

"globalisation six
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“ Globalisation is a process in which the world appears to be converging economically, politically and culturally”(Needle, 2015). Nowadays, financial markets, industry, and politics are all internationalized. The occurrence of this has increased transfer of wealth across countries; it has increased communication throughout the world, an increased importance of trade in the economy and an increase in international trade policies.

Globalization has had detrimental effects on the economy has created many challenges around the world. Globalisation is cut into six main aspects; firstly there is international trade and the creation of the global marketplace.

Globalization can be viewed as an enhancement to the amount of international trade. There are globally organized production and investment flows, Migration, communication flows, Cultural flows and rapid technological change around the world. Globalisation integrates markets in the worldwide economy, leading to the joining of national economies.

Markets whereby globalisation is particularly common include financial markets, insurance markets and product markets, such as markets for electronics, motor vehicles and agriculture. The globalisation of sport and entertainment is also a feature of the late 20th and early 21st centuries.

Globalization has extended beyond its economic roots and has proliferated into human rights, the environment and even national security. Although these new initiatives do not look similar to the ones we are used to seeing the difference is that today's agreements come equipped with their own governance structures. This has led to an astonishing shift of policy-making prerogatives from individual nation-states to a host of new, higher level political institutions. This is a cause for celebration the notion that political

institutions have come together to grow in size, importance and boldness is today's conventional wisdom. There are three main competing views on globalization, each discussing different positives and negatives impacts that are associated with globalization. The three different perspectives are the neo-classical perspective, the Marxist/Socialist perspective, and the Structuralist view.

The first competing view is the Neoclassical/neoliberal perspective, this view argues that overall history and current economics have joined together to form a new relationship where nations are uniting both economically and politically. It's very essential for countries to come collectively in both of these aspects in order to be a success in the globalized world. The neoclassical competing view shows that the world's economy is controlled more by the existing market. It shows that if trade was so essential to expanding markets, thus allowing increased productivity it would be very easy to show how trade around the world would be so beneficial (Adam Smith, 1790).

Foremost it gives an amount of funding that assists the increase in the amount of money available to trade internally. Furthermore, it enables more of a market development across the globe. An example of this could be two countries 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 advantage of producing their set of goods, they would each be specialized for their own country for selling the goods they have. The advantage of having this is that both countries will mainly benefit from this provided that the trade is fair. In addition, trade and the economic success

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enables many types of countries to both develop and profit from a huge economic change into the markets overseas to be able to acquire cheaper resources/materials. However, this could be a potential problem as countries that are significantly better at producing and countries which are more advanced 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 to trade. David Ricardo refined Adam Smith's theory by arguing that from two countries if one country was better than the other at producing, then that country will be known for that particular produce. For example, David Ricardo uses trade between two countries being England and Portugal explain how it assists Portugal to import cloth even if Portugal can produce cloth with less labour than England.

Current economists portray that England has a comparative advantage in producing cloth. Ricardo states, "To produce wine in Portugal, it must have 80 men for a year, and to produce the cloth in the same country, it must have need of 90 men for the year also. Thus it would be advantageous for them to export wine in exchange for cloth" (David Ricardo, n. d). Due to globalisation rising alongside the increase in accessible/useable technology and convenience of improved transportation, technology has made it easier for people to communicate across borders, and has also led to a decline in the cost of transportation. It is now cheaper and more efficient to transport goods from one place to another. Globalized transportation has increased profitability and thus during the main growth stages of globalization between 1970 and 1993 the increase in transport was up by nearly fifty percent

throughout Europe. A major change with transportation costs has enabled businesses to acquire greater profits.

This is from changing ideas within the business by moving the place they create products (Heshmati, 2003). In addition, Companies can now transfer files via the internet, and this enables the possibility to have meetings without every member being physically present. This has led to lower long distance communication costs and the exchange of information is drastically easier than ever before.

International businesses can now telecommunicate with others through the use of email, telephone conferences, and videoconferences. The increase in telecommunications development had to do with a cause-effect relationship between technological development and the deregulation of financial market policies. (Czaputowicz, 2007). The second competing view is the Socialist/Marxist perspective.

They argue that globalization has led to an increase in the inequalities of countries/nations. Marxist has many contradicting viewpoints on exactly how unequal nations are currently, and how big a factor globalization is playing in the inequalities. Firstly, Marxist was in agreement with Smith that capitalism led to unprecedented growth but he also made the point that there was a huge flaw. He believed the social system of capitalism is very unfair, he believed that owners of capital are able to exploit their advantage of certain access to resources and some political powers are in the hands of a few people. The more wealthy nations are continuing to increase their status of wealth whilst the poorest nations/countries are continuing to remain poor.

It has been established that 20% of the world's richest population control 86% of world gross domestic product, as well as 82% of world exports. In comparison to the world's poorest 20% population consume 1.3%.

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

If it becomes cheaper to operate in another country, the TNC might close down the factory and make local people redundant. However, if developing countries know that they will not have to suffer from inequalities they will want to join globalization. A study found that foreign investment has had a positive impact on economic growth when country-specific factors are taken into account (Carkovic and Levine, 2002). These factors include; domestic financial development, school attainment, and national income.

The final competing view is the Structuralist writer's perspective. This specific perspective differs from the other two perspectives in various ways. Firstly, it is believed that there isn't a main reason behind globalisation.

Globalisation is considered to have just progressed over the years. Secondly, globalization could be very influential however it's an unknown occurrence

and the predictions of its outcome will not be known for many years down the road. After the Second World War, a development of economics was created in belief that LDC's (Less developed countries) could not follow the same footsteps of the more developed countries. Additionally, TNCs (transnational corporations) were to help bring wealth and foreign currency to local economies when they buy local resources, products and services and therefore the 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-market policies to rapidly industrialize their economies. LDCs faced an already developed capitalist world which needs time to be able to catch up on certain policies and thus it was argued that some structures required for a sustainable market system weren't made in some of the developing countries and therefore they had to be constructed before the integration of economies into the global system. The positive effect globalisation can have is the inward investment by transnational corporations helps countries by helping and providing new types of employment through jobs which requires different skills for local people. Structuralists wouldn't particularly agree with the way some of these problems are addressed but they believe and argue that if the business environment is to be constructed in such a way as to enable globalization to increase growth, stability and development over time then those issues had to be addressed and resolved. Structuralist writers further believe that the same common changes have occurred from globalization but there isn't a specific way of how these changes came.

This perspective believes that the range of factors influencing processes of globalization is much greater, and the outcomes of globalization are very vague. Also, the increases in technology and the trade liberalization or governmental policies have led to globalization benefiting a lot of countries and this dire increase in globalisation has led to an increase in inequality amongst nations, as well as an increase in the inequalities between the development of individual countries. In conclusion, globalisation can be defined in different competing perspectives, the way it has changed policies in the world and how nations are conducting business in the world are very important.

Each individual competing view has different viewpoints on what causes globalization and how globalization impacts the world. There are also several theories of globalization that need to be understood. It's vital to have a clear understanding of the trends and views of globalization to be able to understand how it affects the modern business world and society as a whole.

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