

**What is globalisation** - the process by which the world is becoming increasingly interconnected as a result of massively increased trade and cultural exchange.

Globalisation is not a new term. People have travelled, traded and shared ideas for thousands of years and there are many global linkages.

**Globalisation has resulted in:**

- \* increased international trade
- \* a company operating in more than one country
- \* greater dependence on the global economy
- \* freer movement of capital, goods, and services
- \* recognition of companies such as McDonalds and Starbucks in LICs

**Reasons for globalisation**

There are several key factors which have influenced the process of globalisation:

**Improvements in transportation** - larger cargo ships mean that the cost of transporting goods between countries has decreased. Transport improvements also mean that goods and people can travel more quickly.

**Freedom of trade** - organisations like the World Trade Organisation (WTO) promote free trade between countries, which help to remove barriers between countries.

**Improvements of communications** - the internet and mobile technology has allowed greater communication between people in different countries.

**Labour availability and skills** - countries such as India have lower labour costs (about a third of that of the UK) and also high skill levels. Labour intensive industries such as clothing can take advantage of cheaper labour costs and reduced legal restrictions in LICs.

**Transnational companies (TNCs)**



**TNCs are** - companies that operate in more than one country.

**Why are they in other countries?** They often have factories in countries that are not as economically developed because labour is cheaper.

Offices and headquarters tend to be located in the more developed world.

**Examples** of TNCs - Unilever, McDonalds and Apple.

**Factors attracting TNCs to a country may include:**

1. cheap raw materials
2. cheap labour supply
3. good transport
4. access to markets where the goods are sold
5. friendly government policies

**When a TNC locates within a country, there are advantages and disadvantages.**

**Advantages are** - creation of jobs, stable income and more reliable than farming, improved education and skills, investment in infrastructure, eg new roads - helps locals as well as the TNC, help to exploit natural resources and a better developed economic base for the country

**Disadvantages are** - poorer working conditions, damage to the environment by ignoring local laws, profits going to companies overseas rather than locals, little reinvestment in the local area, jobs insecure - if labour costs increase, the company may move elsewhere and natural resources being over-exploited

**Globalisation of sport**

**Benefits of sport** - often called a 'universal language' as sporting activities link many countries. Many sports can be played in different settings regardless of the development of a country.

**Immediate benefits** - it increases social contact between groups of people, help to raise an area's image or identity, regenerate an area, bring money into an area (spectators may spend money before and after the event), and it can help raise money for charity.

**Global sporting events**

Factors affecting sporting participation and success of a country

**Resources available.** HICs can afford to the investment more therefore get the big events - Olympics

**Culture of the country.** Some cultures are strongly linked to a sport e.g. USA - baseball and Japan - martial arts.

**Climate.** wintery conditions = skiing and bobsleigh.

**The identity of the country.** A country is likely to invest in resources for sports if they see this as a way of gaining international recognition, investment and trade.

