

CHAPTER ELEVEN

Globalization and Localization

A: Main Teaching Points (by textbook section)

In general, this chapter examines definitions of globalization, and the opportunities and problems that arise from the process. It focuses on the tensions that arise between local and global (international) pressures; this echoes the theme of internal and environmental pressures introduced in chapter 1. It prepares students for the discussion of headquarters and subsidiary relationships, and partner and IJV project/IJV relationships dealt with in later chapters.

11.1 Introduction

Students may resent the suggestion that an international terrorist network shares characteristics with respectable multinational companies but this comparison is chosen deliberately to challenge notions of what globalization is.

11.2 Defining globalization

Discussion of the case in the introduction should have prepared students to think about the difficulties of defining globalization. In practice, most students start this topic with very loose notions of increased international trade. This section is designed to make them think more analytically. In practice, the term is used differently in different contexts by different people.

Students should be left under no illusions, however: the problem of reaching an agreed definition does not mean that this issue is trivial. The effects are vitally important to us all.

11.3 The roots of globalization

Globalization is treated here as a set of processes that have historical roots, and these can be precisely located in an historical time frame. This section focuses on the

internationalization of both finance and production over the past 25 years, and the development of information technologies which have facilitated these processes. Without these technologies, this degree of internationalization could not have been possible.

Students may object, saying that these conditions for globalization existed before. Ask for examples and ask whether these show a matter of degree or are qualitatively different. For example, finance has been internationalized for centuries, first when bullion was transported, and second when bills of credit and banknotes were introduced. However, their transmission was relatively slow and unreliable. Were the effects comparable to the effects of globalization, in which companies and workforces can be relocated in a very short time?

11.4 Global–local contradictions

This section deals with the tensions and contradictions between global processes and local needs. The effects of globalization are neither entirely positive nor entirely negative. Some countries (certainly not all) have benefited economically and politically. Perhaps, in the future, more will enjoy the positive aspects. In general, the effects on national cultures have been negative. Certainly, all our lives are being transformed – and it is too early to be entirely objective about the long-term effects.

Ask students to identify and evaluate the changes in their societies that can be explained by globalization. Ask them to consider some of the areas covered in this section:

- Human resources and labor markets;
- Migration – emigration and immigration;
- National culture;
- Global culture;
- Effects on national identity and independence.

Can they find contradictions – for example, where one effect of globalization has been to foster a sense of local and national identity?

B: Implications for the Management Student

(This section modifies the material on p. 262 of the textbook.)

How has globalization affected your business school? Research the following topics over the past ten years.

- a. How have student markets changed over the past ten years? Examine:
 - Numbers admitted
 - Gender groups
 - National groups

- Age groups
 - Experience.
- b. How has your management training changed over the past ten years?
- What subjects are being taught now that were not taught then?
 - What subjects were taught then that are not being taught now?
 - How have teaching techniques changed?
 - How have class sizes changed?
 - How have teachers changed? Are more classes taught by academics or consultants?
 - What other aspects of the pedagogic process changed?
- c. How have employment prospects changed over the past ten years?
- Who employs your graduates?
 - What companies employ graduates now that did not employ ten years ago?
 - What companies employed ten years ago that do not employ now?

How far can any changes listed above be explained by globalizing processes? How far by local factors (including factors associated with local labor markets)?

C: Class Discussion Questions

1. Under what circumstances is international trade *not* global?
2. Think of a multinational company that you know well. In what respects are its operations global? In what respects are they not global?
3. Look for alternative definitions of globalization. How far do they differ from that given here? How far do they correspond? Which definition do you prefer? Why?
4. What are the arguments for *not* regarding al-Qa'eda as a global organization?
5. What values are expressed by global products such as Coca-Cola, Nike, and other global products that you can think of? Why are they attractive across cultural boundaries? Think of products that are sold only within your country. Why aren't they sold globally?
6. In what industries is employment most likely to be transferred between countries? Why? In which industries is it least likely? Why? Suppose you are advising your child on what career to choose? How does this industry analysis influence the advice you give?

D: Answers to the Exercise

This exercise poses an open-ended question. Students apply the theory discussed in this chapter to identifying global products – a topic touched on only briefly in section 11.2.6. It encourages them to broaden their understanding of how globalization affects the marketplace by doing their own research.

E: Additional Exercise Material

Collect newspaper articles using the word “globalization” or “globalized.” Do these different articles use the word with the same meaning? What different meanings can you find?

F: Test Bank

1. In what respect is al-Qa’eda less “global” than Coca-Cola or McDonald’s?
 - a. It isn’t headquartered in the United States
 - b. Control is highly decentralized
 - c. It doesn’t make profits from sales
 - d. None of the above.

(Answer, d: pp. 241–2)

2. This chapter argues that globalization:
 - a. Poses a conventional challenge to existing systems
 - b. Poses no challenge to existing systems
 - c. Poses an unprecedented challenge to existing systems
 - d. Has already demolished existing systems.

(Answer, c: p. 243)

3. In politics the term “globalization” refers generally to:
 - a. Increasing dependencies between national and international bodies
 - b. Increasing lack of dependence between national and international bodies
 - c. Increasing development of terrorist organizations
 - d. Ever-increasing mobility of capital.

(Answer, a: p. 244)

4. “Capitalism” is defined here as:
 - a. An ever-increasing process of financial mobility
 - b. The investment of finance in creating new productive capacity
 - c. Profits derived from trade
 - d. The investment of funds earned from one country in a project based elsewhere.

(Answer, a: p. 247)

5. Companies in a global industry:
 - a. Compete only with companies based in other countries
 - b. Compete only with companies based in their own headquarters country
 - c. Have the same or similar operating procedures to companies based elsewhere
 - d. Distinguish between competitors in their own country and competitors elsewhere.

(Answer, c: p. 248)

6. Multinational companies are defined as those that:
- Manage investments located abroad
 - Own and manage investments located abroad
 - Sell to customers located abroad
 - Employ agents abroad.

(Answer, b: pp. 248–9)

7. Global products:
- Are differentiated for customers in different countries
 - Create a sense of shared identity among customers in different countries
 - Are sold by only American companies
 - None of the above.

(Answer, b: pp. 249–50)

8. This chapter argues that the term “globalization”
- Lacks any precise meaning
 - Has a single precise meaning, true for all contexts
 - Has different meanings, each of which may be precise in its context
 - Has different meanings, all of which apply in a range of contexts.

(Answer, c: p. 250)

9. The disasters of the two World Wars and the slump of the 1930s:
- Eroded the autonomy of national financial systems
 - Led to increasing autonomy of national financial systems
 - Encouraged the internationalization of production
 - Encouraged the development of information technologies.

(Answer, a: p. 251)

10. Prior to Japanese innovations in the 1970s, manufacturing plant in each country:
- Specialized their production of parts
 - Diversified production to different locations
 - Did not diversify production to different locations
 - None of the above.

(Answer, c: pp. 252–3)

11. Globalization has contributed to growth:
- In many countries but not all
 - In all countries
 - In no countries
 - Only in countries north of the equator.

(Answer, a: p. 254)

12. The collapse of national boundaries has meant that:
- Migration from poor to wealthy countries has massively decreased
 - Migration from poor to wealthy countries has massively increased
 - Migration between poor countries has massively increased
 - Patterns of migration have not been affected.

(Answer, b: p. 256)