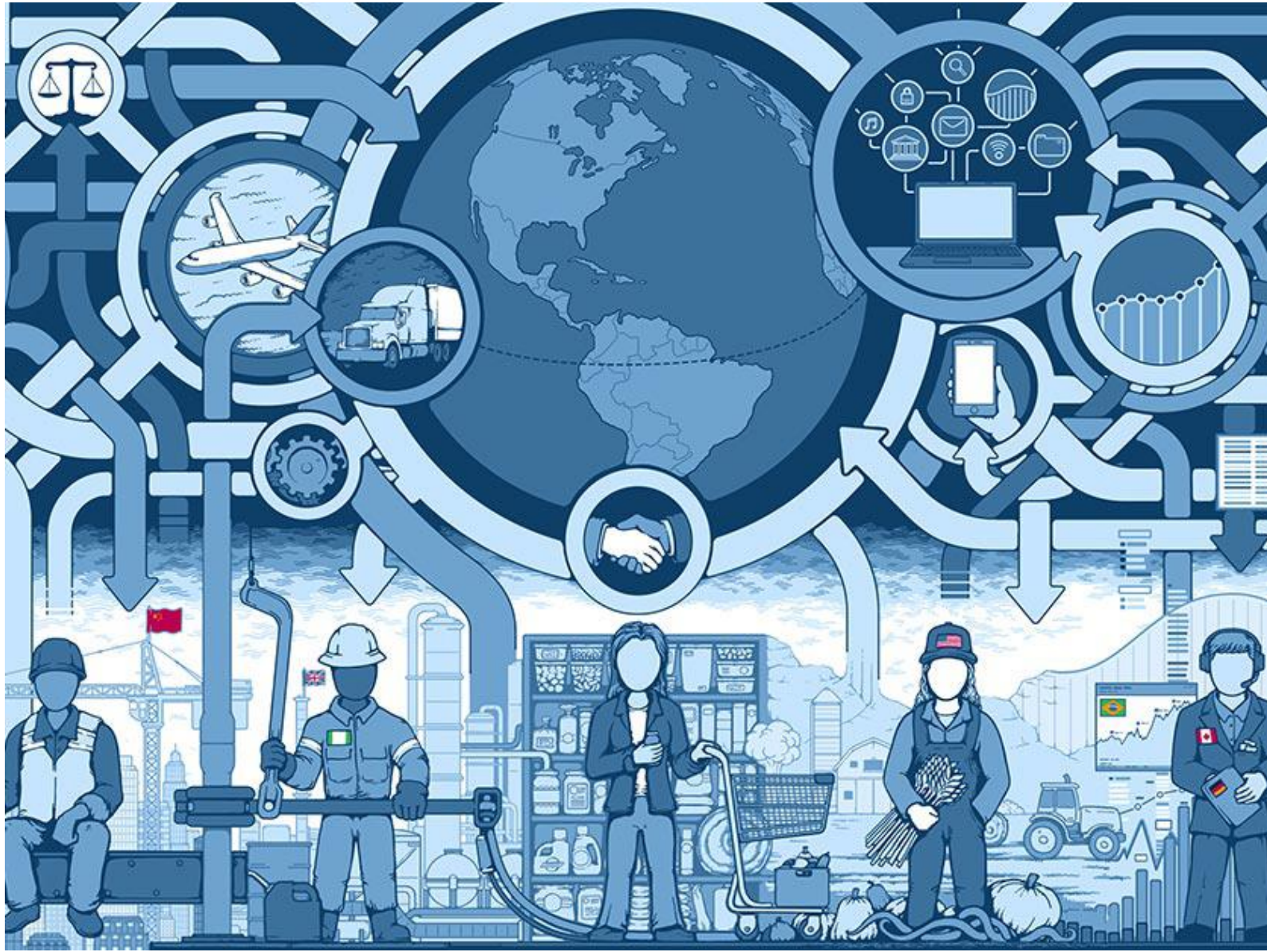


# Module 1

## Introduction to Globalization

# Globalization

- **Globalization** is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information.
- The wide-ranging effects of globalization are complex and politically charged.
- As with major technological advances, globalization benefits society as a whole, while harming certain groups.
- Understanding the relative costs and benefits can pave the way for alleviating problems while sustaining the wider payoffs.



# History of Globalization

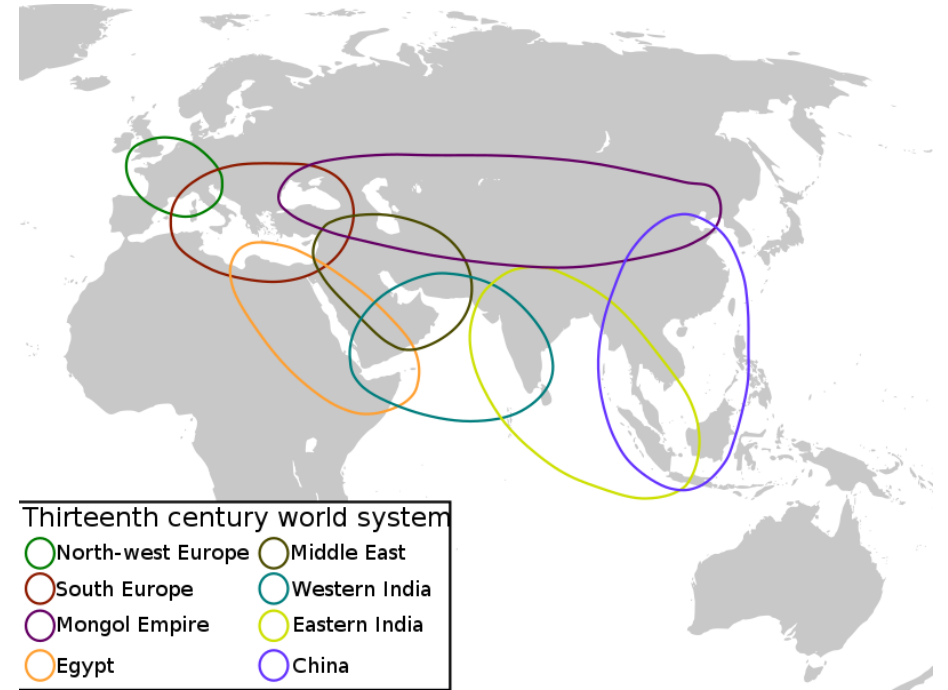
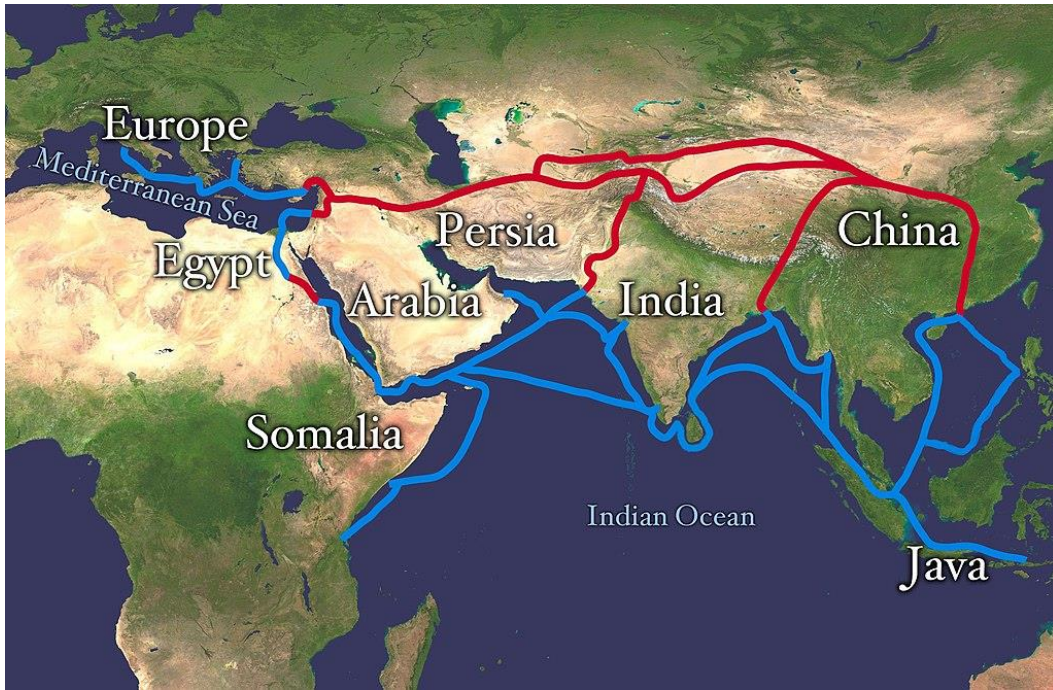
- The **historical origins of globalization** are the subject of ongoing debate.
- Though many scholars situate the origins of globalization in the modern era, others regard it as a phenomenon with a long history.

# History of Globalization

- Archaic globalization
- Proto-globalization
- Modern globalization



# Archaic globalization



# Archaic globalization



# Archaic globalization

- An early form of globalized economics and culture, known as archaic globalization, existed during the Hellenistic Age, when commercialized urban centers were focused around the axis of Greek culture over a wide range that stretched from India to Spain, with such cities as Alexandria, Athens, and Antioch at its center.
- Trade was widespread during that period, and it is the first time the idea of a cosmopolitan culture (from Greek "Cosmopolis", meaning "world city") emerged. Others have perceived an early form of globalization in the trade links between the Roman Empire, the Parthian Empire, and the Han Dynasty.
- The increasing articulation of commercial links between these powers inspired the development of the Silk Road, which started in western China, reached the boundaries of the Parthian empire, and continued onwards towards Rome.[6]



# Archaic globalization

- The advent of the Mongol Empire, though destabilizing to the commercial centers of the Middle East and China, greatly facilitated travel along the Silk Road.
- This permitted travelers and missionaries such as Marco Polo to journey successfully (and profitably) from one end of Eurasia to the other.
- The Pax Mongolica of the thirteenth century had several other notable globalizing effects. It witnessed the creation of the first international postal service, as well as the rapid transmission of epidemic diseases such as bubonic plague across the newly unified regions of Central Asia.[8]
- These pre-modern phases of global or hemispheric exchange are sometimes known as archaic globalization. Up to the sixteenth century, however, even the largest systems of international exchange were limited to the Old World.

# Proto-globalization

- The next phase is known as proto-globalization. It was characterized by the rise of maritime European empires, in the 16th and 17th centuries, first the Portuguese and Spanish Empires, and later the Dutch and British Empires.
- In the 17th century, globalization became also a private business phenomenon when chartered companies like British East India Company (founded in 1600), often described as the first multinational corporation, as well as the Dutch East India Company (founded in 1602) were established.

# Proto-globalization

- The Age of Discovery brought a broad change in globalization, being the first period in which Eurasia and Africa engaged in substantial cultural, material and biologic exchange with the New World. It began in the late 15th century, when the two Kingdoms of the Iberian Peninsula – Portugal and Castile – sent the first exploratory voyages around the Cape of Good Hope and to the Americas, "discovered" in 1492 by Christopher Columbus.
- Shortly before the turn of the 16th century, Portuguese started establishing trading posts (factories) from Africa to Asia and Brazil, to deal with the trade of local products like slaves, gold, spices and timber, introducing an international business center under a royal monopoly, the House of India.

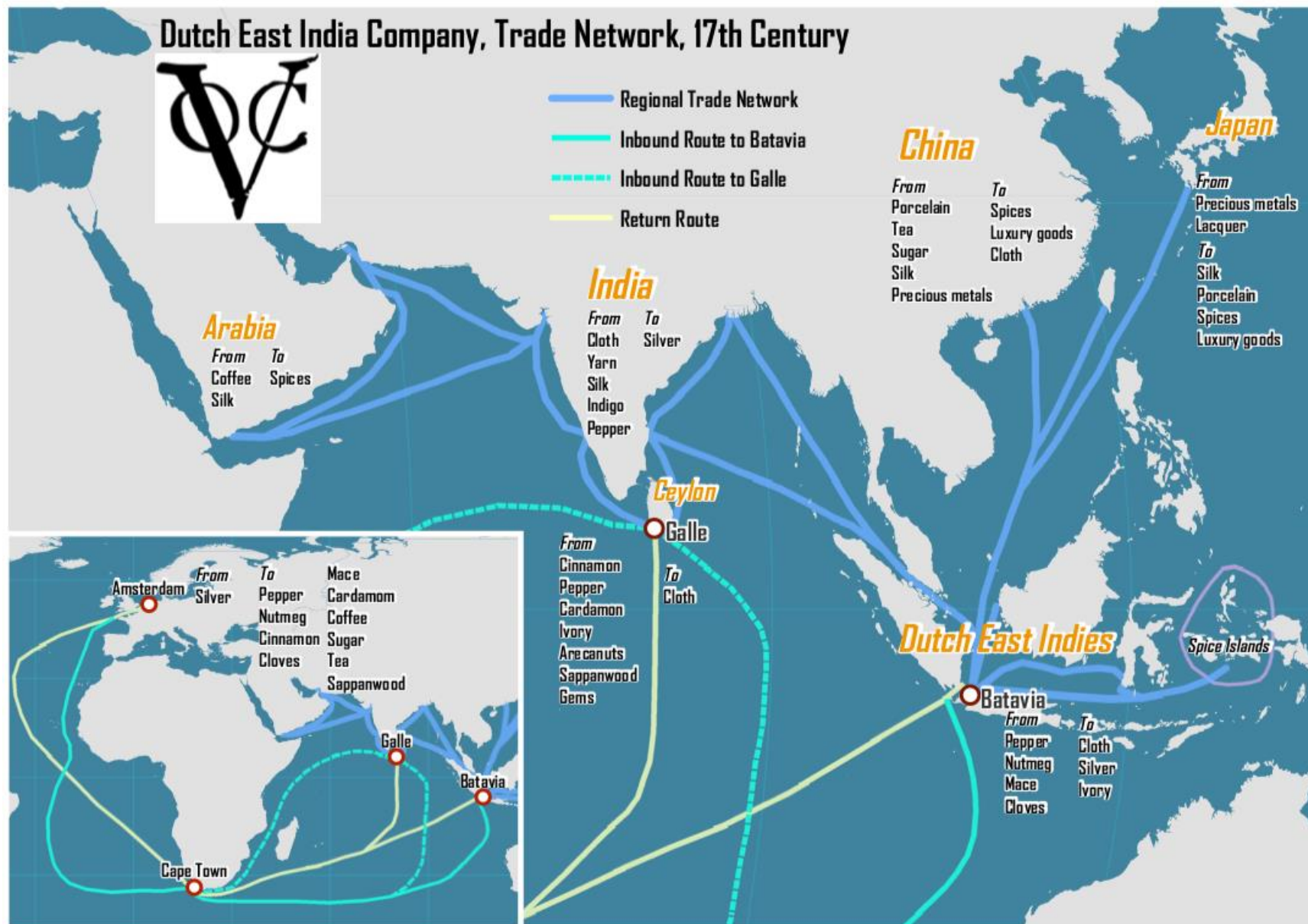
# Proto-globalization

- Global integration continued with the European colonization of the Americas initiating the Columbian Exchange, the enormous widespread exchange of plants, animals, foods, human populations (including slaves), communicable diseases, and culture between the Eastern and Western hemispheres.
- It was one of the most significant global events concerning ecology, agriculture, and culture in history. New crops that had come from the Americas via the European seafarers in the 16th century significantly contributed to the world's population growth.

ORBIS TERRARUM TABULA RECENS EMENDATA ET IN LUCEM EDITA







# Modern globalization

- The 19th century witnessed the advent of globalization approaching its modern form. Industrialization allowed cheap production of household items using economies of scale,[citation needed] while rapid population growth created sustained demand for commodities.
- Globalization in this period was decisively shaped by nineteenth-century imperialism.
- After the First and Second Opium Wars, which opened up China to foreign trade, and the completion of the British conquest of India, the vast populations of these regions became ready consumers of European exports.

# Modern globalization

- It was in this period that areas of sub-Saharan Africa and the Pacific islands were incorporated into the world system.
- Meanwhile, the conquest of parts of the globe, notably sub-Saharan Africa, by Europeans yielded valuable natural resources such as rubber, diamonds and coal and helped fuel trade and investment between the European imperial powers, their colonies, and the United States.
- The inhabitant of London could order by telephone, sipping his morning tea, the various products of the whole earth, and reasonably expect their early delivery upon his doorstep.
- Between the globalization in the 19th and in the 20th there are significant differences. There are two main points on which the differences can be seen. One point is the global trade in this centuries as well as the capital, investment and the economy.

# Modern globalization

- Aftermath of World War I: Collapse of Globalization



- Post-World War II: Globalization Resurgent



# Characteristics of Globalization

- Greater trade in goods and services both between nations and within regions
- An increase in **transfers of capital** including the expansion of foreign direct investment (FDI) by trans-national companies (TNCs) and the rising influence of sovereign wealth funds
- The development of **global brands** that serve markets in higher and lower income countries
- **Spatial division of labour**– for example out-sourcing and off shoring of production and support services as production supply-chains has become more international. As an example, the iPhone is part of a complicated global supply chain. The product was conceived and designed in Silicon Valley; the software was enhanced by software engineers working in India. Most iPhones are assembled / manufactured in China and Taiwan by TNCs such as FoxConn
- High levels of **labour migration** within and between countries



# Characteristics of Globalization

- New nations joining the world trading system. China and India joined the WTO in 1991, Russia joined the WTO in 2012
- A fast changing **shift in the balance of economic and financial power** from developed to emerging economies and markets – i.e. a change in the **centre of gravity in the world economy**
- Increasing spending on investment, innovation and infrastructure across large parts of the world
- Globalisation is a process of **making the world economy more inter-dependent**
- Many of the industrializing countries are winning a rising share of world trade and their economies are growing faster than in richer developed nations especially after the global financial crisis (GFC)

# Process of Globalization

- Economic
- Technological
- Social and Cultural

# Economic Globalization



# Economic Globalization

- Economic globalization is the increasing economic interdependence of national economies across the world through a **rapid increase in cross-border movement of goods, services, technology, and capital.**
- Whereas the globalization of business is centered around the diminution of international trade regulations as well as tariffs, taxes, and other impediments that suppresses global trade, economic globalization is the process of increasing economic integration between countries, leading to the emergence of a global marketplace or a single world market.
- Depending on the paradigm, economic globalization can be viewed as either a positive or a negative phenomenon.
- Economic globalization comprises: globalization of production; which refers to the obtainment of goods and services from a particular source from locations around the globe to benefit from difference in cost and quality.
- Likewise, it also comprises globalization of markets; which is defined as the union of different and separate markets into a massive global marketplace.

# Economic Globalization

- Current globalization trends can be largely accounted for by developed economies integrating with less developed economies by means of foreign direct investment, the reduction of trade barriers as well as other economic reforms, and, in many cases, immigration.
- International standards have made trade in goods and services more efficient.
- An example of such standard is the intermodal container. Containerization dramatically reduced the costs of transportation, supported the post-war boom in international trade, and was a major element in globalization.
- International standards are set by the International Organization for Standardization, which is composed of representatives from various national standards organizations.



# Containerization



# Technological Globalization



# Technological Globalization

- Technological globalization is speeded in large part by technological diffusion, the spread of technology across borders.
- In the last two decades, there has been rapid improvement in the spread of technology to peripheral and semi-peripheral nations, and a 2008 World Bank report discusses both the benefits and ongoing challenges of this diffusion.
- In general, the report found that technological progress and economic growth rates were linked, and that the rise in technological progress has helped improve the situations of many living in absolute poverty (World Bank 2008).
- The report recognizes **that rural and low-tech products such as corn** can benefit from new technological innovations, and that, conversely, technologies like mobile banking can aid those whose rural existence consists of low-tech market vending.
- In addition, technological advances in areas like **mobile phones** can lead to competition, lowered prices, and concurrent improvements in related areas such as **mobile banking and information sharing**.

- However, the same patterns of social inequality that **create a digital divide**.
- While the growth of technology use among countries has increased dramatically over the past several decades, the spread of technology within countries is significantly slower among peripheral and semi-peripheral nations.
- In these countries, far fewer people have the training and skills to take advantage of new technology, let alone access it.
- Technological access tends to be **clustered around urban areas** and leaves out vast swaths of peripheral-nation citizens. While the diffusion of information technologies has the potential to resolve many global social problems, **it is often the population most in need that is most affected by the digital divide**.
- For example, technology to purify water could save many lives, but the villages in peripheral nations most in need of water purification don't have access to the technology, the funds to purchase it, or the technological comfort level to introduce it as a solution.

# Social and Cultural Globalization





# Social and Cultural Globalization

- Cultural globalization refers to the transmission of ideas, meanings, and values around the world in such a way as to extend and intensify social relations.
- This process is marked by the common consumption of cultures that have been diffused by the Internet, popular culture media, and international travel.
- This has added to processes of commodity exchange and colonization which have a longer history of carrying cultural meaning around the globe.
- The circulation of cultures enables individuals to partake in extended social relations that cross national and regional borders.
- Cultural globalization involves the formation of shared norms and knowledge with which people associate their individual and collective cultural identities. It brings increasing interconnectedness among different populations and cultures.

# Social and Cultural Globalization

- Cross-cultural communication is a field of study that looks at how people from differing cultural backgrounds communicate, in similar and different ways among themselves, and how they endeavour to communicate across cultures.
- Cultural diffusion is the spread of cultural items—such as ideas, styles, religions, technologies, languages etc.
- Cultural globalization has increased cross-cultural contacts, but may be accompanied by a decrease in the uniqueness of once-isolated communities. For example, sushi is available in Germany as well as Japan

# Social and Cultural Globalization

- Globalization has strongly influenced sports.
- For example, the modern Olympic Games has athletes from more than 200 nations participating in a variety of competitions.
- The FIFA World Cup is the most widely viewed and followed sporting event in the world, exceeding even the Olympic Games; a ninth of the entire population of the planet watched the 2006 FIFA World Cup Final.
- The term globalization implies transformation. Cultural practices including traditional music can be lost or turned into a fusion of traditions.
- Globalization can trigger a state of emergency for the preservation of musical heritage.
- Archivists may attempt to collect, record, or transcribe repertoires before melodies are assimilated or modified, while local musicians may struggle for authenticity and to preserve local musical traditions.
- Globalization can lead performers to discard traditional instruments. Fusion genres can become interesting fields of analysis.

# World Bank



The World Bank Group headquarters building in Washington, D.C.

# World Bank

- The World Bank is an international financial institution that provides loans and grants to the governments of low- and middle-income countries for the purpose of pursuing capital projects.
- Founded on July 1944, Bretton Woods, New Hampshire, United States
- It comprises two institutions:
  1. The International Bank for Reconstruction and Development (IBRD)
  2. The International Development Association (IDA). The World Bank is a component of the World Bank Group.
- The World Bank's most recently stated goal is the reduction of poverty.

# History of World Bank

- The World Bank was created at the 1944 Bretton Woods Conference, along with the International Monetary Fund (IMF).
- The president of the World Bank is traditionally an American.
- The World Bank and the IMF are both based in Washington, D.C., and work closely with each other.



Harry Dexter White (left) and John Maynard Keynes, the "founding fathers" of both the World Bank and the International Monetary Fund (IMF)

# Functions of the World Bank

- It helps the war-devasted countries by granting them loans for reconstruction.
- Thus, they provide extensive experience and the financial resources of the bank help the poor countries increase their economic growth, reducing poverty and a better standard of living.
- Also, it helps the underdeveloped countries by granting development loans.
- So, it also provides loans to various governments for irrigation, agriculture, water supply, health, education, etc.
- It promotes foreign investments to other organizations by guaranteeing the loans.
- Also, the world bank provides economic, monetary, and technical advice to the member countries for any of their projects.
- Thus, it encourages the development of industries in underdeveloped countries by introducing the various economic reforms.



# International Monetary Fund (IMF)



# History of IMF



In 1944, representatives of 44 nations met in Bretton Woods, New Hampshire, to draw up a plan for the post-World War II economic order. Their goal was to avoid a repetition of the destructive policies that could spark another conflict. So they created the IMF to promote international monetary cooperation. Ever since, the IMF has played a vital role in maintaining global economic stability and ensuring broadly shared prosperity.

<https://www.imf.org/en/About/Timeline>

<http://www.imf.org/external/mmedia/view.aspx?vid=3461099217001>

# International Monetary Fund (IMF)

- The International Monetary Fund (IMF) is an organization of 190 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.
- Created in 1945, the IMF is governed by and accountable to the 190 countries that make up its near-global membership.
- The IMF's primary purpose is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries (and their citizens) to transact with each other.

# Fast Facts

## About the IMF

**1944** Year the IMF was established

**\$1 trillion** Total amount the IMF is able to lend to its member countries

**190** Member countries

**34** Current lending arrangements

**150** Nationalities represented by staff

**76** Countries that received emergency financing during the pandemic

**24** Executive Directors representing 190 member countries

**0%** Interest rate on loans to low-income countries

**\$303 million**

For hands-on technical advice, policy-oriented training, and peer learning

# Functions of IMF

The IMF's fundamental mission is to ensure the stability of the international monetary system. It does so in three ways:

- Keeping track of the global economy and the economies of member countries;
- Lending to countries with balance of payments difficulties;
- Giving practical help to members.

# Functions of IMF

## **Economic Surveillance:**

- The IMF oversees the international monetary system and monitors the economic and financial policies of its 190 member countries.
- As part of this process, which takes place both at the global level and in individual countries, the IMF highlights possible risks to stability and advises on needed policy adjustments.

## **Lending:**

- The IMF provides loans to member countries experiencing actual or potential balance of payments problems to help them rebuild their international reserves, stabilize their currencies, continue paying for imports, and restore conditions for strong economic growth, while correcting underlying problems.



# Functions of IMF

## **Capacity Development:**

- The IMF works with governments around the world to modernize their economic policies and institutions, and train their people. This helps countries strengthen their economy, improve growth and create jobs.



# WORLD TRADE ORGANIZATION

- The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations.
- At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments.
- The goal is to help producers of goods and services, exporters, and importers conduct their business.
- Location: Geneva, Switzerland
- Established: 1 January 1995
- Created by: Uruguay Round negotiations (1986-94)
- Membership: 164 members representing 98 per cent of world trade
- Budget: 197 million Swiss francs for 2020
- Secretariat staff: 623



WORLD TRADE  
ORGANIZATION





## WORLD TRADE ORGANIZATION

- The WTO was born out of negotiations, and everything the WTO does is the result of negotiations.
- The bulk of the WTO's current work comes from the 1986–94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT).
- The WTO is currently the host to new negotiations, under the 'Doha Development Agenda' launched in 2001.
- Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to open markets for trade.
- But the WTO is not just about opening markets, and in some circumstances its rules support maintaining trade barriers — for example, to protect consumers or prevent the spread of disease.

# Functions of WTO

- Administering WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Cooperation with other international organizations

# Functions of WTO

- There are a number of ways of looking at the World Trade Organization.
- It is an organization for trade opening.
- It is a forum for governments to negotiate trade agreements.
- It is a place for them to settle trade disputes.
- It operates a system of trade rules.
- Essentially, the WTO is a place where member governments try to sort out the trade problems they face with each other.



# Functions of WTO

- The WTO is run by its member governments.
- All major decisions are made by the membership as a whole, either by ministers (who usually meet at least once every two years) or by their ambassadors or delegates (who meet regularly in Geneva).

# Multi-National Company

- A multinational company (MNC) is a corporate organization that owns or controls production of goods or services in at least one country other than its home country.
- A company or group should be considered a multinational corporation if it derives 25% or more of its revenue from out-of-home-country operations.
- However, a firm that owns and controls 51% of a foreign subsidiary also controls production of goods or services in at least one country other than its home country and therefore would also meet the criterion, even if that foreign affiliate generates only a few percent of its revenue.

# Multi-National Company

- A multinational corporation can also be referred to as a multinational enterprise (MNE), a transnational enterprise (TNE), a transnational corporation (TNC), an international corporation, or a stateless corporation.
- Two common characteristics shared by MNCs are their large size and the fact that their worldwide activities are centrally controlled by the parent companies.

# Multi-National Company

- MNCs may gain from their global presence in a variety of ways.
- First of all, MNCs can benefit from the economy of scale by spreading R&D expenditures and advertising costs over their global sales, pooling global purchasing power over suppliers, and utilizing their technological and managerial know-how globally with minimal additional costs.
- Furthermore, MNCs can use their global presence to take advantage of underpriced labor services available in certain developing countries, and gain access to special R&D capabilities residing in advanced foreign countries.



# Main Characteristics of Multinational Companies

- In general, there is a national strength of large companies as the main body, in the way of foreign direct investment or acquire local enterprises, established subsidiaries or branches in many countries;
- It usually has a complete decision-making system and the highest decision-making centre, each subsidiary or branch has its own decision-making body, according to their different features and operations to make decisions, but its decision must be subordinated to the highest decision-making centre;
- MNCs seek markets in worldwide and rational production layout, professional fixed-point production, fixed-point sales products, in order to achieve maximum profit;
- Due to strong economic and technical strength, with fast information transmission, as well as funding for rapid cross-border transfers, the multinational has stronger competitiveness in the world;
- Many large multinational companies have varying degrees of monopoly in some area, due to economic and technical strength or production advantages.

# Advantages of Multinational Corporations in developing countries

- Multinationals provide an inflow of capital into the developing country. E.g. the investment to build the factory is counted as a capital flow on the financial account of the balance of payments. This capital investment helps the economy develop and increase its productive capacity.
- The Harrod-Domar model of growth suggests that this level of investment is important for determining the level of economic growth. One of the best ways to increase the level of economic growth is to provide an inflow of capital from abroad.
- The inflows of capital help to finance a current account deficit. (Basically, this means that foreign investment enables developing countries to buy imports.)
- Multinational corporations provide employment. Although wages seem very low by Western standards, people in developing countries often see these new jobs as preferable to working as a subsistence farmer with even lower income.
- Even liberal economists like Paul Krugman and Jeffrey Sachs have defended 'sweatshop labour' arguing that although employers are paying too low wages. Often sweatshop labour is better than the alternative of scavenging or no paid employment. Economies in south-east Asia have seen rising wages in recent decades – showing that low wage economies can develop.
- Multinational firms may help improve infrastructure in the economy. They may improve the skills of their workforce. Foreign investment may stimulate spending in infrastructure such as roads and transport.
- Multinational firms help to diversify the economy away from relying on primary products and agriculture – which are often subject to volatile prices and supply



# Disadvantages of Multinational Corporations in developing countries

- **Environmental costs.** Multinational companies can outsource parts of the production process to developing economies with weaker environmental legislation. For example, there is a trade in rubbish, which gets sent to developing economies disposal and recycling.
- **Profit repatriated.** Although multinationals invest in developing economies, the profit is repatriated to the location of the multinational, so the net capital inflows are less than they seem.
- **Skilled labour.** When undertaking new projects, the multinational may have to employ skilled labour from other economies and not the developing economy. This means best jobs are not received by local workers and the investment is diffused.
- **Raw materials.** A large component of multinational investment in developing economies is seeking out raw materials – oil, diamonds, rubber and precious metals. The extraction of raw materials can cause environmental externalities – polluted rivers, loss of natural landscape. Also, there is only a short-term inflow of money to pay for the materials.
- **Sweat-shop labour.** Not all economists are convinced sweat-shop labour is a good thing. Critics argue that weak labour conditions allow multinationals to use their monopsony power and pay lower wages to workers than they should get paid.

# NGO- Non-Government Organisation

- Organizations which are independent of government involvement are known as non-governmental organizations or non-government organizations, with NGO as an acronym.
- NGOs are a subgroup of organizations founded by citizens, which include clubs and associations that provide services to their members and others. NGOs are usually nonprofit organizations, and many of them are active in humanitarianism or the social sciences.
- Surveys indicate that NGOs have a high degree of public trust, which can make them a useful proxy for the concerns of society and stakeholders. However, NGOs can also be lobby groups for corporations, such as the World Economic Forum.
- According to NGO.org (the non-governmental organizations associated with the United Nations), "[an NGO is] any non-profit, voluntary citizens' group which is organized on a local, national or international level ... Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information."

# NGO

- Russia had about 277,000 NGOs in 2008. India is estimated to have had about two million NGOs in 2009 (approximately one per 600 Indians), many more than the number of the country's primary schools and health centers.
- The term "NGO" is used inconsistently; it is sometimes a synonym for a civil society organization, any association founded by citizens.
- NGOs are known in some countries as nonprofit organizations, and political parties and trade unions are sometimes considered NGOs.
- NGOs are classified by orientation and level of operation; orientation refers to the type of activities an NGO undertakes.
- Activities may include human rights, consumer protection, environmentalism, health, or development.
- An NGO's level of operation indicates the scale at which an organization works: local, regional, national, or international.

# Classification of NGOs

## Based on orientation

- *Charities*: Often a top-down effort, with little participation or input from beneficiaries, they include NGOs directed at meeting the needs of disadvantaged people and groups.
- *Service*: Includes NGOs which provide healthcare (including family planning) and education.
- *Participation*: Self-help projects with local involvement in the form of money, tools, land, materials, or labor
- *Empowerment*: Aim to help poor people to understand the social, political and economic factors affecting their lives, and to increase awareness of their power to control their lives. With maximum involvement by the beneficiaries, the NGOs are facilitators.

# Classification of NGOs

## Based on Level of operation

- Community-based organizations (CBOs) are popular initiatives which can raise the consciousness of the urban poor, helping them understand their right to services, and providing such services.
- City-wide organizations include chambers of commerce and industry, coalitions of business, ethnic or educational groups, and community organizations.
- State NGOs include state-level organizations, associations, and groups. Some state NGOs are guided by national and international NGOs.
- National NGOs include national organizations such as YMCAs and YWCAs, professional associations, and similar groups. Some have state or city branches, and assist local NGOs.
- International NGOs range from secular agencies, such as Save the Children, to religious groups. They may fund local NGOs, institutions and projects, and implement projects.

# Classification of NGOs

Based on Activities:

- **Operational:** Operational NGOs seek to "achieve small-scale change directly through projects", [18] mobilizing financial resources, materials, and volunteers to create local programs. They hold large-scale fundraising events and may apply to governments and organizations for grants or contracts to raise money for projects. Operational NGOs often have a hierarchical structure; their headquarters are staffed by professionals who plan projects, create budgets, keep accounts, and report to and communicate with operational fieldworkers on projects.
- **Campaigning:** Campaigning NGOs seek to "achieve large-scale change promoted indirectly through the influence of the political system." They require an active, efficient group of professional members who can keep supporters informed and motivated. Campaigning NGOs must plan and host demonstrations and events which will attract media, their defining activity. Campaigning NGOs often deal with issues related to human rights, women's rights, and children's rights, and their primary purpose is to defend (or promote) a specific cause.
- **Combined:** NGOs may conduct both activities. Operational NGOs will use campaigning techniques if they face issues in the field which could be remedied by policy change, and campaigning NGOs (such as human-rights organizations) often have programs which assist individual victims for whom they are trying to advocate.
- **Public relations:** Non-governmental organisations need healthy public relations to meet their goals, and use sophisticated public-relations campaigns to raise funds and deal with governments. Interest groups may be politically important, influencing social and political outcomes.

# History of NGOs

- International non-governmental organizations date back to at least the late 18th century and there were an estimated 1,083 NGOs by 1914.
- International NGOs were important to the anti-slavery and women's suffrage movements, and peaked at the time of the 1932–1934 World Disarmament Conference.
- The term became popular with the 1945 founding of the United Nations in 1945
- An international NGO was first defined in resolution 288 (X) of the United Nations Economic and Social Council (ECOSOC) on February 27, 1950 as "any international organization that is not founded by an international treaty".
- The rapid development of the non-governmental sector occurred in Western countries as a result of the restructuring of the welfare state. Globalization of that process occurred after the fall of the communist system, and was an important part of the Washington Consensus.



# History of NGOs

- Twentieth-century globalization increased the importance of NGOs. International treaties and organizations, such as the World Trade Organization, focused on capitalist interests. To counterbalance this trend, NGOs emphasize humanitarian issues, development aid, and sustainable development.
- An example is the World Social Forum, a rival convention of the World Economic Forum held each January in Davos, Switzerland.
- The fifth World Social Forum, in Porto Alegre, Brazil in January 2005, was attended by representatives of over 1,000 NGOs.
- The 1992 Earth Summit in Rio de Janeiro, attended by about 2,400 representatives, was the first to demonstrate the power of international NGOs in environmental issues and sustainable development. Transnational NGO networking has become extensive.

# NGOS in India

1	ANDAMAN & NICOBAR ISLANDS (117)	2	ANDHRA PRADESH (4025)
3	ARUNACHAL PRADESH (400)	4	ASSAM (1834)
5	BIHAR (3598)	6	CHANDIGARH (179)
7	CHHATTISGARH (1561)	8	DADRA & NAGAR HAVELI (24)
9	DAMAN & DIU (15)	10	DELHI (8083)
11	GOA (214)	12	GUJARAT (5166)
13	HARYANA (2288)	14	HIMACHAL PRADESH (637)
15	JAMMU & KASHMIR (1263)	16	JHARKHAND (1851)
17	KARNATAKA (5974)	18	KERALA (3142)
19	<u>LADAKH (146)</u>	20	LAKSHADWEEP (2)
21	MADHYA PRADESH (5393)	22	MAHARASHTRA (14396)
23	MANIPUR (2107)	24	MEGHALAYA (244)
25	MIZORAM (199)	26	NAGALAND (361)
27	ORISSA (3205)	28	PUDUCHERRY (259)
29	PUNJAB (1335)	30	RAJASTHAN (4016)
31	SIKKIM (94)	32	TAMIL NADU (7444)
33	TELANGANA (2377)	34	TRIPURA (402)

# TOP 10 NGOs IN INDIA

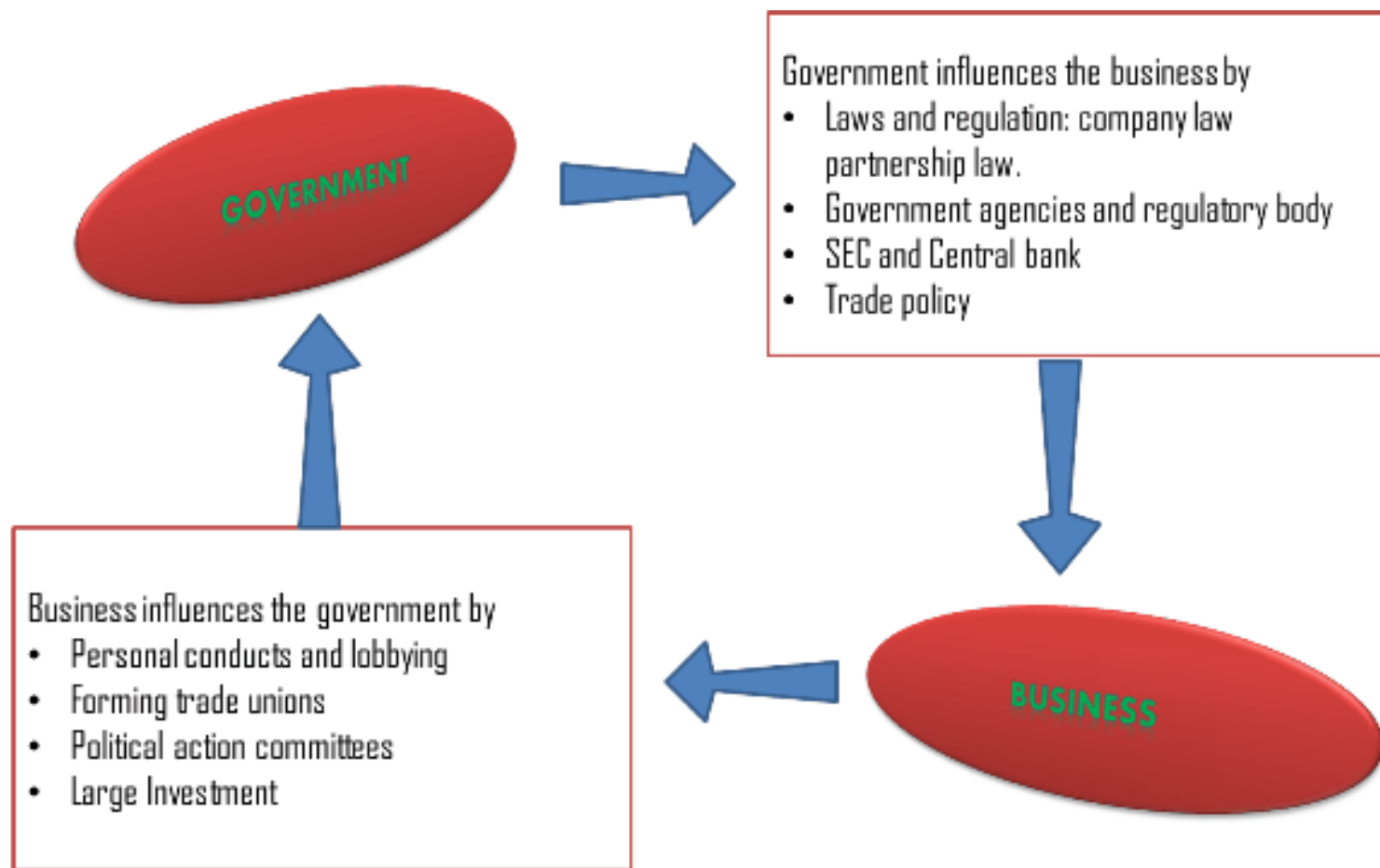
NAME	CORPORATE OFFICE	ESTABLISHED YEAR	PURPOSE
1  Help age India	New Delhi	1978	Elderly age people
2  Smile foundation	New Delhi	2002	Child education and health
3  Goonj limited	New Delhi	1999	Clothing
4  CRY	Mumbai	1979	Child rights
5  Give India	Mumbai	1999	Non profit
6  Nanhi Kali	Mumbai	1996	Girl education
7  Sargam sanstha	Lucknow, UP	1986	People
8  Sammaan foundation	Patna, Bihar	2007	People
9  Pratham	Mumbai	1994	Child Education
10  Lepra society	Secunderabad	1989	Health

# NGOS in the World



# How business influence on government

- Government and business institutions in a country in many ways are interrelated and interdependent. In today's global economy, businessmen and entrepreneurs are the driving forces of the economy.
- In a planned economy or even in the market economy government holds control of shaping the business activities of a country.
- For maintaining a steady and upward economic growth The Government must try to make the environment for business organizations suitable.
- And the organizations must follow the laws of governments' to run the businesses smoothly and making sure there is a level playing field.



- The main goal of businesses is to make a profit and governments' goal is to ensure economic stability and growth. Both of them are different but very co-dependent.
- For this, the government and organizations or businesses always try to influence and persuade each other in many ways for various matters.
- A balanced relationship between the government and businesses is required for the welfare of the economy and the nation.
- Organizations try to force the government to act in ways that benefit the business activities. Of Course, for that, an organization must go through legitimately.
- But sometimes we see that organizations try to go over the line.

These are the common methods that business organizations use to influence government policies:

- **Personal Conducts and Lobbying**

The corporate executives and political leaders and government officials are in the same social class. This creates a personal relationship between both parties. Also, organizations formally form the group to present their issues to government bodies.



- **Forming Trade Unions And Chamber Of Commerce**

Trade unions and the chamber of commerce are associations of business organizations with a common interest. They work to find the common issues of organizations and present reports, holds dialogue to discuss them with government bodies.

- **Political Action Committees**

Recently in the 2012 US elections, the term “super PACs” was a common topic in many discussions. Political action committees (PACs) or are special organizations formed to solicit money and distribute to political candidates.

Most times the rich executives donate money to the political candidates whose political views are similar to them.

- **Large Investment**

- Companies if can make a very large investment in industries or projects, could somehow affect government policies.
- We see these very often in developing countries where foreign corporate wants to invest in these countries.
- These works in another way around, where the government tries to implement the policy to attract foreign investment.

- The government attempts to shape the business practices through both, directly and indirectly, implementing rules and regulations.
- The government most often directly influences organizations by establishing regulations, laws, and rules that dictate what organizations can and cannot do.
- To implement legislation, the government generally creates special agencies to monitor and control certain aspects of business activity.
- For example, the environment protection agency handles Central Bank, Food and Drug Administration, Labor Commission, Securities, and Exchange Commission and much more.
- These agencies directly create, implement laws and monitor its application in the organization.
- Governments sometimes take an indirect approach to shaping the activities of business organizations. These are also done by implementing laws or regulations but they are not always mandatory.
- For instance, the government sometimes tries to change organizations' policies by their tax codes.
- The government could give tax incentives to companies that have an environment-friendly waste management system in a production factory.
- Or, tax incentives could be provided to companies that have established their production facilities in a less developed region in the country. As a result, more often the businesses would probably do so.

# Case Study

- The marketing practices of the babyfood substitutes industry have been known for decades, but little is known about the influence of the baby food industry, more generally, on public health policy, research and practice, also known as 'corporate political activity' (CPA).
- In this study, the baby food industry refers to for-profit companies that manufacture, market or distribute babyfood substitutes and food products for infants and young children under two years.
- In addition, trade associations, public relations firms, marketing agencies and individuals or groups affiliated with the baby food industry are also considered to be part of it.
- The aim of the current study was to systematically identify and monitor the CPA of the baby food industry in the USA, shown by the activities of Nestlé, the largest industry actor in this sector in the country.

- Nestlé employed a list of action-based ‘instrumental strategies’.
- The most prominent strategy was ‘information strategy’, used to fund, produce and disseminate industry-preferred information.
- Nestlé was further found to ‘establish relationships with key opinion leaders and health organisations, and the media’, ‘seek involvement in community’ and directly influence policies and programs through indirect access and the placement of actors in government policy settings.
- The company also used argument-based ‘discursive strategies’ to frame the debate on diet- and public health-related issues.