

## Chapter 5

### Globalization strategies

- **Global strategy**
  - Regards the world as one big market in which all people want the same product and will respond to marketing in a similar way
  - aims to increase the sales of goods or services abroad. 8
  - Can't adapt to the characteristics of other countries
  - Ex, Levi Strauss
- **Multi domestic strategy**
  - Customises products, services, and marketing for the local culture
  - Effective when cultural differences are predominant
  - Less political and exchange-rate risk
  - Ex: Macdonald's
- **Transnational strategy**
  - Combines the best elements of the global and multi-domestic strategies
  - Respects local market, maintaining the effectiveness of the global strategy
  - Takes place at least expensive source
  - Ex: Coca-cola

### Trade agreements:

- The enforceable treaty between 2 or more countries
- Involves the movement of goods and services, elimination of trade barriers, the establishment of terms of trade, and encourage trade investment
- Agreements may be multilateral or bilateral
- **NAFTA**
  - Launched in January 1994

- Rules about the movement of goods, services, and investments across North America
- Eliminates tariffs, trade barriers, and promotes fair competition
- Allows free flow of goods and service across North America
- Creates high paying jobs in Canada
  
- **USMCA**
  - Signed 11/30, 2018 in Buenos Aires, Argentina
  - Must be ratified before having any effect
  - Increase duty-free limit
  - Key adjustments to dairy and automotive quotas
  
- **CETA**
  - Canada-European Union Comprehensive Economic and Trade Agreement
  - Promotes economic growth between Canada and the EU
  - Reduces or eliminates tariffs
  - Easier access to each other's markets
  - More job opportunities
  - Increase in imports and exports between the two parties

#### Advantages of a common currency

- Decreased risk of change-rate
- Price transparency
- Eliminates transaction cost

#### Disadvantages of a common currency

- Initial costs of implementation
- Lack of national control
- Loss of tradition

## Trade organizations:

- Help with free flow of goods and service
- Help domestic companies expand into international markets
  
- **EU**
  - European Union, signed in 1993, 27 countries
  - Has its own flag, anthem, and currency, and common financial, security, and foreign policies
  - Countries get funding if join EU
  - Problem: people can just drive through the EU countries without any restrictions
- **WTO**
  - World trade organization, established in 1995
  - Members: 150 countries
  - Who do they help: all countries throughout the world
  - Purpose: promotes free trade, and act as a forum for negotiations
- **APEC**
  - Asia-Pacific Economic Co-operation
  - Who do they help? 21 countries surrounding the Pacific Ocean
  - Purpose: cooperate on regional trade, foster open and free trade to increase prosperity and economic growth in Asia-Pacific community
- **The Group of Eight (G8) or G7**
  - Members: Canada, United States, France, Britain, Italy, Germany, Japan
  - Purpose: discuss macroeconomic issues and helps developing countries
- **The Group of Twenty (G20)**
  - Who do they help? major economies of the world except for the G8.
  - Purpose: increase economic and employment, eliminate trade barriers, reform financial institutions and regulations, and restructure global financial organizations
- **OECD**

- Organization for Economic Co-operation and Development
- Members: 30 countries
- promote the advancement of democracy and market economies.
- **The World Bank**
  - Members: 186 countries
  - Who do they help: developing countries
  - Purpose: provides monetary and technical support
- **IMF**
  - International Monetary Fund
  - promote financial stability, prevent and solve economic crises, and assuage poverty.
- **UN**
  - United Nations
  - Who do they help: poor people and the organizations that influence international business,
  - Purpose: keep the peace, develop friendly relations among nations, help poor people live better lives, and to encourage human rights and freedom

## Chapter 6

- **CSR:** Corporate social responsibility
  - The duty of the company's management work in the best interests of society
  - Relies on its resources to advance the welfare of the society, and to act as a good global ;
  - citizen

### Benefits of CSR:

- Marketing tool
- Help companies attract and retain workers
- Governments won't interfere

### Criticisms of CSR:

- Costs money
- Decrease profits
- Uses time and energy
- **Who does CSR impact?** (Bell Canada example)
  - CSR impact its business, the employees, community, environment, and society
- **business**
  - increase profitability and long-term financial success of the company
  - cultivate positive brand recognition
  - attract top-tier employees
  - acquire a reputation
- **Employees**
  - providing insurance, compensations, and retirement plans.
  - mandating workplace safety and treating the employees fairly and ethically.
- **Customers**
  - creating better communications services and technology
  - Delivering high-quality internet service
  - maintaining network security and stability
- **Community**
  - making donations to charities sponsoring sports teams, and supporting Canadian culture events
- **Environment**
  - reducing GHG emissions and electricity consumptions
  - Minimizing the amount of waste
- **Marketplace**
  - creating more job opportunities (areas like engineering, software development, business intelligence, data analytics, etc)

### Two methods of thinking about ethical issues:

- **Ethical imperialism:** A view of culture based on the idea that there are certain universal truths or values that are standard across all cultures; if something is wrong in one country, it is wrong in all countries.
- **Cultural relativism:** A view of culture based on the idea that there are certain universal truths or values that are standard across all cultures; if something is wrong in one country, it is wrong in all countries.

**Primary stakeholders:** directly impact the company and its profitability

Secondary stakeholders: do not directly influence its success or its profitability

### Ethical issues

- **Environmental issues**
  - Sustainable development: maintain the environment while meeting human consumption
  - Pollution and resource depletion
- **Sweatshops**
  - Factories in underdeveloped and developing countries in which employees work in unsafe environments, are treated unfairly and have no chance to address those conditions
  - Sweatshops exist because of global competitiveness, corporate greed, and consumer expectations of low prices
- **Corporate corruption**
  - The involvement in illegal activities, such as bribery and fraud to further one's business interests
  - Government, industries, and businesses are often involved
- **Dumping**

- selling products in a foreign country below the cost of production or below the price in the home country
- Predatory dumping: foreign companies price their products below the market value to monopolize the market, forcing competitors out of the business, then raise their prices to earn high profit.
- **Poverty**
  - Hunger, lack of shelter and medical care, limited access to education, high rates of disease
  - Gini coefficient measures economic inequality around the world
- **Microcredit**
  - Grant small loans to spur entrepreneurship- a way to address poverty
  - Loans mainly grant to women, who use loans to start a small business and their earnings to support their families
  - World Bank, UN, INF, and the government

## NGOs

- Non-governmental organizations
- Non-profit organizations with service and development
- Composed by volunteers and is funded through charities
- Focus on trade, education, youth, environment, human rights
- World Vision, Greenpeace, Amnesty International, Red Cross