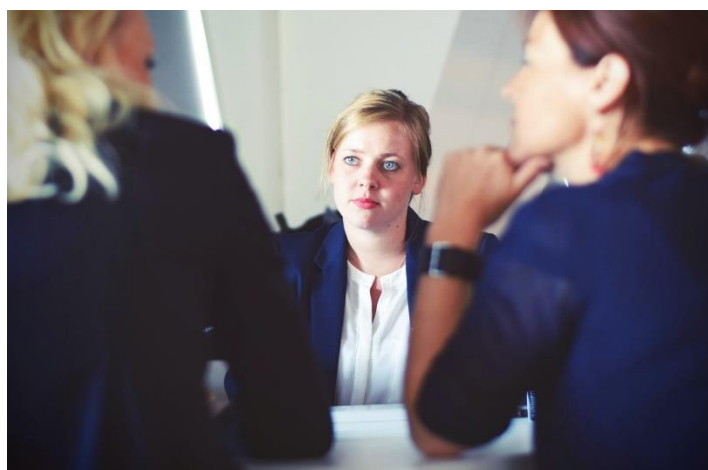




EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání



English for Corporate World



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1 Globalization

Chapter objectives:

- Learn to use correct and appropriate terminology for the topic.
- Be able to describe the activities and economic dimensions of globalization.
- Develop an interest in globalization and integrate the use of four language skills.
- Know more about the history of globalization and its first aspects.

Key concepts:

- global trends
- Theodore Levitt
- positive impacts
- negative impacts
- multinational corporations
- developing countries
- covid-19

Task:

T1: Read the text below (The Levin Insitute, 2020) and answer the questions.

Globalization is the process of interaction and integration among **people, companies, and governments of worldwide**. Globalization has accelerated since the 18th century due to advances in transportation, communication and technology. This increase in global interactions has caused a growth in international trade and the exchange of ideas and culture. Globalization is primarily an **economic process** of interaction and integration that is associated with social and cultural aspects. Globalization processes cannot be considered unequivocally positive or negative – when we talk about globalization, we must keep in mind both its opportunities and the risks it entails. The interconnection of today's world has visible consequences – the economies of countries that manage to integrate into the world economy are growing faster; on the contrary, countries outside the process of globalization are lagging behind economically.

Questions:

Q1: What are the main issues of globalization?

Q2: Think of local examples of globalization...compare your answers with your partners.

1.1 History

Task:

T2: Read the text below (Feder, 2013) and answer the questions.

The term globalization was first used by the American economist Theodore Levitt in 1985. The company first united at the national level, later at the regional, international and now global level. The basic impetus for the start of globalization was economic activities, which began to move from the local or national level of management, organization, production and ownership to the global level. This phenomenon has occurred around the world for about

the last 30 to 35 years, with the beginning of the relocation seen after World War II, when some US companies (such as Ford, General Motors or Exxon) relocated some production capacity to Western European countries under the reconstruction of post-war Europe. Western European and Japanese companies began using this technique later.

Questions:

Q3: Work in pairs. Discuss some European companies which have relocated some of their production out of Europe.

Q4: Why are the first relocations seen after the WWII?

1.1.1 Theodore Levitt

Task:

T3: Read the text below (Markethink.guru, ©2015–2017) and answer the questions.

Theodore Levitt (March 1, 1925, Vollmerz, Main-Kinzig-Kreis, Germany – June 28, 2006, Belmont, Massachusetts) was an American economist and professor at Harvard Business School. He was also editor of the Harvard Business Review and an editor who was especially noted for increasing the Review's circulation and for popularizing the term globalization. In 1983, he proposed a definition for corporate purpose: Rather than merely making MONEY, it is to create and keep a customer.

Levitt was born in 1925 in Vollmerz. A decade later his family moved to Dayton, Ohio. He served in World War II, received his high school diploma through correspondence school and then earned a bachelor's at Antioch College and a Ph.D. in economics at Ohio State University. His first teaching job was at the University of North Dakota.

In 1959 he joined the faculty of the Harvard Business School. Later that year, he became world renowned after publishing Marketing Myopia in Harvard Business Review where he asks "What BUSINESS are you in?", a phrase that demands one account for the significance of the job one does. He is widely credited with coining the term globalization through an article entitled "Globalization of Markets", which appeared in the May–June 1983 issue of Harvard Business Review. However, as a NYTimes article notes, the term 'globalization' was in use well before (at least as early as 1944) and had been used by economists as early as 1981. However, Levitt popularized the term and brought it into the mainstream BUSINESS audience. Between 1985 and 1989, he headed the Harvard BUSINESS Review as an editor.

He was a four-time winner of the McKinsey Awards competitions for best annual article in the Harvard BUSINESS Review; winner of Academy of Management Award for the outstanding BUSINESS books of 1962 for Innovation in Marketing; winner of John Hancock Award for Excellence in BUSINESS Journalism in 1969; recipient of the Charles Coolidge Parlin Award as "Marketing Man of the Year," 1970; recipient of the George Gallup Award for Marketing Excellence, 1976; recipient of the 1978 Paul D. Converse Award of the American Marketing Association for major contributions to marketing and recipient of the 1989 William M. McFeely Award of the International Management Council for major contributions to management.

Questions:

Q5: Try to explain the Levitt's quote, on the right, by your own words

Q6: What did Theodore Levitt argue in his 1983 article *The globalization of markets*? Go online and look for your answer.

1.1.2 When did it start?

Tasks:

T4: Read and complete the text (National Geographic, 2019) using the appropriate form of the verb in the brackets.

T5: After completing the text ask the questions below.

Globalization is a term(use) to describe how trade and technology have(make) the world into a more connected and interdependent place. Globalization also captures in its scope the economic and social changes that have(come) about as a result. It may be pictured as the threads of an immense spider web formed over millennia, with the number and reach of these threads increasing over time. People, money, material goods, ideas, and even disease and devastation have traveled these silken strands, and have(do) so in greater numbers and with greater speed than ever in the present age.

When did globalization begin? Many scholars say it(start) with Columbus's voyage to the New World in 1492. People traveled to nearby and faraway places well before Columbus's voyage, however, exchanging their ideas, products, and customs along the way. The Silk Road, an ancient network of trade routes across China, Central Asia, and the Mediterranean used between 50 B.C.E. and 250 C.E. is perhaps the most well-known early example. As with future globalizing booms, new technologies played a key role in the Silk Road trade. Advances in metallurgy(lead) to the creation of coins; advances in transportation led to the building of roads connecting the major empires of the day; and increased agricultural production(mean) more food could be trafficked between locales. Along with Chinese silk, Roman glass, and Arabian spices, ideas such as Buddhist beliefs and the secrets of paper-making also spread via these tendrils of trade.

Unquestionably, these types of exchanges were accelerated in the Age of Exploration, when European explorers seeking new sea routes to the spices and silks of Asia bumped into the Americas instead. Again, technology(play) an important role in the maritime trade routes that flourished between old and newly discovered continents. New ship designs and the creation of the magnetic compass(be) key to the explorers' successes. Trade and idea exchange now extended to a previously unconnected part of the world, where ships carrying plants, animals, and Spanish silver between the Old World and the New also(carry) Christian missionaries.

The web of globalization continued to spin out through the Age of Revolution, when ideas about liberty, equality, and fraternity spread like fire from America to France to Latin

America and beyond. It(ride) the waves of industrialization, colonization, and war through the eighteenth, nineteenth, and twentieth centuries, powered by the invention of factories, railways, steamboats, cars, and planes.

With the Information Age, globalization(go) into overdrive. Advances in computer and communications technology launched a new global era and redefined what it meant to be "connected." Modern communications satellites meant the 1964 Summer Olympics in Tokyo could be watched in the United States for the first time. The World Wide Web and the Internet allowed someone in Germany to read about a breaking news story in Bolivia in real time. Someone wishing to travel from Boston, Massachusetts, to London, England, could do so in hours rather than the week or more it would have(take) a hundred years ago. This digital revolution massively impacted economies across the world as well: they(become) more information-based and more interdependent. In the modern era, economic success or failure at one focal point of the global web can be felt in every major world economy.

The benefits and disadvantages of globalization are the subject of ongoing debate. The downside to globalization can be(see) in the increased risk for the transmission of diseases like ebola or severe acute respiratory syndrome (SARS), or in the kind of environmental harm that scientist Paul R. Furumo has(study) in microcosm in palm oil plantations in the tropics. Globalization has of course led to great good, too. Richer nations now can—and do—come to the aid of poorer nations in crisis. Increasing diversity in many countries has meant more opportunity to learn about and celebrate other cultures. The sense that there is a global village, a worldwide "us," has emerged.

Question:

Q7: Explain the meaning of the following terms from the article:


The New World – the Silk Road – the Mediterranean – the Age of Exploration – the Old World – Olympics – The World Wide Web – Christian missionaries – the Information Age.

1.2 What is globalization?

Globalisation is the process by which the world is becoming increasingly interconnected as a result of massively increased trade and cultural exchange. Globalisation has increased the production of goods and services. The biggest companies are no longer national firms but multinational corporations with subsidiaries in many countries. Globalisation has been taking place for hundreds of years, but has sped up enormously over the last half-century. (BBC, 2020)

Task:

T6: Watch the video below and then answer the questions in 1.2.1 Globalization has resulted in ...

 Video	Globalization explained
	https://www.youtube.com/watch?v=JJ0nFD19eT8

1.2.1 Globalization has resulted in

Task:

T7: Read the text below (UKessays, 2017) and answer the questions.

Although globalisation is probably helping to create more wealth in developing countries – it is not helping to close the gap between the world's poorest countries and the world's richest.

There are several key factors which have influenced the process of globalisation:

- **Improvements in transportation** - larger cargo ships mean that the cost of transporting goods between countries has decreased. Economies of scale mean the cost per item can reduce when operating on a larger scale. Transport improvements also mean that goods and people can travel more quickly.
- **Freedom of trade** - organisations like the World Trade Organisation (WTO) promote free trade between countries, which help to remove barriers between countries.
- **Improvements of communications** - the internet and mobile technology have allowed greater communication between people in different countries.
- **Labour availability and skills** - countries such as India have lower labour costs (about a third of that of the UK) and also high skill levels. Labour intensive industries such as clothing can take advantage of cheaper labour costs and reduced legal restrictions in LEDCs.

MEDCs and LEDCs

Development means almost the same as wealth.

- A developed country (**MEDC**) is a rich country.
- A developing country (**LEDC**) is a poor country. Development is often taken to mean the wealth of a country.

The most developed countries (the MEDCs) are relatively rich countries and the less developed countries (LEDCs) are relatively poor countries.

Development, however, is also about 'quality of life' or 'standard of living' and the extent to which all the people have a decent basic standard of living.

Questions:

Q8: How has globalization resulted in international trade?

Q9: How has globalization resulted in free movement of capital/goods and services?



MEDCs and LEDCs

Video

https://www.youtube.com/watch?v=tr_B13q7Ycw

Question:

Q10: Compare the impacts of globalization you could see in the video with the articles below. Discuss your opinions in the class?

Positive impacts of globalisation

Globalisation is having a dramatic effect – for good or bad – on world economies and on people's lives.

Some of the positive impacts are:

- Inward investment by TNCs (Transnational Corporations) helps countries by providing new jobs and skills for local people.
- TNCs bring wealth and foreign currency to local economies when they buy local resources, products and services. The extra money created by this investment can be spent on education, health and infrastructure.
- The sharing of ideas, experiences and lifestyles of people and cultures. People can experience foods and other products not previously available in their countries.
- Globalisation increases awareness of events in faraway parts of the world. For example, the UK was quickly made aware of the 2004 tsunami and sent help rapidly in response.
- Globalisation may help to make people more aware of global issues such as deforestation and global warming and alert them to the need for sustainable development.

Negative impacts of globalisation

Critics of globalisation include groups such as environmentalists, anti-poverty campaigners and trade unionists.

Some of the negative impacts include:

- Globalisation operates mostly in the interests of the richest countries, which continue to dominate world trade at the expense of developing countries. The role of LEDCs in the world market is mostly to provide the North and West with cheap labour and raw materials.

- There are no guarantees that the wealth from inward investment will benefit the local community. Often, profits are sent back to the MEDC where the TNC is based. Transnational companies, with their massive economies of scale, may drive local companies out of business. If it becomes cheaper to operate in another country, the TNC might close down the factory and make local people redundant.
- An absence of strictly enforced international laws means that TNCs may operate in LEDCs in a way that would not be allowed in an MEDC. They may pollute the environment, run risks with safety or impose poor working conditions and low wages on local workers.
- Globalisation is viewed by many as a threat to the world's cultural diversity. It is feared it might drown out local economies, traditions and languages and simply re-cast the whole world in the mould of the capitalist North and West. An example of this is that a Hollywood film is far more likely to be successful worldwide than one made in India or China, which also have thriving film industries.
- Industry may begin to thrive in LEDCs at the expense of jobs in manufacturing in the UK and other MEDCs, especially in textiles.

Question:

Q11: Should you add any more impacts? What are your own opinions?

1.3 The impact of COVID-19 on globalization

Task:

T8: Read the text below (Shrestha, 2020) and answer the questions.

The world has drastically changed since the onset of the COVID-19 pandemic. The pandemic has had a devastating impact on the global economy and the health of communities across the world. In 2019, 4.5 billion passengers traveled by airlines and this number decreased to 2.2 billion during the pandemic. Thus, globalization has led to the spread of the disease owing to mobility channels such as air and ship travel. Restricted travel, mobility regulations, and lockdown of economies and trade limited, and in some cases halted, globalization to reduce the rapidly rising number of COVID-19 cases. However, this strategy has put pressure on the airline and shipping industries, resulting in loss of income, disruption of global trading, and decimation of the tourism industry.

Major airlines have implemented travel bans and reported declining stock value. Similarly, cruise lines are well-established forms of international tourism presenting a steady annual increase with over 28 million passengers in 2018. Yet, cruise ships have been recognized as an epicenter for outbreaks. The stocks of cruise line companies have been declining, resulting in layoffs and affecting the livelihood of the employees.

Restrictive lockdowns implemented as a response to the pandemic have led to a decrease in production, consumption, employment, and supply chain that affect the world economy at large. It is estimated that the global economy and value chains are likely to create an economic depression more severe than the 2008 financial crisis. Furthermore, only 34 % of employment in the US can be performed from home, which accounts for 44 % of all wages. Individuals working in industries such as transportation, construction, retail, service, and hospitality may find it implausible to work remotely. In the US alone, the unemployment rate has risen to 14.7 % in April from 10.3 % in March, indicating the highest monthly increase in unemployment in history.

The pandemic has impacted the food and agriculture industry greatly. Developed countries are facing disruptions in production and supply chains due to the needs of advanced and capital-intensive agricultural systems, disruptions in local and international mobility, delays in customs, and disruptions in credit markets. In addition, there have been major shortages in developed countries with high-demand supplies such as face masks, sanitizers, and paper products due to hoarding and lack of adequate supplies. Nevertheless, the looming risk of food insecurity in developed nations lies in the impact of COVID-19 on people's employment, as demonstrated by the current economic recession, which stands at 6 % on average in 2020. This situation is even worse for Low- and Middle-Income Countries (LMICs), which have shown a high risk to the demand-side of food insecurity due to low socio-economic status, access issues, and dependency on the importation of food. Developing countries are estimated to observe at least a 3.6 % decrease in GDP, with Africa, South Asia, and South America affected the most. Globally, over 140 million people are estimated to face extreme poverty, which would increase food insecurity severely. Subsequently, the journey from farm to fork has been somewhat concerning in the service delivery of restaurants. While many global food chains have reported bankruptcy and closures in selected markets, delivery services by third-party vendors have been thriving. Concerns regarding the food and agriculture industry have escalated all over the world with the progression of the pandemic, and with no end in sight.

Academic institutions also have been affected by the pandemic and emerged as a key concern due to mobility and socializing of students. While many universities have shifted to online, hybrid, or in-person classes with social distancing, universities have emerged as a new hotspot of COVID-19 after reopening. Therefore, the implications of reopening universities have proven to be severe for public health. Moreover, universities are predicting a steep decline in new enrollments of both international and local students; the serious financial impact will have major economic consequences.

Question:

Q12: How have the flight cancellations affected the tourism?

Q13: Where have the restrictive lockdowns led to?

Q14: What industry have escalated due to the pandemic and why?

Q15: How have universities been affected by the pandemic?

Questions

- Does globalization reduce inequality?
- Will ecology become one of the key aspects of globalization in the 21st century?
- What are the implications of globalization on sustainability?
- Does the COVID-19 pandemic signal the end of globalization?
- Try to guess the difference in spelling of Globalization and Globalisation.

Summary (Youmatter, 2020)

- Globalization means the speedup of movements and exchanges (of human beings, goods, and services, capital, technologies or cultural practices) all over the planet. One of the effects of globalization is that it promotes and increases interactions between different regions and populations around the globe.
- According to WHO, globalization can be defined as "the increased interconnectedness and interdependence of peoples and countries. It is generally understood to include two inter-related elements: the opening of international borders to increasingly fast flows of goods, services, finance, people and ideas; and the changes in institutions and policies at national and international levels that facilitate or promote such flows."
- According to the Committee for Development Policy (a subsidiary body of the United Nations), from an economic point of view, globalization can be defined as:
- "(...) the increasing interdependence of world economies as a result of the growing scale of cross-border trade of commodities and services, the flow of international capital and the wide and rapid spread of technologies. It reflects the continuing expansion and mutual integration of market frontiers (...) and the rapid growing significance of information in all types of productive activities and marketization are the two major driving forces for economic globalization."
- In geography, globalization is defined as the set of processes (economic, social, cultural, technological, institutional) that contribute to the relationship between societies and individuals around the world. It is a progressive process by which exchanges and flows between different parts of the world are intensified.

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Název projektu: Vytvoření Centra celoživotního vzdělávání na Vysoké škole podnikání a práva

Projekt Vytvoření Centra celoživotního vzdělávání na Vysoké škole podnikání a práva je spolufinancován Evropskou unií.

Pracovní verze



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