

Phase 2 Work for Year 10 Business

- Read the notes on Globalisation
- Research and complete blank spaces
- Research and write additional notes on Globalisation and Multinational Companies (use Cornell Note Taking Sheets)

Globalisation

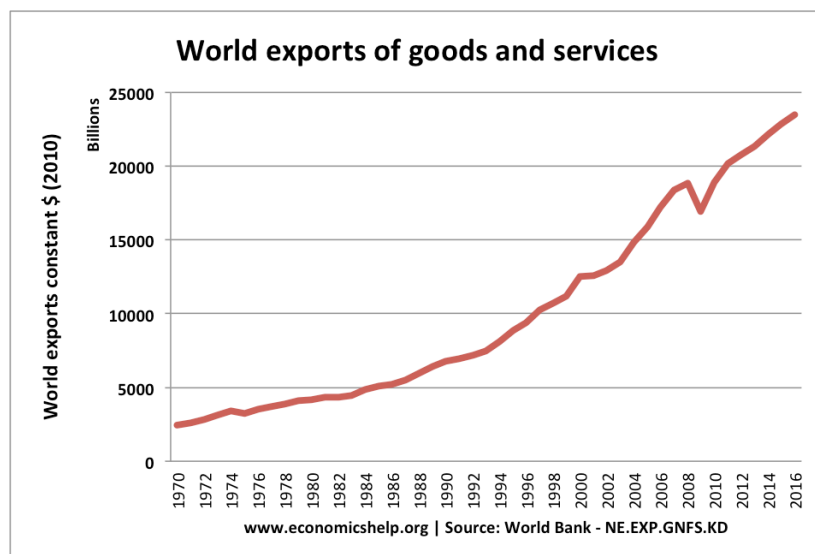
Globalisation is a major force that has changed the way businesses operate.

Economies have become steadily more interconnected due to: -

- Volume of trade between countries has increased
- People have moved to live and work overseas and money has flowed between different countries
- **Multinational** companies (companies that sell products and services in a number of countries) are more common

Increased International Trade

What does the word export mean?



What does the graph show about global exports?

People and Money Move More Freely

There are many factors in the increase in movement of people and money across borders: -

- People wishing to improve standard of living
- Transport options
- European Union – allows free movement of goods and people
- Removal of barriers – communism

Development of Multinational Companies

- Globalisation has led to businesses becoming more international
- This has enabled some businesses to sell products in more than one country
- To enable ease of marketing, some companies have changed brand names to make them more generic and can appeal/be advertised globally e.g. Marathon becoming Snickers



Benefits of Globalisation

Rapid Growth – with rapid growth by having greater opportunities overseas allows economies of scale

Inward Investment – Since 1990 the UK government has received over £25 billion investments

Cheaper Resources – Globalisation means that UK has greater access to cheaper materials

Drawbacks of Globalisation

Fierce Competition – with big overseas companies able to enter the overseas markets more freely, it increases competition. This can result in price wars

New Competitors – As a global market is an attractive proposition, more companies are choosing to operate globally. This means new competitors to the markets which could affect the sales/profits of the UK business.

Threat of Takeover – If an overseas business wants to be global they may choose to takeover an established business in the country. This can be done in a **hostile takeover**