

In Focus: The Drivers of Globalization

At the dawn of 21st century, information technology, communication, transportation and even banking systems took a great leap of improvement that changed lives. Using a personal computer, an individual could perform a number of trade and banking transactions from anywhere, for as long as there is an Internet connection. People who were fond of traveling could remain in contact with families and employers 24 hours a day, 7 days a week. Important events could now be shared by millions of people through satellite connections and the use of the World Wide Web. The world became a small neighborhood because of fast deliveries brought about by international airplane travel. All of these improvements contributed to the creation of a single thread that connected billions of people. That thread came to be known as globalization and it greatly contributed to the development of the so-called global society.

Globalization validates the emergence of a global society in which political, economic and cultural events could easily influence the lives of people from all parts of the world. The so called global society also implies the idea of a global market which allows the freer movement of goods, services, investment and capitals across the globe.¹ The global market focuses on economic globalization, a sub-field of globalization, which focuses on the change and improvement that occurs in the sector of trade and commerce. Economic globalization suggests diminishing national boundaries and territory to allow freer movement of goods and services.² Tariffs and trade regulations are created to further improve and ensure that the flow of goods and services would continue and remain safe from illegal activities.

¹ Ronnie Horesh, "Globalization: What it means for agriculture and New Zealand," *MAF International Policy*. 2001. <http://socialgoals.com/globalisation.html>. (accessed April 26, 2008).

² Ibid.

Along with these and improvements in the field of transportation, information technology and communication, companies around the world have opened up millions of jobs and have reduced the cost of transactions and operations. An example of this would be the significant increase in trade and movement of capital in the form of bonds, stocks and investment. The volume of world export level from 1950 to 2001 grew 20 times from its original level. Analysts have also deduced that investors and shareholders nowadays are so well informed that they could easily manipulate their shares and capitals through the Internet in order to gain more profit.

It is apparent that the consumer is an influential catalyst for change; however, there are other elements which contribute greatly to the development, growth and spread of globalization. There are different factors which have allowed globalization to spread quickly. It would be best to narrow them down based on their influence and the number of changes that they have made to the concept of globalization that we know of today. As much as possible, these factors would be in touch with market and product globalization. The assessment of these factors would be the key in answering why globalization has spread so fast over the past decades. It is also prudent to examine the influence of globalization on the lives of ordinary people.

A. The Consumer and the Nature of Man

In his endless pursuit of greater pleasure, comfort and perhaps happiness in life, man has always sought to improve the quality of his life and everything around him. Whether it was accidental, planned or forced, man never failed to bring advancement to his own life and those of his predecessors. In the early years, man was forced to develop and improve his agricultural system and tools to cope with the growing population and the harsh environment that surround

him. The idea for gunpowder and guns, which changed how wars were fought, was prompted by the creation and extensive use of firecrackers by the Chinese. The Industrial Revolution was an exemplary period of such advancement. Many innovations were introduced that forever changed how goods were manufactured; newly developed transportation services were also the main attraction during that time. In the late 20th century, personal computers, cell phones and satellites could connect people from any part of the world in a matter of minutes or even seconds. Even couples who are having problems in bearing children could now resolve this through artificial insemination. These are manifestations of how far man could go when he attempts to further improve his life. It is a fact that there is no possible limit to how far man could go when he wishes to seek more pleasure and comfort in life.

This desire of man to further enhance his current lifestyle has pushed the boundaries and possibilities of 20th century world market. Merely supplying people with basic goods and necessities is not enough for a company to stay in the business. They need to be innovative about their product and they need a product that will capture the taste of the consumers. Even the services being offered should be of great quality in order to ensure that consumers would adhere to their product. Moreover, considering the status of information technology and how easy it is to gain various amount of information, it could be considered that consumers nowadays are more informed. They know what they need, not to mention their selectiveness when it comes to the quality of the product they are going to buy. At the very least, the consumer shaped and pushed the current market to the level it is today. Globalization was merely a tool that helped in satisfying the demand of consumers for products that could improve and make life easier. Through a freer movement of capital and less restrictions concerning importations of foreign

goods, people across the globe were able to avail of goods, services and even infrastructure that usually could only be found in developed countries. Such conditions could be seen in countries in Asia and South America where investors from the so called 1st world countries have invested huge amounts of money to penetrate and dominate local markets. When it comes to infrastructure, one example is recent spread of high class casinos and hotels in tourist destinations, especially in areas such as the Caribbean, Mediterranean and Hawaii.³ Globalization, for the moment, has satisfied the consumers' needs but at the same time it has invoked a greater desire in the consumers for more products. Additionally, the power to avail of certain kind of products such as luxury cars and advanced technological gadgets represent the social status of consumers. 3rd world countries have opened their markets to foreign investors not just to increase revenue but also to provide its people with job opportunities and improve their economy through such investments.

Product Innovations

It is clear that there is no product that would dominate a market permanently. Aside from our basic necessities, everything that we use will eventually come to an end. This is why leading companies and manufacturers are forced to develop new products that would interest the public and would allow them stay in business. Microsoft, for instance, continuously creates and improves operating systems for personal computers in order to cope with the latest programs and software in the market today. Leading cell phone manufacturers like Nokia and Samsung need to release new models of cellular phones that are better than their predecessors, offering new applications to its user. Everything evolves; even the tiniest gadget started from humble

³ A.C. Nielsen Company, "Consumers Insight into Globalisation," *Nielsen*. 2006, <http://pl.nielsen.com/trends/documents/Globalisation.pdf>. (accessed April 26, 2008).

beginnings and had simply been improved in order to cope with the demands of the public and stay on course with regards to business operations. Through product innovations and improvement, leading companies and manufacturers could supply the public with goods that could satisfy their demands.⁴

When a product is followed by billions of people around the globe, leading companies turn their attention to manufacturers for possible expansions and reproductions of their product. Manufacturers are either hired or created by those companies who personally want to manage the production of their products. Investment comes in huge amounts of money, often creating thousands of job opportunities. Globalization comes into play during these times. Tariffs and trade regulations are lowered in order to accommodate business expansion and to give investors flexibility in their investment. Countries who seek to increase their nation's revenue turn to foreign investment for a possible influx of money and generation of jobs that could decrease unemployment levels.⁵ For instance, famous clothing lines have opened not only outlet stores but also their own factories outside of their main offices in order to meet the demands of the public. Clothing lines like Lacoste, Louis Vuitton and other famous brands can now be found in various parts of the world. Michelin, the French tire company, owns a factory in south California where they produce tires that would answer the demand of the local market. Globalization spread because of the opportunity that foreign investment could offer to a country. Aside from lowering the cost of foreign product through local manufacturing, foreign investment could also boost the economic performance of poor countries.

⁴ Anil Bhatia and Romit Dey, "Globalization of Product development: The Inevitable Next Stage." 2007. <http://www.infosys.com/global-sourcing/white-papers/globalization-product-development-part1.pdf>. (accessed April 27, 2008).

⁵ Kiminori Matsuyama, "Financial market Globalization and Endogenous Inequality of Nations." 2001. <http://www.kellogg.northwestern.edu/research/math/papers/1334.pdf>. (accessed April 27, 2008).