

# Globalization



Globalization Globalization has for long been impacting technological innovation, foreign direct investment (FDI), growth of trade in services, and several other fields that determine factors that affect technology transfer, formation of global enterprise, and industrial restructuring. As noted in [http://www.milkeninstitute.org/pdf/globalization\\_pb.pdf](http://www.milkeninstitute.org/pdf/globalization_pb.pdf), specialization and division of labor due to competition and market expansion is one potential benefit of globalization that bears real implication upon increase in production. Augmented productivity as a consequence of rationalization of production on a global scale accounts for another significant advantage besides the spread of technology and competitive pressures for continual innovation throughout the world (Intriligator, 2003). While such benefits either maintain or heighten the status of globalization, globalized progress occurs at the cost of the distribution of gains. Where considerable gains are obtained by rich nations or individuals, greater inequalities result, further causing potential conflicts within local settings and abroad. Another probable cost is perceived in the control of national economies which could shift from sovereign governments to other entities, typically leading to extreme nationalism or the rise to fundamentalist political movements (Intriligator). By examining an article about Fiat, written by Jorn Madslie, one may view and better understand a concrete scenario of how costs and benefits work under globalization. According to the article, Fiat's intention to adapt to flexibility by splitting group to develop a division on non-car assets and merge economies upon integration with Chrysler and other huge manufacturing firms altogether reflect the author's agreement to the position that places globalization on the necessity of interdependence. As a giant on the verge of declining invincibility, it turns out that with such

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decision, Fiat would not afford to make up for losses without relying on an approach worth of network and connectivity. To the hopeful CEO, this sounds highly attractive to opportunities for potential markets once large automotive groups, inclusive of Fiat, combine to endure unstable circumstances. Clearly, the author locates much emphasis on the favorable side of globalization notwithstanding how competition would fare somehow if allies prove to struggle with success. Implicitly, the idea felt it would bear adverse impact on working class as a consequence of the necessity to increase production, with long hours of work and reduced time for break hence. Without guarantee of additional compensation, Fiat may run the risk of losing employees especially the tenured ones who have lived up to align their type of service and principle with the company's vision and have accomplished goals on every item with unparalleled quality. Though the article appears enthusiastic with Mr. Marchionne to keep an eye on a 50% rise in sales in four-year time, since shareholders are bound to augment their share from either group or grow in number, Fiat might reach a point of obtaining lesser shares or dissolution of ownership at worst (Madslie, 2010). So in essence, globalization for Fiat in this overwhelming scenario amounts to moderate predictability on the positive side until such time that the risk factors could be directed to settle at the manageable advantage by the company. References Intriligator, Michael (2003). " Globalization of the World Economy: Potential Benefits and Costs and a Net Assessment." Retrieved from [http://www.milkeninstitute.org/pdf/globalization\\_pb.pdf](http://www.milkeninstitute.org/pdf/globalization_pb.pdf) on 20 June 2011. Madslie, Jorn (2010). " Fiat Agrees to Spin Off Non-Car Making Division." Retrieved from <http://www.bbc.co.uk/news/business-11332892> on 21 June 2011.