

Globalization positive effects

[Economics](#), [Globalization](#)



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Abstract: The purpose of this paper is to introduce, discuss, and analyze the topic of Globalization. Specifically it will discuss the positive and negative effects of the Globalizations, and how it reflected to the Indian market.

In addition, it will provide information of the main players in the globalization process and which organizations played the most important rule in setting up the international law and regulations. Summary: It is clear that globalization is something more than a purely economic phenomenon manifesting itself on a global scale. Based on my broader research of the topic of globalization and its effects, we may conclude that the process has had many positive and negative aspects. Some countries gained more benefits than others; some people lost their jobs while some of them get employment using the benefits of the globalization.

Taking the positive side in the process, I believe that international organizations and governments have to support the phenomenon of globalization by implementing fair rules and regulations equal for all players and countries. International organization like WTO, World Bank, IMF have to foreseen the countries especially developing countries to change the criteria of attracting foreign companies in which the resources, safety and country stability will be the main criteria of attracting foreign capital, rather than exploitation labor force or neglecting the main safety and environmental standards.

By creating a fair competition the trend of multi nationals companies will slow down and will provide room for development and maintain of small and medium companies. Strict law and regulations has to be foreseen from the international organizations to the governments and main players (multinational companies) in the process of globalization in which they will monitor the effects and take the right actions that will boost only the positive and beneficial aspects. Globalization People in the world are much more connected than ever before.

Goods and services produced in Asia or Africa short after are available on the other continents in the world. Travelers moving in other countries more frequent. International communication based on last technology achievements, (the internet) make people to communicate in much easier way than ever before. Information, data, and money flow are trade all around the world quickly than ever. This phenomenon has been named as Globalization. In the modern world globalizations has been identified as system of

communications and relations among the countries that will help to develop the global economy and people living standard.

It mostly refers to the integration of trade and industry, political and cultural exchanges all over the world. [1] Joseph Stiglitz, an economist and winner of the Nobel Prize defines globalization as the closer integration of the countries and peoples of the world ... brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and people across borders. [2] Impact of the globalization

Some argue that globalization is a positive development as it will help to develop new industries and will create more jobs in developing countries, while other says that the globalization is negative. They believe that it may force poorer countries of the world to do whatever the big developed countries tell them to do. Another viewpoint is that developed countries, like USA, Canada, are the ones who may lose out because they are involved in outsourcing many of the manufacturing jobs that used to be done by their own citizens.

Positive effects of the globalization: The positive effects are numerous and extremely beneficial for everyone in all countries. The following effects have been identified as the major benefits of the Globalization: Increased Competition It's more than obvious if the market is bigger and more companies could offer the products at the same market and under same conditions the final consumers would feel the benefic in terms of financial and quality. Customer service approaches to production have led to improved quality of products and services.

As the domestic companies have to fight out foreign competition, they are compelled to raise their standards and customer satisfaction levels in order to survive in the market. Employment Many companies like NIKE, Mercedes, Procter&Gamble, have transferred the production into developing countries having the opportunity to use the benefits of it, like reducing the unemployment rate, higher government revenue expectation due to different taxes etc. However, the employment benefit of the globalization may have negative effect.

Due to global nature of the businesses, people of developing countries can obtain employment opportunities, but the developed countries have lost jobs on account of this movement of jobs to the developing world. Investment and Capital Flows One of the most positive impacts of globalization in China is the flow of foreign capital. Many companies have directly invested in China by starting the production factories there. Chinese companies which have been performing well, both in China and abroad, will attract a lot of foreign investment, and pushes up the reserve of foreign exchange available in China.

This is also one of the positive effects of globalization in US and other developed countries as developing countries give them a good investment proposition. Foreign Trade Foreign trade has had positive impact records in the history. Globalization process through different organization like World Trade Organization, IMF and others have been established with a view to control and regulate the trade activities of the countries. [3] Spread of Technical Know-How It is generally assumed that all the innovations happen in the developed countries.

Due to globalization the know-how comes into developing countries that help them to use the benefits of it and speed up the developing process. Without globalization the knowledge of new inventions, medicines would remain in the countries that came up, and no one else would benefit. But due to improved political ties, there is a flow of information both ways. Spread of technical know how may be counted as one of the most positive aspect of the globalization. [4] Spread of Culture This effect of globalization has many positive impacts but also we may find it as reason of intolerance between different nationalities that leads to wars.

Societies have become larger as they have welcomed people of other civilizations and backgrounds and created a whole new culture of their own. Cooking styles, languages and customs have spread all due to globalization. The same can be said about movies, musical styles and other art forms. They too have moved from one country to another, leaving an impression on a culture which has adopted them. Spread of Education One of the most powerful positive effects of globalization to the people is the spread of education. People from different continents may study abroad and gaining the positive experience may not find in their own country.

A good example of that is how the American managers went to Japan to learn the best practices in the field of mass production and incorporated that knowledge in their own production units. Legal and Ethical Effects Gone are the days where the limited jurisdiction became a barrier in the prosecution of criminals. These days due to international courts of justice, these criminals can no longer seek protection in a foreign country. Due to globalization, there is also an understanding between the security agencies and the police

of two or more different countries who will come together to curb globalterrorism.

This is undoubtedly one of the greatest positive effects of globalization on society. [5] Negative impact of the globalization Globalization has the negative side as well. Opponents of the globalization point out to the following negative effects: Employment issues Many companies have transferred the manufacturing work in developing countries like China where the cost of the production goods are lower. That means fewer jobs for the people in developed countries. Programmers, accountant and others in developed countries lost their job due to outsourcing to cheaper location like Pakistan, India. Etc.

In additional, globalization has led to exploitation of labor. P Prisoners and child workers are used to work in inhumane conditions while safety standards are ignored to produce cheap goods. Job insecurity seems to be real problem of globalization. While in the past people had stable and permanent jobs, today they live in constant dread of losing their jobs to competition. Increased job competition has led to salary reduction and lower standards of living. Safety and security concerns Advanced technology does not mean that always will be used in a proper way, like to improve the people life or to benefit the global economy.

Terrorists use the internet to communicate between themselves and also they have access to sophisticated weapons that increase their ability to inflict damages. This is undoubtedly the negative effects of the globalization.

[6] Environmental issues Many companies in the developing countries have set up the industries causingpollutiondue to the poor environmental

regulation. Other negative effects:

- Bad aspects of foreign cultures are affecting the local cultures through TV and the Internet.
- Enemy nations and organization can spread propaganda through the Internet.

The domino effect in the Egypt and Libya come as the result of fast and easy channels of transferring information.

- Deadly diseases are being spread by travelers to the remotest corners of the globe.
- The increase in prices has reduced the government's ability to sustain social welfare schemes in developed countries.
- Multinational companies and corporations which were previously restricted to commercial activities are increasingly influencing political decisions.

[7] What is the influence of the globalization process in India

India opened up the economy for foreign investors in the early nineties. The new government has implemented law, regulations, and globalization strategy that will be in favor of international businesses and radically pushed forward market oriented economy. The government of India made changes in its economic policy in 1991 by which it allowed direct foreign investments in the country. As a result of this, globalization of the Indian Industry took place on a major scale. Liberalization that was established in the 1990's included the following major changes: Modifying of the industrial licensing regime,

- Reduction in the number of areas reserved for the public sector,
- Amendment of the monopolies and the restrictive trade practices,
- Start of the privatization programme,
- Reduction in tariff rates and change over to market determined exchange rates.

[8] Over the years the liberalization of the Indian market become reality, more and more sectors opened up for

foreign direct investments facilitating the entry of industries like steel, pharmaceutical, petroleum, chemical, textile, cement, retail and etc.

One of the great changes, the sharply reduction of the tariffs rates contributed to speed up the process of foreign investment. “ The Indian tariff rates reduced from average of 72. 5% in 1991-92 to 24. 6 in 1996-97. Though tariff rates went up slowly in the late nineties it touched 35. 1% in 2001-02. India is committed to reduced tariff rates. Peak tariff rates are to be reduced to be reduced to the minimum with a peak rate of 20%, in another 2 years most non-tariff barriers have been dismantled by March 2002, including almost all quantitative restrictions. [9] One of the major impacts of the globalization in Indian industry is that many international companies have decided to invest there particularly in the pharmaceutical, petroleum, and manufacturing industries. It helped Indian economy to develop significantly. Those investments has reduced the unemployment rate in country and brought highly advanced technology that helped to make the Indian Industry more technologically advanced. The various negative effects of Globalization on Indian Industry are that it increased competition between the foreign and domestic companies.

Goods produced by the foreign companies were cheaper and better to the one produced by the domestic companies. It reduced the profit of the domestic companies and many people lost the jobs. This happened mainly in the pharmaceutical, manufacturing, chemical, and steel industries. The negative effects of Globalization on Indian Industry are that with the coming of technology the number of labor required decreased and this resulted with

higher unemployment rate. [10] Globalization effect to the Indian women: Globalization has had negative implications for Indian women.

According to estimates from World Development Indicators, “ Women work two-thirds of the world’s working hours, produce half of the world’s food, but earn only ten percent of the world’s income, and own less than one percent of the world’s property. ”[11] In India most of the women work two full time jobs. One in a factory where they are paid almost nothing, the other is in home where they are paid nothing. One example of women’s labor being exploited would be the Noida Export Processing Zone, which is 24 km from New Delhi. These “ zones” prefer to hire women because they are more docile and more productive in men.

In short they are easier to control and less likely to retaliate against less than ideal working conditions, which are exactly what thousands of women encounter 12 hours a day. The zone is dangerous, hot, and unsanitary. Unnecessary body searches are routine. There are no maternity benefits and minimum wage is never enforced. Women who become pregnant or marry are immediately fired. Overtime is compulsory but women are paid lower rates than men. In order to avoid being fired, women turn to unsafe abortions performed by unqualified “ doctors. In the zone “ respiratory problems, pelvic inflammatory disease, and severe cases of dehydration and anemia are common. ”[12] What are the main players in the process of Globalization's Transnational Corporations: Large corporations (such as Nike, Hanes, Dole, Exxon, etc.) that operate mostly in developing countries, are not regulated by any international body and because making a profit is their main responsibility, they often move factories in nations that offer the lowest

wages, environmental standards, taxes, etc. with aim to maximize the profit and lower the production costs.

Of the world's primary economic financial powers (with the largest revenue), 49 are countries— and 51 are corporations. [13] Investors: Investment firms, banks, mutual funds and hedge funds, etc. , who “ move” money around constantly, buying and selling internationally. World Trade Organization: “ The General Agreement on Tariffs and Trade and international trade agreement which developed at the Bretton Woods Conference. This conference also created WTO the United Nations, the World Bank and the International Monetary Fund.

The WTO develops and enforces trade rules for all member nations; for example it can decide that certain country's environmental standards are unfair barriers to trade. World Bank and IMF: The World Bank and IMF make loans for development purposes (roads, power plants, etc.) to developing countries to move people out of poverty and into self-sufficiency. When poor countries fall behind in loan payments (they cannot seek bankruptcy protection like corporations such as Enron can), the Bank makes additional loans that dictate the poor country's economic system so it can pay back the growing interest.

These structural adjustment policies (SAPs) have meant countries in Africa, for example, have had to cut back funding for healthcare, education, and social services. People in these counties must now grow food for export to pay off loans rather than for feeding their own people. U. S. Treasury Department: U. S. Treasury department controls 17% of the World Bank and IMF decision-making power by giving it a larger share of power than any

other country in decisions. It also plays a dominant role in the WTO. Many of its decisions in these bodies are shaped by the U. S.

Treasury Department which handles financial and currency matters for U. S. Government. NGO's: Non-governmental organizations are a wide range of non-profit groups representing different communities and segments of civil society. Such groups are increasingly working together through growing networks to bring positive change and economic justice to people in poverty and without power. "[14] List of references: http://global_india1.tripod.com/negative.htm <http://www.scribd.com/doc/49266417/Effects-of-Globalization-on-Indian-Industry> <http://www.buzzle.com/articles/negative-effects-of-globalization.tml> <http://iecblogs.org/informational/globalisation-its-impact-on-india> <http://usforeignpolicy.about.com/od/trade/a/whatisgz.htm> <http://mindtools.net/GlobCourse/gdef.shtml> <http://ezinearticles.com/?The-Positive-Effects-of-Globalization&id=1126427> <http://www.buzzle.com/articles/negative-effects-of-globalization.html> <http://iecblogs.org/informational/globalisation-its-impact-on-india> Business Organisation And Management (For Delhi University B. Com Hons. Course <http://www.scribd.com/doc/49266417/Effects-of-Globalization-on-Indian-Industry> by Phillip Tomlinson; <http://www.simulconference.com/clients/sowf/dispatches/dispatch22.html> <http://www.ramveena.com/p/ramveena-india-is-one-of-few-countries.html> <http://juan-globalization.blogspot.com/> <http://members.iimetro.com.au/~hubbca/globalisation.htm> http://en.wikipedia.org/wiki/World_Trade_Organization <http://riskreport.weforum.org/> Words: 2779 ----- [1] <http://usforeignpolicy.about.com/od/trade/a/whatisgz.htm> [2] <http://mindtools.net/GlobCourse/gdef.shtml>

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