Globalization and local industries in morocco

Nowadays, a growing interaction exists between economic systems in the world. This movement increased international trade, investment flows, and various capitals. This phenomenon is globalization, an economic, political, and socio-cultural movement that has an increasing impact on how businesses operate either locally or globally. This issue animates the debates in Morocco as a part of underdeveloped countries.

Globalization makes it difficult for Morocco to improve and extend its economy. Being part of underdeveloped countries, Morocco slows to establish organizational structures which represent the path to economic performance. The drawbacks of globalization affect various components of the Moroccan economy related to local industries, employment, and GDP. Local industries get weakened from this phenomenon while international firms take advantage from it. Globalization affects negatively employment causing changes in working settlement and labour skills. This movement has also an unfavorable impact on decreasing the Moroccan GDP.

Globalization and local industries:

International industries, which are often very powerful firms in the global scale, and own technologies that can achieve a high level of productivity, exceed broadly the local industries, weak and with low factors of production. This wide disparity between these two types of industries creates a large gap that globalization is exacerbating. Indeed, globalization has the role of removing barriers, which initially were representing an obstacle to the free movement and exchange of goods, services, capital and people. This difficulty has been surpassed through the phenomenon of globalization.

Globalization allows international industries to benefit from various advantages that allow evolving and strengthening their economies (Africa and the New Globalization 20). Indeed, international firms have powerful economic structure, thanks to highly advanced technologies employed and the expertise acquired over the years. These factors enable them to benefit from remarkable competitive advantages over local industries. These later, make the local industries in a sensitive position. In fact, local firms do not have the adequate technologies and skilled labour. To illustrate more, Moroccan industries lack factors of productions that could enable them to reach the level of development that international firms have. All these factors make from local firms losers in this war.

As we have mentioned in the previous paragraph, the problem of the underdeveloped economies is their poor infrastructure, as well as their weak level of productivity. These difficulties unable them from reaching the basic level that could make from them competitive firms. All that to say, globalization is making two unequal parts compete. The first category is the one of local industries being part of underdeveloped countries, and the second one concerns international firms belonging to developed countries. Local industries which cannot keep up with the competitors, at least to meet the minimum requirements, find their products worthless compared to opponents. Because their product are valueless, they are non-marketed, which influence negatively their commercial activity. As a result of that, globalization weakens local firms. Knowing that developed countries get stronger, and that underdeveloped countries get weaker due to globalization, we expect that rich countries get richer and poor countries get poorer. To illustrate more, this negative effect proves the Stiglitz statement, “ Today, few-apart from those with vested interests who benefit from keeping out the goods produced by the poor countries defend the hypocrisy of pretending to help developing countries by forcing them to open up their markets to the goods of the advanced industrial countries while keeping their own markets protected, policies that make the rich richer and the poor more impoverished-and increasingly angry”. (Stiglitz 2002).

The competitiveness between international and local products:

Because the quality of international products is higher than the national ones, customers have the incentive to consume foreign products:

International firms, as mentioned in the previous paragraphs, have very developed tools that make their products reach an important level of quality. On the other hand, local industries do not possess the needed resources that could make their products have the similar quality. Since the quality of local firms’ products is lower than the one of the international firms, the customers have a natural incentive to consume the goods produced by the global industries. Given that the products of the local industries are not sold, their trading activity falls. And here is the damage caused by globalization on the economy of underdeveloped countries. In addition to that, we can also discuss the effects of price on the choices made by customers. International firms have advanced resources that help them to reduce their cost of production, as a result, the level of profit rises. In short, the foreign investments take advantage from this condition. These **demonstrate that industries in Morocco, are not only suffering from the lack of resources but they are also pulled down by the industries belonging to the developed countries. To be more explicit, because Morocco doesn't have the required standards of production that will allow its products to hang on with international competition, it cannot extend its commercial activity to the global market. In brief, globalization worsens the economic situation of the Moroccan industries.

II-The impact of globalization on employment:

Globalization has negative effects on the sector of employment in Morocco. (Are Workers in the Developing World Winners or Losers in the Current Era of Globalization? 2005) In fact, when this phenomenon entered Morocco, it made harmful changes in its labour market. These damaging effects concern the labour skills. First, globalization changed the working settlement of Moroccan labour. To clarify more, short-term and momentary contracts become more dominant in Morocco, knowing that it was inexistent before this movement. The damages of these changes cause different kinds of unemployment. The cyclical related to the decrease in demand labour, the frictional associated to the period of searching activity for another job, and the structural unemployment concerning the discordance between the abilities of workers and the labour market. (Maya Pillai)

Globalization leaves Moroccan workers without job. (Globalization, employment and income distribution in developing countries 2007) The skills that these workers have don't match with the demand of the international firms located in Morocco. The Moroccan workers who are used to work in firms with a low or medium level of technology, (few and aged computers, machines that have an old technology) find themselves unable to work in firms using modern techniques and contemporary machines.

III-Globalization effects on GDP:

The international firms are able to produce goods and services with high quality and sell them with low prices. This attracts the Moroccan consumers, and pushes them to import foreign products. The choice made by the Moroccan consumers is harmful to the local economy. In fact, rather that promoting the national products, globalization encourages Morocco to increase its imports and as a result of that the GDP decreases. Globalization is the responsible for the increase in imports which diminishes the Moroccan GDP.

In the economic world exists various firms and industries that have highly valued products in the global market. The level of their economic structure enables their products to be demanded by a large number of consumers from different parts of the world. Morocco, one of the underdeveloped countries does not have this privilege. Which means that its products are not valued in the international market. As a result, Moroccan exports decrease, leading to the decrease in the GDP.

According to 2010 statistics of Moroccan imports and exports (economywatch), the imports were $ 31. 83 billion whereas the exports $15. 61 billion. The percentage of the imports is nearly the double of the exports. This fact shows the negative influence of globalization on the Moroccan economy.

Conclusion:

Moroccan economy as a part of underdeveloped economies is influenced negatively by globalization. Global industries that develop their economies in favor of the less developed ones, benefit and take advantage from this phenomenon. In addition, it has caused bad consequences in different sectors. It has weakened Moroccan industries, because of their inability to compete foreign firms, prevented them from developing their economic structure and expands their domain of activity. Globalization in Morocco has also influenced the field of employment by creating changes that concern working settlement and labor skills. Another important sphere that was damaged by globalization is the Moroccan GDP, which has decreased resulting from an increase in imports and a decrease in exports. In this fierce race of globalization, “ We have moved from a world where the big eat the small to a world where the fast eat the slow”. (Klaus Schwab).