Asia

ASEAN → 10 countries
SAARC → South Asia Association of Regional Cooperation
Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka

Japan

4 Asian Tigers: Natural resource abundance & educated labor force
Hong Kong, Singapore, Taiwan, So. Korea

India → fastest-growing free market democracy
problem: poor infrastructure
world's services supplier
high-tech services supplier
provide highly skilled & educated workers (Bangalore)
The Americas

- North American Free Trade Agreement (NAFTA)
  - lead to increased jobs, better working conditions, improvement of environment
  - US-Canada trade is largest bi-lateral trade between 2 Countries
  - Mexico heavily dependent on its exports to U.S.

- Central America Free Trade Agreement (CAFTA)
  - U.S. and Central American Countries of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua

- MERCOSUR → combination of Spanish words that mean Southern Common Market
  - 4th largest trading block after EU, NAFTA, ASEAN
  - 75% of GDP in South America

Exports increased by 500% - global recession large problem
debate about level of benefits → who is benefitting from open trade relationship
Other Regions in the World

- **The Russian Federation** - large economy (8.4 billion) plagued by corruption, government interference, Kremlin gaining even more control in recent years
- **Middle East** - vast oil reserves, Education, Instability, big oil problems
  - United Arab Emirates - most competitive economy
  - Qatar, Kuwait
- **The African Union—AU** - most ignored segment, very little economic integration between African countries
  - 53 countries
- **South Africa** - most competitive, largest economy in region, fairly stable economic environment
- **Less developed countries—LDCs**
  - Unskilled workforce
  - Low GDP, GDP
  - High levels of debt
Comparative Management in Focus:
China Keeps on Chugging
Management Focus:
Intel Brings Changes to Vietnam’s Economy and Culture

- U.S. opened trade with Vietnam in 2000
- Empirical evidence to support the fact that LDCs can benefit from globalization
- Company spent years investigating:
  - Traffic, school curricula, infrastructure,
  - Size of average adult, # of qualified engineers
- Intel invested $1 billion in 115-acre hi-tech campus
- Biggest concern: government interference
The Impact of the Information Technology

speed & accuracy of information transmission

→ increased productivity (globally)
→ geographic barriers less relevant
→ less control by govt. of information transmission
→ reduced cultural barriers
  - educating societies about each other
  - tastes begin to converge
→ both a cause & effect of globalization
→ most networked countries
  1. Denmark
  2. Sweden
  3. Switzerland
  4. U.S.
Globalization of Human Capital

- Offshoring: Setting up manufacturing operations in a foreign country → manufacturing job
  - Influenced heavily by energy prices
  - Global supply chain

- Outsourcing: Service sector jobs
  - White collar jobs
  - Ex: customer support
  - Medical analysis
  - Technical work
  - Computer programming

  - India → programmer $80K/year (India)
  - $80K/year (U.S.)

- Call center agent $21K/year → $29K/year

Demand for workers in India has fallen since recession. Countervailing force: fall in value of rupee / $
The Global Manager’s Role

EXHIBIT 1-5  An Open System Model

MEGA ENVIRONMENT

HOST-COUNTRY ENVIRONMENT

Culture
Economic
Global Competition

Political
Technological

Local Competition

Global Trends and Forces

Functions and People

OPERATING ENVIRONMENT

- Regulations
- Culture
- Skills
- Social Responsibility
- Ethics

Subsidiary-Host Interdependence

MNC-Host-Country Interdependence