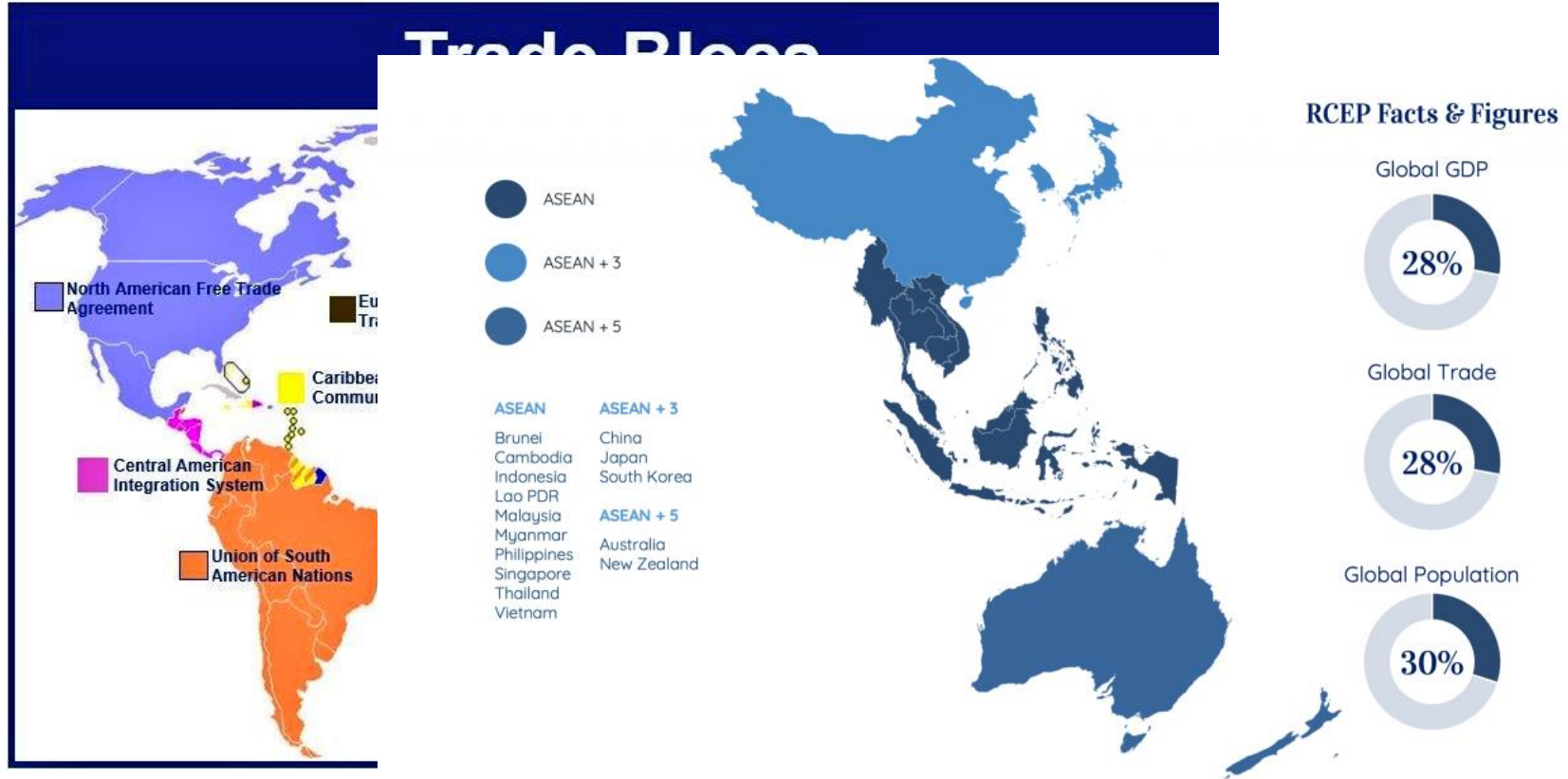


(Lassere, 2012, p.32)

Global Trade and World GDP (Source: Holtbrügge/Welge 2015)



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d) Company perspective: Pushing and hindering factors of globalization

Pushing	Hindering
Political: Free Trade Agreement, common markets; FDI-incentives	Cultural: Local attitudes, traditions, values religion
Technological: Cost decrease in freight communication, transport, technical innovations	Commercial: Responsiveness to customers; cost of distribution; customization; no scale-intensive production
Markets: Place products at same time in major markets; global brands; global finance	Technical: Standards for electrical, chemical, mechanical engineering; transportation; necessity of physical presence
Social: Convergence of life styles and customer behaviour	Legal: Regulations against free flow of people, goods, information, investment, money; local content rules; national security
Competition: Upcoming new competitors with cost or product advantages (e.g. Japan/China)	

e) Society perspective: Pros and Cons of globalization - Discussion

Excursus: Trump's ideas on Free Trade Restrictions and their Potential Consequences

- Political Statements of US President
- WTO
- US Current Account Defizit
- Intended Consequences
- Probable Consequences
- From Trade War to Currency War to Tech War to.....?
- A New Situation Through the Biden Administration?

Backup: Globalization
and Trump's Trade
Policy