

Herzlich Willkommen
Welcome



Lecture Summer Program University of Ulm

Globalization

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German Graduate School of Management and Law (GGS), Heilbronn
For the SUMMER PROGRAMM University Ulm
Room Uni West

04. till 05. July 2011 and 21.07.2011

Doing Business in Europe

◆ Part I

- Globalization
- Europe and Globalization
- Integration and Trade Theories
- International Trade and International Relations



◆ Part II

- Landmarks of European Integration
- The main Treaties
- The European Institutions
- European Harmonization



◆ Part III

- Selected Countries
- Intercultural Business in Europe
- Marketing in Europe Selected Countries



◆ Part IV

- Case Studies/ Participants
- Case Study/ Hidden Champion
- Selected Cases



General Introduction

Globalization Chances and Risks

Remarks by Prof. Dr. Christopher Stehr

German Graduate School of Management & Law
polymundo - Consultancy for Globalization

Content

1. Globalization - What is that?
2. Germany@Globalization
3. Globalization Indices
4. ...and in the Future?!

What is Globalization?

Work task (content):

- Try to get the question answered:
- What is Globalization?
- Is it measurable?
- Please try to find a scientific and a personal definition through out a group discussion.
- Can you use the definition in any kind for your enterprise?

Work task :

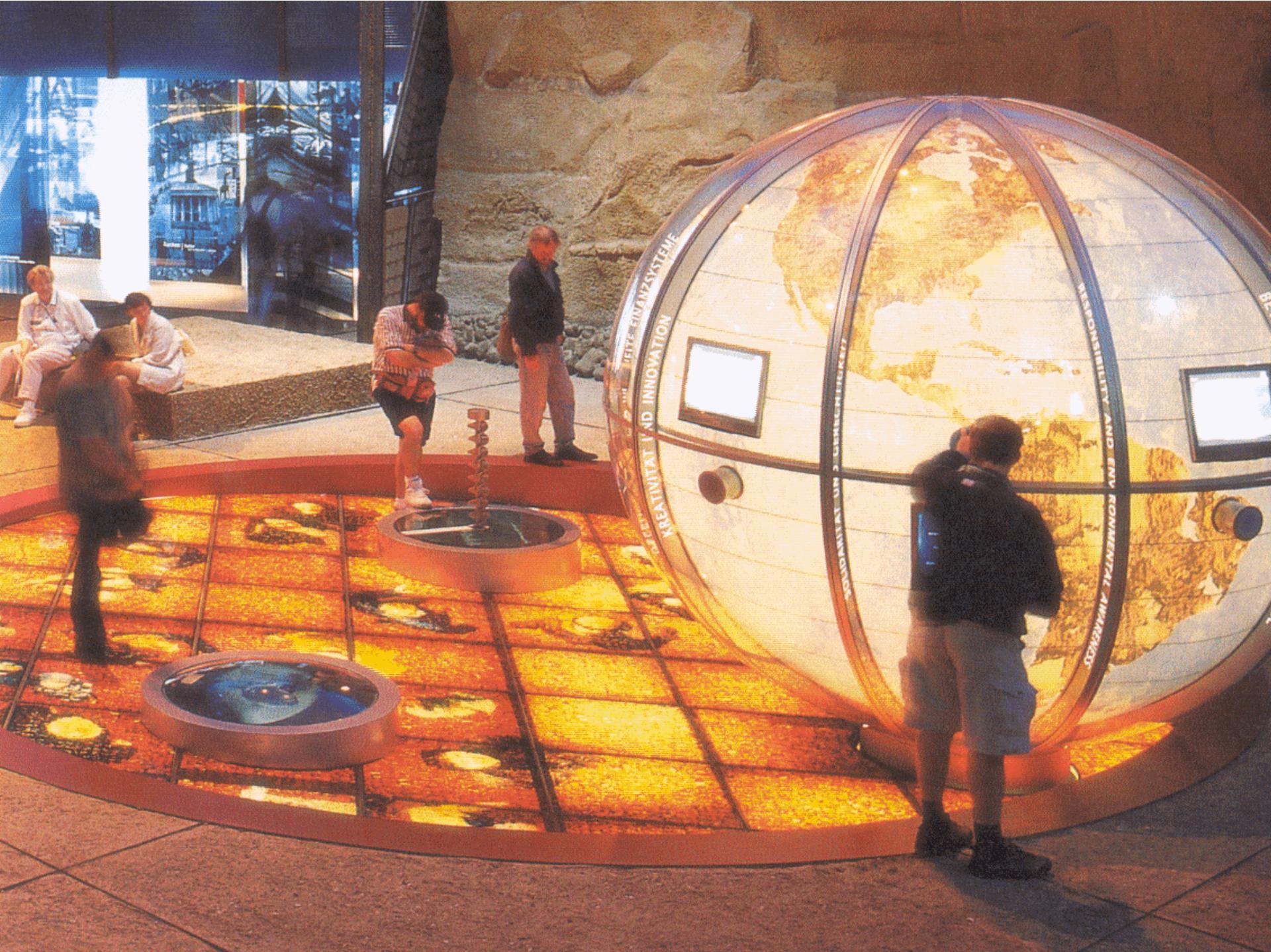
- Please write down your own definition.
- Please discuss the questions in your group.
- Please summarize the results on a flip chart.
- Please present your results to the other groups. THX.

9. November 1989

11. September 2001

11. December 2001

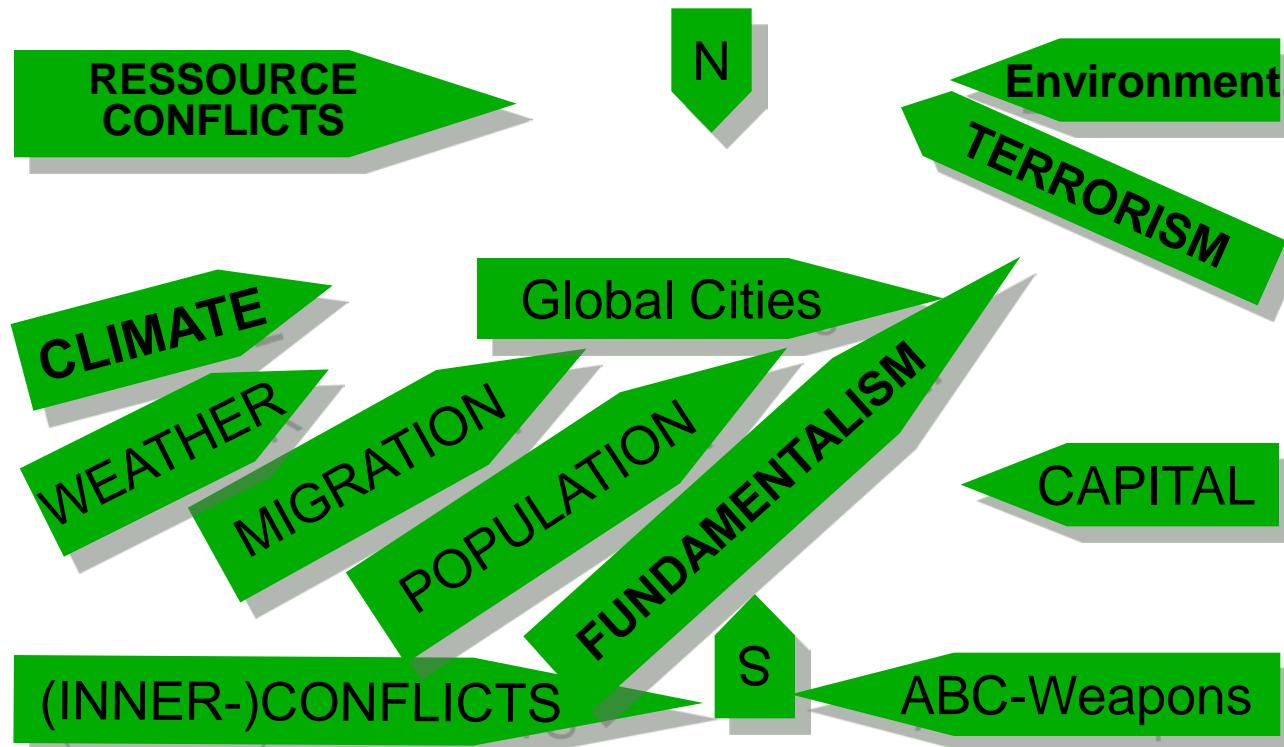
September / October 2008



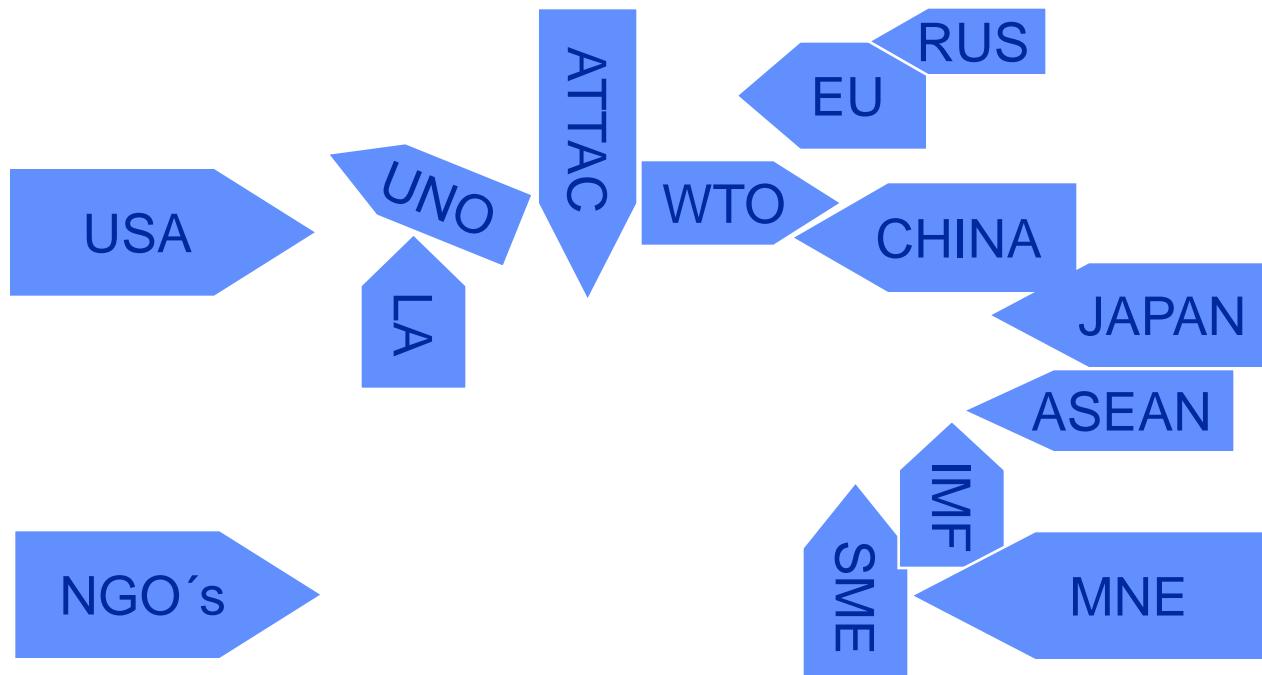
RESPONSIBILITY AND ENVIRONMENTAL IMPACT

KREATIVITÄT UND INNOVATION

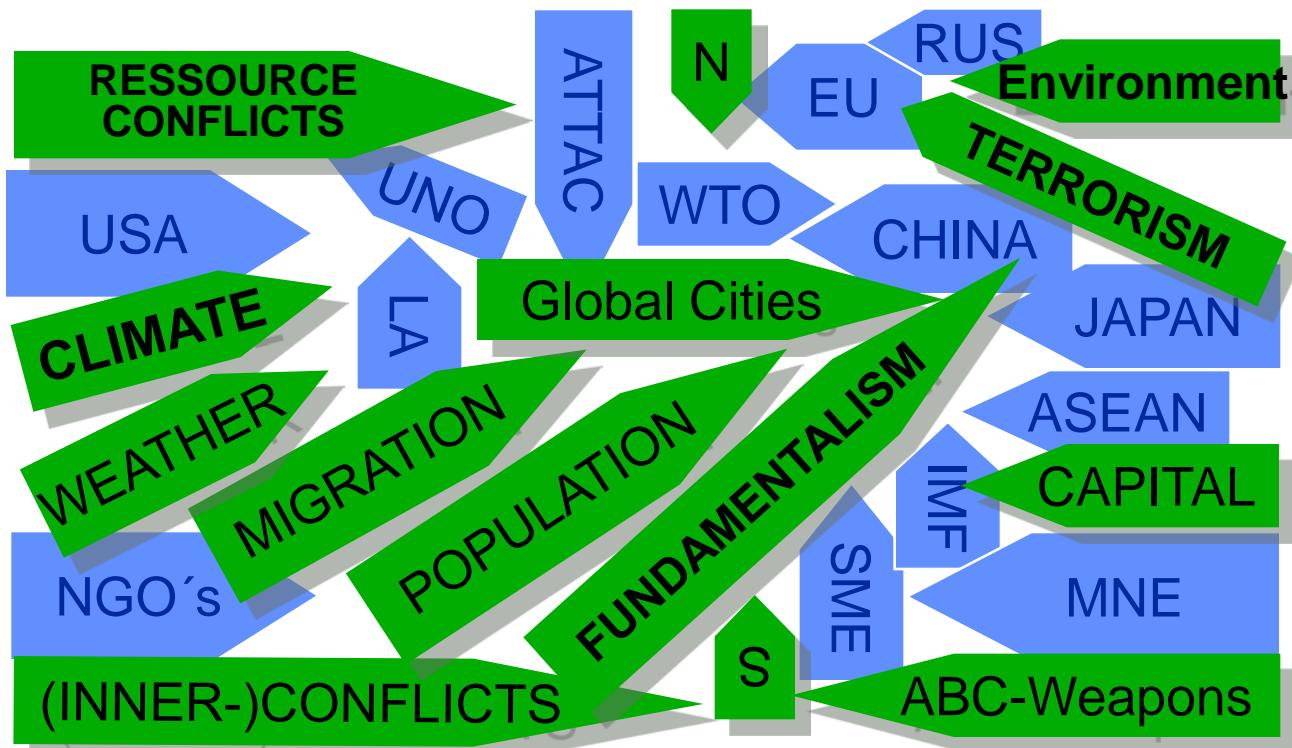
Worldwide Developments



Quantitative Dimensions



+ qualitative Dimensions



Definition Globalization

"Globalization is the continuous interlinking process of different worldwide happening occurrences in the fields of economy, technique, politics, culture and social aspects of nations with interlinked interdependencies and consequences."

Stehr, C. (2003), S. 47

What is Globalization?

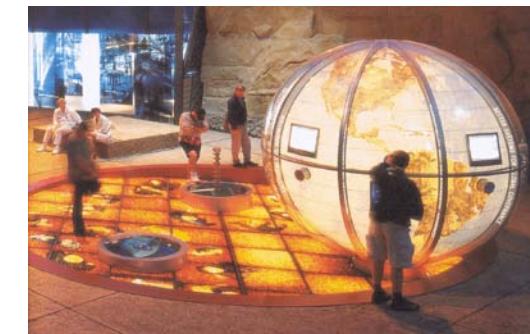
Not a “new” „Phenomena“

No fixed steady State..

But a continuous Process

**Increase, Consolidation,
Condensation of
cross-frontier Activities**

Increase of transnational Players



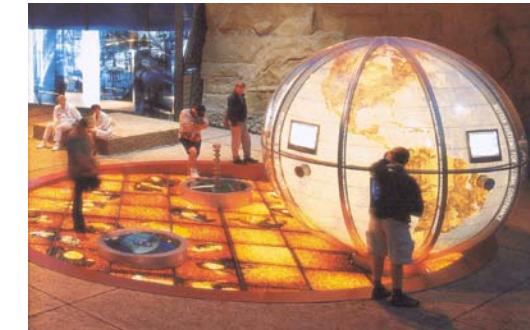
What is Globalization?

**First of all
economical „Dimensions“**

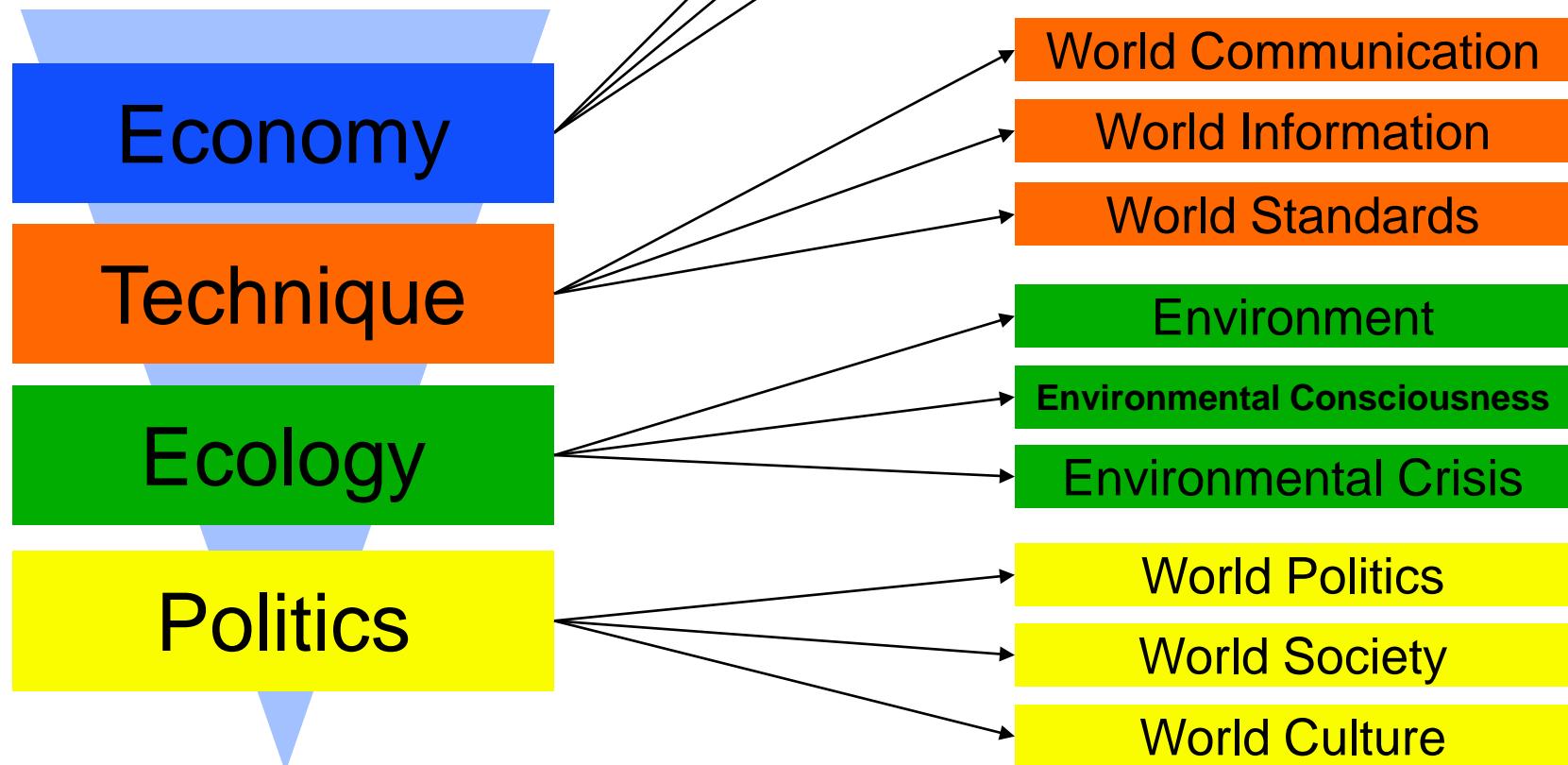
**Worldwide opening of Markets
for Goods, Currency and Work Force**

**Interlocking and Dependency
of different Markets**

**International/global (?)
value added Chain**

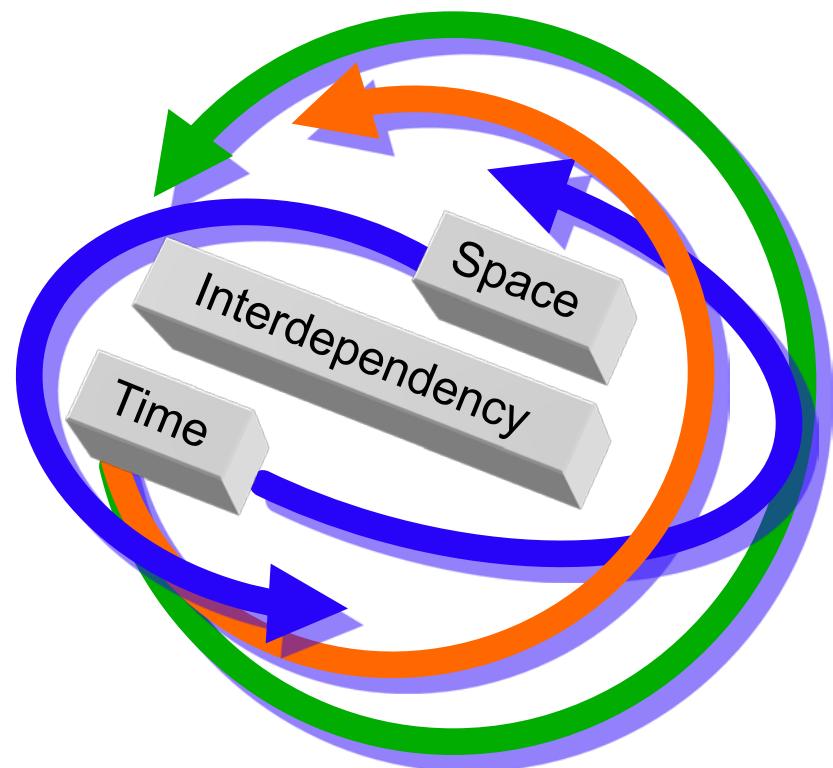


Forms of Globalization



The “new” Globalization

High Speed
Interlinkage
Change of Power
Placeless, timeless
Change of Hierarchy



Summary

Historical Dimension/Dates

Quantitative/qualitative Dimensions

Definition/Definitions

What is Globalization?

Forms of Globalization

The “new” Globalization

Content

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2. Germany@Globalization
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4. ...and in the future?!

Germany and Globalization

“Unification Boom” (since 1989)

New Economy (Bubble)

Standstill/Stagnation

Reforms: Agenda 2010

End of the German AG/Inc.?

Export World Leader (till 2009?)



Japan and Globalization

Development approach

Export Surpluses

Plaza-Degree (1985)

Heisei-Boom (1986-1991)

***Ichiban*, Japan as no.1**

Bubble economy (1990)

Decrease branch finance (1997/98)

“Lost decade” → Reforms (Kouzumi)



Content

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3. Globalization Indices
4. ...and in the future?!

Measuring Globalization?

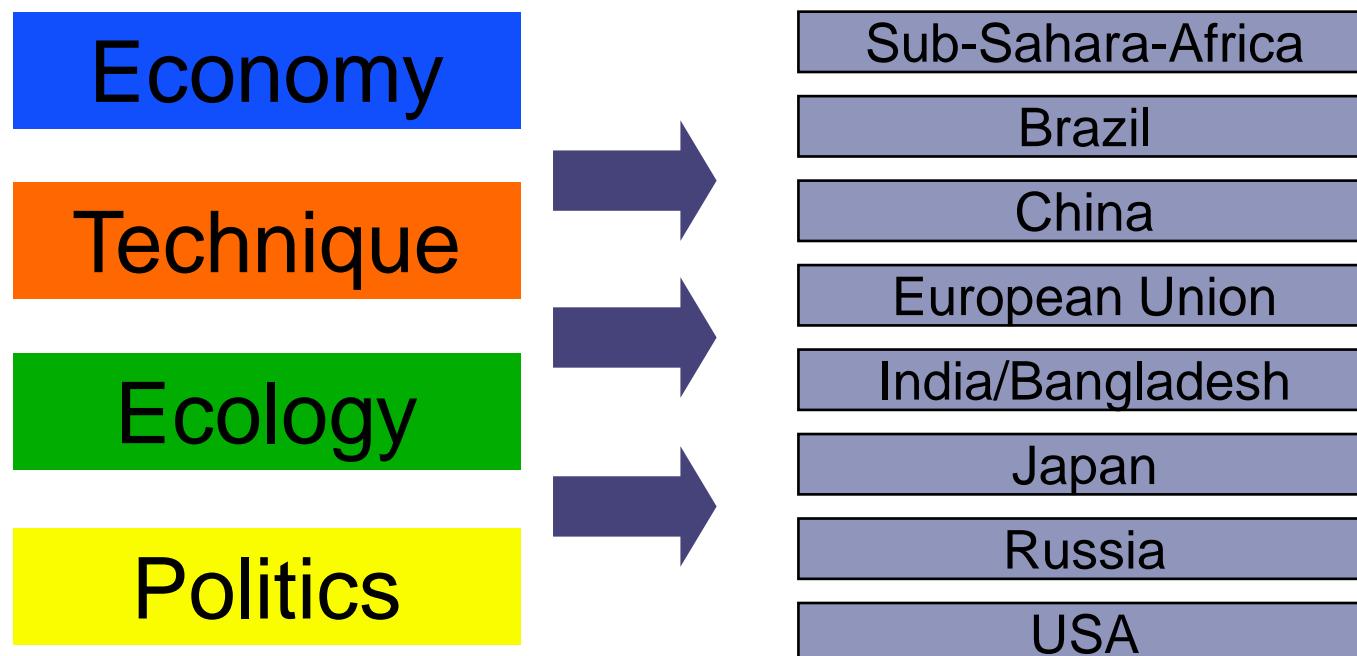
Work task (content):

- Is globalization measurable?
- How could you measure globalization?
- Are there any indicators of how you could globalization processes?
- Does that makes sense?
- How could you use thes indicators for your enterprise you are working for?
- Are they usefull?

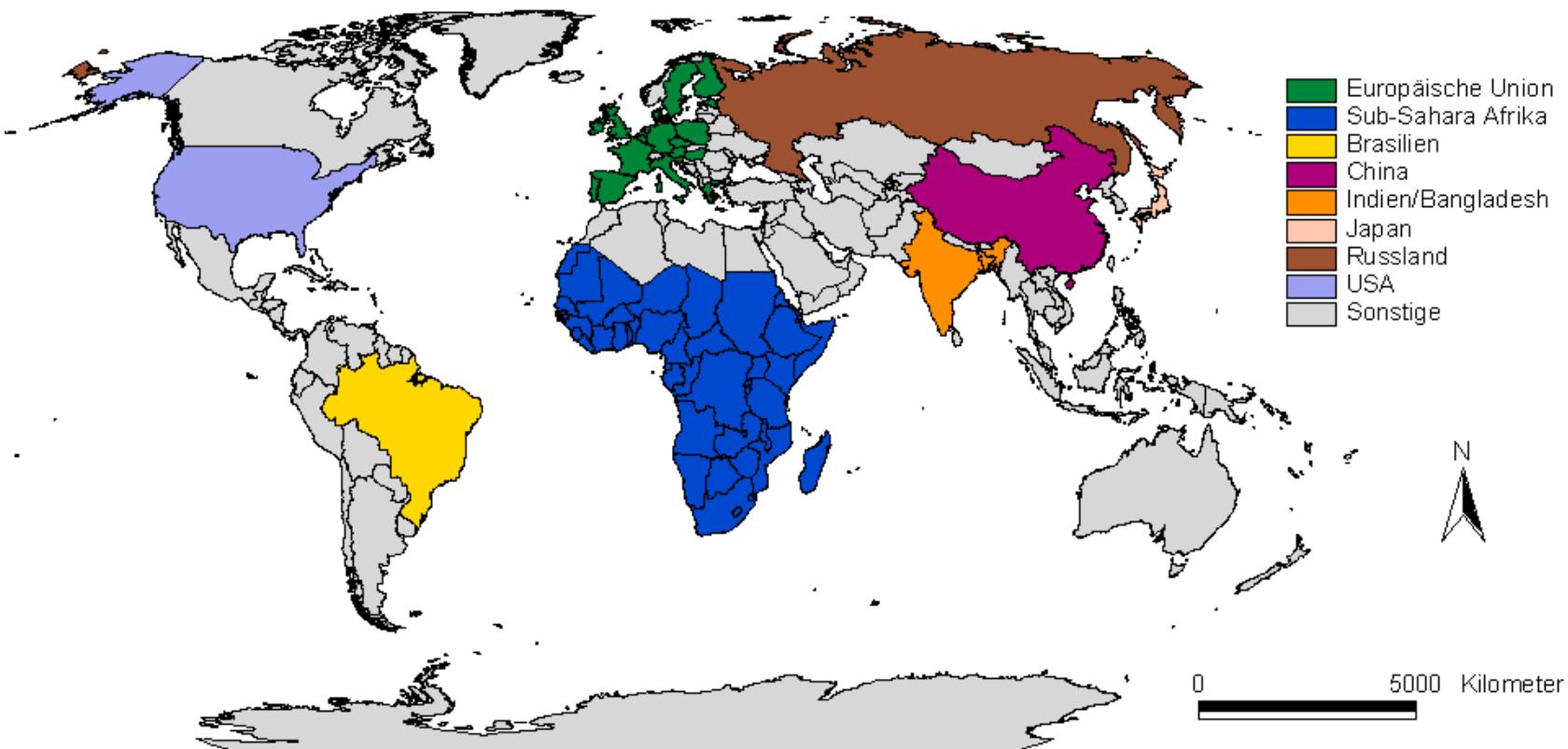
Work task (research and presentation):

- Please: Research on the internet, if needed.
- Discuss in your group and prepare a flipchart.
- Show the results of the group work to the other groups.
- Close with a critical reflection.

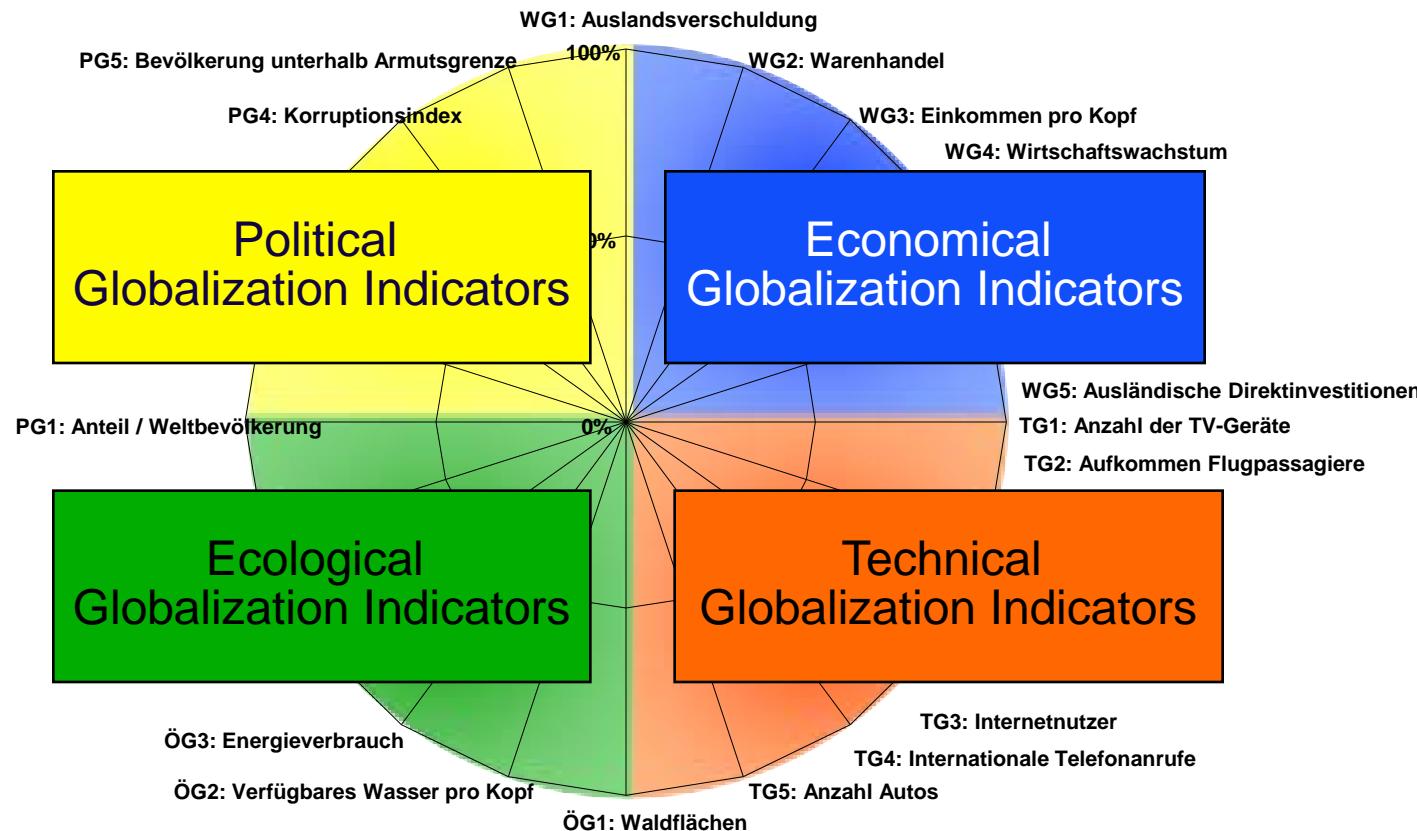
Measurement of Globalization



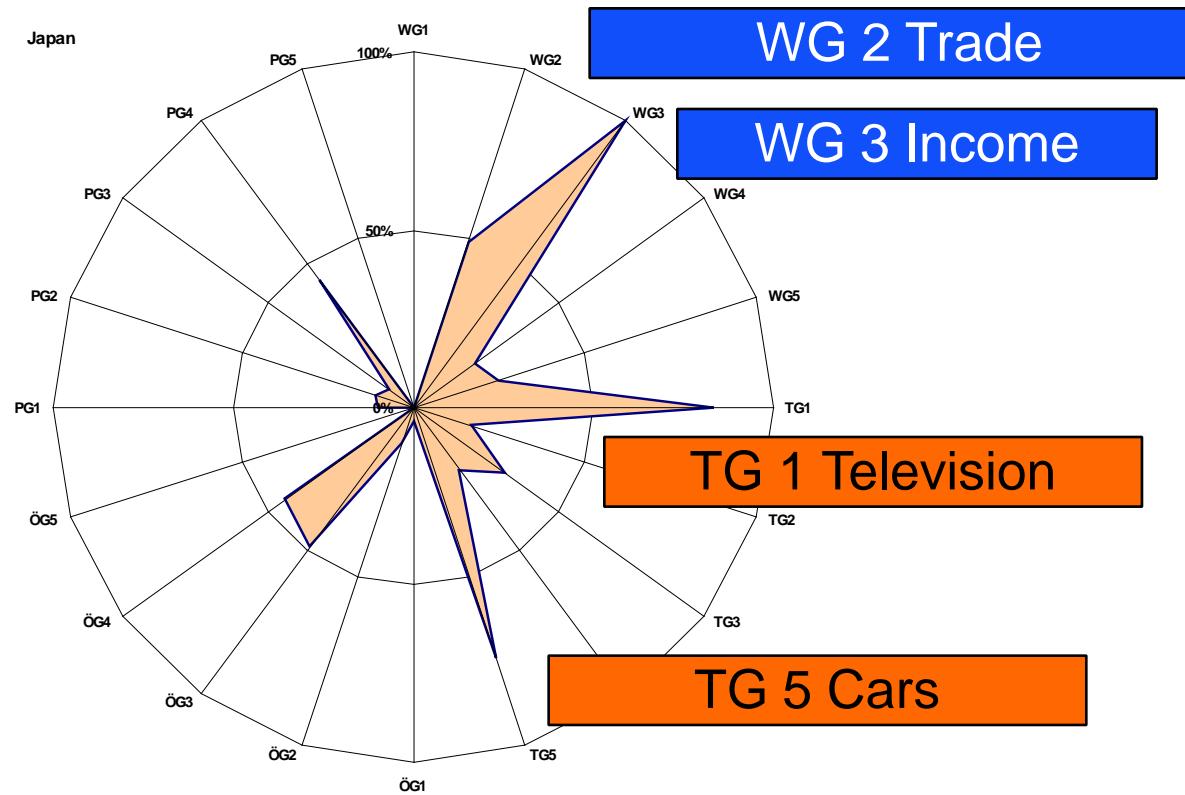
Measurement of Globalization



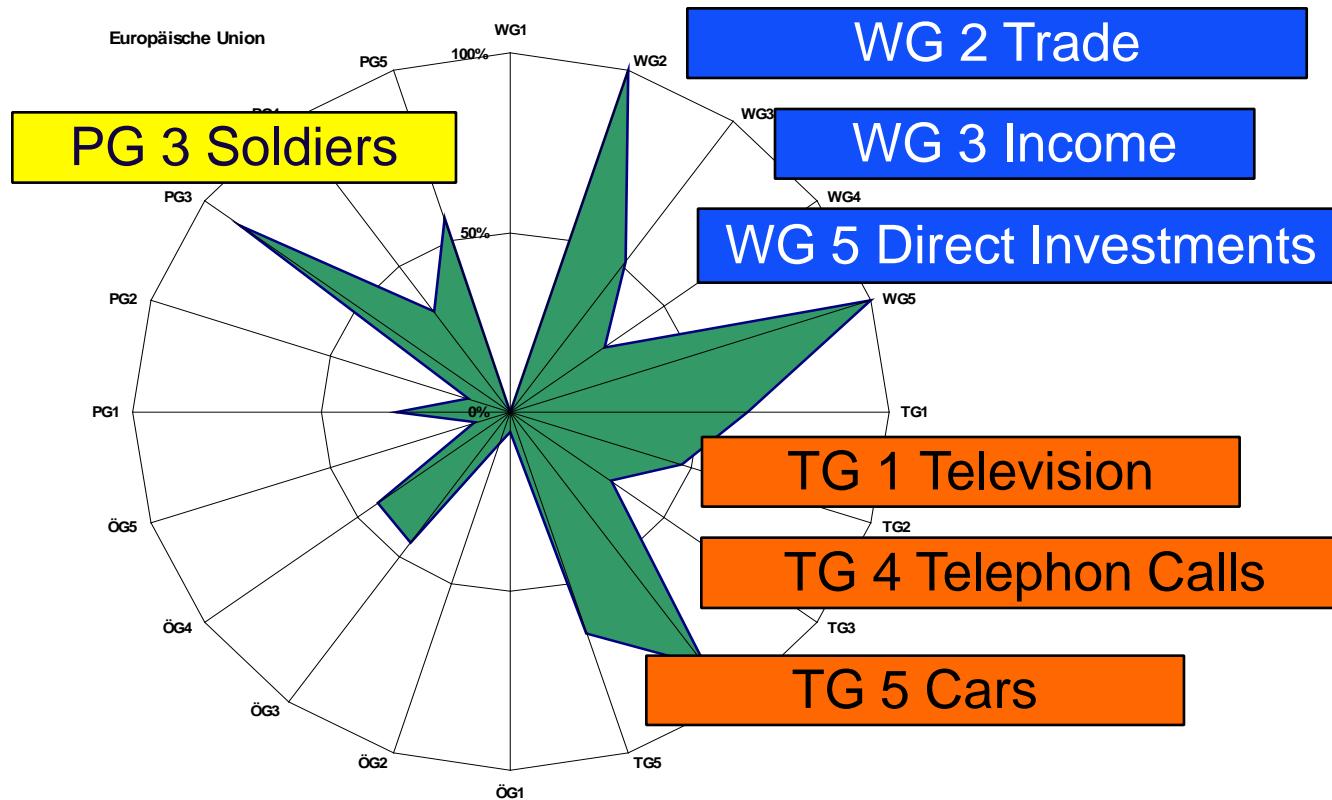
Globalization Indicators



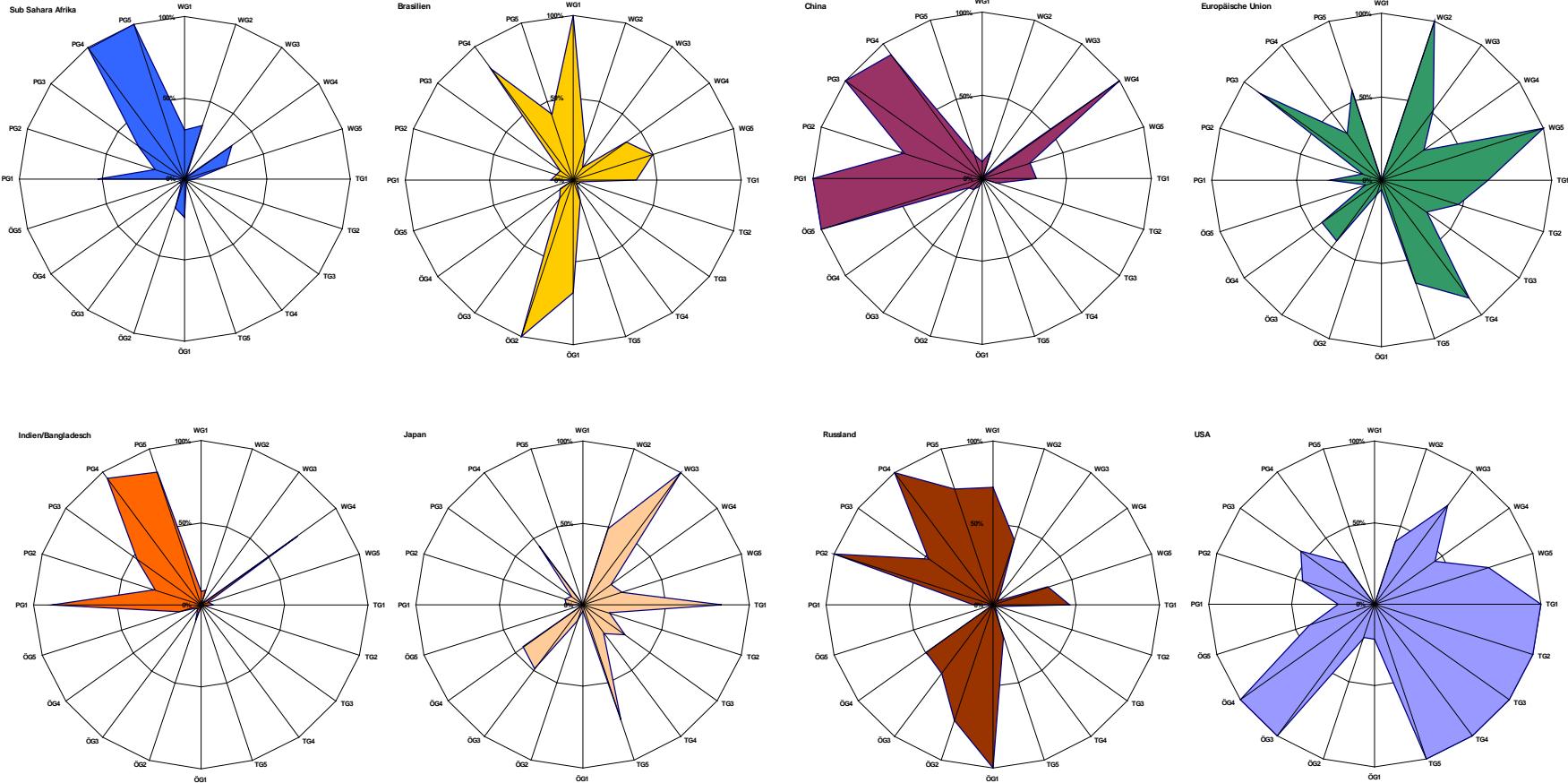
Globalization Indicators



Globalization Indicators



Globalization Indicators



Globalization Index

The screenshot shows a Mozilla Firefox browser window displaying the KOF Index of Globalization website. The title bar reads "KOF Index of Globalization - Mozilla Firefox". The address bar shows the URL "http://globalization.kof.ethz.ch/". The main content area features a dark blue header with the "KOF" logo and "KOF Index of Globalization". Below the header is a navigation menu with links for "Start", "Query Index", "Graphs", "Maps", "Contact", and "Imprint". The main content is divided into several sections: "Introduction" (describing the three dimensions of globalization), "Detailed Index Information (2007)" (links to detailed rankings, variables and weights, method of calculation, and definition and sources), "Papers" (links to press releases from January 19, 2007, and February 10, 2006, in English and German), "Press Information" (links to the same press releases), and "How to cite the Index" (link to more information about citation). At the bottom of the page, there are links for "Download raw index data (2007)" (long, ascii, and short formats) and "World maps from the KOF Index of Globalization".

KOF Index of Globalization

Introduction

The KOF Index of Globalization measures the three main dimensions of globalization:

- economic
- social
- and political.

In addition to three indices measuring these dimensions, we calculate an overall index of globalization and sub-indices referring to

- actual economic flows
- economic restrictions
- data on information flows
- data on personal contact
- and data on cultural proximity.

Data are available on a yearly basis for 122 countries over the period 1970 - 2004.

Query the KOF Index of Globalization

The web application "Query Index" enables you to query the KOF Index of Globalization in detail:

- Detailed Data from the KOF Index of Globalization

Download KOF Index of Globalization aggregated graphs and world maps

The web application "Graphs" enables you to query aggregated graphs of the KOF Index of Globalization:

- Aggregated Graphs from the KOF Index of Globalization

Beside the raw index data and the query interface we provide KOF Index of Globalization world "Maps":

- World maps from the KOF Index of Globalization

Download raw index data (2007)

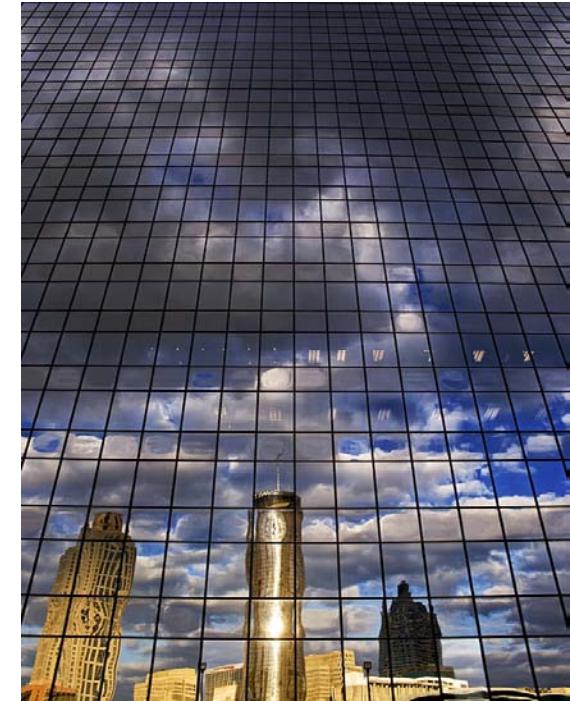
- long format (xls, 666 kb)
- ascii (ascii, 295 kb)
- short format (xls, 763 kb)

Konjunkturforschungsstelle ETH Zürich
<http://globalization.kof.ethz.ch>

What is measured?

2007 KOF Index of Globalization

	Indices and Variables	Weights
A.	Economic Globalization	[36%]
i)	Actual Flows	(50%)
	Trade (percent of GDP)	(16%)
	Foreign Direct Investment, flows (percent of GDP)	(21%)
	Foreign Direct Investment, stocks (percent of GDP)	(23%)
	Portfolio Investment (percent of GDP)	(19%)
	Income Payments to Foreign Nationals (percent of GDP)	(22%)
ii)	Restrictions	(50%)
	Hidden Import Barriers	(24%)
	Mean Tariff Rate	(28%)
	Taxes on International Trade (percent of current revenue)	(28%)
	Capital Account Restrictions	(20%)



What is measured?

B. Social Globalization

i) Data on Personal Contact

Outgoing Telephone Traffic

[38%]

(29%)

Transfers (percent of GDP)

(14%)

(8%)

International Tourism

(27%)

Foreign Population (percent of total population)

(25%)

International letters (per capita)

(27%)

ii) Data on Information Flows

Internet Hosts (per 1000 people)

(35%)

(20%)

Internet Users (per 1000 people)

(24%)

Cable Television (per 1000 people)

(20%)

Trade in Newspapers (percent of GDP)

(14%)

Radios (per 1000 people)

(23%)

iii) Data on Cultural Proximity

Number of McDonald's Restaurants (per capita)

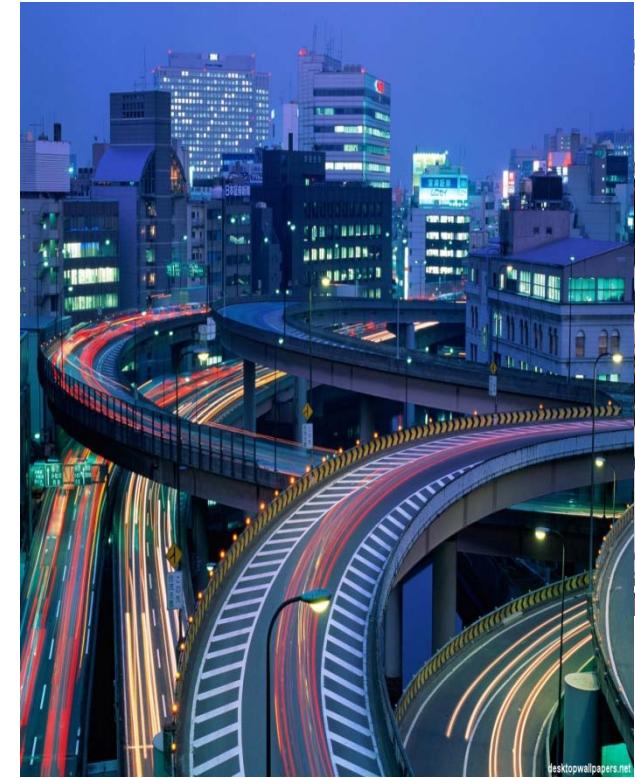
(40%)

(40%)

Number of Ikea (per capita)

(20%)

Trade in books (percent of GDP)



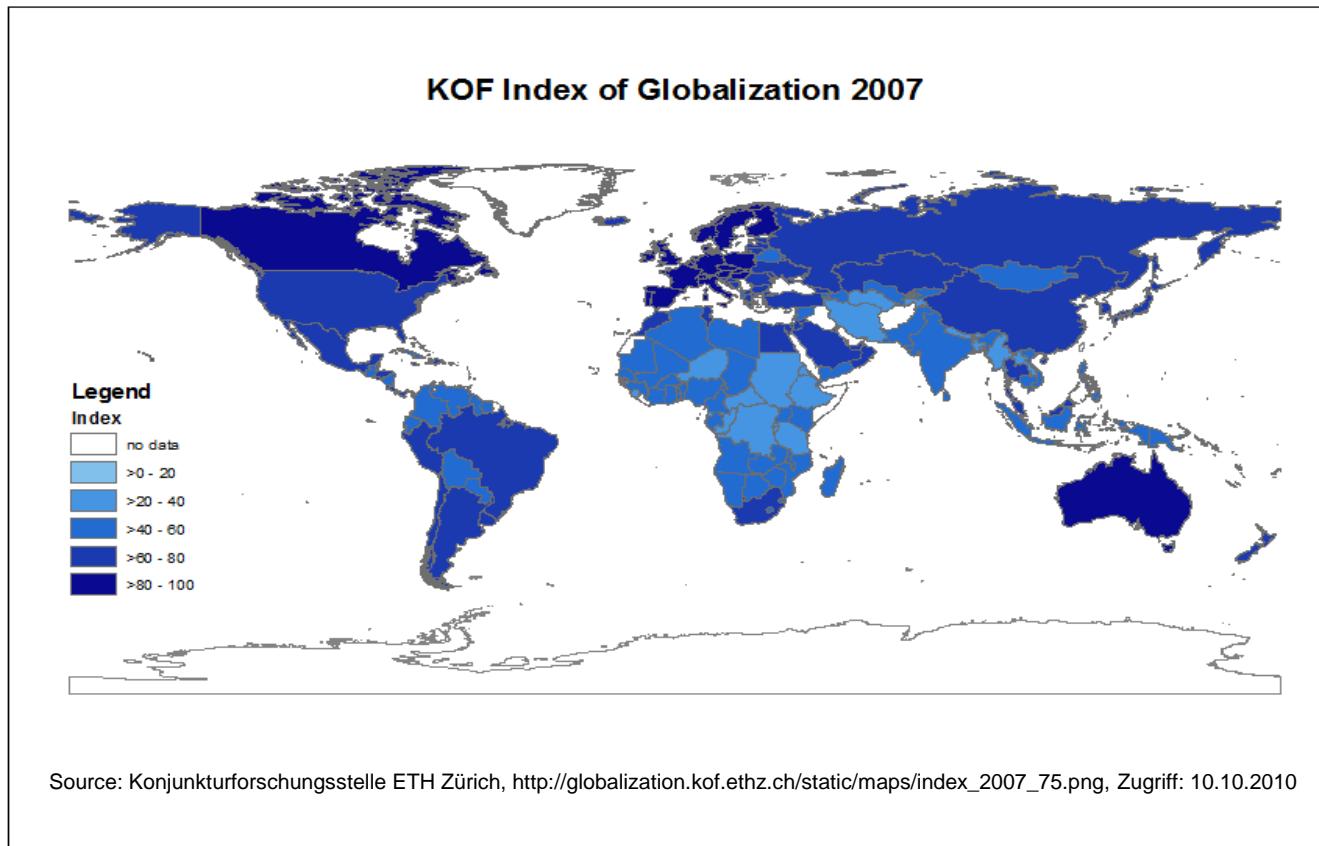
What is measured?

C. Political Globalization	[26%]
Embassies in Country	(35%)
Membership in International Organizations	(36%)
Participation in U.N. Security Council Missions	(29%)

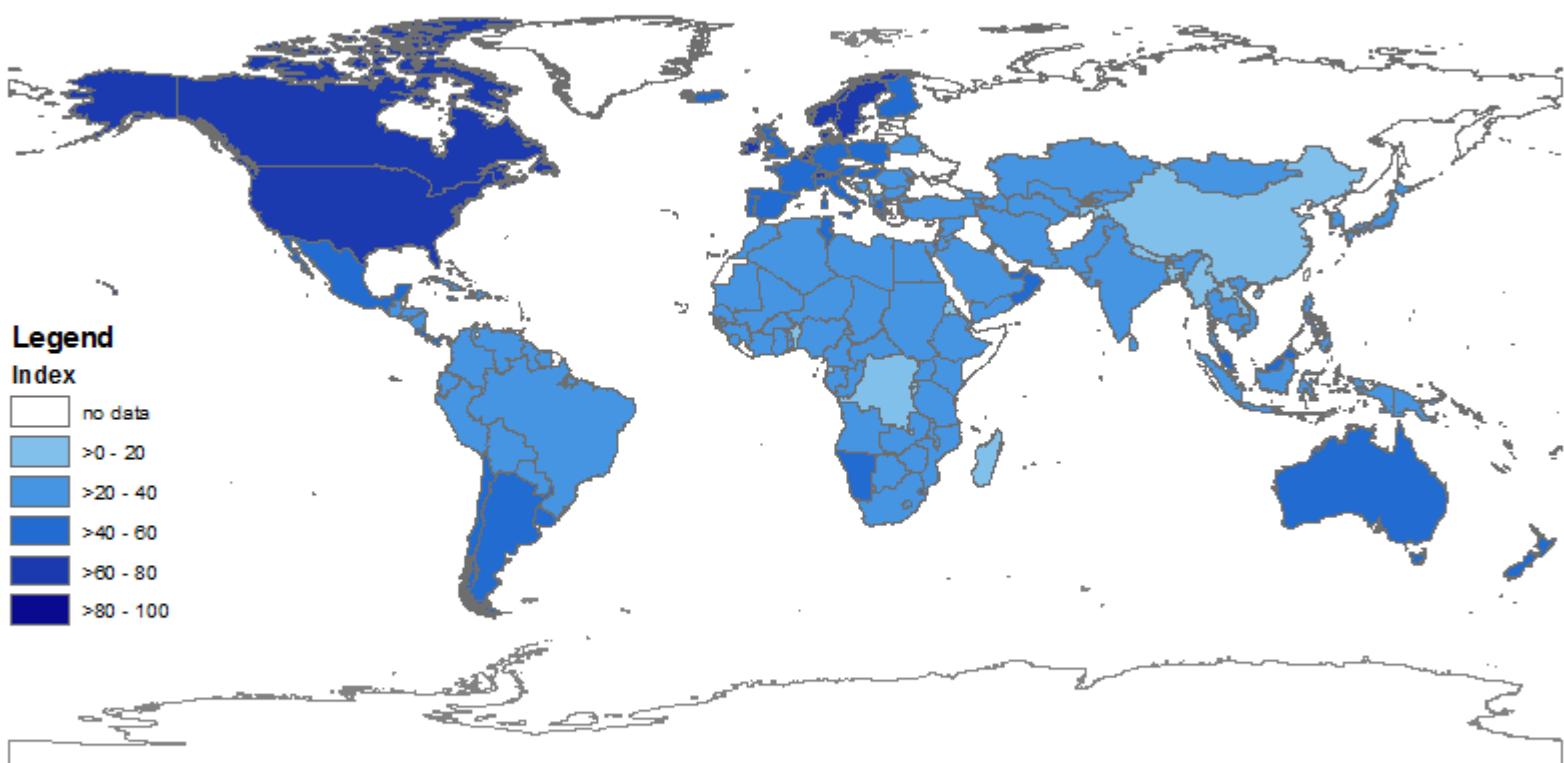
Source: Dreher, Axel (2006), Does Globalization Affect Growth?

Empirical Evidence from a new Index, *Applied Economics* 38, 10: 1091-1110.

Globalization Degree - World



KOF Index of Globalization 1970



Globalization Degree - World

2007 KOF Index of Globalization*

country	Globalization Index	country	Economic Globalization	country	Social Globalization	country	Political Globalization
1. Belgium	91.96	1. Luxembourg	98.49	1. Austria	93.10	1. France	98.06
2. Austria	91.60	2. Singapore	95.14	2. Singapore	92.49	2. United States	96.11
3. Sweden	89.89	3. Ireland	94.88	3. Belgium	90.66	3. Russian Federation	96.04
4. United Kingdom	89.29	4. Belgium	92.33	4. Netherlands	89.98	4. United Kingdom	95.76
5. Netherlands	89.15	5. Estonia	92.05	5. Denmark	88.92	5. Canada	94.85
6. France	87.71	6. Netherlands	90.18	6. Sweden	88.52	6. Germany	94.61
7. Canada	87.49	7. Austria	88.65	7. Switzerland	88.43	7. Sweden	93.82
8. Switzerland	85.53	8. Sweden	88.52	8. United Kingdom	87.88	8. Italy	93.55
9. Finland	84.84	9. Portugal	86.81	9. United Arab Emirates	86.91	9. Austria	93.51
10. Czech Republic	84.46	10. United Kingdom	86.12	10. Canada	86.64	10. Belgium	93.37
11. Denmark	84.27	11. Bahrain	85.21	11. Czech Republic	85.52	11. China	92.06
12. Ireland	83.09	12. Finland	84.62	12. Iceland	84.98	12. Egypt, Arab Rep.	91.81
13. Portugal	83.06	13. Czech Republic	84.46	13. Norway	84.64	13. India	90.24
14. Spain	82.52	14. Hungary	84.34	14. France	84.22	14. Spain	89.99
15. Germany	82.48	15. Chile	83.97	15. Finland	83.91	15. Poland	89.41
16. Singapore	82.14	16. France	83.95	16. Germany	83.56	16. Denmark	87.47
17. Hungary	81.15	17. Malta	83.41	17. Australia	82.78	17. Argentina	87.47
18. Australia	80.91	18. Canada	83.09	18. Kuwait	79.75	18. Japan	87.37
19. United States	80.83	19. Israel	83.07	19. Luxembourg	79.29	19. Turkey	86.72
20. Italy	80.61	20. Iceland	82.54	20. Israel	79.28	20. Netherlands	86.51

Globalization Degree - Germany

2007 KOF Index of Globalization*

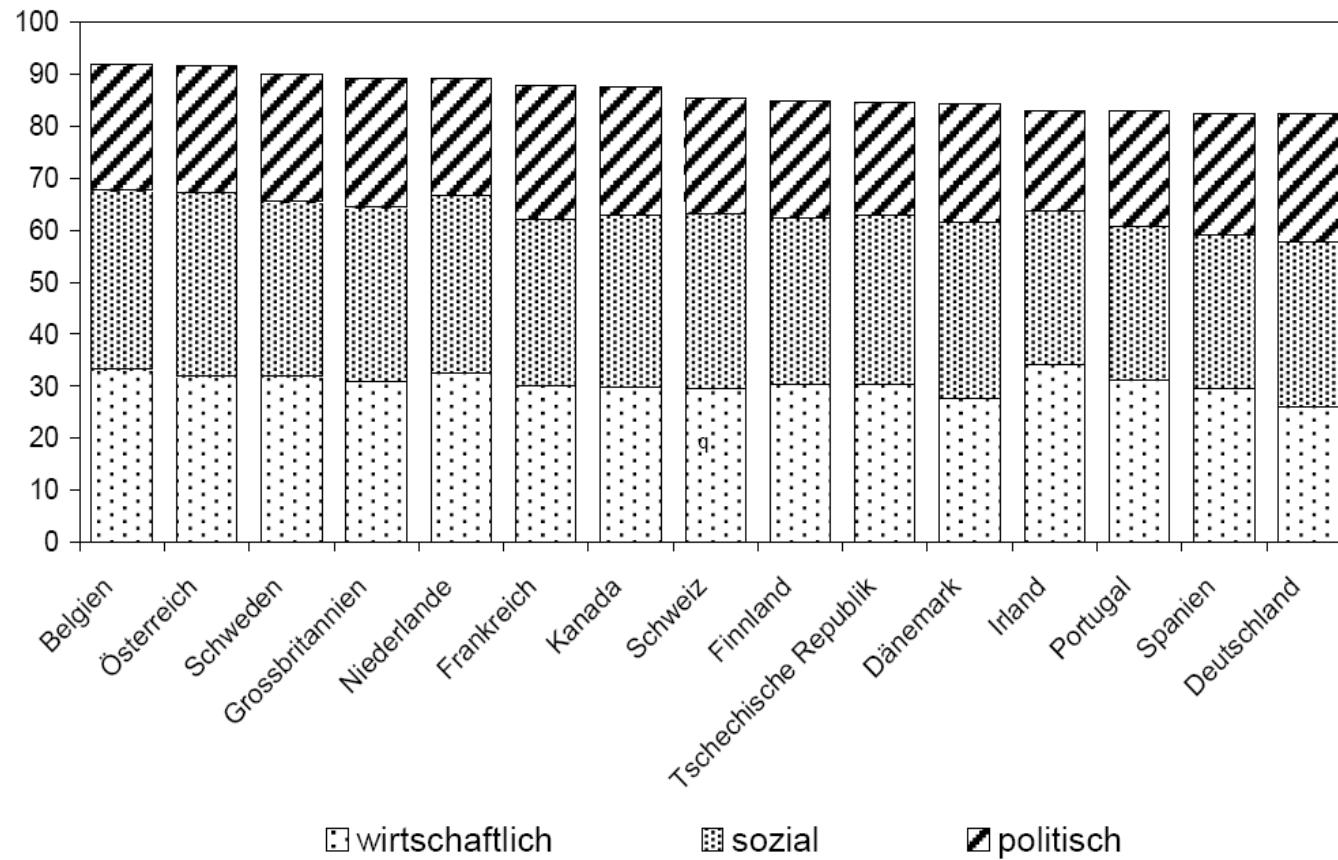
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Globalization Degree - Europe

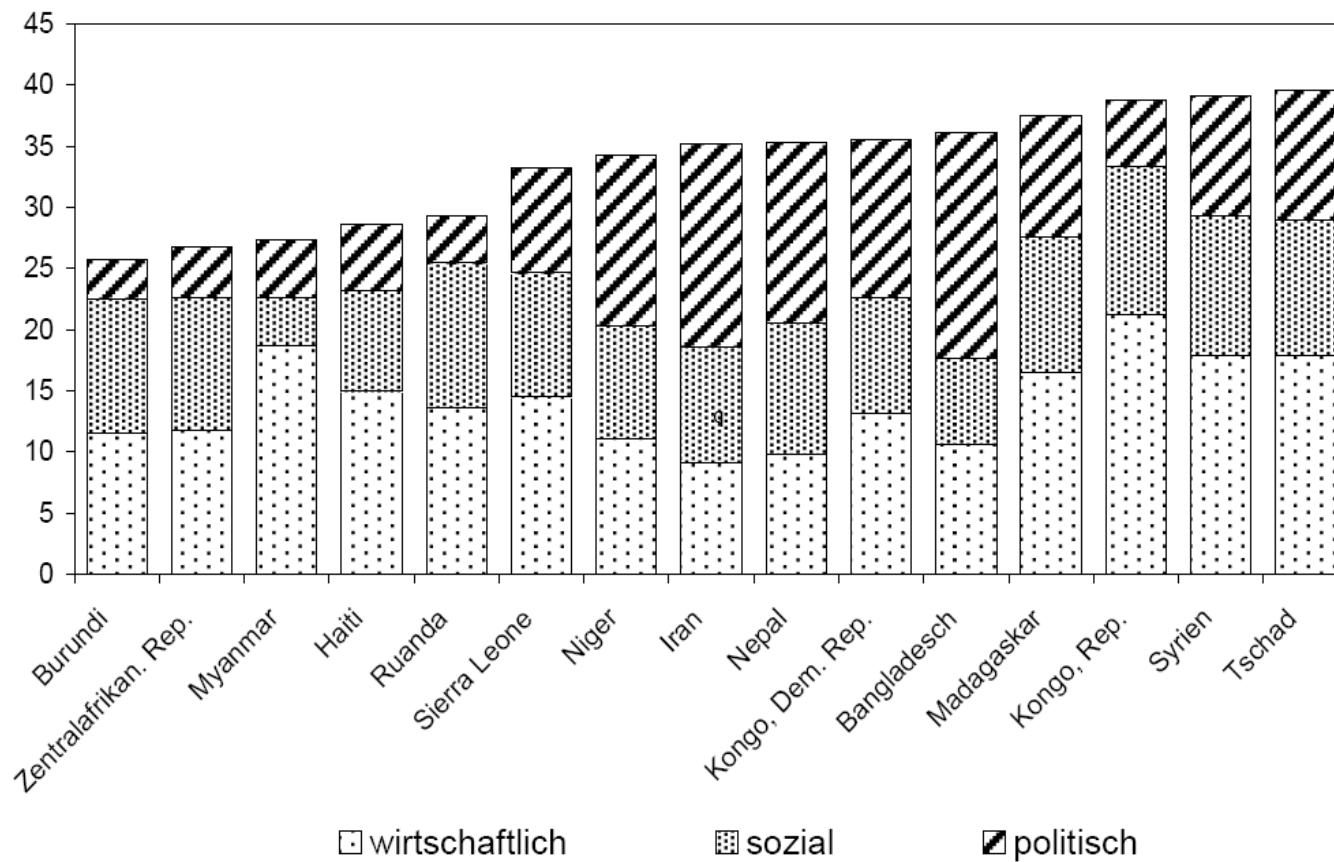
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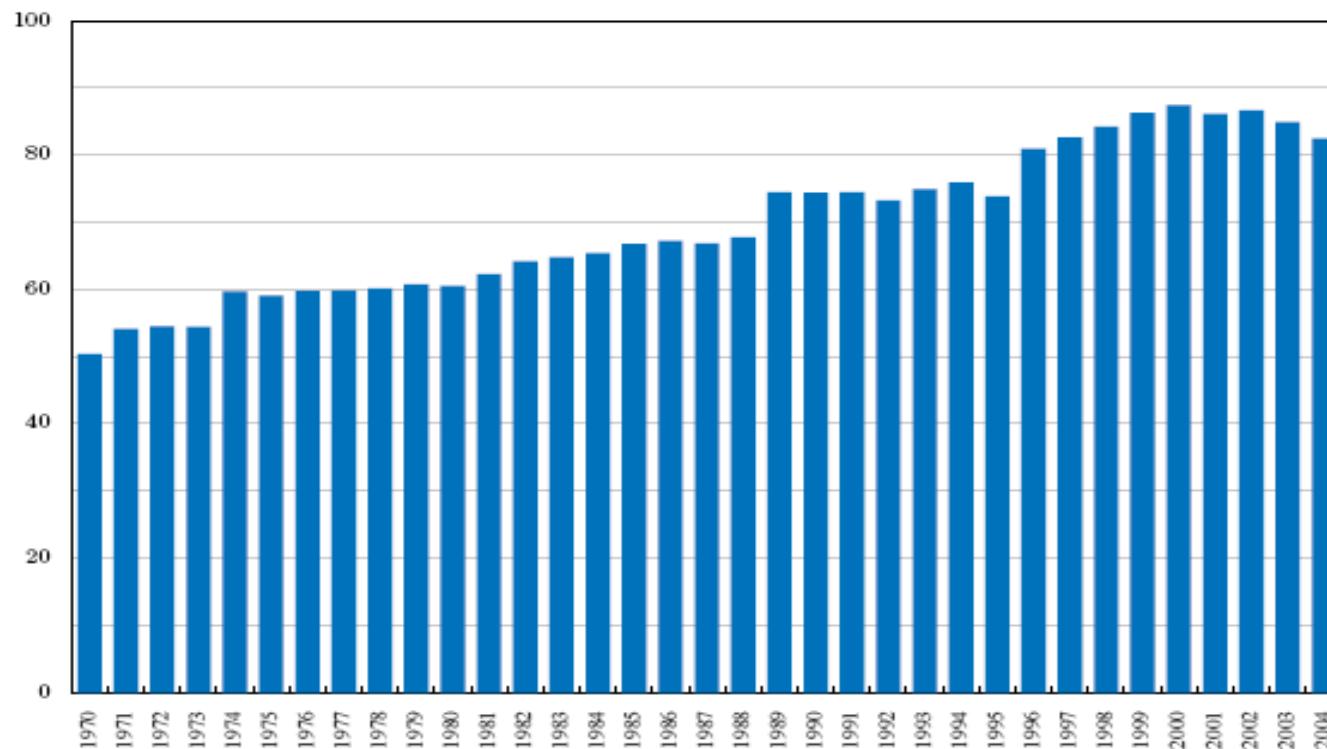
Globalization – Top 15 countries



Globalization – Last 15 countries



Globalization Degree - Germany



Globalization Degree - Europe

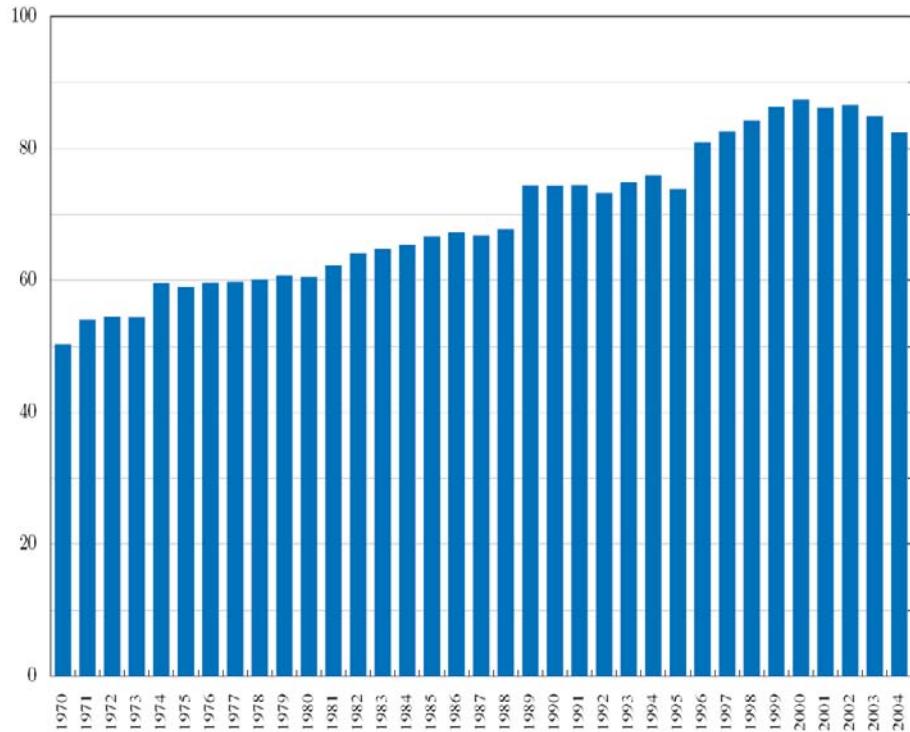
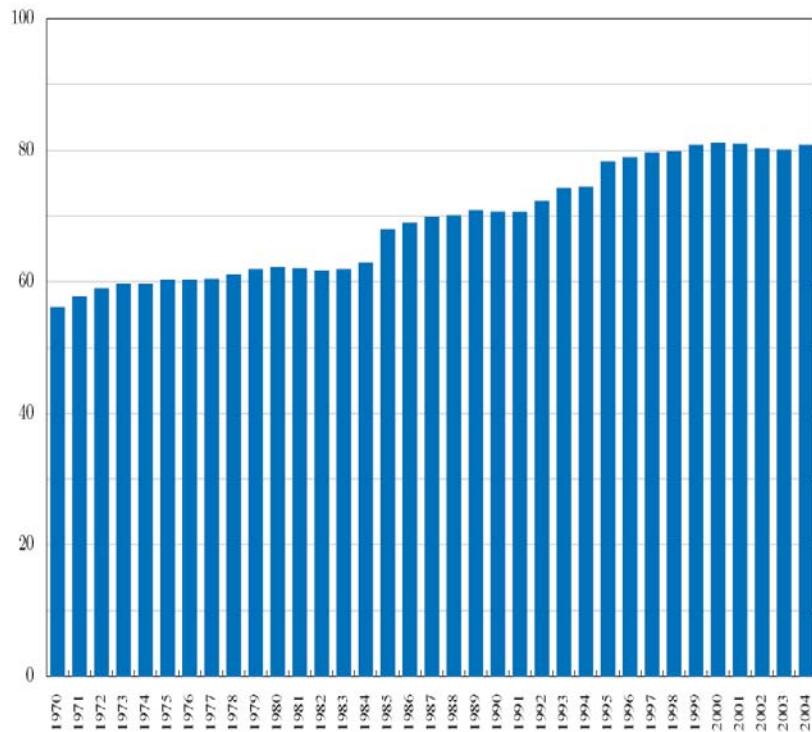
Globalisierungsindex gesamt: Nr. 1

Wirtschaftliche Globalisierung: Nr. 1

Soziale Globalisierung: **Nr. 1**

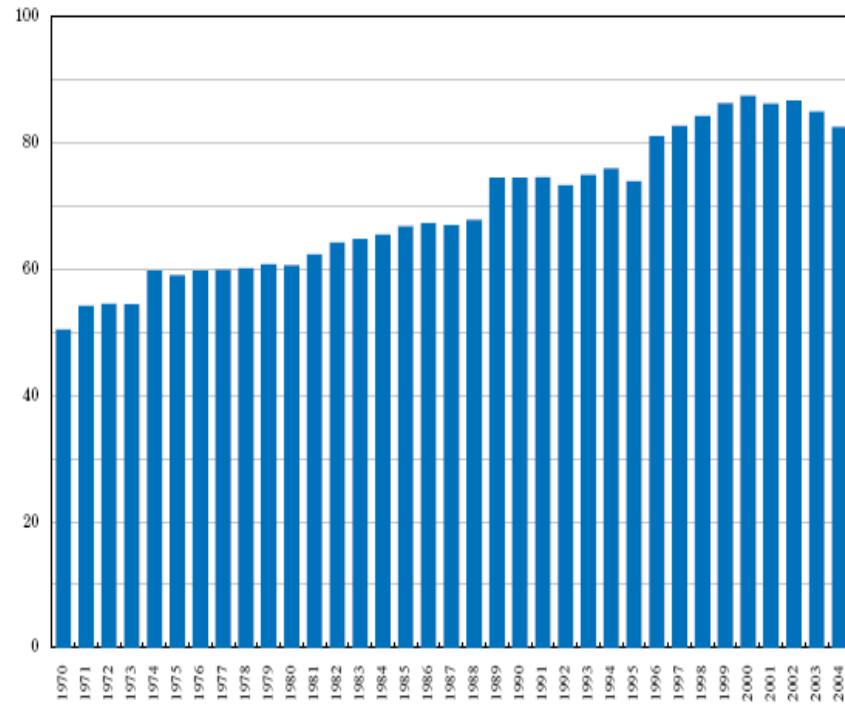
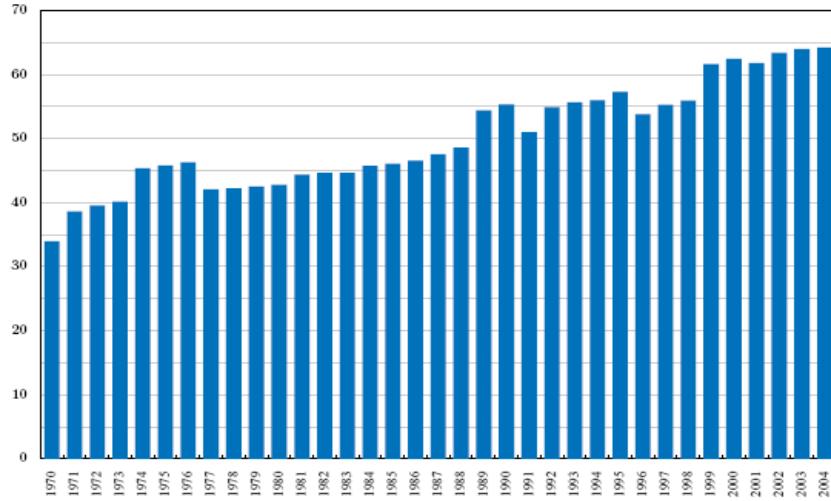
Politische Globalisierung: **Nr. 1**

Globalization Degree - Comparison USA - Germany



Globalization Degree - Comparison

Japan - Germany



Summary

Measurement

Globalization Indicators

Globalization Index

What is measured?

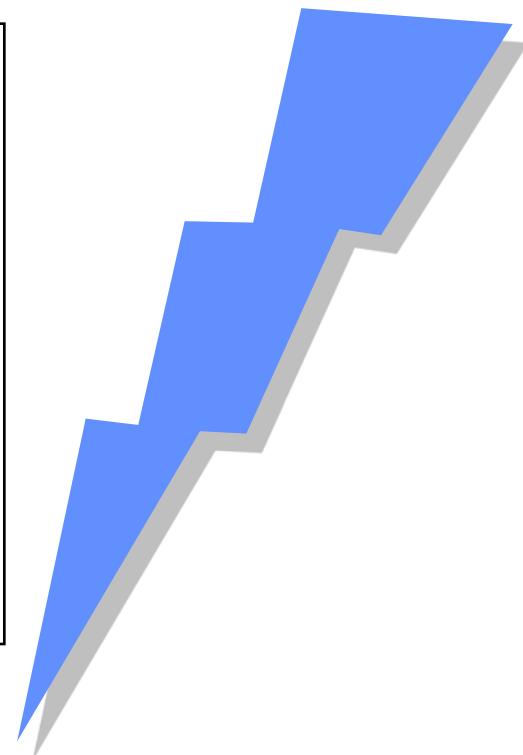
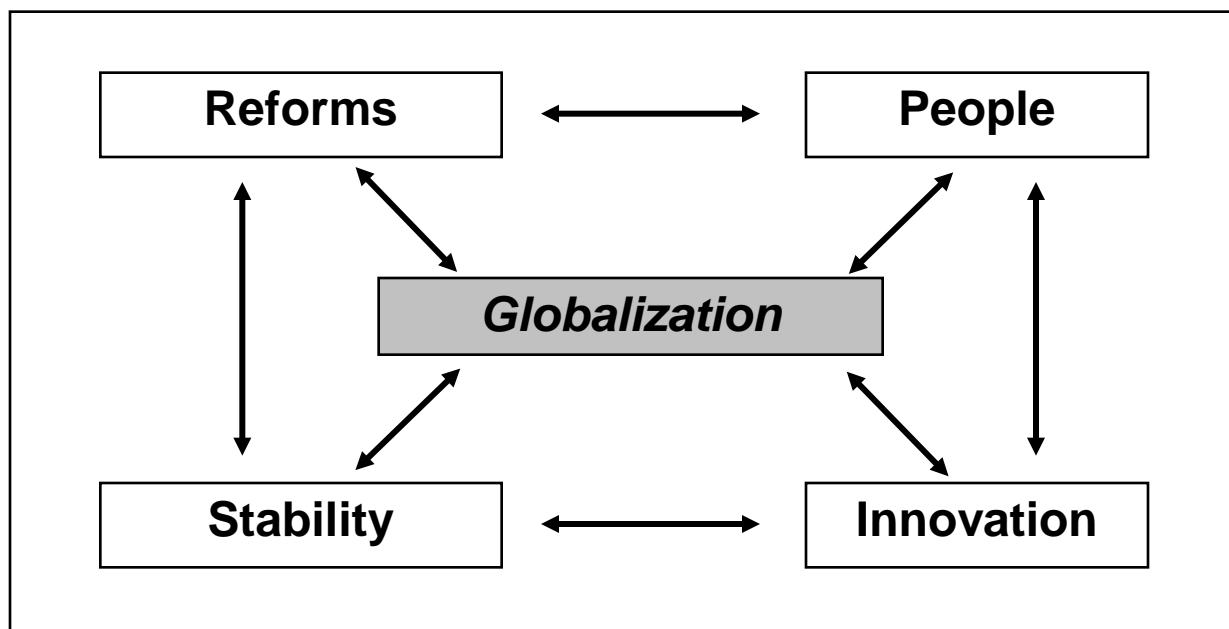
Globalization Degree World/Europe

Globalization Degree Germany, USA, Japan

Content

1. Globalization - What is that?
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Challenges



Globalization – even more?

Continuous Globalization
Countries/Distribution
Deregulation
Global Competition:
Work, Earth/Floor, Capital
Knowledge and Innovation



Globalization advantage – Europe

Agglomeration advantages

Cooperation politics/economy

Human resources

Competitiveness

Continuous competition

Global cities (culture, innovation)



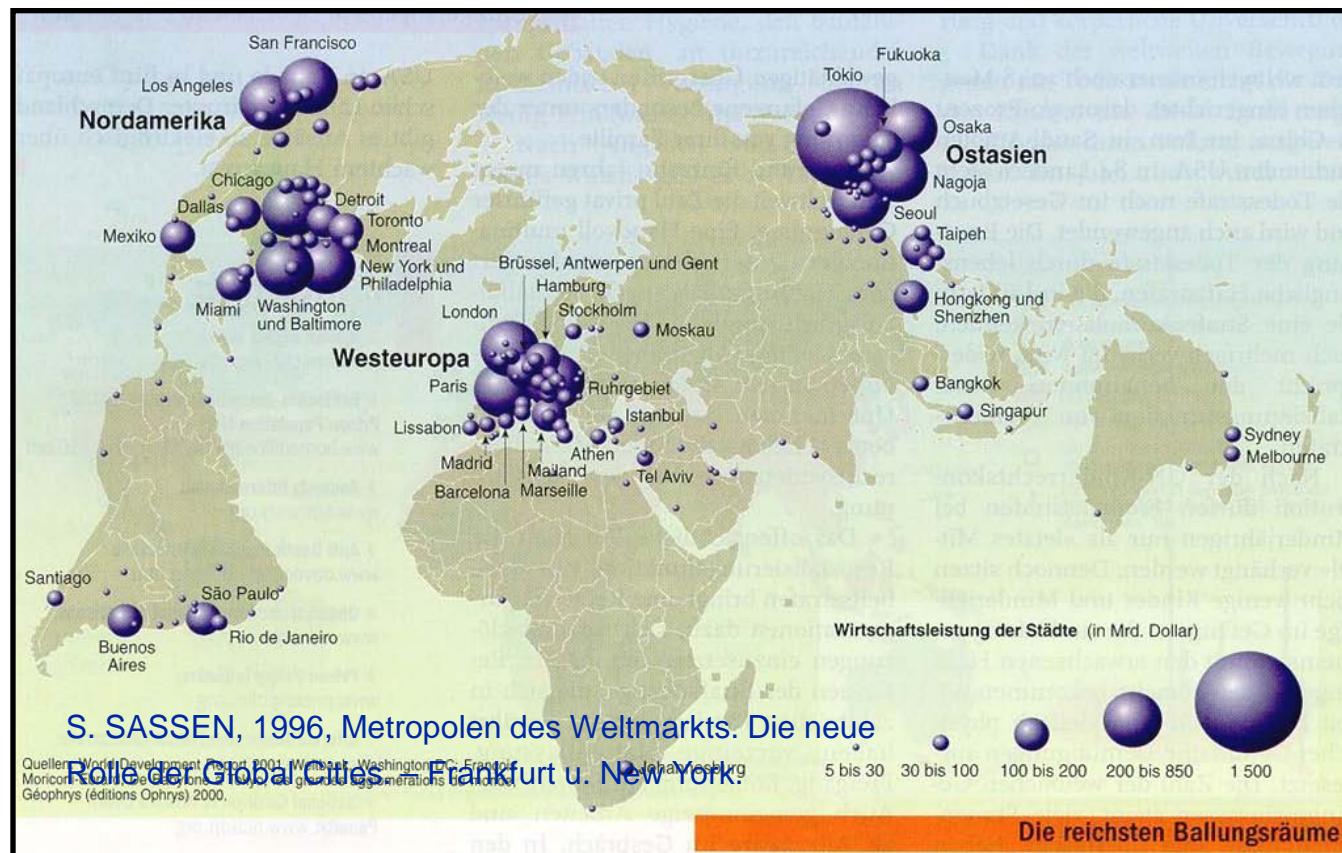
Economic Power – Global Cities

**Steering- and control centers
Places with centralized management
functions for highly specified services
and the centers of the finance industry**

Steuerungs- und Kontrollzentralen, Standorte zentralisierter Managementfunktionen für hochspezialisierte Dienstleistungen und die Zentralen der Finanzwirtschaft.

S. SASSEN, 1996, Metropolen des Weltmarkts. Die neue Rolle der Global Cities. – Frankfurt u. New York.

Economic Power – Global Cities



Globalization – even more?

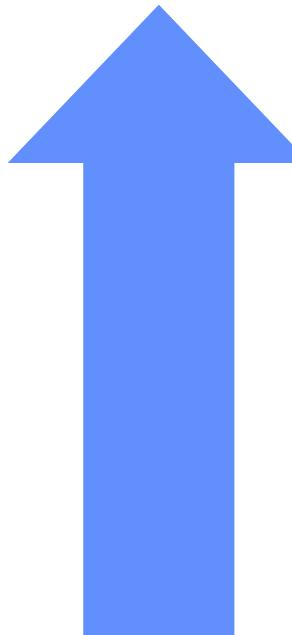
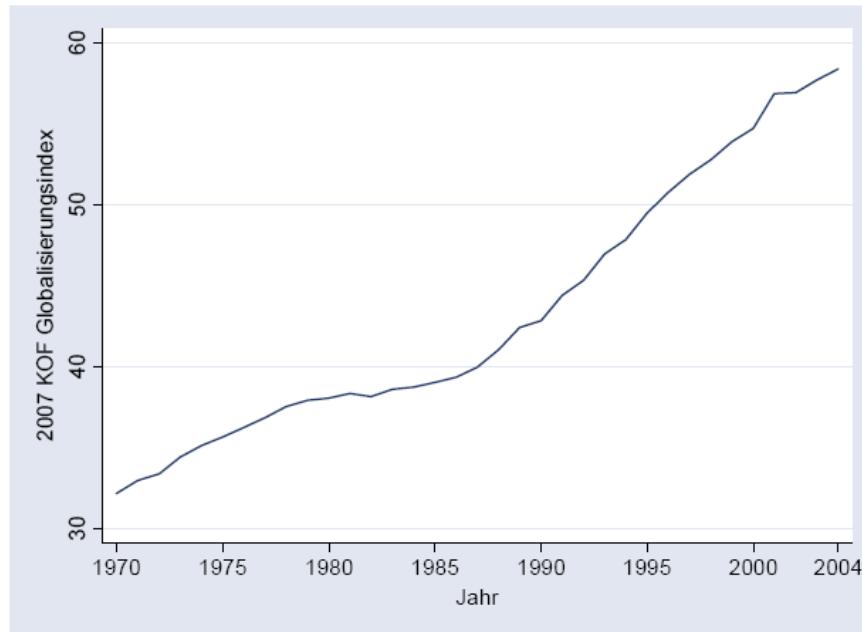


Abb. 1 : Entwicklung der weltweiten Globalisierung

The Asiatic Century

„Angreiferstaat“ *

Goals of the society:

- Development**
- Human Resources**
- Welfare**
- „Domination“**



New global players: Mukesh Ambani

No. 7: Mukesh Ambani / \$19.5 billion / Petrochemicals

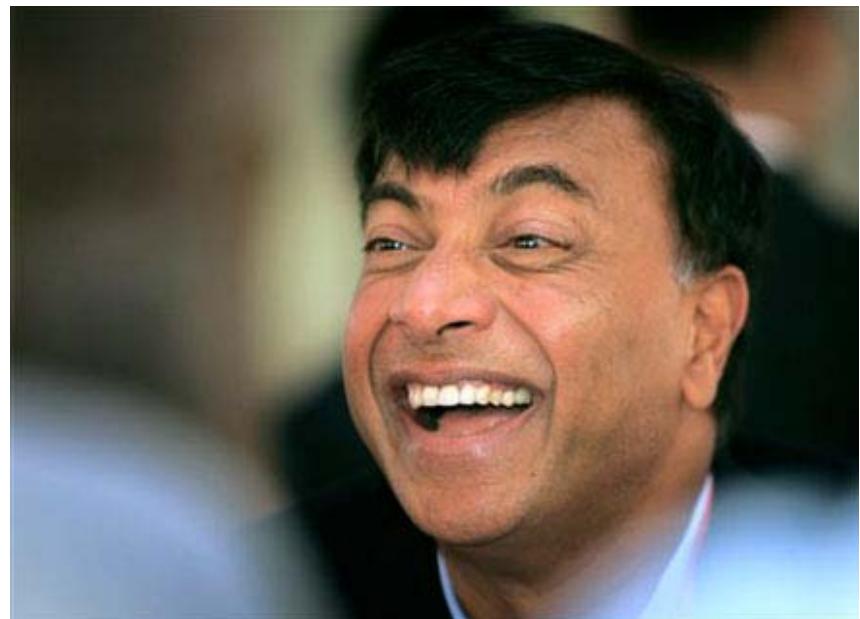
Oversees Reliance Industries, India's most valuable company by market cap despite stock falling 40% in past year. Merging his Reliance Petroleum with flagship Reliance Industries. Late father, Dhirubhai, founded Reliance and built it into a massive conglomerate. After he died, Mukesh and his brother, Anil, ran the family business together for a brief time. But siblings feuded over control; mother eventually brokered split of assets. Has yet to move into his 27-story home that he's building at a reported cost of \$1 billion. Ardent fan of Bollywood films. Wife, Nita, oversees school named after his father.



New global players: Lakshmi Mittal

No. 8: Lakshmi Mittal / \$19.3 billion / Steel

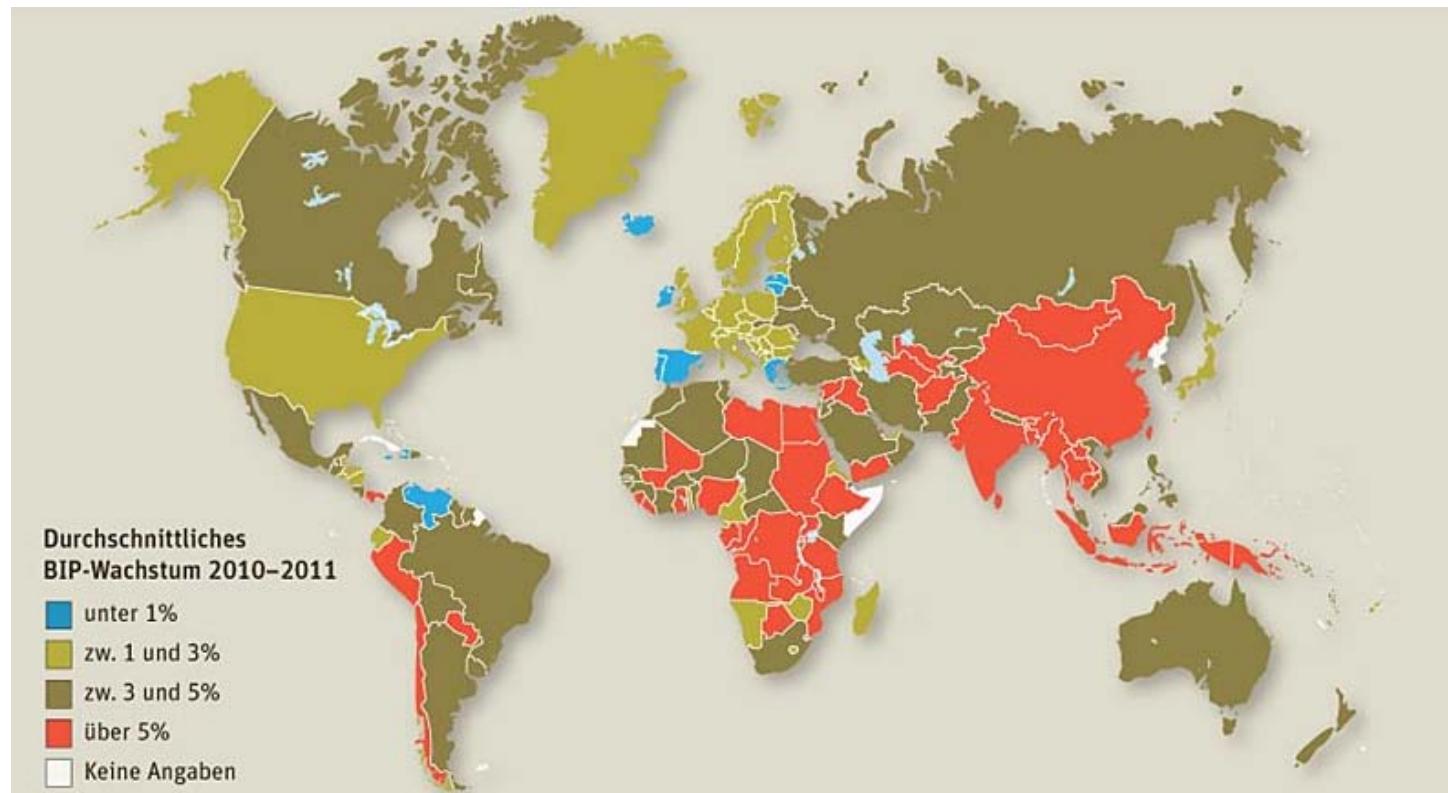
Indian immigrant heads world's largest steel company; ArcelorMittal was formed via hostile takeover three years ago. Stock in company makes up bulk of his fortune; shares at a four-year low, with steel prices down 75% since last summer. Company forced to pay heavy fines after a French antitrust investigation found 10 companies guilty of price-fixing in European steel markets. Arcelor posted \$2.6 billion loss in most recent quarter. Started in family steel business in the 1970s, branched out on his own in 1994. Initially bought up steel mills on the cheap in Eastern Europe. Holds substantial cash; owns 12-bedroom mansion in London's posh Kensington neighborhood.



The century of the BRICS



The century of the BRICS?



<http://derstandard.at/1271374878223/IWF-Eurozone-faellt-beim-Wachstum-weiter-zurueck, Zugriff: 25.05.2010>

BRICS status quo?

Brazil:
Resources



China:
Production line
of the world



India:
Software



Russia:
Resources



BRICS status quo?!

Brazil:
Resources
Oil,
Finance
sector



India:
Steel,
Automotive
IT branch



China:
High-tec, telecom.
Aerospace
Solar technique
Finance
sector, resources

Russia:
Oil, gas and
other resources

Worldwide largest companies Market value (29.12.2009)

Rang	Name	Hauptsitz	Land	Marktwert (Mio. \$)	Branche
1.	PetroChina	Peking	China	353.140,1	Öl und Gas
2.	ExxonMobil	Irving	Vereinigte Staaten	323.717,1	Öl und Gas
3.	Microsoft	Redmond	Vereinigte Staaten	270.635,4	Software
4.	ICBC	Peking	China	268.956,2	Banken
5.	Wal-Mart	Bentonville	Vereinigte Staaten	203.653,6	Einzelhandel
6.	China Construction Bank	Peking	China	201.436,1	Banken
7.	BHP Billiton	Melbourne, London	Australien, Großbritannien	201.248,0	Bergbau
8.	HSBC	London	Großbritannien	199.254,9	Banken
9.	Petrobras	Rio de Janeiro	Brasilien	199.107,9	Öl und Gas
10.	Apple	Cupertino	Vereinigte Staaten	189.801,7	Technologie
11.	China Mobile	Hongkong	China	188.472,8	Telekommunikation

http://de.wikipedia.org/w/index.php?title=Spezial:Buch&oldid=61684-e4a0c9eda7&writer=r&return_to=Liste+der+gr%C3%BCnsten+Unternehmen+der+Welt

http://de.wikipedia.org/wiki/Liste_der_gr%C3%BCnsten_Unternehmen_der_Welt

How can your country react on these developments?

How is your country reacting on these developments?

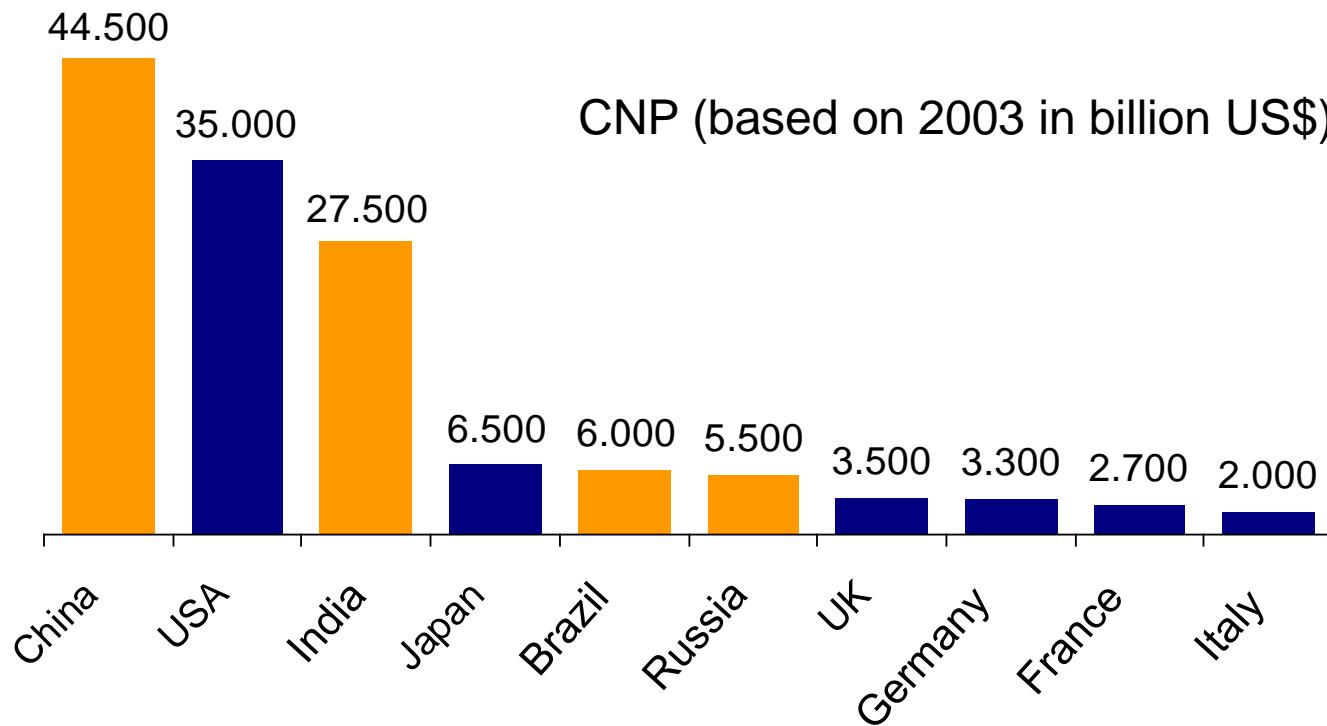
How could/must be a proactive strategy though out these developments concerning your country?

Work task (research and presentation):

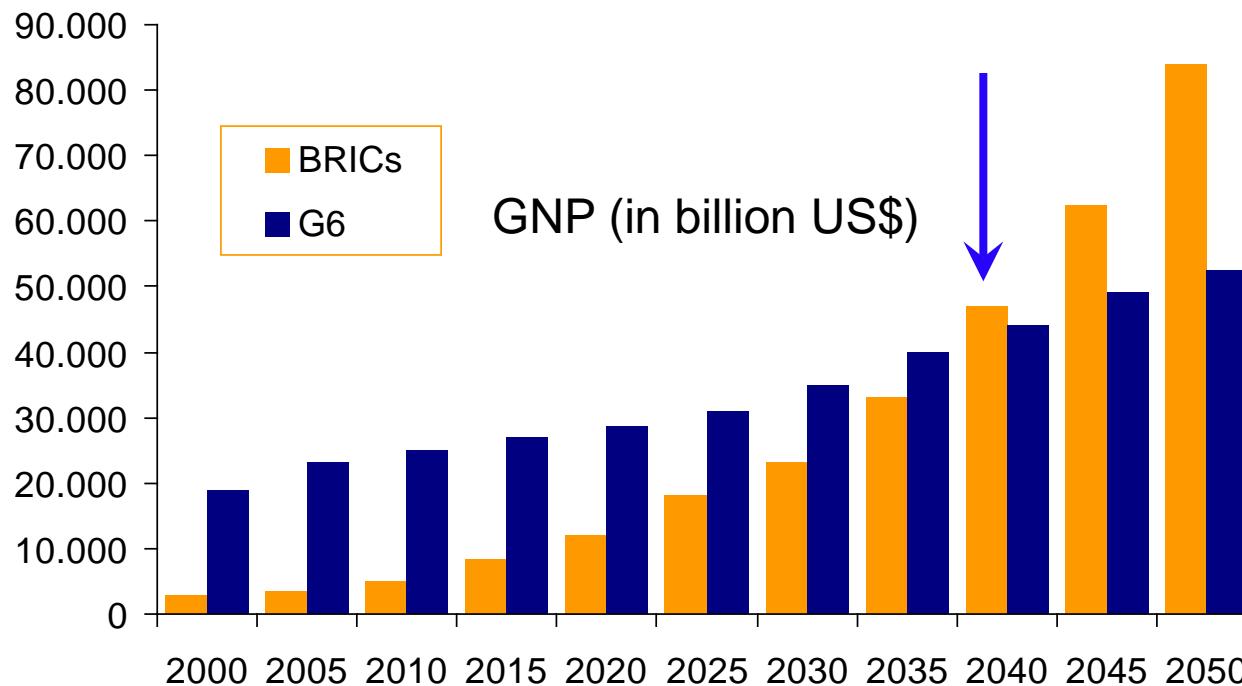
- Please stay on your own/better in groups?.
- Please reflect the recent strategy of your country.
- If you don't know please make a research.
- Please summarize the results on a flip chart.
- Please present your results to the other members of our lecture. THX.

Chances in the future?!

The largest economies in 2050



Development GNP - BRICS



Quelle: Goldman Sachs, 2003

The American Dream

Super Power
Unilateralism
Liberal Empire *
Enemy Projection
Basic Norm = Liberty
Missionary Approach
World due to US-Approach



The European Dream *

Global Responsibility*

Civil Society

Peace, Freedom

Democracy, Sustainability

Human Rights

Welfare State



The Japanese Dream

**Japan as no.1?
Primus inter pares
Global Responsibility
Ecological Approach
Democracy/Welfare
Income Distribution**



What could be the Brazilian Dream on Globalization? What could be the Russian Dream on Globalization? What could be the Indian dream on Globalization? What could be the Chinese dream on Globalization?

Work task (content):

- Do these societies have developing goals or “dreams”?
- How can you use this information your organization enterprise you were are working for?

Work task (research and presentation):

- Please organize four groups.
- Please discuss which group is elaborating which “dream”.
- Please make a research on the internet.
- Please discuss the questions in your group.
- Please summarize the results on a power point.
- Please present your results to the other groups.
THX.

Summary

Challenges

Globalization – still more?

The Asiatic Century?!

BRIC-States

The American Dream

The European Dream

The Japanese Dream

The BRICs Dream

Content

1. Globalization - What is that? ✓
2. Germany@Globalization ✓
3. Globalization Indices ✓
4. ...and in the future?! ✓



**Thank you very much
for your Attention**



Your Questions Your Remarks

and the last group work ;-)
for today?!

Effect of Globalization upon industrialised societies

