

# [The impact of globalization and the internet presents real](https://assignbuster.com/the-impact-of-globalization-and-the-internet-presents-real/)

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The topic ofglobalizationhas become a hotly contested debate over the past two decades. Indeed, the increased integration of international economies have led to costs to some and benefits to others. These costs and benefits are a result of three effects of globalization, that is, expanded markets, cheaper resources or a combination of the two. Firstly, from the business perspective, one effect of globalization is that of expanded markets. This means that a business that had previously only sold its goods domestically can start selling products to other countries and this can increase their profit potential.

Secondly, another consequence of bilateral trade agreements is the access to cheaper resources. Until the start of the 1990's, the People's Republic of China was largely closed off to the rest of the world. Many companies in the United States produced their goods either domestically or in areas with slightly less expensive labor. When China opened its market to the rest of the world, however, American companies were able to take advantage of the far cheaper labor.

This is known as outsourcing. Cheaper labor contributes to cheaper costs, which in turn contributes to larger profits. Sometimes, but not always, this may also mean cheaper products and services. Finally, International development, as a consequence of globalization, arises out of a combination of both expanded markets as well as cheaper resources. A prime example of this is India. Before the late 90s, the informationtechnologysector in India was largely in its infancy stage.

However, coupled with an educated yet inexpensive workforce, foreign companies were able to start subsidiaries of high tech activities in cities like Bangalore. This technological know-how spread to local firms, who in turn grew as a result of expanded markets both in India as well as the rest of the world. More and more organizations are getting hooked into the Internet. They use the Internet to promote and sell their products and services, provide customer support, deliver training, and share corporate information with clients, employees, and customers.

Businesses have found that the Internet is a powerful tool to help keep their employees and customers connected. In Vietnam, many organizations know to take advantages of globalization and internet to manage their operations. However, to survive in a competitiveenvironment, they must understand in depth the strategic planning with the support of two above factors. Strategic planning is an organization’s process of defining its strategy , or direction, and making decision on allocating its resources to pursue this strategy.

In order to determine the direction of the organization, it is necessary to understand its current position and the possible avenues through which it can pursue a particular course of action. Generally, strategic planning deals with at least one of three key questions: 1. " What do we do? " 2. " For whom do we do it? " 3. " How do we excel? " With the aid of Internet, firms can use high technology to access the external situation analysis, supplier markets and labor markets. In addition, they can easily find the database of competitors on the internet to design the attractive policy and prices for their own companies.

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