

# Extractive industry essay

[Business](#), [Company](#)



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## **Introduction**

The global economy has been advancing as time passes. Various economists have been coming up with different views on what has been the main cause of the evident changes. Analysis on the various views by different economists shows that technology has been the main driving force of the global economy. Different sectors in the economy have embraced technology as the backbone of their businesses. Extractive, clothing, and automobile industries have been leading in application of modern technology in their daily activities as guarantee for performance. Their contribution to the global economy can never be ignored.

Extractive industry is made of a group of firms, which are usually involved in the identification of natural resources, exploit them and convert them into finished products. This is an industry that may be influenced by economical, political, environmental, and cultural factors. Therefore, keenness is paramount for the management to ensure necessary procedures are followed during exploitation. Production circuits in the industry have led to the classification of extracted minerals into energy, metallic, and non-

metallic minerals. Production circuits in extractive industries are highly reliable on high capital, as well as exclusive technology (Orsato & Wells, 2007). This is because the machines used are expensive they require exclusive skills to ensure they produce reliable results. Dicken says “ Although, this situation may not generally prevail in many sectors, it certainly applies in the extractive sector. A recent detailed study of the development of the oil industry in Kazakhstan provides evidence on how a state can learn how to renegotiate contracts with a foreign investor” p . 258

The development mentioned above show that the technology needed will influence other industries. This is a representation of the influence of technology in the extractive industry to the global economy. Since developing countries may not have the capability for optimal extraction; they usually rely on foreign experts. This is usually because of lack of adequate technology required in optimal extraction of a given mineral. Minerals form a critical trade platform in the world where sources of various minerals become destinies for other countries wishing to import given minerals (Shen, 2008). This is affirmed by Dicken when he says “ Such a challenging field required very sophisticated technology. The US Company Chevron had started negotiations with the Soviet government in 1990”. p 259. This is further indication that extraction industry will continue influencing global activities hence boosting economic performance of the world.

## **Clothing Industry**

The clothing industry is equally influential to the improvement of the global economy following use of improved technology. The clothing industry is a major section of textile production, which emphasizes on use of modern

technology. The production circuit of the industry is mainly dependent modern designs that have been embraced in the entire world. Dicken says “ Eastern Europe; in the Russian Federation. There has indeed been a major global shift in the clothing industries, away from the old-established producers towards newer ones in the developing world” p. 305. High labor intensity indicates that the industry is highly influential to the global economy. Like any other industry, the ability of the clothing industry to achieve massive benefits has been inclined on the ability of the industry to save the global economy various costs in production (Stuat, 2011). This is affirmed by Dicken when he says “ Today, we are a company with a strong emphasis on creativity and design, marketing and logistics. Similarly, the leading British clothing companies have developed a strong emphasis on creativity and design, marketing and logistics. Similarly, the leading British clothing companies have developed a strong focus on offshore production and subcontracting” p 318 Computers are renowned to be the most efficient machines of the century. They aid in conducting various activities, which make work easier as well as save a lot of money for the companies within which they are used (Encyclopedia of global industries, 2007). Extensive investment on technology has assisted the industry in bringing an extremely enjoyable platform to the world economy. Dicken says “ Most recently, firms from other East Asian countries have established large and complex clothing production networks. foe example, Li & Fung of China can combine many small orders and so achieve economies of scale in production and distribution” P. 321 This has motivated small firms in the industry to come up with new ideas that have made them global players in the fashion industry.

This means that the global economy will have massive benefits to fetch from the contributions of the small firms in the industry. Although, the global economy may be challenging for small firms to gain entry and survive, the industry has had its internal forces favoring small firms to ensure they equally contribute to the economy of the world (Iles, 2004).

### **Automobile industry**

Also, the auto-mobile industry has vehemently contributed to the global economy through application of modern technology. Although, the industry has experienced extensive challenges in the past through issues such as financial crisis, the industry has always come out for successive gains to the global economy (Spilsbury, 2012). The growth of the main automobile companies in the world has contributed massively to the overall impact of the industry to the global economy. Dicken says “ Today’s global production map is the outcome of some profound developments over the past four decades as new centers of production have emerged and as older centers have declined in importance. Initially, by far the most dramatic development was the spectacular growth of the Japanese automobile industry” p. 334 Japan is known as the main car manufacturer in the world with extensive investment in technology to ensure efficient production. Technology has widely encouraged development of the auto-mobile industry with the renowned companies rebranding themselves, to increase their productivity. Dicken puts it clear by saying “ Highly efficient and cost-competitive Japanese automobile firms led by Toyota, totally transformed the automobile industry. What had appeared to be a stable, technologically mature industry, based on well-established technologies and organization of production,

entered a phase of change” p. 337 The ability to keep pace with the technology ensures that companies within an industry have the ability to fetch massive merits in terms of production as well as profitability. The global economy may also be influenced through assurance of a clean environment (Antón, 2001). The need for a clean global environment has been influenced by the ability of the firms within the industry to manufacture cars that are environment friendly. As Dicken says“ The widespread use of purely electric-driven cars has been limited so far by the range of batteries. However, a huge amount of research and investment is going into the development of Lithium-ion batteries by automobile and electronics manufacturers. Other car models reflect the emergence of substantial local firms, especially in China and India” P 341. This is an indication of the potential of the industry through use of modern technology.

conclusion

In the present times, most industries have become consistent users of technology in their daily operations. It is clear that technology is one of the main requirements for development to be realized in a given industry. Technology ensures that operations of a company are the most modern. This is a guarantee for development of existing objects as well as innovations. With technology, entrepreneurs will easily identify opportunities in an industry and exploit them accordingly. Clean environment is also a sign of improved global economy. Extractive, clothing and auto-mobile industries are outstanding examples of the massive benefits of application of technology for a stabilized global economy.

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