Major Essay

The Changing Business Environmrnt

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Q3. How does globalisation increase the inequality of income both within and between countries? Do you, therefore, think that globalisation is not beneficial nor advantageous for some countries and so they should not encourage it?

Firstly, we should look at term globalization; the definition of the globalization is described in four fields, that are globalization in internationalization, liberisation, universalization, westernization. As we look at the internationalization, it means that the emerging relations between the different countries in the form of communication, migration of people, investments in the other country, growing opportunities of trade, and even adopt the multicultural environment in each of the country. Second role of the globalization as liberisation; we can say that it focus on the remove the restrictions of between the countries that lead to a free trade between countries as with easy visa policies and which will lead to good economy I the future of the country. At third place it is consider as universalization that is mainly deals with the business products of each country sell at the world level e.g. the clothes brand of one country is same popular in another country as it is in the home country. As a result it is mainly focus on the global market for the each and every product of the all countries either it is developed or developing country. The fourth term westerisation is implement the globalization in order to spread the western culture all over the world and through all the human beings and replace all the old cultures. (Scholte, 2007)

The inequality in the income of the different countries is the main debate with the globalization as the most of the studies claimed that the globalization promote to reduce the income equality and poverty. The most of finding shows that in the developed countries, they got a benefit of paying the unskilled workers at the high wages because of the wide market of their products that gave them huge profits.

On the other hand if we consider the case of developing countries such as China which has a leading role the many fields such as economic growth, huge geographical area and large scale of markets, is also suffering from the problem of the income equality in the different areas of the country. The effect is rising mainly in the regional areas versus the inland areas. The most common cause of these changes is globalization.

If we look at the figures than China’s economy is emerging at the great extent from the last two decades. The main growth was happened in the time between the 1984 to 1998. This is the years in which the economy growth is at the peak point. Even the China is consider as the eighth largest exporter in the world in these years. As the dramatic increase in the exports in both value and the manufacture export is 19 and 24% annually respectively and by the end of this period the value touches the heights that is above $100 billion. Even the FDI is also reasonable that was $347 billion by the end of the 2000. (Zhang, 2010)

Apart from it there are the certain more studies that are also relevant with the globalization and its effects. According to them the globalization is also a significant effect on the firms and their policies. The main focus of the firms is to limit their costs either that is with the help of the cut labor or transaction costs and easily by payment of taxes. These firms are also a reasonable role for the different situations such as to make a huge market share, cut down the grants and for give a great competition to the other countries. The investment from the foreigners directly was the leading issue among them. The government is also aware about the economic and social development of the country and the social development is the main reason behind the equality of the income in country. After the examination of the various facts we can conclude that FDI inflows, outflows are the main reasons behind the in equality or inequality. These facts can be different in the various countries such as they are suffer

from the different situations.

One another study also deals with the income inequality and globalization. The factors such as human capital income and wages are the main reasons behind the inequality. Firstly the human capital deals with the education, job training and the health that is the main factors behind the productivity of the workers. The high level of education give birth to specialists and that leads to the demand of the higher pay rates and educate more people means the distribution of the wages in the society equally. As a result we can say that after examine the all facts, FDI inflows improve the income equality in all the countries either developed or developing. On the other hand the outflows are the vice versa they are responsible for the disruption in the income distribution system as it give birth to various factors such as loss of job etc. (China, 2010)

Although globalization is good for the countries, we are agree with it up to great extent. As we talk about the financial globalization then the most perfect use of the capital of the country is the main function in order to development and the reduce of the poverty of the country up to a great level but the reason behind that to use of the capital wisely with the help of the economic professionals with great policies is the highly regarded in order to improve the poverty. In some countries the advances in the financial globalization may effected the globalization of that country in many fields. Argentina is the example of it, in which the economic crisis happened. Except from the some reasons we can support the globalization but the implementation if the great policies is the main reason behind the achievement of the goal. (Mishkin, 2007)

The globalization had also impact on the Latin-American countries.in that countries the globalization had a great impact on the agriculture. There are the two sides of this scenario. The first is the great food market for the agriculture production goods which give the goods produced by the farmers gain a high rate in the market and lead to a great money for the farmers. But on the other side of the scenario is that a import of the basic things from the other countries that make a fear for the farmers that produce that same things in the country because it may cause of price falling. They suffered from the fear that they cannot give the things from other countries a good competition because of the lack of the different factors such as labor cost, raw material etc. moreover there was also a big issues with the production at the local basis. As after the globalization it was a great increase In the selling and producing of goods in the different countries in the different branches and basically they are looking for the place at which a good market for the goods and a labor with the cheap wages is available because this was the thing from they can cut he cost and increase the more and more profits. (Denis Requier-Desjardins, 2010)

Apart from the above there are the number of disadvantages of globalization for the countries. As the most people claimed that the culture of the different countries was totally destroyed because of the globalization. It gave encourage to follow the other cultures and people are easily attracted to the other cultures and in the meanwhile they forgot about their own moral values. Moreover in the race of developing countries they focus more and more on the business such as they use high degree of natural products and establish more factories and many more things that harm the nature and in the meanwhile they destroy the environment at great extent. The disparity in the employment system was also the big disadvantage of it. Even the market and the employment is even very wide but still there is a huge uncertainty is appeared in the people. (advantages and disadvantages of globalisation)

From the above findings in the field of the globalization we can say that the countries should promote the globalization. It is the only thing that gave chance to the all countries regarding the development of the country. The developing countries are the countries that got a huge benefit from the globalization even these countries are now close to the development in which we can say them developed countries. No doubt the countries were some issues with the globalization such as internal income difference with the residences of the country, but these can be reduced with the help of the policies by professionals. At the end we can say that it is the great thing for the countries who are still at the developing stage.

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