

Globalisation, multinational enterprises (mnes) and free trade

[Linguistics](#), [English](#)



The process of international integration with regard to exchange of views, products and cultural aspects is illustrative of globalization where national and regional economies, societies and cultures are unified. This plays a crucial role in ensuring harmony among nations as well as enhancing trade networks, communication, immigration and transportation. Globalization primarily focuses on trade, foreign investments and international capital flows, which encourages economic development at a global scale.

Globalization is usually associated with economic activities, but with it comes benefits in terms of cultural interactions, and advances in technology. Global integration is facilitated by the existence of a global infrastructure that fosters easy communication and transportation of labour and products. This plays a critical role in creating a borderless society, which reduces the world into a village.

In addition, connectivity reduces the time spent in the production of goods and services, which ensures efficiency among manufacturing industries.

Under globalization, international bodies such as the European Union provide guidelines to govern economic activities among member states.

Globalization is associated with increased economic growth where nations are open to new opportunities for trade and investments. Integration fosters the removal of barriers such as trade restrictions, quotas and tariffs, which attracts economic stimulation through economic drives.

In this sense, new markets emerge in countries of interest with services such as banking, transport and insurance being established. Similarly, globalization encourages efficiency in business thus lowering national barriers to trade and investments. Advances in manufacturing technology as

well as in communication facilitate efficiency. The internet provides an effective mode of communication such as email and video conferencing, which bridges geographical barriers and facilitates efficiency. Integration is governed by rules and regulations, which ensure democracy and rights of the citizens are upheld. An increase economic success is associated with improving living standards among citizens in the country.

However, globalization also has negative impacts to the society relating to loss of autonomy, which leads to harmonization of standards between nations. In the same manner, international bodies take precedence over national bodies where economic activities are supervised by multinational institutions such as World Trade Organization, International Monetary Fund and World Bank.

Multinational enterprises (MNE) are organizations that operate business establishments in more than country, which are a product of globalization. MNE is involved in producing goods and services, which typically describes the flow of foreign direct investments. Foreign direct investment refers to investments made by international companies in the countries of their operations. There are three types of MNEs, described by nature and extent of their operations and include global corporations, multi-domestic corporations and transnational corporations. Global corporations offer standardized goods and services in the countries of their operation while multi-domestic corporations offer local goods for local markets. Transnational corporations offer goods at mass production, for instance, vehicle manufacturers. The ranking of various multinational enterprises is guided by the evaluation of the amount of foreign assets owned or the transnationality index.

Economic liberalization illustrates the relaxation or removal of regulations and restrictions at the economic front through government policies. With this regard, free trade zones are established to favour business activities, whereby free trade refers to an economic market whose supply and demand receive little or no government control. However, the government loses income that can be attained through taxation and consequently be utilized in development of the country. Similarly, this slows down economic development irrespective of the increased volume of trade due to cheap import, which may be of poor quality.