Case study: The Smartphone, a globalised product

Problematic: How is the Smartphone introduced in globalised flows and exchanges?

A decentralised production involving many continents and territories

Sources to use: the worldwide production of the I Phone 4S (source: Ifixit and Apple websites), Advertising for the I Phone 4S (USA) and for the Samsung Galaxy S3 (USA) (Apple and Samsung websites), Presentation of I Phone 4S, Presentation of Samsung Galaxy SIII (Apple and Samsung websites), map about Smartphone production in the world (Fortune 2012, PNUD 2011, Gartner 2001)

Source 1: The worldwide production of the I Phone 4S

1Broadcom is fabless company (it has no factories on its own): it has subcontractors for the manufacturing of components such as Taiwan Semiconductors Manufacturing (smelting) or Advanced Semiconductors Engineering – Taiwan and China (assembler).

Sources 2 and 3: IPhone 4 S and Samsung Galaxy SIII Ads
Samsung Galaxy SIII: http://www.youtube.com/watch?v=OmQclpZVhoU
iPhone 4S: http://www.youtube.com/watch?v=V38oouaLSZo

1Price (phone only): 649 $
Conception of the device: Apple (USA) in Cupertino (Silicon Valley, California)
Assembling: Foxconn/Hon Hai Precision Industry (Taiwan) in Shenzhen (China) and Pegatron (Taiwan) in Shanghai for 6 $
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Sources 4 and 5: Official demonstration and presentation of the products by Apple and Samsung
Samsung Galaxy SIII: [http://www.youtube.com/watch?v=UiyikmzF0CI](http://www.youtube.com/watch?v=UiyikmzF0CI)
iPhone 4S: [http://www.youtube.com/watch?v=CQjGXkGxLhM](http://www.youtube.com/watch?v=CQjGXkGxLhM)

Source 6: Smartphone productions all over the world

![Smartphone production map](image)

Questions:
1. Identify the producers and consumers of Smartphone all over the world.
2. Explain how the production is organized in the world. You’ll precise which type of countries dominant and why?
3. Are there territories which seem to be less integrated in the production and consumption of Smartphone than the other?
4. Using the example of Samsung and Apple, explain how the TNCs producing Smartphone are able to attract people and consumers?

A harsh competition between TNCs
Sources to use: Map of the production and the distribution of the IPhone 4S (Apple 2011), the TNCs and the Smartphone market (source: The Economist, Apple Slice, August 10th, 2011), article from The Economist iPhone, uCopy, iSue, the cell phone industry (International Telecommunication Union website, 2012), An ITU overview (ITU website), access to mobile phone in the world (ITU, 2012)
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Source 1: The production and the distribution of the iPhone 4S

Source 2: TNCs and the Smartphone market

Source 3: iPhone, uCopy, iSue

[...] WHEN Steve Jobs unveiled the iPhone in 2007, he changed an industry. Apple’s brilliant new device was a huge advance on the mobile phones that had gone before: it looked different and it worked better. The iPhone represented innovation at its finest, making it the top-selling smartphone soon after it came out and helping to turn Apple into the world’s most valuable company, with a market capitalisation that now exceeds $630 billion.

Apple’s achievement spawned a raft of imitators. [...] Among them is Samsung, the world’s biggest technology manufacturer, whose gadgets are the iPhone’s nearest rivals and closest
lookalikes. The competition and the similarities were close enough for Apple to sue Samsung for patent infringement in several countries, spurring the South Korean firm to counterclaim that it had been ripped off by Apple as well. On August 24th an American jury found that Samsung had infringed six patents and ordered it to pay Apple more than $1 billion in damages, one of the steepest awards yet seen in a patent case. Some see thinly disguised protectionism in this decision. [...] The much bigger questions raised by this case are whether all Apple’s innovations should have been granted a patent in the first place; and the degree to which technology stalwarts⁴ and start-ups⁵ alike should be able to base their designs on the breakthroughs of others. [...] The dispute between Apple and Samsung is less over how the devices work and more over their look and feel. At issue are features like the ability to zoom into an image with a double finger tap, pinching gestures, and the visual “rubber band” effect when you scroll to the end of a page. The case even extends to whether the device and its on-screen icons are allowed to have rounded corners. [...] A proliferation of patents harms the public [...]. It means that technology companies will compete more at the courtroom than in the marketplace – precisely what seems to be happening.

Source: The Economist, September 1st, 2012

Source 4: The cell phone industry

Source 5: International Telecommunication Union Overview

⁴ a loyal supporter who does a lot of work for an organization, especially a political party
⁵ a company that is just beginning to operate, especially an Internet company
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ITU is the United Nations specialized agency for information and communication technologies – ICTs. We allocate global radio spectrum and satellite orbits, develop the technical standards that ensure networks and technologies seamlessly interconnect, and strive to improve access to ICTs to underserved communities worldwide.

ITU is committed to connecting all the world’s people – wherever they live and whatever their means. Through our work, we protect and support everyone’s fundamental right to communicate.

Today, ICTs underpin everything we do. They help manage and control emergency services, water supplies, power networks and food distribution chains. They support health care, education, government services, financial markets, transportation systems and environmental management. And they allow people to communicate with colleagues, friends and family anytime, and almost anywhere.

With the help of our membership, ITU brings the benefits of modern communication technologies to people everywhere in an efficient, safe, easy and affordable manner.

ITU membership reads like a Who’s Who of the ICT sector. We’re unique among UN agencies in having both public and private sector membership. So in addition to our 193 Member States, ITU membership includes ICT regulators, leading academic institutions and some 700 private companies.

In an increasingly interconnected world, ITU is the single global organization embracing all players in this dynamic and fast-growing sector.

Source: ITU (International Telecommunication Union), 2012.

Questions:
1. Which are the main actors involved in the production and the manufacturing of Smartphone?
2. Prove that the market for Smartphone is dominated by TNCs fiercely in competition.
3. Based on the example of the iPhone 4S, explain that the production of Smartphone is strongly linked to the improvement of communication networks of all kind.
4. Using source 6 and the previous item, show that the market of Smartphone is dominated by the MDCs.
5. Are the cell phone and Smartphone only reserved to the MDCs?
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6. How do the international organisations try to resolve the numeric gap?

I. **Transnational companies acting as major leaders of globalisation**


**Source 1: Wal-Mart world deploy**

![Map of Wal-Mart stores worldwide](image)

**Source 2: Outsourcing strategies for Wal-Mart’s suppliers**

Defensor in the 1980’s of the famous slogan “Buy American”, today, the firm owns his wealth to the importation of manufactured products from countries where the labour force’s cost is more competitive. Wal-Mart buys the products he distributes to close to 65,000 suppliers dispatched in approximatively about 60 countries – only a thousand of them are in the USA. In 2006, his central purchasing departments were implemented in 22 countries […]. China is the space of supplying privileged by the company. A team of 400 people coordinates production and purchases for an amount of 20 billions of dollar a year at about 20,000 suppliers. […] Shenzhen becomes the Wal-Mart’s headquarters for South-Asia then, in 2002, his central purchasing department for the entire world lands in here. […] China, as the world workshop, wouldn’t have worked correctly without the container revolution in maritime transportation. At the end, it’s about 230,000 TEU[^6] that Wal-Mart makes cross the Pacific Ocean each year. […]

[^6]: Twenty feet Equivalent Unit = Equivalent Vingt Pieds. It’s the measure of cargo containers.
To maintain discount prices everyday as their slogan says “Everyday, low prices”, the company imports 60% of the products sold in his stores, contrary to 6 % in 1995. His policy of discount prices was a fantastic accelerator for the effects of globalisation in the USA, but there is an ongoing debate about the responsibility of the firm in the huge growing commercial deficit of the USA.


**Source 3: Obstacles to Wal-Mart Expansion**

*In the 1990’s, the first implementation of Wal-Mart in Europe met the first difficulties, until obligating the firm to withdraw his European expansion.*

In 1999, Wal-Mart bought Asda, the second supermarket chain in the United-Kingdom. The Thatcher’s decade allowed the evolution of the laws on labour and the decrease of the British wages to acceptable levels for the American company. In 2003, Wal-Mart took over Sainsbury’s. But, the Trade Union of the retail sector used their relays in the press and in the political world to create against-Wal-Mart campaigns, slowing down the company’s growth in the UK.

In Germany, the implementation of Wal-Mart is a failure. […]


**Source 4: Map of the iPhone 4S production** (see case study)

**Source 5: TNCs’ ranking comparison**

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<td>323</td>
<td>-31</td>
<td>Total for the BRIC</td>
<td>35</td>
<td>67</td>
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FT 500, 2010

**A. The TNCs, leaders of globalisation**

**B. The TNCs and the International division of labor**

Questions:
1. Using the case study and sources 1 to 4, prove how and why the TNCS internationalise their production and market.
2. Prove that they are many ways for TNCs to practice international division of labour (use several examples to prove it) and to benefit from it.

**C. The TNCs and their strategies of location**

Questions:
1. Are the TNCs completely uninteresting in territories?
2. Why being integrated to territories is so important for the TNCS?

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7 Syndicat
8 Grande distribution
9 BRIC is an abbreviation for a group of emerging countries or countries regaining power : Brazil, Russia, India and China.
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3. Are there new competitors for the western TNCs? Are the western TNCs losing weight worldwide? (source 5)
4. Is the TNCs’ internationalisation always efficient?
II. The UK in the international mobilities:
Since the last 50 decades, the number of migrants has rapidly increased: 75 million of international migrants in 1965, à 111 millions in 1985, 165 millions in 1990, officially 191 millions in 2005 and 213 millions in 2010. People are more and more mobile on the international scale, even if the international migrations are only concerning 3 % of the entire world population. Some territories are attracting more people than others. It’s especially the case of the MDCs, such as the United States of America or the European Union which seem to be Eldorado for migrants from the entire world.

How can the UK be considered a very important attraction pole for migrants?

A. A country well-integrated in communication networks
Sources to use: map of the Internet users (International Telecommunication Union), map of the International maritime routes (Doctor Rodrigue, department of geographical studies, Hofstra university), map of the International airlines (International department of aerial transportation, flighglobal.com), map of the International migrations in 2008 (based on Gildas Simon, the migratory planet, 2008).

Source 1: Internet users in the world in 2010 (percentage of the entire population of the country)
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**Source 2: International maritime routes in 2010**

![Map of international maritime routes in 2010](image)

Source: Dr Rodrigue, Department of geographical studies, Hofstra University, 2010.

**Source 3: International airlines in 2011**

![Map of international airlines in 2011](image)

Source: International department of aerial transportation, flighglobal.com

**Source 4: International migrations in 2008**

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*Images and maps are not included in the text.*
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Questions:
1. Prove for each one that it is well-integrated in the network you are studying.
2. Prove then that the UK is well integrated in the international networks.
3. Why being integrated in the international networks (Internet, maritime and aerial routes, ...) is so important for migrations.
4. Prove that the UK is a European gateway for migration
5. Looking at the whole set of sources, try to enlarge what you said for the UK to the entire world.

B. Diasporas in the UK, remains of the British Empire

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Source 1: Diasporas, an attempt of a definition
The term ‘diaspora’ comes from the Greek translation of the bible meaning "to scatter" about, disperse, from dia- "about, across", and, speirein "to scatter" (originally in Deut. XXVIII.25). Safran [a geographer], in 2005, points out that the term has its Western beginnings in the Jewish diaspora communities, extending to groups “such as the Armenian, Chinese, Greek, Indian, Kurdish, Palestinian, Parsi, and Sikh, whose experiences of expatriation, institution building, cultural continuity, and refusal to relinquish their collective identities have demarcated them from mere immigrants”.

The term has come to mean a group of people that were expelled or migrated from their historic homeland out into different parts of the world. Further, it implies that they established new political communities in those places, making contact with the people of the receiving lands for various purposes, but generally remaining closely together as communities of religion, culture and/or welfare.

Descriptively, diasporas have been presented as a set of social spheres (Safran, 1991), a mode of categorization and typology (Cohen, 1997), and a distinct social form, type of consciousness, and mode of cultural production (Vertovec, 1999). For example, Cohen, an American geographer, in 1997, considered Diaspora as a mode of categorization with several characteristics:
- dispersal and scattering
- collective trauma
- cultural flowering
- troubled relationship with the majority
- a sense of community transcending national frontiers
- promoting a return movement

He also defined several criteria to characterize different forms of diaspora: victim, labour, trade, imperial, cultural.

Source: Michael Rios and Naomi Adiv, Geographical department, UC Davis, 2004

Source 2: The Indian diaspora in 2005


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10 Eparpiller.
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Source 3: The Chinese diaspora in 2007

Source: based on E. Ma Mung’s studies.

Source 4: The Jewish diaspora in 2006

Source: Based on Israel Central Bureau of Statistics
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Source 5: Origin of foreigners living in the UK in 2008

Questions:
1. Using the text, give a definition of what a diaspora is.
2. Using source 5, prove that the UK attracts people from the entire world (make categories based on the foreigners’ countries of origin)
3. Prove that the UK is also an important base in Europe for several diasporas. What could be the explanations for that matter of facts?
4. Is the UK the main area of locations for all these diasporas?

C. Work migrations, from the poor to the brain

Sources to use: Migrants’ remittances\(^\text{11}\) in 2009 (World bank), Why do people migrate? (bbc.co.uk/migrations, 2012.), Push and pull factors (bbc.co.uk/migrations, 2012.), Migrations policies in the UK (bbc.co.uk/migrations, 2012.), Wall and fences geography in the world (PNUD, Human Development report, 2008.), Brain drain, drain or gain? (Sarah Rainey, The Telegraph, november 10\(^{th}\), 2012.)

\(^{11}\) Money sent by migrants back to their state of origin.
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Source 1: Migrants’ remittances in 2009

![Map of Migrants’ Remittances in 2009](image)


Source 2: Why do people migrate?

People migrate for many different reasons. These reasons can be classified as economic, social, political or environmental:
- economic migration – moving to find work or follow a particular career path
- social migration – moving somewhere for a better quality of life or to be closer to family or friends
- political migration – moving to escape political persecution or war
- environmental causes of migration include natural disasters such as flooding

Some people choose to migrate, e.g. someone who moves to another country to enhance their career opportunities. Some people are forced to migrate, e.g. someone who moves due to war or famine.

A refugee is someone who has left their home and does not have a new home to go to. Often refugees do not carry many possessions with them and do not have a clear idea of where they may finally settle.

Source: bbc.co.uk/migrations, 2012.

Source 3: Push and pull factors

Push factors are the reasons why people leave an area. They include lack of services, lack of safety, high crime, crop failure, drought, flooding, poverty, war.

Pull factors are the reasons why people move to a particular area. They include higher employment, more wealth, better services, good climate, safer, less crime, political stability, more fertile land, lower risk from natural hazards. Migration usually happens as a result of a combination of these push and pull factors.
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**Source 4: Migrations policies in the UK**
The number of migrants a country receives is influenced by the countries migration policy. Countries such as the UK operate a points based system. People are awarded points depending on their skills, previous income, and age. This has system gives some people visas to allow them entry into the UK for work - especially where there is a shortage of labour in that sector. Migration laws are complex, and change in different countries, even within the EU.

Source: bbc.co.uk/migrations, 2012.

**Source 5: Wall and fences geography in the world**

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Source 6: Brain drain, drain or gain?
A census of the medical workforce in Australia in 1998 recorded 4,000 British doctors. Fourteen years on, this number has tripled. [...] Add to that tens of thousands of British dentists, pharmacists, lawyers, accountants and academics. And that’s just on one continent. More than 4.7 million Britons now live overseas, half of them middle-class professionals who have left in search of higher salaries, lower income tax and better weather.
This week, as reported in The Daily Telegraph, the Home Office warned that Britain will experience a “brain drain” if the trend continues. Nearly half (48 per cent) of British emigrants in 2010 were in professional or managerial roles, compared to 37 per cent in 1991. Britain has developed a “nomadic” working population, the report warns, and, as experts take with them years of valuable knowledge and experience, this will soon have grave “implications for the availability of skills in the UK”.
Most Britons who move abroad head for Australia (22 per cent between 2000 and 2010), with others settling in the USA, Canada, New Zealand and France. Nearly 200,000 work in white-collar jobs in Dubai, while there are 28,000 British-born executives in Hong Kong and 40,000 in Singapore. As the UK emerges from a period of economic stagnation that has stunted growth since 2008, the very people who could provide an impetus to our ailing economy are leaving at a rate of 150,000 a year. [...] 

Questions:
1. What are the reasons explaining that people can live their country to come to the UK?
2. What are the reasons for people to come to live and work in the United Kingdom?
3. Was this migration made on a straight line?
4. Was the migration profitable for the emigration countries?
5. Enlarge the characteristics you found for the UK to the rest of the world.