

Globalization questionnaire

Business



The concept of globalization is one of the most controversial issues in American society and all over the world. It is a relatively new term, but it is used to describe an old process. Globalization is the process of worldwide political, economic and cultural unification and integration. The important results of this process are the international differentiation of labor and migration of the capital, industrial and human resources across the entire planet. Economic and technological processes, as well as standardization of legislation and fusion of cultures between different countries, are also serious consequences of globalization.

It is an objective and systemic process that covers all areas of society. Mercantilism, Comparative Advantage, Free Trade and Adam Smith's theory are the traditional theories that support globalization. The representatives of Mercantilism assert that countries must encourage exports and discourage imports more harmoniously. According to comparative advantage theory, an individual, country, region, or company can manufacture any kind of goods at a lower opportunity cost than a competitor. The theory of Free Trade defends the necessity of absence of government influence.

The representatives of this theory try to allow things to happen through natural influence. Adam Smith's theory accentuates that if the country is more efficient in production of the particular goods, it must trade these goods with other countries. As any worldwide process, globalization has its technological, political and market drivers. Among technological drivers internet, cell phones and transportation must be mentioned. Liberalized trading rules, deregulated markets and open-credit system are the most

influential political drivers. The market drivers are global marketing channels, transfer marketing and inter-firm competition.

In conclusion, the process of globalization has both negative and positive corollaries. Undoubtedly, globalization has much more positive than negative effects on the community. Improvement of the lifestyle is the greatest advantage that people have nowadays. The competitive prices allow people to buy better goods for lower prices. In order to vend more and more goods, manufacturers should reduce the prices because of free competition. Thus, the integrative process leads to the improvement of the quality of products and services.

Moreover, another major effect of globalization is the development of economy of scale in marketing and production that is also an advantage for the world economics. Consequently, globalization leads to an increase in global trade, development of global financial systems and the international flow of capital.