

Globalisation & Internationalisation

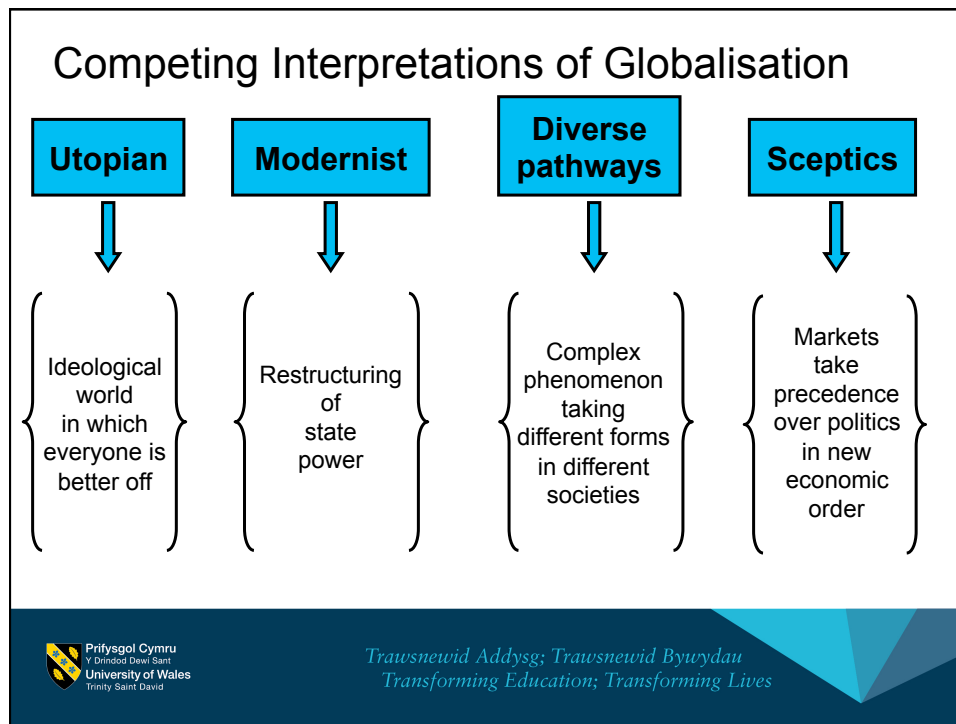
What do you understand by the terms?

Is it a good or bad thing?

Features of Globalisation

(Ruigrok and van Tulder 1995)

- Globalisation of financial markets
- Internalisation of corporate strategies
- Diffusion of technology and knowledge world-wide
- Transformation of consumption patterns and worldwide consumer markets
- Internationalisation of national societies into global political economic system
- Diminished role of national governments



Valuing Processes Necessary for MNC Survival (Hampden-Turner and Trompenaars 1993)

- Reconciling universal rules with exceptions to them
- Organisation renewal through continuous analysis and integration
- Reconciling individualism with communitarianism
- Reconciling the outer with the inner world
- Synchronising fast processes
- Choosing amongst achievers
- Sponsoring equal opportunities



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Types of Market Economy

System	Market	Regulation	Prime Accountability	Labour market	Value system
Anglo-saxon	Free	Contract	Shareholder	deregulated	Individualist
Central-European	Social	public law	Stakeholders	regulated	Social cohesion
Russian	anarchic	power	managers-workers	Local	Mutual-aid
Japanese	Managed	trust	networks of firms	internal	collectivist
Chinese	interpersonal	trust	families	parochial	paternalist

Responses to Globalisation

Organisations

Improving

- Market share
- New markets
- Alliances
- ICTs
- Quality
- Performance
- Profitability
- Best-practice HR

Governments

Focus on

- Market solutions
- Flexible markets
- Steering economy
- Low tax regime
- Narrower public domain
- Private sector investment
- Reforming welfare state

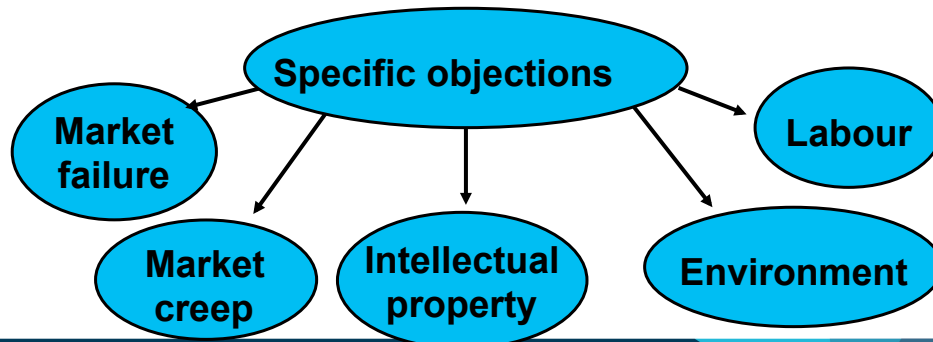
Individuals

Possibilities

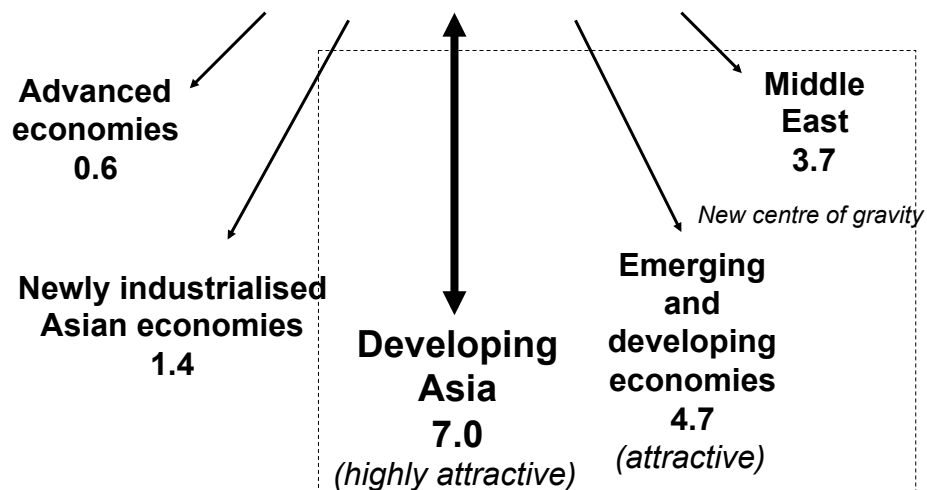
- Greater choice
- Greater satisfaction
- Better choices
- Bad choices through marketing
- Decisions with high social costs

Critiques of Globalisation

'The power of finance capital and ideas of market fundamentalism are subverting the principles of inalienable rights'



Projected Global Growth Rates 2010



Factors Promoting Growth of MNCs

- More countries embracing free-market ideology
- Shift of economic centre of gravity to developing countries
- Technological advances and decline in real costs
- New opportunities for trade and investment
- Decline in trans-continental transport costs
- Hyper-competition enforcing search for new locations
- Aggressive support for MNCs by OECD, IMF, World Bank



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Government Support for MNC's

Policy area	Actions taken
Infrastructure	covering the costs of basic infrastructure, such as funding high-risk research, universities and vocational training systems, promoting dissemination of scientific information and facilitating technology transfers
Tax	providing tax incentives needed for investment in industrial research and development, and in technological innovation
Local markets	guaranteeing that national MNCs have a sufficiently stable home base by providing privileged access to the internal market via public contracts, for example in defence, telecommunications and transport
Science and technology	guaranteeing basic scientific and technical competence, as well as protecting designated sectors of the internal market upon which national businesses may depend
State support	providing the necessary support and assistance – regulatory, commercial, political and diplomatic – to national businesses in their objective of surviving in international markets
Reducing labour standards	pressing states to introduce policies favouring their freedom of action in labour market regulation, so that MNCs can reduce labour standards to improve their competitiveness



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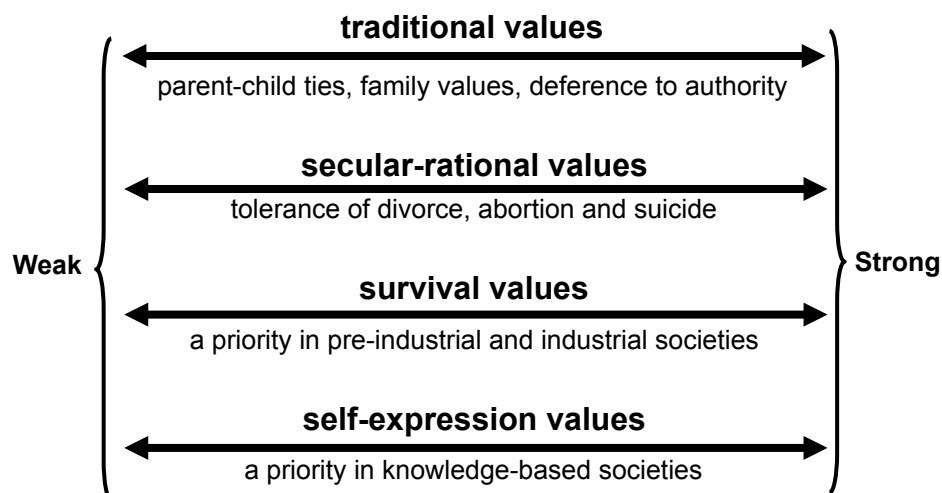
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MNC Strategies for Global Expansion

		PRESSURES FOR GLOBAL INTEGRATION		
		Value creation activities co-ordinated on country-by-country basis	Value-creation activities co-ordinated on both a global and country basis	
		LOW	HIGH	PRESSURES FOR LOCAL RESPONSIVENESS
Products and approaches customised for each local market	HIGH	<i>Multi-domestic strategy</i> , with goal of local differentiation advantage	<i>Transnational strategy</i> , with goal of both differentiation and low-cost advantage	
	LOW	<i>International strategy</i> , with goal of global differentiation advantage	<i>Global strategy</i> , with goal of low-cost advantage	

Adapted from Jones (2001).

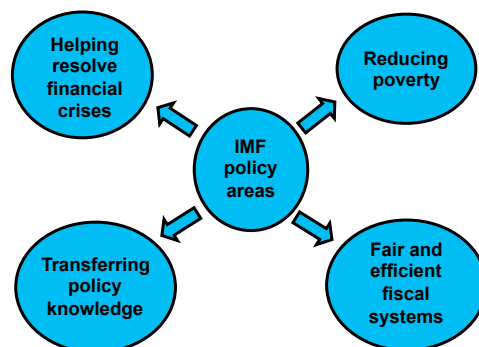
Global Cultural Values *(Inglehart and Weizel 2005)*



Major International Organisations

Organisation		Main objectives
OECD	→	Commitment to democratic government / and market economy
IMF	→	International financial stability and sound macroeconomic policies
The World Bank	→	Financial and technical assistance to developing countries
WTO	→	Promoting globalisation and international trade

IMF Policy Areas



The World Bank Millennium Development Goals

- Eradicate extreme poverty and hunger
- Universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria, etc.
- Ensure environmental sustainability
- Develop a global partnership for development

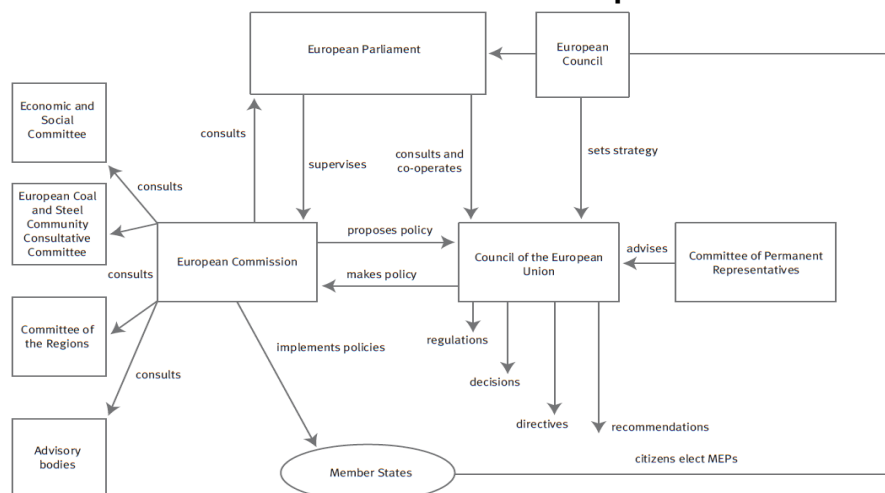
European Union Lisbon Treaty – Underlying Principles

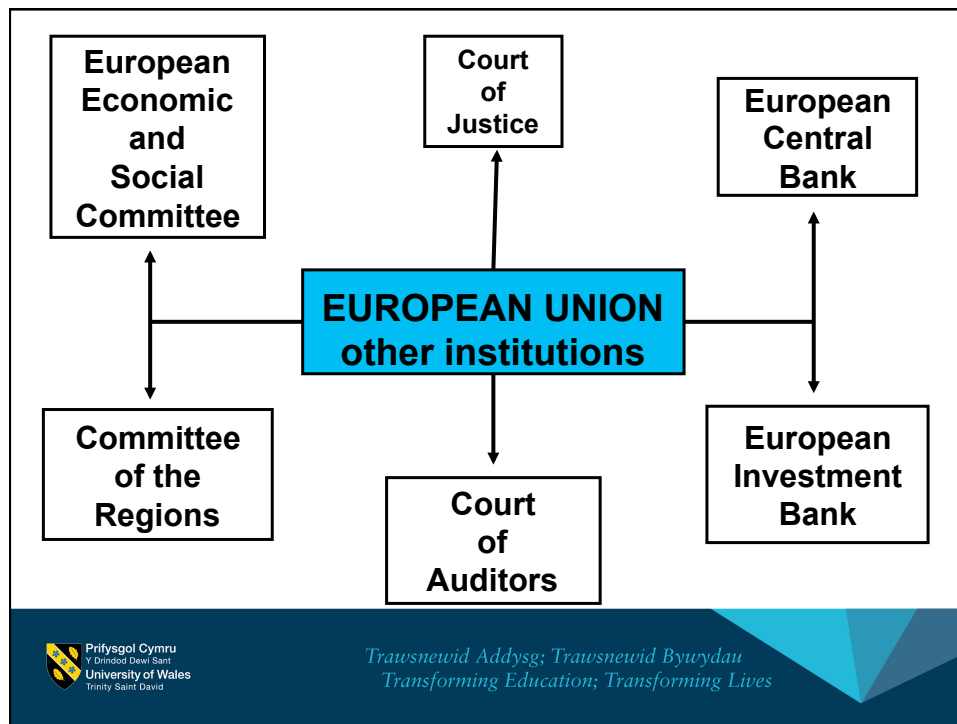
- A more democratic and transparent Europe
- A more efficient Europe
- Europe of rights and values, freedoms, solidarity and security
- Europe as an actor on the global stage

European Union – The Underpinning Principles

- Social peace
- Security and safety
- Economic and social solidarity
- Working closely together to promote a European model of society
- Promote human and social progress

The Main Political Institutions of the European Union





Conclusion

Managers in both the public and private sectors cannot escape the logic and organisational consequences of economic globalisation.

Developing appropriate business strategies, including HR strategies, are necessary conditions for organisational success and stability.