

# ["globalisation six main aspects; firstly there is international](https://assignbuster.com/globalisation-six-main-aspects-firstly-there-is-international/)

“ Globalisation is a process in which the worldappears to be converging economically, politically and culturally”(Needle, 2015). Nowadays, financialmarkets, industry, and politics are all internationalized. The occurrence ofthis has increased transfer of wealth across countries; it has increasedcommunication throughout the world, an increased importance of trade in theeconomy and an increase in international trade policies. Globalization has had detrimentaleffects on the economy has created many challenges around the world.  Globalisationis cut into six main aspects; firstly there is international trade and thecreation of the global marketplace. Globalization can be viewed as an enhanceto the amount of international trade. There are globally organized productionand investment flows, Migration, communication flows, Cultural flows and rapidtechnological change around the world. Globalisation integrates markets in the worldwideeconomy, leading to the joining of national economies.

Markets wherebyglobalisation is particularly common include financial markets, insurance markets and productmarkets, such as markets for electronics, motor vehicles and agriculture. Theglobalisation of sport and entertainment is also a feature ofthe late 20th and early 21st centuries. Globalization has extendedbeyond its economic roots and has proliferated into human rights, theenvironment and even national security. Although these new initiatives do notlook similar to the ones we are used to seeing the difference is that today’sagreements come equipped with their own governance structures. This has led toan astonishing shift of policy-making prerogatives from individualnation-states to a host of new, higher level political institutions. This is acause for celebration the notion that political institutions have come togetherto grow in size, importance and boldness is today’s conventional wisdom.  G There are three main competing views on globalization, eachdiscussing different positives and negatives impacts that are associated withglobalization. The three different perspectives are the neo-classical perspective, the Marxist/Socialist perspective, and the Structuralist view.

The first competing view is the Neoclassical/neoliberalperspective, this view argues that overall history and current economics havejoined together to form a new relationship where nations are uniting both economicallyand politically. It’s very essential for countries to come collectively in bothof these aspects in order to be a success in the globalized world. The neoclassical competing view shows that the world’seconomy is controlled more by the existing market. It shows that If trade wasso essential to expanding markets, thus allowing increased productivity itwould be very easy to show how trade around the world would be so beneficial (AdamSmith, 1790).

Foremost it gives an amount of funding that assists the increase inthe amount of money available to trade internally. Furthermore, it enables moreof a market development across the globe. An example of this could be twocountries selling two pairs of goods, if one country has an “ absolute advantage” in producing one set of goods and the other country has an absolute advantageof producing their set of goods, they would each be specialized for their owncountry for selling the goods they have. The advantage of having this is that both countries will mainlybenefit from this provided that the trade is fair. In addition, trade and theeconomic success enables many types of countries to both develop and profitfrom a huge economic change into the markets overseas to be able to acquirecheaper resources/materials. However, this could be a potential problem as countriesthat are significantly better at producing and countries which are moreadvanced would benefit from this whereas countries that aren’t as developed wouldn’t, simply because of lack of growth and development and thus making it harder totrade. David Ricardo refined Adam smith’s theory by arguing that from twocountries if one country was better than the other at producing, then thatcountry will be known for that particular produce. For example, David Ricardo uses trade between twocountries being England and Portugal explain how it assists Portugal to importcloth even if Portugal can produce cloth with less labour than England.

Currenteconomists portray that England has a comparative advantage in producing cloth. Ricardo states, “ To produce wine in Portugal, it must have 80 men for ayear, and to produce the cloth in the same country, it must have need of 90 menfor the year also. Thus it would be advantageous for them to export wine inexchange for cloth”(David Ricardo, n. d)Due to globalisation rising alongside the increase inaccessible/useable technology and convenience of improved transportation, technology has made it easier for people to communicate across borders, and hasalso lead to a decline in the cost of transportation. It is now cheaper andmore efficient to transport goods from one place to another. Globalizedtransportation has increased profitability and thus during the main growthstages of globalization between 1970 and 1993 the increase in transport was upby nearly fifty percent throughout Europe.  A major change with transportation costs has enabled businessesto acquire greater profits.

This is from changing ideas within the business bymoving the place they create products (Heshmati, 2003). In addition, Companiescan now transfer files via the internet, and this enables the possibility tohave meetings without every member being physically present. This has led tolower long distance communication costs and the exchange of information isdrastically easier than ever before.

International businesses can now telecommunicatewith others through the use of email, telephone conferences, andvideoconferences. The increase in telecommunications development had to do witha cause-effect relationship between technological development and thederegulation of financial market policies. (Czaputowicz, 2007).   The second competing view is the Socialist/Marxistperspective.

They argue that globalization has led to an increase in theinequalities of countries/nations. Marxist has many contradicting viewpoints onexactly how unequal nations are currently, and how big a factor globalizationis playing in the inequalities. Firstly, Marxist was in agreement with smiththat capitalism led to unprecedented growth but he also made the point thatthere was a huge flaw. He believed the social system of capitalism is veryunfair, he believed that owners of capital are able to exploit their advantageof certain access to recourses and some political powers are in the hands of afew people. The more wealthy nations are continuing to increase their status ofwealth whilst the poorest nations/countries are continuing to remain poor. Ithas been established that 20% of the world’s richest population control 86% ofworld gross domestic product, as well as 82% of world exports. In comparison tothe world’s poorest 20% population consume 1. 3% .

Manycountries with low income will not be left out of globalisation due to theincreased reduction of trade borders throughout the world. Rising countriessuch as India and China have reduced poverty and have shown an increase ineconomic growth since they took on open economic policies in the 1990’s (Chengand Mittlehammer, 2008). It is vital to put these policies in place so thatmore countries will want to partake in globalisation. In some parts ofthe world there are no guarantees that the wealth from inward investment will assistthe local community of the less developed countries. Often, profits are sentback to the MEDC where the TNCs are based.

If it becomes cheaper to operate inanother country, the TNC might close down the factory and make local peopleredundant. However, Ifdeveloping countries know that they will not have to suffer from inequalitiesthey will want to join globalization. A study found that foreign investment hashad a positive impact on economic growth when country-specific factors aretaken into account (Carkovic and Levine, 2002). These factors include; domesticfinancial development, school attainment, and national income.  The final competing view is the Structuralist writer’sperspective. This specific perspective differs from the other two perspectivesin various ways. Firstly, it is believed that there isn’t a main reason behindglobalisation.

Globalisation is considered to have just progressed over theyears. Secondly, globalization could be very influential however it’s anunknown occurrence and the predictions of its outcome will not be known formany years down the road. After the Second World War, a development ofeconomics was created in belief that LDC’s (Less developed countries) could notfollow the same footsteps of the more developed countries. Additionally, TNCs (transnational corporations) were to help bring wealth and foreign currency to localeconomies when they buy local resources, products and services and thereforethe extra money created by this investment can be spent usefully on education, health and infrastructure for them countries.

Many countries were led to develop distinctive non-marketpolicies to rapidly industrialize their economies. LDCs faced an alreadydeveloped capitalist world which needs time to be able to catch up on certainpolicies and thus it was argued that some structures required for a sustainablemarket system weren’t made in some of the developing countries and thereforethey had to be constructed before the integration of economies into the global system. The positive effect globalisation can have isthe Inward investment by transnational corporations helps countriesby helping and providing new types of employment through jobs which requires differentskills for local people.  Structualistswouldn’t particularly agree with the way some of these problems are addressedbut they believe and argue that if the business environment is to beconstructed in such a way as to enable globalization to increase growth, stabilityand development over time then those issues had to be addressed and resolved. Structuralist writers further believe that the same commonchanges have occurred from globalization but there isn’t a specific way of howthese changes came.

This perspective believes that the range of factorsinfluencing processes of globalization is much greater, and the outcomes ofglobalization are very vague. Also, the increases in technology and the tradeliberalization or governmental policies have lead to globalization benefiting alot of countries and this dire increase in globalisation has lead to an enhancein inequality amongst nations, as well as an increase in the inequalitiesbetween the development of individual countries.  In conclusion, globalisation can be defined in different competingperspectives, the way it has changed policies in the world and how nations areconducting business in the world are very important.

Each individual competingview has different viewpoints on what causes globalization and howglobalization impacts the world. There are also several theories ofglobalization that need to be understood. It’s vital to have a clearunderstanding of the trends and views of globalization to be able to understandhow it affects the modern business world and society as a whole.  ReferencesAlexander, C., & K . Warwick, (2007). Governments, Exports and Growth: Responding tothe Challenges and Opportunities of Globalization.

World Economy, 30(1), 177-194. Arestis, P., & S. Basu,. (2003).

Financial Globalization: Some Conceptual Problems. Eastern Economic Journal, 29(2), 183. Basu, K. (2003). Journal Of Economic Literature, 41(3), 885. Bello, W.

(2006). The Capitalist Conjuncture: Over-Accumulation, Financial Crises, and The Retreat From Globalization. ThirdWorld Quarterly, 27(8), 1345-1367.

Bhagwati, J. (2004). In Defense of Globalization.

Oxford, NewYork: Oxford University Press. Carkovic, M., & R. Levine. (2002). “ Does ForeignInvestment Accelerate Growth?” Mimeo, University of Minnesota. Cheng, M. Y.

, & R. Mittelhammer,. (2008). Globalizationand Economic Development: Impact of Social Capital and Institutional Building.

American Journal of Economics & Sociology, 67(5), 859-888. Crafts, N. (2004). Globalization and Economic Growth: AHistorical Perspective. World Economy, 27(1), 45-58. Croucher, S. L.

(2004). Globalization and Belonging: ThePolitics of Identity in a Changing World. Rowman & Littlefield.. P.

10. Czaputowicz, J. (2007). The Influence of Globalization UponPublic Governance. Public Administration (16484541), 1/2(13), 26-33. Das, D.

K. (2006). Globalization in the World of Finance: AnAnalytical History.

Global Economy Journal, 6(1), 1-22. Day, R. (2005).

Globalization, Markets, and Ethics. Perspectives on Global Development & Technology, 4(3), 251-303. Friedman, T. (2000). The Lexus and the Olive Tree: Understanding Globalization (First Edition). Farrar, Straus and GirouxPublishing.

Graham, C. (2001). Winners and Losers: Perspectives from theEmerging Market Economies Globalization Opposition in the Third World. Brookings Review v. 19 no. 4 p.

22-25. Gwartney, J. D. & R. G.

Holcombe, & R. A. Lawson.(2004). Economic Freedom, Institutional Quality and Cross-Country DifferencesIn Income and Growth. Cato Journal v. 24: p.

205-233. Held, D. & A. McGrew, & D. Goldblatt, & J.

Perraton. (1999). Global Transformations: Politics, Economics and Culture. Stanford University Press, pp. 32-86. Herriot, P., & W . Scott-Jackson,.

(2002). Globalization, Social Identities and Employment. British Journal of Management, 13(3), 249-257. Heshmati, A. (2003). The Relationship Between IncomeInequality and Globalization. United Nations University.

1-31. Heckelman, J., & S. Knack (2005). “ PoliticalInstitutions and Market-Liberalizing Reform”. Mimeo. Hirst, P, & T.

Grahame. (2001). Globalization inQuestion: The International Economy and the Possibilities of Governance (1sted.) Trade Paperback.

IPS (2004). Technology-Africa: Globalization and theInformation Age. Kagan, R.

A. (2007). Globalization and Legal Change: The” Americanization” of European Law? Regulation & Governance, 1(2), 99-120. Kaplinsky, R. (2001). Is Globalization All it is Cracked UpTo Be? Review of International Political Economy, 8(1), 45. Klein Namoi. (2003).

Activists must follow the money. TheGuardian Retrived September 20, 2009 fromhttp://www. guardian.

co. uk/world/2003/sep/12/globalisation. wtoMcNally, David. (2006).

Another World is Possible: Globalization and Anti-CapitalismMatsuyama, K. (2004). Financial Market Globalization, Symmetry-Breaking and Endogenous Inequality of Nations.

Econometrica, 72(3), 853-884. Mukherjee, I. (2008). Impact of Globalization onInternational Trade. ICFAI Journal of International Business, 3(1), 2845Pryor, F. L. (2000). The Millennium Survey: How EconomistsView the U.

S. Economy in the 21st Century. American Journal of Economics andSociology, 59(1), 3.

Retrieved from www. jstor. org/stable/3487849Robinson, M. (2006). How Globalization is TransformingInternational Relations.

Associated Content. Rogoff, K. (2003). Globalization and Global Disinflation. Economic Review (01612387), 88(4), 45-78. Stiglitz, Joesph (2003). Globalization and its Discontents1st edition (June 2002); W.

W. Norton & CompanyTallman, S., & K. Fladmoe-Lindquist,.

(2002). Internationalization, Globalization, and Capability-Based Strategy. CaliforniaManagement Review, 45(1), 116-135.

The Association for Women’s Rights in Development (2008). HowCan Globalization Be Changed to Benefit all People? The World Commission on the Social Dimension of Globalization(2004). Fair Globalization; Creating Opportunities for All.

Tisdell, C., & S. Svizzero,. (2004). Globalization, Social Welfare, Public Policy and Labor Inequalities.

Singapore EconomicReview, 49(2), 233-253. Anon, online Available at: http://Globalization: A Very Short Introduction: Steger, Manfred B. Accessed 14 Jan. 2018. Economicsonline. co. uk. (2018).

Globalisation. online Available at: http://www. economicsonline.

co. uk/Global\_economics/Globalisation\_introduction. htmlAccessed 14 Jan. 2018. Freepatentsonline. com.(n.

d.). Globalization: trendsandperspectives.

. online Available at: http://www. freepatentsonline. com/article/Journal-International-Business-Research/263035541. htmlAccessed 14 Jan.

2018. Onthe Principles of Political Economy and Taxation. (1821). 3rd ed. ebookAvailable at: http://www.

econlib. org/library/Ricardo/ricP. html Accessed 14Jan.

2018. Wetherly, P. and Otter, D. (2014).

The businessenvironment. pp. 263-274. Heshmati, A. (2003).

The Relationship Between Income Inequality and Globalization. UnitedNations University. 1-31. Czaputowicz, J.

(2007). The Influence ofGlobalization Upon Public Governance. Public Administration (16484541), 26-33. Cheng, M. Y.

, & R. Mittelhammer,. (2008). Globalization and Economic Development: Impact of Social Capital andInstitutional Building.

American Journal of Economics & Sociology, 67(5), 859-888. Carkovic, M., & R. Levine.

(2002). “ Does ForeignInvestment Accelerate Growth?” Mimeo, University of Minnesota. Bbc. co. uk.(2014). BBC – GCSE Bitesize: Positiveimpacts of globalisation. online Available at: http://www.

bbc. co. uk/schools/gcsebitesize/geography/globalisation/globalisation\_rev4.

shtmlAccessed 14 Jan. 2018. Bbc. co. uk.(2014). BBC – GCSE Bitesize: Reasons forglobalisation.

online Available at: http://www. bbc. co.

uk/schools/gcsebitesize/geography/globalisation/globalisation\_rev2. shtmlAccessed 14 Jan. 2018. Economist.

com.(2014). Cite a Website – Cite This ForMe. online Available at: https://www. economist. com/blogs/economist-explains/2014/09/economist-explains-0Accessed 14 Jan.

2018. Needle, D. (2015). Business in Context. p.

12. Mukherjee, I. (2008). Impact of Globalization on International Trade. ICFAI Journal ofInternational Business, 3(1), 2845