

# [Impact of globalization on human lives](https://assignbuster.com/impact-of-globalization-on-human-lives/)

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Globalization is the creation of extensions across boarders that enhance the integration of social, political and economic systems across the world. It implies the deregulation of legal and social structures and also increased communication platforms so as to accommodate the wide range of competencies and needs brought about by globalization. It is characterized by the free flow of capital, products, services and technology from various parts of the world.

Globalization has made nations review and utilize their competitive and comparative advantages so that they can take advantage of the free trade regimes adopted by most nations. Each country seeks to place itself strategically so that it can attract business and foreign investment which will automatically boost the economy. It is also imperative for nations to know how to carefully exploit the benefits of globalization. This is because it also has profound impacts on society’s economic wellbeing, beliefs and attitudes. Countries must evaluate the effects of globalization on such economic realities such as inflation, price levels, employment and national income. There must be a balance between all aspects of human lives so that the benefits brought by globalization do not erode the current gains.

This requires the active participation of the authorities and major stakeholders in raising awareness on the pros and cons of globalization. It is only through such joint approaches that a country can reap the various gains and benefits and also protect them for the long term. Impact of globalization on national economies Positive impacts There has been increased cross boarder trade between nations due to adoption of international trade laws. This has increased the level of interdependence between national economies due to the increased cross boarder exchanges of goods, services, technology and capital. Industries which were previously natives of some countries have expanded their production capacities to other continents.

They have established fully fledged associates in other countries so as to exploit the opportunities presented in those countries. Several frameworks such as the general agreements on trade and tariffs have been implemented so as to set fair trading rules that enable the equal participation of all players in world trade. Equal participation has also been exemplified through formation of world bodies such as World Trade Organization. These bodies have advocated for the reduction of trade barriers amongst nations and also enforced the greater integration between developed and developing economies through trade (Samuel 45). Such actions have spurred foreign direct investment and also increased the rate of international migration of people across nations.

Most countries have benefitted from these attributes especially countries like China. There has been more presence of Chinese companies in regions such as Africa and Europe. Chinese companies have exploited their comparative advantages in regions such as Africa where their companies have been actively involved in development of infrastructures such as roads, railways, telecommunications and bridges. These Chinese companies have earned a lot of income which they later invest back into their country. Repatriation of such profits back into their country has created a huge boost to their per capita GDP and boosted national income.

Favorable performance of the Chinese economy has in retrospect attracted more foreign companies to establish trade ties with their Chinese counterparts by establishing companies there. The result has been the availability of more employment opportunities for most of the Chinese nationals. It has reduced the level of unemployment in China and increased the level of consumption in their economy. This is because high employment levels mean that most Chinese families have an income and a source of livelihood which automatically increases their demand for products and services. The ability of globalization to create more employment and investment opportunities for the Chinese has reduced the level of poverty and inequality in the Chinese society. Narrowing of the gap between the rich and poor has mainly been brought about by the availability of equal opportunities both locally and internationally since the number of restrictions that used to exist previously have been enormously reduced.

This is because for nations to reap the maximum benefits of globalization, they have to adhere to international protocols and established rules of trade (Allan 34). Adherence to these rules in order to achieve maximum benefits gradually led to the collapse of the Confucian system in china. This led to improvement of social relations between china and other countries especially in the west. Globalization also enables delocalization of industries and establishment of affiliates in other regions of the world. Companies that were previously local have expanded their presence over nations and have become multinationals.

Such companies are able to reap benefits of economies of scale. They are also strategically placed to cope with market distortions such as inflation and higher price levels. Multinational companies also leverage through recruiting people of optimal competencies from all over the world. Most of the major investors and shareholders in these multinationals are personalities from their country of origin. When such companies operate at the international level there are high chances that their profitability will increase.

Such increases are mainly due to the various leveraging opportunities available at the international scene as compared to local economies (Groag 75). Increased profitability implies higher returns in form of dividends and bonuses to these shareholders and investors. It leads to improvements of lives of these shareholders due to increased amounts of returns on their investment. Companies such as Huawei have their origin in China and have established branches and affiliates in most countries especially in developing economies in Africa. This has made them take advantage of the huge demand for communication infrastructure in most of these companies. Their exploitation of this sector has increased their profits which imply increased returns to their main shareholders in China especially in the long run.

When these multinationals earn impressive profits, they also invest more in their domestic economies where they still want to maintain their market share. This leads to improved and better services for their domestic economies. This is evidenced in countries like China where there aresome of the best infrastructural structures such as roads and telecommunications services. It is mainly influenced by the ability of their companies to expand and take advantage of economies of scale that results to less financial risks and more profitability. Negative impacts Globalization has made companies that compete on international scale to continuously seek leveraging opportunities in the global market.

These companies have diversified most of their operations in areas such as human resources where they have focused the recruitment of talent to areas where labor costs are low. Most of these areas where the cost of factors of production especially labor and raw materials are low are in developing countries. Most of the available job opportunities are taken up by nationals from these developing countries. The greater integration between multinationals and regional supply chains also leads to signing of contractual agreements between these companies and suppliers from other countries. This leads to loss of job opportunities for locals. E.

g. most of the Chinese companies expanding in various regions such as Europe, Latin America and Africa are opting to recruiting professionals from those nations and only have few Chinese in their ranks. This is mainly due to various reasons such as language problems where most Chinese may not be conversant with local languages in those jurisdictions. Another impeccable disadvantage of globalization in economic circles is that it exposes a national economy to various distortions that occur in other economies. Increased levels of trading with countries all over the globe expose the national currency to various shocks that are occasioned by trade and balance of payment imbalances.

These imbalances are mainly rampant when the currency of exchange is not the national currency. There is a potential danger in the situation degenerating to exchange rate volatility which may eventually lead to inflation. High inflation rates have severe effects on the national price levels and normally reduce the purchasing power of consumers. Economic integration amongst trading partners creates a situation where a major impact on one economy especially the dominant one has spill over effects on the other economies. This was properly witnessed during the global financial crisis.

The collapse of the real estate sector in the United States had huge economic ramifications to most countries in the world. This was mainly caused by the overreliance on the dollar by most of the trading partners in the daily exchange of goods and services. When the dollar lost value in the US, most of these dependent economies and major trading partners like China experienced sharp increases in inflation which had detrimental effects on peoples’ lives. Globalization also subjects locally established companies to immense competition from large foreign corporate. Domestic companies that are being set up normally incur huge losses since they cannot compete on the same platform with their well established counterparts. This places local businesses that are being established at a disadvantage.

The established foreign companies have the ability to invest heavily in advertising for their products. They can also adopt competitive pricing policies for their products. They have the ability to offer huge discounts to their customers. Such protective practices by the dominant and established multinationals discourage the establishment of local industries which reduces the level of activity by domestic players in most sectors. Such a scenario places the local economy at stake since most of national revenues in form of taxes come from these multinationals. They also employ huge numbers of the local population in their various operations.

There is a profound danger in the economy when such multinationals decide to withdraw or shift their bases to other countries. It leads to massive layoffs and loss of tax revenue for the government and can hamper the availability of vital services such as healthcare, education and national security. The loss of incomes for those who were employed implies loss of decent livelihoods which they were used to. It therefore becomes imperative for national governments to ensure that they take proactive roles to ensure domestic industries are not rendered redundant by the activities of the multinationals. There must be institutions to protect their sustainability in light of unfair trade practices that may be adopted by multinationals.

This is in light of the fact that these multinationals have huge revenue reserves which they can use in whatever way to protect their market share and increase their dominance. Impact of globalization on social structures Culture Globalization has enhanced the interaction and appreciation of various forms of cultural beliefs, attitudes, traditions and social norms. Globalization has advocated for the exploitation of economic opportunities with less regard to boarder and cultural connotations. It has also led to adoption of universal human rights and greater expose to information and technology developments in most societies. This greater integration has led to change of social structures such as the previous closed societies of China that were mainly propagated by the former Confucian systems. Globalization leads to cultural dispersion where people all around the globe take advantage of learning other people’s culture so as to be strategically placed in utilizing opportunities.

This has led to people like Chinese increasingly gaining interest in learning more universally applicable languages such as English. Learning of such languages gives them an upper hand in seeking and exploiting business and other opportunities in most English speaking countries such as the common wealth countries. Globalization can therefore be said to increase the opportunities and chances available in other countries through creation of an integrated culture (Fred 89). People are able to discard cultures that do not add any value to them. The government of China for instance has done away with most of their protectionist policies on culture.

There is more empowerment of women as compared to previous years especially in the 1950s. The Chinese have also enhanced their cultural beliefs of working in groups and teams as compared to western values of individuality. Some of their western counterparts have also appreciated the value of working in groups and are adopting it as a form of handling various situations in the workplace. Therefore globalization enables people to learn from other cultures through adoption of norrms which they regard as suitable for their success. Infiltration of people from other regions leads to appreciation and adoption of new beliefs and traditions. Such practices are witnessed through the adoption of other religions such as Christianity in China.

Also the Chinese people have adopted new food varieties such as sea food which were previously not eaten by most people. Politics Globalization has led to more tolerance from the political class of diversity. The lure of achieving greater economic prospects has made governments to commit to regional and international protocols on matters that pertain to gender, human rights and civil society. Governments have been compelled by the threat of being segregated in the global scene and have committed to various ideals through signing regional and international agreements. As governments seek to allow international businessmen to venture into their countries, they have relaxed most of the draconian laws that might have been in practice before. This is mainly evidenced in countries like China where universal rights and freedoms were not adhered to strictly.

Most activities such as those that guaranteed media freedom were not provided for. Most of the service providers in critical areas such as telecommunications and media were controlled by the government. Most of the information available to the nationals was filtered and there was limited communication with the outside world. However, the scenario has changed since the advent of globalization. The communist party in China has relaxed most of their demands of intrusion into people’s lives. Communication platforms such as the internet are also widely available.

People can also make phone calls to international destinations without being monitored. This has improved the quality of life for most of the Chinese nationals through increased levels of interactions and information sharing (Killion 43). Chinese nationals can now enjoy communication platforms such as face book andTwitterwhich were previously not readily available. Globalization can therefore be said to contribute to greater social democracy in society. It enables the authorities to invest in technological innovations so that a country is not considered unattractive by foreign investors.

It reduces the levels of discrimination among social classes through enhancement of equity and justice. Impact of globalization on the environmentGlobalization is mainly characterized by increased levels of movement and interactions between people and institutions on a global scale. It is associated with complex travel patterns by business people around the world in search of business opportunities. This continuous movement of people across boarders has increased the risk of spreading and contracting diseases and ailments mainly communicable diseases. Large economies like China receive millions of foreigners daily as it acts as a major business hub and transit point for traders, tourists and travelers across the globe. This exposes most Chinese nationals to immense risks of contracting communicable diseases such as small pox and swine flu.

It also makes most Chinese children susceptible to other diseases such as measles. This is because some of these travelers are from unstable regions where effective vaccination against most ailments cannot be guaranteed. The Chinese must therefore incur more health costs as they continuously get vaccinated and treated for these ailments. In some instances, there are fatalities as a result of outbreaks that are attributable to foreigners. Globalization is also characterized by increased level of industrial activity in the economy. This is due to an increase in the influx of foreign companies coupled with expansion of domestic industries.

Every player is anxious to position themselves strategically in the market. Companies normally invest considerable resources in large economies like China due to the anticipated huge demand. Increased levels of industrial activity lead to higher levels of pollution of natural resources such as air and water. Pollution of the atmosphere due to emission of dangerous gases is known to have detrimental effects leading to global warming. There has been a proliferation of sicknesses associated with global warming due to emission of dangerous gamma rays from the sun. Such diseases like skin cancer have been on the increase in China and this can be attributed to higher levels of industrial activity that causes greater emission of dangerous fumes.

Industrial wastes have also increased the pollution levels of water sources in economies that experience globalization. Pollution of water sources has increased the risk of prevalence of waterborne diseases such as cholera and dysentery. Residents of large economies like China are therefore exposed to such diseases which further increases their health costs. Prevalence of water pollution destroys the aquatic biodiversity in water sources such as rivers. It limits the growth of other industries such as water sports and fishing. This is because these industries are unattractive since the water is polluted and may require huge amounts of investment to treat.

Conclusion Globalization is one of the main that countries are seeking to expand their economies today. It presents immense benefits that can propel the economy of a country to greater levels of growth and prosperity. Regions must carefully analyze their key competencies before allowing nations from other regions to enter into their economies for business. This reduces the occurrence of unfair trade practices such as the dumping of goods that is being witnessed in some African economies. Countries must endeavor to protect their comparative advantages in trade so that they can reap the benefits of globalization.

This can only be possible through signing and effecting regional agreements in liaison with international trade bodies such as the world trade organization. Such legislation should be spell out the penalties for any member states that fail to adhere to the agreements. It is also imperative for countries in a particular region to consider adopting a common currency like what the European Union has done. Common currency protects the regional economies from exchange rate volatility which can present unfair advantages to particular members in a region especially those with a strong currency. Guarding against such imbalances increases volumes of business and investment in countries thereby boosting their economies immensely.