

Tutorial 2 – Globalisation

Look around you - where do items you can see, come from?

Consider

- Where did the raw materials come from?
- Where did all the components come from?
- Where was the item manufactured?
- Where was the product designed?
- Which business designed the product and which manufactured it (are they different)?
- Where did you buy it, where is this business located (where is it run from? Is it a global business?)?
- How did it get here?

Drivers of Globalisation

- **Cost drivers**

- reducing the cost of inputs (such as a raw materials or partially finished goods) that the firm consumes
- reducing the direct cost of wages, i.e. the cost of employing workers, through offshoring
- reducing spending on wages through outsourcing

- **Government drivers**

- increasing the number of market-based economies and increasing market orientation in planned economies
- increasing commitment to reduce barriers to trade
- rise of co-operative organisations of global governance

Drivers of Globalisation

- **Technological drivers**
 - Information and communication technologies (ICT)
 - Technologies of transportation
- **Market drivers**
 - global products
 - global structuring of demand

Harley Davidson Case study

1. How do the four drivers of globalisation impact on Harley Davidson's business?
2. Which of the four drivers do you think is the strongest for Harley Davidson and why?

Additional Tutorial Questions. Group Activity

- 1. What are the for challenges for organisations of going Global?**
- 2. Do the big Brands always get it right?**