

# Economics and globalization assignment

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It leaves you behind faster and faster, and it catches up to you faster and faster. While it is honeymooning cultures, it is also enabling people to share their unique individuality farther and But the question here what is driving globalization? , globalization “ Is driven by the strategic responses of firms as they exploit market opportunities and adapt to change in their technological and institutional environment, and attempt to steer these changes to their advantage. The O E C D groups the factors shaping globalization into four general categories, which are inter-linked: firm behavior : Strategic , pre-emptive and imitative behavior.

Exploitation of competitive advantages: use of superior technology , organization, production or marketing. Consolidation of competitive advantages: gain access to highly skilled people, advanced technological and commercial infrastructure, lower Labor costs, and raw material.

Organizational changes; adoption of lean production methods and more horizontal internal and external organizational structure. -Technology Related factors” decline in computing, communication, co-ordination and transport costs. Increasing importance Of R , coupled with rising R & D costs. Shortening product lives. Shortening of limitation time lags.

Rapid growth of knowledge -intensive industries. Increasing customization of both intermediate and finished goods. Increasing importance of customer oriented services. Economic factors Availability of key production factors Productivity differentials. Fluctuations in exchange rates. Differences in the business cycle. Catching up by lagging economies. ” (changing paradigms , Thomas Clarke and Stewart college, pop)). But according to Thomas Friedman in his book Lexus and the Olive tree he explains three major

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factors for the spread of globalization: Which are -the demagnification of technology. – the demagnification of finance. The demagnification of information. International expansion has been driven by firm strategies based on their technologies and organizational advantages shaped by a number of factors of government policies , technological factors driving expansion include the rapid growth of knowledge intensive industries which are foreign investment intensive industries which are foreign investment intensive use intra firm trade intensively and collaborate externally in development the need to recopy growing R & D costs find highly trained and skilled workers and organize production more efficiently underpinned by declining communication and transport costs.

Increase importance of customer severe. Macroeconomic factors include market development in different countries and region. Availability of key production factors, product differentials, fluctuation in exchange rates, differences in business cycle, catching up by lagging economies.

Government policies , significant influence firm strategies by liberalizing capital investment and trade flows, promptly regional integration and promptly competitiveness.

Trade policy of liberalizing of trade and invested are enabling factors which have driven global expansion and increased the integration of production and markets. Competition policies(changing paradigms , Thomas Clarke and Stewart college, pop)). Second, the technology, people have been able to travel the world for the past 500 years, the difference now is that they are connected immediately. The internet boom in 1 990 made people release

that business could operate more or less unconstrained by geography, 24 a day , 7 days a week , 365 day a year.

This new faster moving changing business environment have driven companies of all sizes to organize themselves into smaller more responsive , focused unit. The faster that drives globalization is making behavior is more tribal. John Mannish, author of global paradox argues that the more we become economically interdependent the more we hold on to what constitute our core basic identity. Implementing a homogeneity western culture, such countries as Indonesia , Russia , France have passed laws to preserve their identity.

Matters are further complicity by the shift from traditional nation states to network. The role of diasporas in developing the economic and political fortunes of many counties is significant . See the role of the chi nines Diaspora in driving the economic development of many Asian states. Technology is driving a global changing in many other areas, affecting the context of strategic decisions. Laura Desired Tyson, dean of London Business School and a leading economic adviser to Bill Clinton from 1996 to 2000, highlighted the main forces driving globalization: The basic factor driving is technology . TTS trite to day but its true J' the two major development taking place in the world are demographic and interconnectedness.

Interconnectedness is about transportation and communication and that driven biotechnology. Demographic is actually about biotechnological science. (Gourde, BUSINESS STRATEGY) Technology did not invent a new business paradigm but it has transformed business opening up a multi trade

of ways to add value , increase sale , educe costs and manage more efficiently.