

A borderless world
has resulted in an
improved global
economy



A Borderless World of Summary The word border refers to a boundary separating different political units (countries). Borders are created to serve the function of regulating the movement of goods, ideologies, ideas among other things from one country to the other (Fung and Fung, 2007). It has become quite difficult to restrict people beyond certain border even when authorities try their best. The internet, for example, opens up the culture of different parts of the world to people. That is because communication happens swiftly across borders via the internet, making it easy to learn about a different country's culture or to transact business. To that extent, the world may be seen as borderless since ideas and information pass from country to the next (Fung and Fung, 2007). Besides, there have been many improvements in the global economy, which came about because of establishing a borderless world. Such concept of a borderless world may also be seen through the prism of free ports. Goods and services flow freely through the porous borders and labour can be sourced from any corner of the world. Global financial institutions have facilitated millions of transactions over the years. The once huge gap between developed and developing countries is quite narrow today.

Overall Impact on International Business

Conducting business is increasingly becoming global as mobility, technology and revenue opportunities are witnessed in emerging markets hence tempting firms to expand their operations into these markets to reach new consumers. Despite the recorded economic challenges of the world, going borderless could offer a new prosperity avenue. World trade is projected to rise by 86% in the coming 15 years as the demand for traded goods increase in global markets (Fung & Fung, 2007). A borderless world has presented <https://assignbuster.com/a-borderless-world-has-resulted-in-an-improved-global-economy/>

immense investment and commerce opportunities. Businesses can succeed in the borderless world with commitment and right focus. New technology enables regulatory best practices globally. As emerging markets advance their technological infrastructure, they become revenue opportunity markets. The excellent talent pool available in global markets is another critical driver of globalization thanks to a borderless world. In addition, business regulations, permits and tax compliance have improved tremendously.

Impact on UAE Business Environment

The borderless world has brought more positive than negative effects to UAE economy. Firstly, creating free border is responsible for improved foreign investment. A survey conducted in the year 2005 revealed that the inflow into UAE of foreign direct investment achieved a record-breaking US\$ 10 billion, which amounts to over 30% of the Arab world's overall foreign capital inflow (Godwin, 2007). Moreover, the borderless world has stimulated the growth of domestic investment in UAE. This has been witnessed through the crop up of numerous investment institutions such as the Dubai Port, the Abu Dhabi International Petroleum Investment Company, the Dubai Holding, and the Abu Dhabi Investment Council (Godwin, 2007). Thirdly, the borderless world is the major reason for UAE's free trade with other countries. The free trade has raked into UAE numerous benefits as it allows UAE to import goods and services at costs lower than their domestic production costs.

Recommendations

1. World leaders should appreciate the fact that a borderless world facilitates transfers of technology as well as promote investment in the private sector.

Governments have to formulate and implement relevant policies that <https://assignbuster.com/a-borderless-world-has-resulted-in-an-improved-global-economy/>

promote interstate trade.

2. Improved trading links between world nations can solidify their capacities to take part in world trade. Such links will help align national policies with market demands.

3. Global physical and financial infrastructures should be established. Such include tariff reduction, tax system and investment incentive harmonization, labour market reform, and legal reform.

4. Global surveillance and policy discussion among nations can help lower the economic risks

References

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