Phenomenon of Globalization

Student Name

Central Texas College

Author Note

Research paper written for ECON 2301, Central Texas College, Professor Lisa Caffee.

Correspondence concerning this research paper should be addressed to Student Name.

Email: Student Email Address

**Abstract**

While globalization has only recently emerged as a household talking point, globalization has influenced economies for thousands of years. For centuries, consumers have pushed the expansion of globalization in search of available resources. This paper discusses the recent phenomenon of globalization, namely the driving force behind recent globalization, some of the benefits and drawbacks associated with globalization, as well as the relevance and impact globalization has on the individual.

*Keywords: globalization, internet, economy, consumer spending, unemployment*

Phenomenon of Globalization

The phenomenon of globalization is the recent explosion of the availability and rate at which resources, goods, and cultural influences flow between different countries and economies. While the definition of globalization is a topic for debate, Dumitru Soaita (2011) defines globalization as the “complex process of global integration in economics, politics, technological, and socio-cultural aspects.” For centuries, countries have been interacting on a complex global level in one aspect or another; however, with the recent advancements in technology, globalization has become a driving force in economic development throughout the world.

To gain a better understanding of globalization, one must take a closer look at the foundation for its recent growth: The introduction of the internet. Emergence of the internet has transformed the world into “a place where ideas and new concepts are created and changed, where contracts between people from any corner of the world are not only possible, but they become reality” (Petcu, 2010). The internet has opened up and made available resources that would have otherwise been unavailable or difficult to access. Technological advances in telecommunication and transportation have formed a symbiotic relationship with the internet to aid in the accessibility of resources.

Economies and consumers throughout the world are benefiting from the recent expansion of globalization. One way in which an economy can benefit from globalization is by the effect globalization has on entrepreneurship. Globalization “removes trade barriers and open[s] up formerly protected markets for competition and so encourages domestic entrepreneurs to develop new products” (Akpor-Robaro, 2012). Increased competition in the marketplace leads to the production of higher quality goods at lower prices, benefiting consumers by increasing purchasing power which in turn will benefit the economy by increasing consumer spending.

As natural competition takes place in a global market, the individual consumer reaps the benefits of globalization. In my nearly eighteen years of retail management, I experienced the benefits of globalization first hand. Consumers are continually searching for the best quality products at the lowest possible prices. For me to meet consumer price demand, I would often purchase products manufactured overseas for a fraction of the cost of similar products manufactured domestically. Being able to offer affordable pricing to consumers increased the volume of consumer purchases, increased sales revenue for my stores, and in turn increased income for me and my employees.

Globalization does have some drawbacks that directly affect the economy and individual consumers. One such drawback is the effect globalization has on the distribution of wealth and jobs. Michael Spence (2011) explains how, “By relocating some parts of international supply chains, **globalization** has been affecting the price of goods, **job** patterns, and wages almost everywhere.” Spence (2011) goes on to explain how globalization changes the structure of economies by redistributing wealth and employment from advanced economies to emerging economies. Globalization impacts advanced economies by reducing jobs such as manufacturing and production. This reduction results in higher structural unemployment, reducing personal income and government tax revenues which could otherwise help grow the economy.

In conclusion, while the phenomenon of globalization benefits participating economies, new problems emerge that threaten the livelihoods of people around the globe. Each country must fairly participate in the global economy to provide the maximum benefit for the most people. Globalization is like a freight train quickly accelerating down a steep slope. Without fair trade agreements, the accelerated pace of globalization may quickly careen out of control destroying the benefits globalization provides.

References

Akpor-Robaro, M. (2012). The Impact of Globalization on Entrepreneurship Development in Developing Economies: A Theoretical Analysis of the Nigerian Experience in the Manufacturing Industry. *Management Science & Engineering*, *6*(2), 1-10. doi:10.3968/j.mse.1913035X20120602.2551

Petcu, D. M., Gherhes, V. V., David, I. I., & Suciu, S. F. (2010). GLOBALISATION, INTERNET AND DIGITAL DIVIDE. *Annals Of DAAAM & Proceedings*, 1301- 1302. Retrieved from Academic Search Complete database.

Şoaita, D. (2011). TRADE GLOBALISATION AND MOVEMENT ENVIRONMENTAL IMPACT. *Scientific Bulletin Of The Petru Maior University Of Targu Mures*, *8*(2), 226- 229. Retrieved from Academic Search Complete database.

Spence, M. (2011). The Impact of Globalization on Income and Employment. *Foreign Affairs*, *90*(4), 28-41. Retrieved from Academic Search Complete database.