**IMPACT OF GLOBALIZATION**

**Introduction:**

Globalization points to the whole effort towards making the world global community as a one village. Goods that were only found in western countries can now be found across the globe. Now under developed areas can enjoy the benefits of scientific advances and industrial progress available in developed countries for the improvement and growth of their areas.

Because of globalization the economies of the world are being increasingly integrated, example mobile phones and internet have brought people closer. The world is becoming a smaller place. Work can be outsourced to any part of the world that has an internet connection because of improvements in traffic infrastructure one is able to reach one’s destination in a short time.

Globalization can also be defined as an ongoing process by which regional economies, societies and cultures have become integrated through a globe-spanning network of communication and trade. The process of globalization includes a number of factors which are rapid technology developments that make global communications possible, political developments such as the fall of communism, and transportation developments that make traveling faster and more frequent. These produce greater development opportunities for companies with the opening up of additional markets, allow greater customer harmonization as a result of the increase in shared cultural values, and provide a superior competitive position with lower operating costs in other countries and access to new raw materials, resources, and investment opportunities.

Globalization through global communications, global markets and global production have promoted and facilitated by a fourth area of global activity in relation to money. For example, the American dollar, the Japanese yen, Euro and other major national currencies circulate globally. They are being used anywhere on earth and moving electronically and via air transport anywhere in effectively no time. Most bankcards can extract cash in local currency from the thousands of automated teller machines (ATMs) across the world. Also credit cards like Visa, MasterCard and American Express can be used for payments in almost every country in the globe.

People can move from one country to another, trade restrictions are reducing, domestic markets are opening up for foreign investments, telecommunications are better established and the countries that are leading the innovations are passing on their technologies to other countries in need.

**IMPACT OF GLOBALIZATION ON DEVELOPED COUNTRIES**

Globalization has brought benefits in developed countries as well as negative effects. The positive effects include a number of factors which are education, trade, technology, competition, investments and capital flows, employment, culture and organization structure.

**Positive Effects:**

It would be rather difficult to discuss the extent of the positives that globalization has had on the world at large. But still, here are some of the positive effects of globalization and the positive impacts they have had on so many demographic segments of society.

**Global Market:**

Most successful emerging markets in developed countries are a result of privatization of state owned industries. In order for these industries to increase consumer demand many of them are attempting to expand and extend their value chain to an international level. The impact of globalization on business management is seen by the sudden increase of number of transactions across the borders. In protecting yields and maintaining competitiveness, businesses are continuing to develop a wide range of their footprint as it lowers cost and enjoys economies of scale.

Multinational corporations is a result of globalization. They occupy a central role within the process of globalization as evidenced through global foreign direct investment inflows. Their concentrations within Europe in western economies has led to size constraints, therefore there is a need for new geographical areas to operate whereby they will face a lot of competition in the market. Through this they will enlarge their market and enjoy economies of scale as globalization facilitates time space compression, economies compete at all levels including that of attracting investors.

**Cross-Cultural Management:**

Globalization tend to be the realm of elite because in many parts of the world they are the only people who are affluent enough to buy many of the products available in the global marketplace. Highly educated and wealthy people from different backgrounds interact within a westernized milieu. Western styles, since are symbols of affluence and power, the elite often embraces western styles of products and pattern of behavior in order to impress others. Today Western culture and patterns of behavior and language are staples of international business.

United States seems to have powerful impact upon many other countries and societies. The world today has a popular cultural force. The popular consumer culture of the economically dominant West is relentlessly and inevitably transforming other regions, cultures, nations and societies. In addition, such perspective imply that technological change, mass media, and consumer oriented marketing campaigns work in tandem to remake whatever they touch in their own image. Even attitudes and ideas about society, religion and technology are transformed by cultural diffusion brought by globalization. Example, in America McDonalds represent fast, cheap and convenient food while it is not the same worldwide. It’s of high price in other countries like China and Russia where it involves cultural experience.

**Foreign Trade:**

Globalization has created and expanded foreign trade in the world. Things that were only found in developed countries can now be found in other countries across the world. People can now get whatever they want and from any country. Through this developed countries can export their goods to other countries. Countries do business through international trade, whereby they import and export goods across the global. These countries which export goods get comparative advantages. Organizations have been established with a view to control and regulate the trade activities of the countries in the world so to have fair trade. World trade organizations emerged as a powerful international organization capable effectively influencing individual governments to follow international trade rules, copyrights, policies on subsidies, taxes and tariffs. Nations can not break rules without facing economic consequences.

**Culture:**

The positive effects of globalization on culture are many! Not all good practices were born in one civilization. The world that we live in today is a result of several cultures coming together. People of one culture, if receptive, tend to see the flaws in their culture and pick up the culture which is more correct or in tune with the times. Societies have become larger as they have welcomed people of other civilizations and backgrounds and created a whole new culture of their own. Cooking styles, languages and customs have spread all due to globalization. The same can be said about movies, musical styles and other art forms. They too have moved from one country to another, leaving an impression on a culture which has adopted them.

**Negative Effects:**

Globalization also have its side effects to the developed nations. These include some factors which are jobs insecurity, fluctuation in prices, terrorism, fluctuation in currency, capital flows and so on.

**Jobs Insecurity:**

In developed countries people have jobs insecurity. People are losing their jobs. Developed nations have outsourced manufacturing and white collar jobs. That means less jobs for their people. This is because the manufacturing work is outsourced to countries where the costs of manufacturing goods and wages are lower than in their countries. They have outsourced to developing countries like China and India. Most people like accountants, programmers, editors and scientists have lost jobs due to outsourcing to cheaper locations like India.

**Fluctuation in Prices:**

Globalization has led to fluctuation in price. Due to increase in competition, developed countries are forced to lower down their prices for their products, this is because other countries like China produce goods at a lower cost that makes goods to be cheaper than the ones produced in developed countries. So, in order for the developed countries to maintain their customers they are forced to reduce prices of their goods. This is a disadvantage to them because it reduces the ability to sustain social welfare in their countries.

**IMPACT OF GLOBALIZATION ON DEVELOPING COUNTRIES**

**Positive Effects:**

“I know that globalization has also created many negative effects, but I believe it’s always better to look to the future with optimism and hope. Tomorrow, hopefully, we will be able to minimize or even eradicate the evil forces that give globalization a bad name. Thus we will be able to move forward with peace and harmony” (Kulkami A., 2009)

**Poverty Alleviation**

As far as poverty reduction is concerned, globalization played a role in poverty reduction in developing countries. In deed most developed countries experienced reduction in poverty in the proportion of their living below the poverty line, including fast developing countries like China, India, Vietnam. While other countries like Sub-Saharan Africa registered an opposite trend.

**Employment Situation:**

Through globalization, people from different countries are provided with jobs opportunities within the global. It has created the concept of outsourcing. Developed countries prefer to provide work to developing countries where costs are cheap. Work such as customer support, software development, accounting, marketing and insurance are given to developing countries like India. Therefore the country that is given the work enjoys by getting jobs.

**Education:**

Globalization from the point of view has positive effects as well as negative effects. It has increased the access of higher education example universities and reducing the knowledge gap in developing countries, it equally has negative aspects which can seriously threaten universities in those countries. From point of view it has brought more positive effects to developing countries through increasing access to higher learning institutions. Today you can move in the search of the best educational facilities in the world including developing countries without any hindrance. This is due to increased output from secondary schools, greater participation of women in higher education, a growing private sector demand for graduates, and the exorbitant costs of acquiring education in foreign countries.

**Negative Effects:**

Globalization is a tool that benefits all sections of mankind. We cannot ignore the negative effects it has in developing world.

**Unemployment:**

Globalization is a blame to world’s unemployment situation though it brought some jobs opportunities. Despite the fact that it brought jobs opportunities to the global but it is still a blame to the current situation.

**Example:**Indonesia faced unemployment and poverty that grew to levels not experienced in two decades, health conditions worsened, and the natural environment degraded.

**Western Culture:**

Globalization has led to the spread of western culture and influence at the expense of local culture in developing countries like Africa. Most people now in developing countries cop what people in developed countries do. So, it’s like they ignore their own culture and practice western culture.

**Example**: Dressing styles and eating habits, language. All these can affect management in one way or another example it can cause misunderstandings because of language barrier.

**Spread of fast foods chain:**

Most people prefer to buy fast foods because it’s cheap and quick. This replaces home cooked fare enjoyed with family and friends. Traditional diets and recipes are yielding to sodas, burgers, and other highly processed and standardized items that have a lot of fat, sugar, and salt resulting a global epidemic of diabetes, obesity, and other chronic diseases. Meanwhile, fast food producers require farmers to raise uniform fields of crops and herds of livestock for easy processing, eliminating agricultural diversity.

**Trade:**

Average tariff rates continue to be high in many developing countries, including some that have recently implemented trade reforms.

**Example:** Pakistan. Trade policy continues to be an important aspect in globalization at least in some of the lower income developing countries.