

Key Terms

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<i>Foreign Direct Investment:</i>	the investment by a company into the structures, equipment or organisations of a foreign country, doesn't include investments in shares of companies of other countries
<i>Globalisation:</i>	the growing interdependence of countries worldwide through the increasing volume and variety of cross-boarder transactions in goods and services and of international capital flows, and through more rapid and widespread diffusion of technology
<i>Global Village:</i>	the idea that the world has been transformed into a "village" by the almost instantaneous transmission of information, facilitated by improvements in ICT
<i>Offshoring:</i>	the process by which firms move production overseas
<i>Outsourcing:</i>	when a firm obtains inputs such as skills and services from instead of sourcing them internally
<i>Superpower:</i>	a nation or group of nations with a leading position in international politics

Case Studies

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Global Superpower:

USA - after the second world war, the US had enhanced status through global projections of US military strength. Economically, wartime production stimulated its economy and did not suffer from wrecked infrastructure like in the UK. From here, the US is selling military worldwide, accounting for half of all international arms sales

Case Studies (cont)

Emerging Superpower:

China - since 1978, the standard of living for most in China has tripled as China has transformed its economy, increasing each year by 8%. China has become the world's leading manufacturing centre and world's largest exporter by value. This has created a large demand for raw materials to create products. Despite rapid change, the structure of the Chinese economy has the character of a poor developing country, with half of workforce employed in the primary sector (fishing, mining, farming, etc)

TNCs:

Apple - one of the richest corporations in the world, valued at \$247 billion in 2015. However, Apple has received criticism on human rights, environmental and ethical issues in China around 2006. Since then Apple has attempted to deal with these issues, although Apple arguably should uphold its duty as a market leader for responsible and ethical practices. Apple outsources much of its production to decrease the cost of their products. Foxconn is Apple's principal supplier for workers, since 2006 they have increased working conditions, wages and provided counselling for workers due to suicides and allegations of poor working conditions, minimal pay and long hours

Tata Group - Asia's largest software company, top 10 and India's largest steelmaker, India's largest private electricity company, makes up India's biggest luxury hotels, second-largest maker of tea in the world - operating in over 80 countries. One of India's stars of globalisation. Economic liberalisation was an opportunity and threat for Tata, enabling Tata to compete internationally but was vulnerable to competition as its companies were uncoordinated, overmanned and under-managed. Although, staffing cuts in India and primary focuses on six industries allowed the company to embrace globalisation

