

Measuring Globalization

643- Global Culture





AGENDA



- ★ **Introduction**
- ★ **DHL GCI Index**
 - Key countries/cities
 - Methodology
 - Trends
- ★ **A. T. Kearney Index**
 - Definition and key facts
 - Global cities index and Global cities outlook (+ example of our home countries)
 - Global elites and Smart cities
- ★ **Conclusion**

Introduction

**“In God we trust.
All others must
bring data”.**

Most people agree with the definition of globalization, but few of them have undertaken the task of trying to measure the levels of globalization

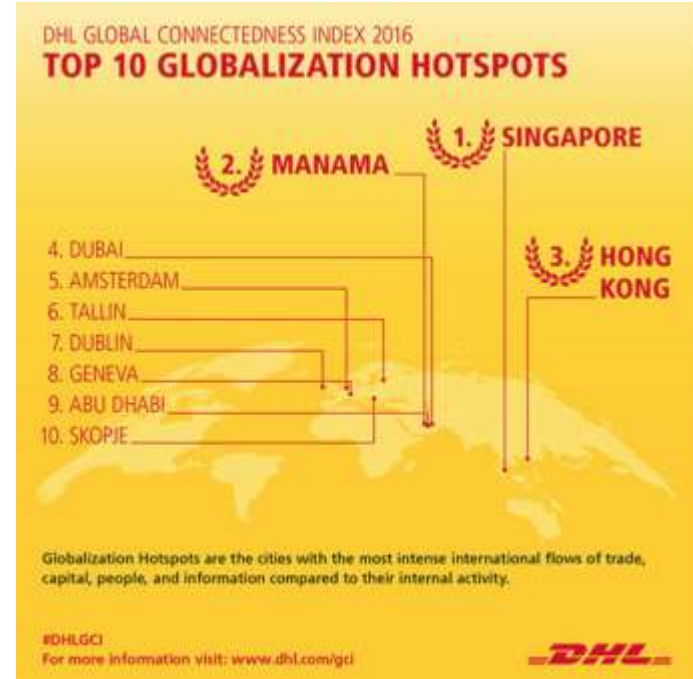


AT Kearney

Why is it important to measure globalization?



DHL- Key Countries and Cities



DHL Global Connectedness Index - Methodology

- ❖ 140 countries, 95% of world population, 99% of world GDP.
- ❖ “GLOBAL CONNECTEDNESS REFERS TO THE DEPTH AND BREADTH OF A COUNTRY’S INTEGRATION WITH THE REST OF THE WORLD, AS MANIFESTED BY ITS PARTICIPATION IN INTERNATIONAL FLOWS OF PRODUCTS AND SERVICES, CAPITAL, INFORMATION, AND PEOPLE.”
- ❖ Four Pillars: Trade Flows (Products and Services), Investment Flows (Capital), Information Flows, and People Flows
- ❖ Measured based on *depth and breadth*





DHL- Depth and Breadth

Depth

It measures how much of a given type of activity that could take place either within or across national borders is international rather than domestic.

Breadth

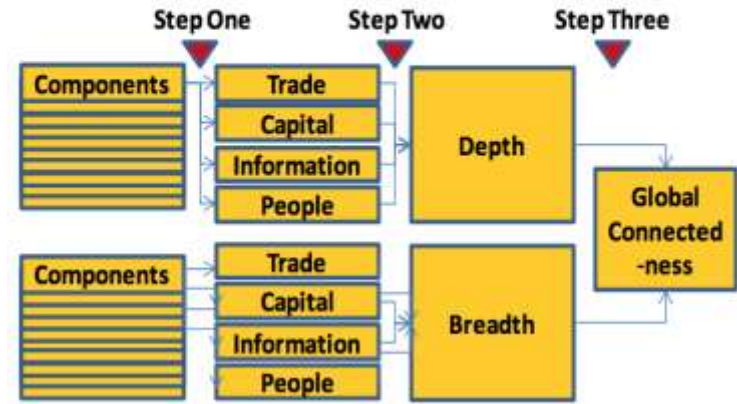
It is the extent to which a country's international flows are spread out globally versus confined to a particular set of partner nations.

Even more methodology...

After all data has been collected, the individual components are added together to get the four pillars (**step 1**). This is done for both breadth and depth, as shown. Then scores for these two dimensions are computed (**step 2**). Lastly, to obtain a score between 0 and 100, the two dimensions are rescaled to be between 0 and 50, and in the last step they are added together (**step 3**).

Aggregation and Weights

Figure 1



Methodology - Continued

| Pillar | Component | Domestic Comparison for Depth |
|----------------|---|--------------------------------------|
| 1. Trade | 1.1 Merchandise Trade | GDP |
| | 1.2 Services Trade (Commercial Services Only) | GDP |
| 2. Capital | 2.1 Foreign Direct Investment (FDI) Stocks | GDP |
| | 2.2 Foreign Direct Investment (FDI) Flows (moving average of last 3 years) | Gross Fixed Capital Formation (GFCF) |
| | 2.3 Portfolio Equity Stocks | Stock Market Capitalization |
| | 2.4 Portfolio Equity Flows (moving average of last 3 years) | Stock Market Capitalization |
| 3. Information | 3.1 International Internet Bandwidth | Internet Users |
| | 3.2 Telephone Call Minutes | Population |
| | 3.3 Trade in Printed Publications (H.S. Code 49 covering printed books, newspapers, pictures, etc.) | Population |
| 4. People | 4.1 Migrants (foreign born population) | Population |
| | 4.2 Tourism (departures and arrivals of overnight tourists) | Population |
| | 4.3 International Students | Tertiary Education Enrollment |

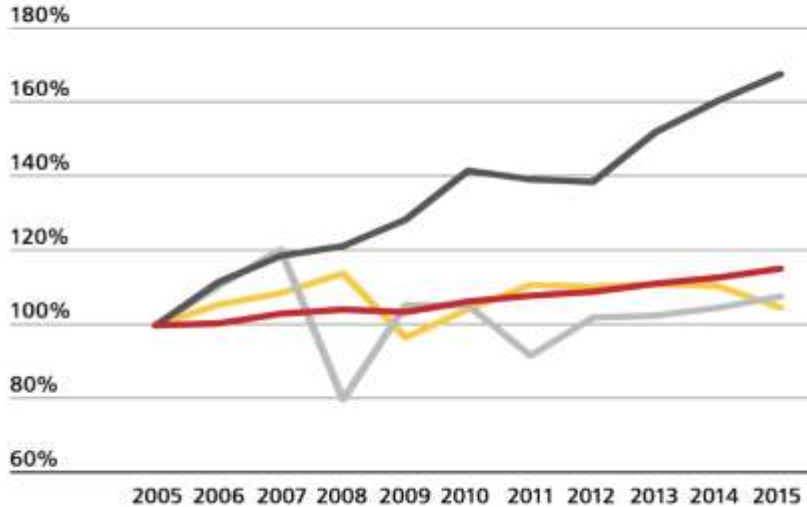
| Pillar (Weight % of Total) | Depth Component (Weight % of Pillar) | Breadth Component (Weight % of Pillar) |
|----------------------------|--|---|
| 1. Trade (35%) | 1.1 Merchandise Trade (75%) | 1.1 Merchandise Trade (100%) |
| | 1.2 Services Trade (25%) | - |
| 2. Capital (35%) | 2.1 FDI Stocks (25%) | 2.1 FDI Stocks (25%) |
| | 2.2 FDI Flows (25%) | 2.2 FDI Flows (25%) |
| | 2.3 Portfolio Equity Stocks (25%) | 2.3 Portfolio Equity Stocks (50%) |
| | 2.4 Portfolio Equity Flows (25%) | - |
| 3. Information (15%) | 3.1 International Internet Bandwidth (40%) | - |
| | 3.2 Telephone Call Minutes (40%) | 3.2 Telephone Call Minutes (67%) |
| | 3.3 Trade in Printed Publications (20%) | 3.3 Trade in Printed Publications (33%) |
| 4. People (15%) | 4.1 Migrants (33%) | 4.1 Migrants (33%) |
| | 4.2 Tourists (33%) | 4.2 Tourists (33%) |
| | 4.3 Students (33%) | 4.3 Students (33%) |



DHL-Global connectedness trends

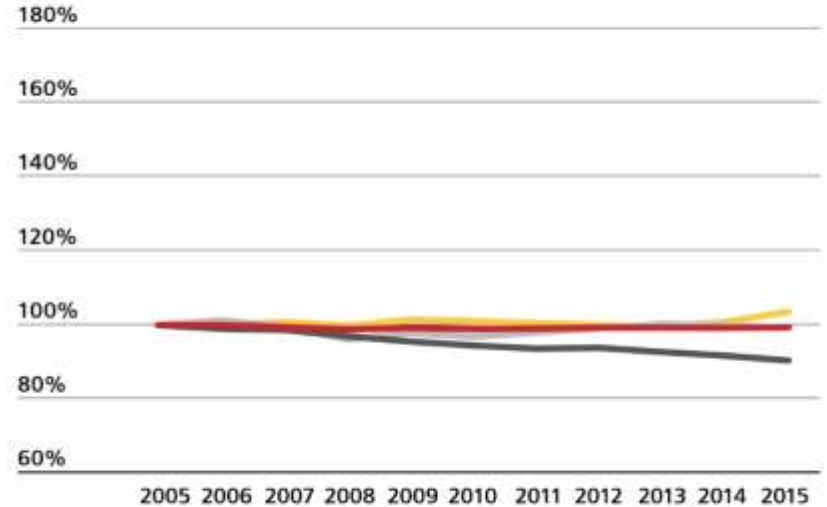
PILLAR LEVEL GLOBAL CONNECTEDNESS TRENDS, 2005–2015

Depth Pillars



Trade Capital Information People

Breadth Pillars



Trade Capital Information People

Statistics from our home countries

DHL INDEX



9. Denmark (0)



14. France (-2)



23. Spain (+2)



Depth

Breadth

Main points from the 2019 report

1. The level of globalization surpassed its pre-crisis peak in 2014
2. Most international trade happens within regions, not between them
3. Europe is the most connected region in the world. Brexit?
4. For the rest, go to [dhl.com](https://www.dhl.com)



A.T Kearney Globalization Index



“A unique and powerful tool for understanding the forces shaping today’s world”

Why ? More than 50% of world population live in cities and countries urbanize rapidly.



2050 : $\frac{2}{3}$ of population



What’s a global city ? Ability to attract and to retain global capital, people, ideas and a sustainable performance.



A.T Kearney Globalization Index



Collects data since **2008** to **track progress**. It takes a look at the world's most influential cities as well as those that are likely to become more **important on the global stage**

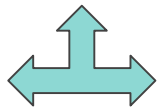
125 cities



62 countries
(including developed and developing countries)

2 Parts

GLOBAL
CITIES
OUTLOOK



GLOBAL
CITIES
INDEX

84% of the
world's
population



96% of the
world's
GDP





Global Cities Index : “Perfect Cities”



Current performance of cities based on 27 metrics

Insight into the current **global reach, performance** and level of **development** of the world’s largest cities

5 dimensions :

- Business activity
- Human capital
- Information exchange
- Cultural experience
- Political engagement

Global Cities Index—leaders by dimension

| Business activity | Human capital | Information exchange | Cultural experience | Political engagement |
|-------------------|---------------|----------------------|---------------------|----------------------|
| New York | New York | Paris | London | Washington, D.C. |



Global Cities Outlook : “Fastest cities”



Evaluates city’s **future potential** based on the rate of change for 13 metrics

Evaluates **long-term investment** and success

Forward-looking perspective that shape **future competitiveness**



4 dimensions :

- Personal well-being
- Economics
- Innovation
- Governance

Global Cities Outlook—leaders by dimension

| Personal well-being | Economics | Innovation | Governance |
|---------------------|-----------|---------------|----------------|
| Melbourne* | London | San Francisco | Geneva, Zurich |

Difference between City Index and City Outlook : example of our home countries

|  City | Global cities index Rank  PERFECT | Global cities outlook Rank  |
|---|--|--|
| Paris  | 3 | 13 |
| Madrid  | 13 | 48 |
| Copenhagen  | 21 | 42 |

Different dimensions, different ranks

TOP 15 : "The Global Elites"



15 cities rank in
the top 25 of
City index and
City Outlook

=

8,8 millions
of inhabitants



+

7,4 trillions
dollars of
global GDP



The only two
cities **in both**
top 10 (City
index and city
outlook)



New focus : "Smart cities"



What is it ? City with **technology** as core of its development strategy



Crucial **point of differentiation** between developed and emerging economy performances.

5 dimensions



3 dimensions of City index



2 dimensions of Outlook Index



Conclusion : Comparison of the two



DHL GCI Index

- **Measures connectedness of both cities AND countries**, A.T. Kearney is only focused on cities.
- Wider reach than A.T. Kearney - **140 countries (99% of world GDP)** as opposed to 62 countries (96% of world GDP)

A.T. Kearney Index

- **Looks to the future** (in 'outlook' section), whereas DHL GCI only takes a snapshot of globalization today.
- Measures **more factors** than DHL GCI - for example political activity and citizens' personal well-being.



Sources

- http://www.dhl.com/en/about_us/logistics_insights/studies_research/global_connectedness_index/global_connectedness_index.html#.VFff5MkpXuM
- <http://creative-commons-images.com/handwriting/a/agenda.html>
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