**CHAPTER 8: DRIVING FORCES OF GLOBALISATION**

* **Globalization** is the process where ideas and activities from people in different parts of the world become connected.
* These **interconnections** are links between people, businesses, and countries, created by the movement of goods, services, people, knowledge, and resources.
* **Interconnections** lead to **interdependence**, meaning that events in one part of the world can impact other parts of the world.
* Example of the interconnections and interdependence relationships in the production and sale of iPhone.

|  |
| --- |
| A drawing of a cell phone  Description automatically generatedIPHONEs   * Apple produces iPhone. * Apple is dependent on suppliers that provides materials to produce iPhone. * Suppliers are dependent on Apple to buy their raw materials. * Apple is dependent on customers to buy their iPhone. * Customers are dependent on Apple to produce the phones. |

Globalisation has been accelerating causing the world to become more interconnected and interdependent. What is the reason for this acceleration?

**Driving forces of globalisation:**

1. Technological Advancements.
2. Growth of multinational corporations. (MNCs).

|  |
| --- |
| **TECHNOLOGICAL ADVANCEMENTS** |

**Development in transportation**

* Land sea, air transportation has improved over the years.
* **Speed:** Trains, ships and aircraft can travel much faster and cover longer distances today due to improvements. For e.g. the Shinkansen bullet trains in Japan can travel up to 320km/h.
* **Capacity:** More people and goods can be carried per trip to different parts of the world. For e.g. containerisation has made it possible to transport large amount of goods by ships. It has made cargo handling more efficient and reduced shipping costs.
* **Costs:** Lower transport cost is achieved when more people are transported at a faster rate per trip. For e.g. budget airlines has made cost of flights reduced significantly – this will encourage more people to travel.
* Improvements in transportations has led to improvements in related infrastructure such as highways, railways, seaports and airports -> this makes transport more accessible and affordable.
* This leads to growth of globalisation and has “shrink the world” as people, goods and services can move around the world quickly, in larger volumes and lower costs.
* Business ideas and activities are thus becoming more interconnected and interdependent.

**Developments in digital technology**

* Refers to the electronic tools, systems, devices and resources that generate, store or process data.
* Helps to facilitate communication between people, businesses and countries.
* Invention of computers and the internet have improved communications which enabled people to stay connected and share information and ideas.
* The smartphone has merged the computer and the internet together and made people more connected.
* Prevalent use of internet and social media has enabled people to communicate instantly with each other and brings people together. Information is easily accessed and helps people keep abreast of news in other parts of the world.
* Developments in digital technology facilitates business activities across large distances and different time zones.
* This leads to growth of globalisation and has “shrink the world” as people can share information and ideas instantly. This results in the world becoming more interconnected and interdependent.

|  |
| --- |
| **MULTINATIONAL CORPORATIONS (MNCs)** |

**Growth of Multinational corporations**

* MNCs are large corporations that operate in many countries.
* Their supply chains link numerous people and activities across different parts of the world.
  + E.g. Starbucks coffee beans are sourced from Africa, Asia and Latin America. They are transported to USA and India for roasting and the finished product is distributed to 35,000 stores around the world.
* MNCs facilitate the exchange of ideas between countries.
* MNCs creates jobs in other countries hence strengthening the economy.
* Global span of MNCs’ operations results in the movement of people, goods and services across the globe.
  + This has been facilitated by improvements in transportation - has enabled more people, goods and services to move around the world.
  + Developments in digital technology have led to more efficient and reliable long-distance communication across borders and time zones, facilitating business activities of MNCs.
* This facilitates globalisation as MNCs’ operations increases the interconnections and interdependence between people, activities and goods around the world.