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**Globalization**

 **Learning objectives**

* Understand what is meant by the term *globalization.*
* Recognize the main drivers of globalization.
* Describe the changing nature of the global economy.
* Explain the major arguments in the debate over the impact of globalization.
* Understand how the process of globalization is creating opportunities and challenges for management practice.

This chapter introduces the emergence of the globally integrated business world. Globalization has reduced the traditional barriers to cross-border trade and investment (distance, time zones, language, differences in government regulations, culture, and business systems).

To begin the discussion of contemporary issues in international business, macroeconomic and political changes in the last 30 years are reviewed.

Information technology and other technological innovations have put global markets within the reach of even small firms in remote locations. Yet, in spite of all its benefits, globalization has a downside. Critics point out its adverse effects, including those on developing nations.

The opening case explores the growth of German automaker BMW and how its focus on the future has been instrumental to its success in the highly competitive global auto market. The closing case explores ride-for-hire company, Uber’s strategy to be a global player by focusing on major metropolitan markets around the world.

OUTLINE OF CHAPTER 1: GLOBALIZATION

Opening Case: Globalization of BMW, Rolls-Royce, and the MINI

Introduction

What Is Globalization?

 The Globalization of Markets

 The Globalization of Production

 Management Focus: Boeing’s Global Production System

The Emergence of Global Institutions

Drivers of Globalization

 Declining Trade and Investment Barriers

 The Role of Technological Change

The Changing Demographics of the Global Economy

 The Changing World Output and World Trade Picture

 The Changing Foreign Direct Investment Picture

 Country Focus: India’s Software Sector

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 The Global Economy of the Twenty-First Century

The Globalization Debate

 Antiglobalization Protests

 Globalization, Jobs, and Income

 Country Focus: Protesting Globalization in France

 Globalization, Labor Policies, and the Environment

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 Globalization and the World’s Poor

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Chapter Summary

Critical Thinking and Discussion Questions

Closing Case: Uber: Going Global from Day One Classroom Discussion Point

Ask students to describe how international business has affected them in their day so far. Ask them about who made the clothes they are wearing, what type of food they ate for breakfast or lunch (muesli cereal, sushi, Italian-style coffee), what type of cell phone they have and where it was made, where their car was designed and manufactured, where the components for their computer were manufactured, and so on. Many students will be surprised at just how often international business affects their daily lives. Some will recognize that companies like Nissan have design facilities and manufacturing operations in the United States, but will be surprised to learn that Sodexho, a cafeteria operator for many universities, is a French company, or that many supermarket chains have been acquired by foreign operators (Stop and Shop by the Dutch Ahold, Trader Joe’s by the German Albrechts). The point to drive home is that our consumption patterns are already very dependent on international business.

Next, ask students the *why* aspect of this issue: Why, for example, are so many of our clothes made outside North America?

Finally, encourage students to think about the integrated world economy versus distinct national economies by asking about the type of car they own. Drive the discussion toward a consideration of whether talking about the nationality of a car makes sense. Is a Mercedes Benz assembled in Alabama with parts produced in Mexico a German car? Is a Chevrolet assembled in South Korea a Korean car? Volvo is now owned by Geely of China; Jaguar and Land Rover, which had been part of Ford, are now owned by India’s Tata Motors; and BMW owns Rolls-Royce. Are there any cars that are truly made in a single country?

OPENING CASE: Globalization of BMW, Rolls-Royce, and the MINI

Summary

The opening case explores the success of German automaker BMW. The company, which sells cars, motorcycles, and aircraft engines, has a reputation for streamlined quality and luxury. Selling about 2.4 million vehicles a year, BMW is a leader in the global auto market. Much of BMW’s success can be attributed to its emphasis on being innovative in every part of its business. One example of this is its “product genius” who helps to ensure that customers are satisfied with their purchase and feel that their money was well spent. In addition to its BMW brand, the company also owns the British brands, Rolls-Royce and MINI, allowing it to target different parts of the market. Discussion of the case can begin with the following questions:

QUESTION 1: Discuss the role of innovation as a key to BMW’s success. How does this focus help position BMW for the future?

ANSWER 1: BMW defines itself through its focus on innovation. Indeed, innovation is integral to every part of the automaker’s day-to-day work, where there is always a goal of improvement, positive change, and improved performance. This philosophy is evident in the company’s auto designs and technology as well as in other parts of its business such as the creation of the “product genius.” The goal of the product genius is to ensure that all customers are satisfied and feel that they received value for their money. Students should recognize that a satisfied customer is not only a potential return buyer, a satisfied customer is also a potential source of free advertising as friends tell friends of their good experiences with BMW.

QUESTION 2: Reflect on the changing dynamics of the global marketplace and the implications of those changes for BMW.

ANSWER 2: The recent vote by the United Kingdom to leave the European Union is just one example of the changing dynamics of the global economy. For companies like BMW that conduct business across Europe, the vote to leave the economic and political bloc introduces new uncertainty in the marketplace. Some companies are already shifting production from Britain to Europe in anticipation of a less favorable trading environment. Students should recognize that situations like this are part of today’s highly interdependent, rapidly growing global marketplace and require companies to continually anticipate how changes could affect them, and how they can remain competitive. For the last few decades, there has been a movement toward fewer trade and investment barriers allowing companies to locate production in optimal markets. More recently though, there has been a rise in nationalism, something that could potentially threaten the more open markets to which companies have become accustomed.

QUESTION 3: In addition to its BMW brand, the BMW Group owns two iconic British brands, Rolls-Royce and MINI. Discuss the importance of these brands to BMW.

ANSWER 3: Most students will probably suggest that while the BMW brand is known for its innovative, high-power technology, Rolls-Royce has a reputation of extreme luxury and refinement, and MINI has an appealing mix of quirky fun. Together, these three brands offer a portfolio of vehicles designed to meet the needs of affluent buyers across multiple markets with varying demands. Students may note that while MINI offers relatively lower cost products, the BMW Group continues to focus on the higher end of the market and thus avoids competing head-to head with companies in more mainstream markets. This allows BMW to streamline its marketing and production, and also target buyers moving up the luxury car product line. Students may also note that by offering multiple brands, the company lessens its dependence on a single target market.

Another Perspective: To explore more about BMW, students can go to {<http://www.bmwusa.com/Standard/Content/CompanyInformation>/}. More details on Rolls-Royce are available at {<https://www.rolls-royce.com/>} and more information on MINI can be found at {<https://www.coopermini.co.uk/our-services/mini-corporate/>}.

LECTURE OUTLINE

This lecture outline follows the Power Point Presentation (PPT) provided along with this instructor’s manual. The PPT slides include additional notes that can be viewed by clicking on “view,” then on “notes.” The following provides a brief overview of each Power Point slide.

**Slides 1-3 – 1-5** What Is Globalization

**Globalization** is a shift toward a more integrated and interdependent world economy. Globalization has two components: the globalization of markets and the globalization of production.

In many markets the emergence of a global marketplace has begun to occur. There are three causes: falling barriers to cross-border trade have made it easier to sell internationally; consumer tastes and preferences are converging on some global norm helping to create a global market; and firms are facilitating the trend by offering standardized products worldwide, thus creating a global market.

The **globalization of production** refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of **factors of production** (such as labor, energy, land, and capital). By doing this, companies hope to lower their overall cost structure and/or improve the quality or functionality of their product offering, thereby allowing them to compete more effectively.

Economist Robert Reich argues that because firms frequently outsource production, products can now often be considered “global products.” However, firms are not always able to produce in the optimal location because of formal and informal barriers to trade between countries, barriers to foreign direct investment, transportation costs, issues associated with economic and political risk, and the sheer managerial challenge of coordinating a globally dispersed supply chain.

**Slides 1-6 – 1-12** Emergence of Global Institutions

Globalization has created the need for institutions to help manage, regulate, and police the global marketplace. Institutions that have been created to help perform these functions are the **General Agreement on Tariffs and Trade (GATT),** the **World Trade Organization (WTO),** the **International Monetary Fund (IMF),** the **World Bank,** the **United Nations (UN),** and the **G20.**

Another Perspective: A comprehensive overview of GATT is available at {<http://www.ciesin.org/TG/PI/TRADE/gatt.html>}.

The **World Trade Organization (WTO)** is primarily responsible for policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties. The **International Monetary Fund (IMF)** was created to maintain order in the international monetary system, and the World Bank was set up to promote economic development. The **United Nations (UN)** was created to preserve peace through international cooperation. The **Group of Twenty (G20)** is comprised of the finance ministers and central bank governors of the 19 largest economies in the world, plus representatives from the European Union and the European Central Bank. The G20 represents 90 percent of global GDP and 80 percent of international global trade.

Another Perspective: The World Trade Organization maintains an excellent website at {<http://www.wto.org/>}. This site provides information about recent trade disputes, "hot" areas of international trade, and the status current talks.

**Slides 1-12 – 1-17** Drivers of Globalization

These two macro factors underlie the trend toward greater globalization: the decline in the barriers to free flow of goods, services, and capital; and technological change in communications, information processing, and transportation technologies.

**International trade** occurs when a firm exports goods or services to consumers in another country.

**Foreign direct investment (FDI)** occurs when a firm invests resources in business activities outside its home country.

Knowledge Society and Trade Agreements

The pressure from customers to make available any goods and services anywhere for their needs and wants has been facilitated by country governments removing restrictions on imports to their countries. However, declining barriers to cross-border trade and investment cannot be taken for granted.

While the lowering of trade barriers made globalization of markets and production a theoretical possibility, technological change made it a tangible reality. Managers today operate in an environment that offers more opportunities, but is also more complex and competitive than that of a generation ago.

**Slides 1-18 – 1-25** The Changing Demographics of the Global Economy

In the 1960s: the U.S. dominated the world economy and the world trade picture, U.S. multinationals dominated the international business scene, and about half the world—the centrally planned economies of the communist world—was off limits to Western international business.

The share of world output generated by developing countries has been steadily increasing since the 1960s, while developed countries including the United States, Canada, and several European countries have seen a relative decline. If current growth trends continue, China’s economy could be larger than that of the United States by 2030.

There has been a sustained growth in cross-border flows of foreign direct investment. Developing nations, especially China, have been the recipients of much of the investment.

A **multinational enterprise** is any business that has productive activities in two or more countries. In the 1960s, U.S. multinationals dominated the global marketplace, but by 2017, that share had dropped as multinationals from other countries, including developing economies, have emerged as significant players. The global landscape is also changing with the rise of mini-multinationals.

Many of the former communist nations of Europe and Asia seem to share a commitment to democratic politics and free market economics, and these nations present a host of export and investment opportunities for Western businesses. However, disturbing signs of growing unrest and totalitarian tendencies in several eastern European and central Asian states, including Russia, make these countries risky.

The economic development of China presents huge opportunities and risks, in spite of its continued Communist control. And, while Mexico and Latin America also present tremendous new opportunities both as markets and sources of materials and production, Bolivia, Ecuador, and Venezuela have all seen an increase in state involvement in the past few years and are less welcoming of foreign investment.

**Slides 1-25 – 1-33** The Global Economy of the Twenty-First Century

Firms should be aware that while the more integrated global economy presents new opportunities, it also could result in political and economic disruptions that may throw plans into disarray

Is the shift toward a more integrated and interdependent global economy a good thing? Anti-globalization protesters now turn up at almost every major meeting of a global institution. Protesters fear that globalization is forever changing the world in a negative way.

Critics of globalization worry that jobs are being lost to low-wage nations.

Supporters of globalization argue that free trade will result in countries specializing in the production of those goods and services that they can produce most efficiently, while importing goods and services that they cannot produce as efficiently.

Critics of globalization argue that free trade encourages firms from advanced nations to move manufacturing facilities offshore to less developed countries with lax environmental and labor regulations.

Supporters of free trade point out that tougher environmental regulation and stricter labor standards go hand in hand with economic progress and that foreign investment often helps a country to raise its standards.

Critics of globalization worry that economic power is shifting away from national governments and toward supranational organizations such as the World Trade Organization (WTO), the European Union (EU), and the United Nations.

However, supporters of globalization contend that the power of these organizations is limited to what nation-states agree to grant, and that the power of the organizations lies in their ability to get countries to agree to follow certain actions.

Another Perspective: To explore economic freedom and globalization, go to The Fraser Institute’s Economic Freedom of the World Report at {[www.freetheworld.com](http://www.freetheworld.com)}.

Critics of globalization argue that the gap between rich and poor has gotten wider and that the benefits of globalization have not been shared equally.

Supporters of free trade suggest that the actions of governments have made limited economic improvement in many countries.

**Slide 1-34** Managing in the Global Marketplace

Managing an **international business** (any firm that engages in international trade or investment) is different from managing a domestic business because countries differ, managers face a greater and more complex range of problems, international companies must work within the limits imposed by governmental intervention and the global trading system, and international transactions require converting funds and being susceptible to exchange rate changes.

CRITICAL THINKING AND DISCUSSION QUESTIONS

QUESTION 1: Describe the shifts in the world economy over the last 30 years. What are the implications of these shifts for international businesses based in Great Britain? North America? Hong Kong?

ANSWER 1: Over the last 30 years, there has been a shift away from a world in which national economies are relatively self-contained entities, isolated by barriers to trade and investment, and differences in government regulation, culture, and business systems and toward a world where barriers to trade and investment are declining, cultures are converging, and national economies are merging into an integrated, interdependent global economic system. As companies from Japan and emerging markets like China play a more vital role in the world economy, the dominance of companies from the United States and Western Europe has diminished. Significant implications for British firms involve their need to look beyond Europe and America for investment and opportunities. Consumer spending power is growing the most quickly in developing countries. British firms also face the opportunity (and the threat) of attracting Asian firms interested in Britain as a launch pad for the European market. For North American firms, the same holds true, although the importance of the increasing prosperity in Latin America suggests a potentially huge market in “their backyard.” Hong Kong, while losing its “independence,” is perceived as the gateway to the immense market of mainland China. While the free market freedoms Hong Kong firms have enjoyed are now less taken for granted, access to China is improving along with the move towards a market economy within China. International businesses based in all three locations are facing new opportunities and threats.

QUESTION 2: Evaluate this statement: “The study of international business is fine if you are going to work in a large multinational enterprise, but it has no relevance for individuals who are going to work in small firms.”

ANSWER 2: Globalization is changing the world economy. Firms, even small ones, can no longer ignore events going on outside their borders because what occurs in one country has implications for the rest of the world. Individuals who believe they can act in isolation by working for a small firm are not being realistic, but rather myopic and insular. Today, thanks to advances in technology, many small firms sell and source internationally very early in their evolution. Those that fail to take advantage of international opportunities may not achieve their full potential, and ultimately may fail as competitors who do recognize the importance of international business will dominate. In the United States, for example, almost 90 percent of firms that export employ fewer than 100 people. They also account for more than 20 percent of U.S. exports.

QUESTION 3: How have changes in technology contributed toward the globalization of markets and production? Would the globalization of markets and production have been possible without these technological changes?

ANSWER 3: Technological change has made globalization a reality. Major advances in communication, information processing, and transportation have brought countries of the world closer together. The development of the microprocessor is perhaps the single, most important innovation as it increased the amount of information that could be processed by individuals and firms. The Internet has facilitated the creation of a 24/7/365 marketplace where information is available in real time. Advances in transportation have enabled firms to take advantage of the savings associated with dispersing production to low-cost production locations. Advances in communications have helped create a global culture of sorts, and the emergence of a global market for consumer products. Thanks to technological change, firms today can locate facilities wherever in the world it makes the most sense, coordinate activities among facilities, and ship products to customers worldwide more cost effectively than at any time in the past.

QUESTION 4: Evaluate this statement: “Ultimately, the study of international business is no different from the study of domestic business. Thus, there is no point in having a separate course on international business.”

ANSWER 4: There are at least four reasons why studying international business is important. First, countries are different; and managers must understand the reasons for the differences and their implications for business. Second, the range of problems confronted by a manager in an international business is wider and the problems themselves more complex than those confronted by a manager in a domestic business. Third, international companies must find ways to work within the limits imposed by government intervention in the international trade and investment system. Finally, international transactions involve converting money into different currencies. Managers who fail to appreciate these basic differences greatly increase their chance for failure.

QUESTION 5: How does the Internet affect international business activity and the globalization of the world economy?

ANSWER 5: Internet usage has exploded over the last two decades. In 1990, there were fewer than 1 million people connected to the Internet. By 2017 that figure had risen to more than 3.8 billion, some 51 percent of the global population! One of the biggest implications of the Internet is its role as an equalizer. Firms are no longer constrained by size, location, scale, and time zones. Instead, firms operate in a 24/7/365 world with real time access. In North America, e-commerce sales will surpass $520 billion in 2020. For companies, location is no longer an issue because the Internet makes it possible to reach customers anywhere in the world, operations can be linked via the Internet allowing firms to produce in advantageous locations, and global communications are facilitating a cultural convergence making it easier for companies to sell standardized products.

QUESTION 6: If current trends continue, China may emerge as the world’s largest economy by 2030. Discuss the possible implications for such a development for *(a)* the world trading system; *(b)* the world monetary system; *(c)* the business strategy of today’s European- and U.S.-based global corporations; and *(d)* global commodity prices.

ANSWER 6: China is continuing to move toward greater free market reforms, and if it stays on its present track, could become an industrial superpower in the near future. While the United States is still the world’s largest economy, in 2018, China became the global leader in world output—accounting for some 17.1 percent as compared to the 15.8 percent of the United States. China has also surpassed the United States in world exports of goods and services. If these trends continue, China will be a force to be reckoned with. Going forward, international businesses are likely to find that many of their opportunities are in China and other developing nations, and that competition from these markets is fierce

QUESTION 7: Reread the Management Focus on Boeing and answer the following questions:

a. What are the benefits to Boeing of outsourcing manufacturing of components for the Boeing 787 to firms based in other countries?

b. What are the potential costs and risks to Boeing of outsourcing?

c. In addition to foreign subcontractors and Boeing, who else benefits from Boeing's decision to outsource component-part manufacturing assembly to other nations? Who are the potential losers?

d. If Boeing's management decided to keep all production in America, what do you think the effect would be on the company, its employees, and the communities that depend on it?

e. Do you think that the kind of outsourcing undertaken by Boeing is a good thing or a bad thing for the American economy? Explain your reasoning.

ANSWER 7:

a. Student answers will vary. In some respects, outsourcing to overseas suppliers probably keeps company and consumer costs down, allowing Boeing to spend more money on research and innovations to create more products in the United States. When a supply chain becomes too complex to manage effectively, however, its advantages are soon outweighed by inefficiencies, cost overruns, and delays that negatively affect the company, workers, and consumers.

b. Many of the costs and risks associated with outsourcing were underscored by Boeing’s experience with the 787. Boeing lost much of the control it once had over the complex production process, resulting in failures of communication, unexpected delays, and mismatched parts. Ultimately, delivery of the first 787 was pushed back by four years and Boeing suffered millions of dollars in penalties for late deliveries. For its next jet, Boeing has decided to bring production of some elements in-house.

c. By awarding many manufacturing contracts to overseas suppliers, Boeing created thousands of jobs in foreign countries—jobs that would normally be held by workers in the United States. This not only benefits foreign workers and their families (while negatively affecting workers in the United States) but also benefits state and local governments in areas where subcontractors are located, generating higher tax revenues and lowering unemployment rates.

d. Boeing faced extensive criticism in the United States for its decision to outsource jobs overseas, particularly after the 787 project began to experience setbacks. By bringing production back to the United States, Boeing would benefit from positive publicity and improved morale among its employees, which, in turn, could result in higher sales to domestic airlines and improved productivity. However, it may also face negative publicity in the foreign press and could potentially lose some of the business it secured from foreign airlines.

e. There are several reasons that Boeing decided to outsource manufacturing to foreign firms. First, many of the firms are located in countries that are home to major airlines, and awarding large contracts to businesses in these countries may result in airlines placing larger orders for Boeing aircraft. Second, Boeing’s foreign suppliers were world leaders in producing the parts they were supplying, resulting in a higher-quality end product. Third, by outsourcing production, Boeing could transfer some of the risks and costs associated with manufacturing to its suppliers.

Another Perspective: Students can find out about Boeing at {<http://www.boeing.com>/} and production of the 787 and 777 at {<https://www.reuters.com/article/us-airshow-paris-mounir/sales-chief-says-boeing-won-571-orders-and-commitments-idUSKBN19D1CF>}.

CLOSING CASE: Uber: Going Global from Day One

Summary

The closing case explores the global strategy of ride-for-hire, Uber. From its inception, Uber has focused on developing market share in large metropolitan areas around the world. Critics have argued that Uber’s attempt to use the same business model in all markets may have hurt the start-up though, as the company has been banned from operating in markets like Brussels and Delhi. A discussion of the case can begin with the following questions:

QUESTION 1: Companies like Uber, Lyft (one of Uber’s main competitors), and Airbnb (an online marketplace that enables people to lease or rent short-term lodging) are innovating in fields that traditionally have been very complex and regulated. Can Uber’s business model be applied in other industries globally?

ANSWER 1: Responses to this question will vary by student; however, many will probably suggest that indeed there is room for this type of business model in other industries. Students may suggest that it could be used in the trucking or shipping industries or the household moving industry, for example. Other students might suggest that some factories already use the model to some degree as do temp agencies and that the model could expand there as well.

QUESTION 2: Are cities around the world doing a disservice to citizens or visitors, or both, by banning it outright from operating in their community?

ANSWER 2: This question will probably generate significate debate as students will probably have various opinions on this issue. Some may suggest governments have no right simply to ban the company and that the bans in Delhi and Brussels are an example of overt protectionism. Other students, however, will probably argue that governments have a right to establish regulations and require companies to follow those regulations. If a company like Uber refuses to do so, then it can be banned. Students taking this perspective may point out for example, that taxi drivers in London are required to be licensed and to display their license in the car. In theory, at least, these requirements offer a level of security to consumers. Still other students may argue that by banning companies like Uber, governments are limiting the ability of citizens to take advantage of employment opportunities and the associated benefits that come with a job.

QUESTION 3: Uber’s strategy has been to break these regulations, establishing its service first, and then fighting attempts by regulators to shut the service down. This goes along with the old saying, “do first, ask questions later.” Is this business approach viable globally in the long run?

ANSWER 3: Responses to this question will vary by student. Some will argue that Uber’s sometimes combative approach to entering markets does the company a disservice globally, and that a more conciliatory approach could work better. Other students, however, may note that even in markets where it is fighting regulators and politicians, Uber has been successful at creating a name for itself and grabbing market share, both of which are important to future success. Still other students may admire Uber for changing the way consumers think about transportation, but question the company’s long term strategy pointing out that Uber’s brash approach could be costly going forward if local regulators, knowing the company’s reputation, refuse to bargain and simply ban the company as they did in Delhi and Brussels.

Another Perspective: Students can find out more about Uber at {<https://hbr.org/2017/06/uber-cant-be-fixed-its-time-for-regulators-to-shut-it-down>}.

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Please [click here](http://bit.ly/MHEIBVideo) to visit our International Business Video Library which provides an ongoing stream of updated video suggestions correlated by key concept and major topic. Every new clip posted is supported by teaching notes and discussion questions. Please feel free to leave comments in the library that you feel might be helpful to your colleagues.

INCORPORATING globalEDGE™ EXERCISES

Use the globalEDGE™ site {[globaledge.msu.edu/](http://globalEDGE.msu.edu/)} to complete the following exercises:

# Exercise 1

As the drivers of globalization continue to pressure for both the globalization of markets and the globalization of production, we continue to see the impact of greater globalization on worldwide trade patterns. HSBC, a large global bank, analyzes these pressures and trends to identify opportunities across markets and sectors through its trade forecasts. Visit the HSBC Global Connections site and use the trade forecast tool to identify which export routes are forecasted to see the greatest growth over the next 15 to 20 years. What patterns do you see? What types of countries dominate these routes?

# Exercise 2

You are working for a company that is considering investing in a foreign country. Investing in countries with different traditions is an important element of your company’s long-term strategic goals. As such, management has requested a report regarding the attractiveness of alternative countries based on the potential return of FDI. Accordingly, the ranking of the top 25 countries in terms of FDI attractiveness is a crucial ingredient for your report. A colleague mentioned a potentially useful tool called the Foreign Direct Investment (FDI) Confidence Index. The FDI Confidence Index is a regular survey of global executives conducted by A.T. Kearney. Find this index and provide additional information regarding how the index is constructed.

Answers to Exercises

# Exercise 1 Answer

Search phrase: *trade forecasts* or *HSBC Global Connections*

Resource Name: HSBC Global Connections

Website: [https://globalconnections.hsbc.com/us/en](https://globalconnections.hsbc.com/us/en%20)

globalEDGE™ Category: [Globalization](http://globaledge.msu.edu/globalresources/resourcesbytag/globalization)

Additional Info:

Once on the *HSBC Global Connections* website, the *Trade Forecast Tool* can be found under the Tools & Data section of the site. It’s an interactive chart, where you can see the trade routes that are forecasted to exhibit the largest annual growth over the next several years.

# Exercise 2 Answer

Search phrase: *FDI Confidence Index*

Resource Name: A.T. Kearney: Foreign Direct Investment Confidence Index

Website: [http://globaledge.msu.edu/global-resources/rankings](http://globaledge.msu.edu/global-resources/rankings%20)

globalEDGE™ Category: [Rankings](http://globaledge.msu.edu/global-resources/rankings)

Additional Info:
This ranking study, published regularly since 1998 surveys over 300 hundred executives from multinationals with more than $500 million in revenues from 28 countries. The Index is calculated as a weighted average of the number of high, medium, and low responses to questions about the likelihood of direct investment in a market over the next three years. Index values are based on non-source-country responses (so the rating for India does not include responses from Indian multinationals).