Globalization

Globalization is the spread of Products, technology, information and Jobs across national boarders and cultures. In economic terms it describes an interdependence of nation around the globe fostered through trade.

on one hand, globalization has created new Jobs and economic growth through the cross boader flow of goods Capital and Labour. on the other hand this growth and Job creation is not distributed evenly across industries and countries.

Globalization motives are idealistic as well as opportunistic. but the development of global free market has benefited large corporation based in the western world.

The advantages of globalization :

Globalization brings a no. of Potential benefits to international Producers and national economies including :

(1) Providing incentive for countries to specialise and benefit from the application of the Principle of comparative Advantage

(2) In the long term increased trade is likely to lead to the creation of more employment in all countries that are involved.

(3) Avoidance of regulation by locating Production in countries with less

strict regulatory regimes, such as those in many less developed countries.

(4) Access to larger market means that firms may experience higher demand for their products as well as benefit from economies of scale.

(5) Globalization enables worldwide access to sources of cheap raw material and this enables firms to be cost competitive in their own markets and overseas markets.

(6) Globalization has led to increased flows of inward investment between countries which has created benefit for recipient countries.

Disadvantages of Globalization

There are also several potential disadvantages of globalization, including the following:

(1) The over standardization of Product through global branding is a common critism of globalisation. Critics argue that this lead to a lack of Product diversity as well as Presenting barries to entry to small local Producers.

(2) Large MNC's can also suffer from diseconomies of scale, such as difficulties associated with coordinating the activities of subsidiaries based in several countries.

(3) The increased Power and influence of multinational is also seen by many as

a considerable disadvantage of globalization.

(4) critics of globalization also highlight the potential loss of jobs in domestic markets caused by increased and in some cases unfair, free trade.

(5) Globalization can also increase the pace of deindustrialization which is the slow erosion of an economy's manufacturing base.

(6) Jobs may be lost because of the structural changes arises from globalization structural changes may lead to str. unemployment and may also widen the gap between rich and poor within entire country.