

INTERNATIONAL BUSINESS MANAGEMENT

2ND. PART: GLOBALISATION

Ing. Omar Ameir, Ph.D.

2. Globalisation

2.1 Theoretical Definition of Globalisation

2.2 Historical Development of Globalisation

2.3 Globalisation Index

2.1 Theoretical Definition of globalisation

- There are two fundamental terms in relation to international character of economics: Internationalisation and globalisation
 - internationalisation: international trade in goods produced only within national economies;
 - globalisation: international trade in goods produced in different countries (a situation where the production process is not bound to one national economy).
- Nowadays, only minimum products have origin purely in domestic sources.
- Increased international character infiltrates through all the activities of the population.

2.1 Theoretical Definition of Globalisation

- The factors causing the increasing influence of globalisation are:
 - scientific and technological progress (especially the technical difficulty of products and technological infrastructure);
 - regional trade organisations and communities;
 - stable economic and political environment;
 - reducing the cost per unit of production associated with infiltrates through international markets.

2.1 Theoretical Definition of Globalisation

- The facts related to globalisation are:
 - the economic dimension of globalisation exceeds its other dimensions (Friedman even said that other dimensions were totally eliminated);
 - different territories are affected by globalisation tendencies differently (Cuba, North Korea, Sub-Saharan Africa).

- The basic impact of globalisation:
 - the increase of number of free and democratic countries;
 - fragmentation of states (the increase of number of nation states in general).

2.2 Historical Development of Globalisation

- **globalisation 1.0**

- ✓ discovery of America(1492);
- ✓ overseas trade;
- ✓ fundamental: mining of mineral resources and human resources;
- ✓ globalisation of state.

- **globalisation 2.0**

- ✓ discovery of Australia and New Zeland (early 19th century - industrial revolution);
- ✓ new technical advances – development of traveling and trade in consumer goods;
- ✓ fundamental: goods replacement (consumer goods);
- ✓ globalisation of companies (the colonial system subsidies).

2.2 Historical Development of globalisation

- globalisation 3.0

- ✓ the fall of the bipolar world (but rather since 2000);
- ✓ IT and IS development – acceleration of the interconnection between countries;
- ✓ no distance is insuperable already – the increase of offshore companies;
- ✓ fundamental: information replacement;
- ✓ globalisation of individual – physical and virtual movement.

2.3 The globalisation Index

Increase of interconnection of states and nations



It is the occasion to assess the degree of interconnection



The globalisation index

2.3 The globalisation Index

- It expresses the rate of:
 - the involvement of the state in international structures;
 - determination of the domestic situation of the state by abroad.
- Three fundamental indexes of globalisation:
 - DHL Index of Global Connectivity;
 - KOF globalisation Index;
 - MAASTRICHT globalisation Index;

2.3 The globalisation Index

- Examines the globalisation in these dimensions:
 - **Economical globalisation** (international trade and flow of investment);
 - **Social globalisation** (tourism and employment abroad);
 - **Technological globalisation** (the number of the Internet users);
 - **Political globalisation** (membership of international organisations, participation in missions, the number of internationally ratified agreements);
 - **Environment** (impact of international trade on the environment);
 - **Security globalisation** (international cybercrime, terrorism, international organised crime).

2.3 The globalisation Index

- European (usually) highly globalized countries:
 - Belgium;
 - Netherlands;
 - Schwitzerland;
 - Austria;
 - Denmark;
 - Sweden;
 - Ireland;
 - Great Britain.

2.3 The globalisation Index

- Non-European (usually) highly globalized countries:
 - Hongkong;
 - Singapur;
 - Canada;
 - USA;
 - Australia;
 - New-Zealand.

2.3 Index globalizace

- Pořadí zemí dle Statista za rok 2019 (ekonomická globalizace):

- | | | | |
|-----|----------------------|-----|-----------------|
| 1. | Singapore | 11. | Denmark |
| 2. | Netherlands | 12. | Cyprus |
| 3. | Belgium | 13. | Czech Republic |
| 4. | Luxembourg | 14. | Sweden |
| 5. | Hong Kong (China) | 15. | Slovak Republic |
| 6. | Ireland | 16. | Finland |
| 7. | Switzerland | 17. | Austria |
| 8. | Malta | 18. | Hungary |
| 9. | Estonia | 19. | Bahrain |
| 10. | United Arab Emirates | 20. | Mauritius |

2.3 The globalisation Index

- Country ranking by KOF globalisation index for 2018:

1. Belgium

2. Netherland

3. Schwitzerland

4. Sweden

5. Austria

6. Denmark

7. France

8. United Kingdom

9. Germany

10. Finland

Some interesting countries:

14. Canada

15. Czech Republic

25. USA

28. Australia

32. Japan

33. South Korea

52. China

74. Russian Federation

2.3 The globalisation Index

- Country ranking by KOF globalisation index for 2008:

- | | |
|-------------------|-----------------------------|
| 1. Belgium | Some interesting countries: |
| 2. Austria | 11. Germany |
| 3. Sweden | 15. Canada |
| 4. Switzerland | 22. USA |
| 5. Denmark | 23. Slovakia |
| 6. Netherland | 57. China |
| 7. United Kingdom | 61. Russian Federation |
| 8. Czech Republic | |
| 9. France | |
| 10. Finland | |

4.3 The globalisation Index

- Country ranking by DHL globalisation index for 2018:

1. Netherlands
2. Singapore
3. Switzerland
4. Belgium
5. United Arab Emirates
6. Ireland
7. Luxembourg
8. Denmark
9. United Kingdom
10. Germany

Some interesting Countries:

14. Czech Republic
30. USA
33. Australia
35. Portugal

2.3 The globalisation Index

- Country ranking by Kearney globalisation index for 2008:

1. Singapur
2. Hongkong
3. Netherlands
4. Schwitterland
5. Ireland
6. Demmark
7. USA
8. Canada
9. Jordan
10. Estonia

Some interesting Countries:

12. Great Britain
13. Australia
19. Czech Republic

Thank You for Your attention