THE FRAMEWORK OF GLOBALIZATION

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ABSTRACT. Globalization is a stage in the general process of political, economical and cultural development of mankind.

A few decades ago, Marshall McLuhan spoke about “the world wide village”, synthesizing with this expression the essence of the phenomenon; he also mentioned the nowadays technology that makes communication easier, accessible, reduces distances, enhance integration of the financial and commercial markets, the globalization of manufacture processes, the development of transnational identities.

Globalization and consequently, the growing competition, are becoming obvious on all the markets of the world, and therefore it stimulates all the organizations to be flexible and adopt adequate structures for each and every market. Under these terms, the success of an organization is the result of a thorough understanding of the environment to which it belongs and of a successful implementation of these strategies and organizational structures that suit this situation.

When it comes to the multinational companies, the concrete establishing of the organizational structure can be done only if we take into account specific details and if we analyze the parameters that influence them, such as: the environment dynamics, the diversification range of the business and the business expansion in foreign countries through the number of branches abroad. The size of a company is no longer considered an advantage; therefore the strong point of a firm will be ‘the adequate size in order to handle successfully the competitors’ and the latest progresses/successes achieved by the small firms sustain this statement.

1. Introduction

P.Worsley stated that “the human society did not exist until nowadays”, which means that it is only nowadays that we can speak about different forms of associations that are spread all over the world, in the sense that not all the possible actors were on the stage until now. The global system is not only an environment in which other societies develop and advance. Social, economical and political boundaries that cross the borders between states have a major influence upon each nation.

Fifteen years passed since the collapse of communism in Eastern Europe, and this is a period long enough for us to start a proper evaluation upon the causes of the failure of a system of the Soviet type, and upon the impact of the changes brought by the system on the global evolution. Reforms in Eastern Europe have surfaced the importance of two major processes that were obstructed and disrupted after the 2nd World War: integration and globalization.

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Everything seems to concern this “new ideology”, globalization that has created new and different lines of development, in different environments, all over the world. In connection with this theoretical controversies and adversities arise. Some people are extremely enthusiastic about it, others are not. Due to the collapse of communism, we witness a major change in the functioning/developing of the process. I am talking here about the transition from globalization in which national states are the actors, to the globalization in which major political and economical blocks, such as the European Union or NAFTA, have the leading roles. Therefore, a new area is about to be opened for the industrial and commercial strategies. The re-opening of the world wide market (after the collapse of communist regimes), the re-engaging of a constant economical competition, the failure of the exclusive hegemony of the American capitalism, the decline of the socialist alternative and other factors have determined the states/governments to seriously re-evaluate the role they used to play in the 30s and which consisted in protecting, guiding and even planning the investments.

The rising of the degree of dependence and of the integration of economies suggests the idea that new devices and mechanisms aiming to correlate all processes at a global scale have to be created in order to efficiently balance economical crises, to stimulate economical growth and to share as fairly as possible the benefits of development at a world wide scale.

2. Material and method

Globalization represents/is a stage in the general process of political, economical and cultural development of humanity. This phenomenon is defined by several aspects. As we mentioned, few decades ago, Marshall McLuhan spoke about “the world wide village”, synthesizing with this expression the essence of the phenomenon; nowadays technology makes communication easier, accessible, and reduces distances, enhance the integration of the financial and commercial markets, the globalization of manufacture processes, the development of transnational identities.

However, we cannot be sure about the long term effects of globalization on the international community, but it is obvious that its impact is both positive and negative. The positive aspect is that globalization will increase communication between countries, which will consequently offer new opportunities for the development of civilization, especially concerning economics. The intensification of commercial exchanges, the increasing exchange of information regarding investments and technology, facilitating contact and being acquainted with the cultures of different nations have a benefic influence upon our civilization.

The discussion regarding globalization does not have to be separated from two processes of the former decades. We are referring to the collapse of the communist system, which meant a geographical expansion of the market economy. Secondary, we are referring to the neo liberal reforms from Western Europe, Latin America. This state of mind and action concerning public politics was encouraged by specialized international organizations which pleaded for the opening of internal financial markets, privatization and liberalization of commerce.
Something similar with what we call “globalization” is to be encountered before the First World War, when the world was divided among the main economic powers, becoming more homogenous and easy to control. The First and the Second World Wars, the revolutions that followed as well as the process of decolonization generated a slow down of the process globalization.

The emphasis on the social and economical differences has turned into a main source of global instability, due to its direct and indirect effects. This also happened in a period when the world’s economy registered unparalleled growth. The global manufacture of goods has increased more than 7 times in the last 50 years. During the same period, the gap between the rich countries and the poor ones also increased. Moreover, the difference between the income of the rich and the poor is obvious even in the rich countries, threatening social tranquility. Something else is to be added to these differences: it is the discrepancy between the ones who have access to knowledge and information and those who don’t, which is a penalizing aspect. In a world where wealth depends upon knowledge, innovations, new technologies concerning communication and information, the education and the quality of professional training are becoming decisive in the process of economical development and the gaps’ reduction.

The free market has always generated social differences and has determined the need for the existence of social politics, developed both at a national and at a worldwide level, favorable to the ones in need and reducing of the gaps. It is up to the international organizations to find new ways for diminishing the great gaps between the rich and the poor countries.

There are several types of discourses regarding globalization, which can be connected to intellectual propensity, to group or community interests, to the tendency/mood of the age, and last but not least, to the developing/progress of events. There are also different ways of approaching the subject. There are the fundamentalists, not necessarily very influential, who either support globalization without any doubt or completely reject it. Some authors sustain this process, but emphasize the need for institutional and mental adjustment, which implies major costs. Others do not reject globalization, but simply prove that the process is full of contradictions and that it requires a proper managing.

There are several lines of development in the debate concerning globalization: the functioning of the financial and international commerce system, as well as the problem of the poor and inequality in the world.

First of all, globalization is a geo-economical process. Second, it is a geopolitical and geo-cultural one. This process does imply not only proximity, an integration of the economies of several countries. The qualitative characteristics of those economies change, because they are no longer close systems, but have turned into pieces of a worldwide system. The notion of “national economy” itself is changing. A transnational corporation becomes the most important institution that sells goods/services wherever are convenient, even if this means crossing borders.
Globalization brings amazing opportunities, which have given some countries the possibility to capitalize on their markets opening and to assimilate new technologies. This is the case of some South and East Asian countries, especially when they are not prematurely open from the financial point of view. India also, in the last decade, through reforms, succeeded to become a positive example. Some analysts hurried in noticing the development of the most numerous democracy of the world.

Globalization stimulated and stimulates the international commerce and the production activities distribution, based on logic of the comparative advantage, applied to the global scale; it generated a significant increase of the companies with global activity.

We must not forget the fail of the totalitarian systems in Europe and partly in Asian countries. In China and Vietnam, the political systems, under the pressure of economic reforms, are becoming similar to those from other Asian countries which evolved in a positive manner in the last decades. Without losing their totalitarian reflexes, the governments from Beijing and Hanoi must be pragmatic in order to manage the coordinates of their economies which now are using more and more market mechanisms in order to allocate the resources and remunerate the production parameters.

Only a few themes are so much disputed as globalization.

Another theme under debate would be that of a uniform technological progress, that means equalizing the world’s technological and economic conditions – after the logic of the neoclassic thinking. There are solid theoretical arguments and also empirical evidence which put this idea under question. This thesis of equalizing the economic conditions is not valid inside the financial markets.

Another thesis states that the globalization was the source of the economic progress in the last 50 years. This phenomenon is the result of technological evolutions, of commerce policies liberalization and of financial markets opening. Robert Wright, in his work: “Non – zero” establishes a correspondence between the progress of the mankind, as a dynamic of a game with a positive result, and globalization.

In this context, advantages of economic integration must be taken into consideration. In a world of imperfections and asymmetries, integration must be managed for the advantages to show up. This conclusion stands also for Romania which finds itself under the pressure of European Union and which also wants to join this economic and politic club. But the integration can not be automatically done and can not take place without a strategy that must consider the asymmetries and the weak aspects in the same time.

In the last 20 years, we witnessed to a substantial increase in the living standards of many countries. But, those benefits which were won, can be also lost. Many say that the problem of globalization is its lack of “human face”. Probably, they are trying to say that the benefits of the globalization ignore the direct effects on people. It is obvious that commercial exchanges generate economic development. If during the 30’s, the economies from Europe and North America exploded, during the 50’s and 60’s, the commerce obstacles have considerably decreased.
The American scientists Jeffrey Sachs and Andrew Warner from the Harvard University made a study in which they revealed that the countries with a developing open economy had in 1970 and 1980 an increase of 4.5% per year, and the countries with a centralized economy had an increase of 0.7% per year.

The fact that the globalization is considered to be a phenomenon which pushes the human aspect into the dark, it is mainly because the simple person has not a direct benefit from it. The globalization brings benefits not only to Wall Street businessmen or to managers and clerks, but, after some British scientists, also to everybody with a comfortable pension, because the savings can be spent rationally across the land and even the world. We are the ones who speak on Norwegian mobile phones, who are using Japanese cameras, driving American or German cars, drink Columbian coffee and wear Asian clothes. Among us, there are poor people who buy cheap food and clothes. These are the Indian program developers who can sell their work to big American enterprises and who can earn enough to assure their children decent education and medical treatments. These are also the people from poor countries who could enjoy certain opportunities through commerce and technology, for a better life. French farmers sell fruits in England, workers from Bangladesh make clothes for Europeans, and the Brazilian coffee farmers have spread the aroma all over the world. All these people build the real globalization.

It is true that poor countries standards can not be compared to those of rich ones. It is a tragedy that 1.2 billion people – a quarter from the world’s population - survive with less than 1 USD per day, and around. 1.6 billion people live with an income of 1-2 USD per day.

Reducing such an extreme poverty is a priority for all countries. Of course, it is easy to say. But we can learn from other countries example which once had a developing economy and now, they are considered reach countries. South Korea is an example. Thirty years ago, it was a poor country, now it is as reach as Portugal. We also can mention China, where 100 million people outran poverty in the last 10 years. What have these countries in common? The answer is simple: the open commerce.

The countries with a developing economy which realize an economic growth similar to reach ones, are countries which are opened their market to the commerce; the more they are opened, the faster they reach their purpose.

The World Bank statistic shows, analyzing the economic activity of 80 countries in the last 40 years, that this market opening has reinforced the economic growth and the poor people incomes are symmetrical with the total increase.

3. Discussions

As soon as the market obstacles will fall, the competition with foreign enterprises will force local firms to specialize in more familiar fields, in order to gain more efficiency. Those who will not succeed in adapting to these new conditions, will have to reorganize or to disappear.
For Romanian firms and for East European market also, the globalization, from economic point of view, represents a chance to develop their products, to gain new markets, and to qualify their work force. On a global market, dominated by multinational companies, which posses impressive financial resources, technological and human forces, the chance for the Romanian enterprises to resist and to remain profitable, is to speculate the market niches.

If in a centralized economy, like those from the former East European communist block, the main role of the firms was to produce, regardless the costs. Now, due to globalization and the economic reforms, things will change.

The commerce liberalization, and new technologies, generates changes. How globalization would help the Romanian companies’ development, or, why the globalization is a positive thing for the firms across Europe and Romania? Multinational companies, from all over the world, from USA to Asia, are concentrating on big market segments. Because they produce on a large scale, it is not profitable for them to concentrate on the small series production. Otherwise, market segments will remain uncovered - they are small firms which need special products. And here is the opportunity for Romanian companies. We must speculate these niches. If they would do their homework, reducing the costs, respecting a technological discipline, changing the employees’ mentality, there exists the capacity to design and create unique products, in small series.

These market niches exists in all fields, they only have to be discovered. The small and medium size companies, which are flexible and produce items with small costs. So, competition is born and economic growth should follow. If a Romanian company wants to remain on these market niches, it must develop continuously, it must change its mentality and keep up with technological novelties. And competition brings welfare and development. There is room for everybody on the market.

If globalization means a civilization stage that will permit a “dialogue between civilizations”, we must have the intellectual honesty to accept there are no methods in place to prove that this stage does not exist. There is not a general ‘recipe’ to conquer these niches. Romanian companies will do it in their way, the German ones will speculate it in another way. Diversity exists, but the attempts to homogenize the national environments do not automatically assure the economic convergence.

**4. Conclusions**

Globalization creates amazing opportunities and brings huge progress in certain fields. Economic discrepancies and asymmetries resulting from international economic partnerships that do not always bring equal gains, require a management of globalization as well as corrections in institutional structures, which settle financial and commercial tides.

Reach countries which have the leading role on the global market, have a huge responsibility in coordinating the economic policies, as long as their economy evolutions are synchronized.
The important growth of small companies in most of the countries all over the world, represents the result of the advantages which these companies possess in their competition with big companies: dynamism, easy accommodation, crisis resistance capacity, potential of economic increase and new jobs creation. The successful combination of new technologies with the existing ones and generating new ones, allowed new preferences and needs satisfaction and also, superposition of same opportunities for different firms. For a company, to be big is no longer an advantage, so that in the future, the strength will be “the adequate dimension to successfully handle the competition”.

Globalization has an enormous potential to generate development. The UNO General Secretary, Kofi Annan said: “I believe that poverty comes not from excessive globalization, but from its insufficiency”.

REFERENCES

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