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## 1. What is Globalisation?

Globalisation is:

The increasing connection between countries through trade, investment, communication, and movement of people.

**Key Points:**

- Countries are more connected than ever
- Goods and services are traded worldwide
- Businesses operate in many countries
- Technology spreads quickly

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## 2. Causes of Globalisation

### ✅ 1. Improvements in Technology

- Internet and mobile phones make communication instant
- Businesses can coordinate globally

### ✅ 2. Cheaper Transport

- Container shipping reduces costs
- Faster air travel

### ✅ 3. Trade Liberalisation

- Fewer tariffs and quotas
- More free trade agreements

### ✅ 4. Growth of Multinational Companies (MNCs)

- Companies expanding internationally

### ✅ 5. Political Changes

- Countries opening up to trade (e.g. India, China)

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## 3. Why Do Firms Operate in Multiple Countries?

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✅ **Lower Costs**

- Cheaper labour
- Lower production costs

✅ **Access to Large Markets**

- More customers
- Higher potential profits

✅ **Access to Resources**

- Raw materials
- Skilled or unskilled workers

✅ **Economies of Scale**

- Producing more lowers average costs

✅ **Avoid Trade Barriers**

- Producing inside a country avoids tariffs

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**4. 6-Mark Exam Question**

**Question:**

"Over the past two decades, developing countries such as India have seen an increase in MNC investment. Explain why MNCs invest in a country like this." (6 marks)

✅ **Model Answer (Full Marks)**

MNCs invest in developing countries such as India for several reasons. One key reason is **lower labour costs**, which reduces production costs and increases profits. In addition, India has a **large population**, giving firms access to a **large and growing market**.

Another reason is access to **natural resources and labour**, which are often abundant. Governments may also offer **incentives such as lower taxes or subsidies** to attract MNCs.

Finally, producing within the country allows firms to **avoid trade barriers**, such as tariffs, making their goods more competitive. Therefore, lower costs, market size, and government incentives all encourage investment.

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### 5. Benefits of Globalisation

✅ Lower prices for consumers
✅ Greater choice of goods
✅ Job creation
✅ Economic growth
✅ Transfer of technology

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### 6. Drawbacks of Globalisation

❌ Job losses in developed countries
❌ Environmental damage
❌ Worker exploitation
❌ Increased inequality
❌ Local cultures may be lost

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### 7. Impacts of Multinational Companies (MNCs)

✅ **Positive Impacts**

- Create jobs
- Invest in infrastructure
- Provide training and skills
- Increase economic growth

❌ **Negative Impacts**

- Profits may leave the country (repatriation)
- Can exploit workers (low wages, poor conditions)
- Environmental damage
- May push out local businesses

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