

# [Economics globalisation](https://assignbuster.com/economics-globalisation/)

Globalization the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. Put in simple terms, globalization refers to processes that increase world-wide exchanges of national and cultural resources.

Advances in transportation and telecommunications infrastructure, including the rise of the Internet, are major factors in globalization, generating further interdependence of economic and cultural activities. " (Source: http://en. Wisped. Org/wick/Globalization) Fall Contents Page: Page 1 : Cover Page 2. Contents Page 3: Introduction and Key structure of Globalization Page 4: Integration of economic Activities Page 5: Causes of Globalization Page 6: Consequences of Globalization Consequences of Globalization count. Page 7.

Page 8: Impact of Globalization on the Economy Page 9: Advantages and Disadvantages of Globalization Page 10: Conclusion Page 11: Bibliography Introduction: Globalization includes trade between countries, which creates capital markets including developing countries). Tourism and migration also increased in some places with new technologies linking all areas of the world. Globalization consists of a key structure where there is an integration of economic activities. There are causes and consequences of globalization, which have an impact on the economy.

Production is a result of multinational enterprises, who have well known brand names such as Coca Cola, they operate globally with franchise factories placed in different countries therefore the different stages of production are spread around the world using Coca Cola's resources as well as other businesses in the countries, for example Gabrielle produces Coca Cola on franchise in South Africa as well as avian factories in 31 other countries. Communication can happen electronically (email and social media) with the aid of computers and the internet as the auxiliary power to achieve successful channels for communication.

Transport has improved immensely which has resulted in a higher trade growth. Owing to this, the rapid growth of trade has been higher than the production growth. In the long run this could have a negative affect on the secondary sector causing the raw materials to not reach the final stage of production before being sold to the consumers. Integration of economic activities: Businesses strive for low cost production in whichever country they may be. This nears that they are trans- or multinational businesses.

A multinational business is a business that is present in many countries but has it's headquarters in one country. An example of this is Monads who started in AS and is now expanded internationally to England and Dublin. This is also an example of outward-bound globalization. Inward-bound globalization is when an international brand comes to South Africa. An example of this is the I-J clothing brand Tops opening up in AS. This nears that loathes are imported into the country from the international market.

Networking is the functional integration of economical activities connecting businesses enabling forward and backward linkages across the globe as well as improving access to foreign investors and global outsourcing for local businesses. Rationalization is the process of amalgamating countries to create hypothetical regions, for example the EX. (European Union) that is an economic and political union of 27 independent member states located in and around Europe. They all share the same currency and have a direct effect of each other's economic strength.

Free trade agreements are also signed between countries improving globalization. A recent example is the NONFAT agreement signed in 1994 between Canada, Mexico and the USA. These countries in the agreements are all producing the opportunity for businesses to pursue multinational strategies. It is argued whether regional integration is a building block improving globalization or whether it is a stumbling block hindering globalization. It is still a young process that requires examination over a few more years which can determine its success.

Causes of globalization: Many developments stemmed from the Industrial Revolution, which leads to libations with the main of them being the increase of the importance of international trade. The increase in industrialization of countries meant that a large amount of products were entering the market, which ultimately leads to mass production. Mass marketing then came about as a forward link of mass production. Mass marketing includes massive store developments and large advertising campaigns that can travel globally. Examples of this are companies such as Nikkei and Coca-Cola.

The scarcity of resources is the reason world trade takes place as no country has everything that they need or produce all the products that the country requires. This automatically brought about globalization as countries became dependent of each other's resources, which meant they are now integrated. Development of transport and communications is one of the key drivers of globalization as it has made it so much easier for the rest of the world to interact. The recent development of faster modes of transport has made it easier for businesses to operate in more than one country.

The latest development in Qatar airways releasing their new airplane which has full Wi-If will mean that transporting from one country to another will no longer keep you out of the loop for the duration f the trip. Increasing the speed and capacity of container ships has meant that it is easier to trade products internationally as it gets to countries faster and it greater quantities which are then saving the company money as they do not have to make so many trips. Communication like transport is causing countries to be more connected.

With communication developments such as computers, smart phones and the Internet provides businesses and the world to be in instant connection with each other via instant messaging, calling or even electronic financial transfers. Communication has provided businesses with the opportunity to not be restricted to employ employees in only one city but to branch out to other countries, as it is possible to have file sharing via Dropped and meetings via Keep. Communication has helped to eliminate restrictions and improve efficiency. Information is being made more accessible with the Internet via social media networks.

Twitter is a great example of sharing worldwide issues and creating awareness via trending topics and hash tags, which provide hyperlinks. It is a way of educating the world faster and preserving our natural resources. Television and radio broadcasters such as CNN and BBC who now broadcast all over the world change our view of the world by educating us on wars, injustice and economic unrest faced by other countries. Communication improvements also make a huge impact on the economy as the invention of the worldwide web in the early sass enabled people to make online electronic financial transfers.

This caused a boom in the economy because it makes it easier for people to invest and trade with one another. Consequences of Globalization: Globalization has brought about consequence as it has forced those who would like o keep up to improve their productivity and to co-operate with their global partners. Industries now have to always upgrade their technology and skill sets in order to survive in the competitive global market. The increase in interdependence between countries is a definite consequence of globalization.

Being independent nears that countries are now reliant and affected by another countries economic standing, political stability and laws. There is always a possibility of one country problems being spread to that countries neighboring country, which can then cause an even bigger problem. This is seen in Africa where ar in countries such as Rwanda or political unrest in countries such as Zanzibar can cause citizens of these countries to leave in order to seek work or a better life. These refugees then come to South Africa and enter our workforce and use our resources such as land space.

This nears that South African citizens now have to compete with these refugees for work. The dependency that Botswana, Lesotho and Swaziland have on South Africa for their imports and experts is known as trade interdependency. This nears that the actions of any of these dependent countries will directly affect South Africa and vice versa. Interdependent levels depend on the amounts of imports, exports and labor migration the two countries share. If the previously mentioned 3 are high then the two countries will be very dependent on one another, which therefore results in a high interdependency between one another.

Countries often have to borrow from another country in order to invest in their own developments such as infrastructure. These two countries then become financially interdependent. This could also occur if one country decides to invest in the other country. Financial interdependency Just nears that their is a flow of money between the countries. The table bellow shows how South Africa is the largest foreign investor in Southern Africa. This nears that South Africa is financially interdependent with these Southern African countries.