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Globalization pulls the countries out, from their detachment into the competitive world. A journey towards new collaborations and unity, it has changed the world into a global village. Both distance and isolation have been terrifically reduced.

Globalization integrates trade, technology, investments, and the mobile factors of production like labor and capital. All types of goods ranging from Coca-Cola, Sprite, Louis Philippe shirts, Marie Claire bags, Police sunglasses, to Adidas and Nike shoes are all available in every market globally, all credit to globalization.

Globalization has been quite a debatable subject. While some are of the opinion that it has a lot of ill-effects upon the society, there exists others who feel exactly the opposite. Some opine that it has made life extremely easier and comfortable. It has however affected the consumers and businesses differently. For a better picture, let us take a look at some of the advantages and disadvantages of globalization.

### Advantages of Globalization

#### ? Employment

Considered as one of the most crucial advantages, globalization has led to the generation of numerous employment opportunities. Companies are moving towards the developing countries to acquire labor force. This obviously caters to employment and income generation to the people in the host country. Also, the migration of people, which has become easier has led to better jobs opportunities.

#### ? Education

A very critical advantage that has aided the population is the spread of education. With numerous educational institutions around the globe, one can move out from the home country for better opportunities elsewhere. Thus, integrating with different cultures, meeting and learning from various people through the medium of education is all due to globalization. Developing countries or labor-intensive countries have benefited the most.

#### ? Product Quality

The onset of international trade has given rise to intense competition in the markets. No longer does one find limited number of commodities available. A particular commodity may fetch hundreds of options with different prices. The product quality has been enhanced so as to retain the customers. Today the customers may compromise with the price range but not with the quality of the product. Low or poor quality can adversely affect consumer satisfaction.

#### ? Cheaper Prices

Globalization has brought in fierce competition in the markets. Since there are varied products to select from, the producer can sustain only when the product is competitively priced. There is every possibility that a customer may switch over to another producer if the product is priced

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exorbitantly. 'Customer is the King', and hence can dictate the terms to a very large extent. Therefore, affordable pricing has benefited the consumer in a great way.

#### ? Free Movement of Capital

Capital, the backbone of every economy, is of prime importance for the proper functioning of the economy. Today, transferring money through banks is possible just by the click of a button, all due to the electronic transfer that has made life very comfortable. Many huge firms are investing in the developing countries by setting up industrial units outside their home country. This leads to Foreign Direct Investment, which helps in promoting economic growth in the host country.

#### ? Communication

Information technology has played a vital role in bringing the countries closer in terms of communication. Every single information is easily accessible from almost every corner of the world. Circulation of information is no longer a tedious task, and can happen in seconds. The Internet has significantly affected the global economy, thereby providing direct access to information and products.

#### ? Transportation

Considered as the wheel of every business organization, connectivity to various parts of the world is no more a serious problem. Today with various modes of transportation available, one can conveniently deliver the products to a customer located at any part of the world. Besides, other infrastructural facilities like, distribution, supply chain, and logistics have become extremely efficient and fast.

#### ? International Trade

Purchase and sale of commodities are not the only two transactions involved in international trade. Today, international trade has broadened its horizon with the help of business process outsourcing. Sometimes in order to concentrate on a particular segment of business it is a practice to outsource certain services. Some countries practice free trade with minimal restrictions on EXIM (export-import) policies. This has proved beneficial to businesses.

#### ? GDP Increase

Gross Domestic Product, commonly known as GDP, is *the money value of the final goods and services produced within the domestic territory of the country during an accounting year*. As the market has widened, the scope and demand for a product has increased. Producers familiarize their products and services according to the requirements of various economies thereby tapping the untapped markets. Thus, the final outcome in terms of financial gain enhances the GDP of the country. If statistics are of any indication, the GDP of the developing countries has increased twice as much as before.

#### Disadvantages of Globalization

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## ? Health Issues

Globalization has given rise to more health risks and presents new threats and challenges for epidemics. A very customary example is the dawn of HIV/AIDS. Having its origin in the wilderness of Africa, the virus has spread like wildfire throughout the globe in no time. Food items are also transported to various countries, and this is a matter of concern, especially in case of perishable items. The safety regulations and the standards of food preparation are different in different countries, which may pose a great risk to potential health hazards.

## ? Loss of Culture

Conventionally, people of a particular country follow its culture and traditions from time immemorial. With large number of people moving into and out of a country, the culture takes a backseat. People may adapt to the culture of the resident country. They tend to follow the foreign culture more, forgetting their own roots. This can give rise to cultural conflicts.

## ? Uneven Wealth Distribution

It is said that the rich are getting richer while the poor are getting poorer. In the real sense, globalization has not been able to reduce poverty. Instead it has led to the accumulation of wealth and power in the hands of a few developed economies. Therefore the gap between the elite and the underprivileged seems to be a never ending road, eventually leading to inequality.

## ? Environment Degradation

The industrial revolution has changed the outlook of the economy. Industries are using natural resources by means of mining, drilling, etc. which puts a burden on the environment. Natural resources are depleting and are on the verge of becoming extinct. Deforestation is practiced owing to the non-availability of land, thereby drastically reducing the forest cover. This in turn creates an imbalance in the environment leading to climate change and occurrence of natural calamities.

## ? Disparity

Though globalization has opened new avenues like wider markets and employment, there still exists a disparity in the development of the economies. Structural unemployment owes to the disparity created. Developed countries are moving their factories to foreign countries where labor is cheaply available. The host country generates less revenues, and a major share of the profits fall into the hands of the foreign company. They make humongous profits thereby creating a huge income gap between the developed and the developing countries.

## ? Cut-throat Competition

Opening the doors of international trade has given birth to intense competition. This has affected the local markets dramatically. In recent times the standard of living has improved. People are therefore ready to shell out extra money for a product that may be available at a

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lower price. This is because of the modern marketing techniques like advertising and branding. The local players thereby suffer huge losses as they lack the potential to advertise or export their products on a large scale. Therefore the domestic markets shrink.

### ? Conflicts

Every economy wants to be at the top spot and be the leader. The fast-paced economies, that is the developed countries are vying to be the supreme power. It has given rise to terrorism and other forms of violence. Such acts not only cause loss of human life but also huge economic losses.

### ? Monopoly

Monopoly is a situation wherein only one seller has a say in a particular product or products. It is possible that when a product is the leader in its field, the company may begin to exploit the consumers. As there exists no close competitors, the leader takes full advantage of the sale of its product, which may later lead to illegal and unethical practices being followed. Monopoly is disastrous as it widens the gap between the developed and developing countries.

In the current scenario, the key to international success is global marketing. Global marketing is the competency of an economy to market its product in almost every country. It is of utmost importance if the product has to make a mark and sustain globally. A car manufacturer in one country will manufacture its product in a different way than a car manufacturer in another country. But if both the manufacturers want to sell their car in a third country then it must have a global appeal. Global marketing has made known to the customer the existence and benefits of a product in the market giving the product an identity. At the same time, it has failed to keep in mind the wants and needs of every consumer, which are unlimited and several.

### Advantages of Global Marketing

? Lower Marketing Costs: If we are to consider the lump-sum cost, then it is obviously high, but the same cost sky rockets if the company has to market a product differently in every country. Global marketing has lowered the cost of marketing as there exists a uniformity in selling the products.

? Global Scope: The scope of global marketing is so large that it becomes a unique experience. Full credit to the modern-day technology, the scope and reach of a product has become extremely wide.

? Brand Image: Consumers today are more brand-conscious. Global marketing allows to have a consistent image in every region where the product exists. This aids the consumers who are extremely brand-loyal with respect to certain products.

? Quick and Efficient Use of Ideas: In this fast-paced world, only a global entity that is able to use a marketing idea and design it into a strategy, to implement on a global scale, can be successful.

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## Disadvantages of Global Marketing

? Inconsistency in Consumer Needs: Global marketing must be able to adapt to the needs of consumers located in different countries. The needs of an American consumer will be different from a South African consumer. A difficult call, failure to address it leads to bad marketing skills.

? Consumer Response Inconsistency: Consumer responses are different and vary from consumer to consumer and country to country. A consumer in one country may react differently compared to a consumer in another country.

? Country Specific: A Japanese might like a product to have a traditional touch, whereas an American might like to have a retro modern look to it. In this case, a global strategy for the same product is difficult to devise.

? The Laws of the Land: The company policies may be according to the laws of the host country. Thus the overseas laws may conflict with the company policies.

? Infrastructural Differences: Infrastructural facilities in one country is different from another country. This could hamper the process in one country and accelerate in another. Global strategy cannot be consistent in such a scenario.

Like a coin having two sides, globalization too has its pluses and minuses. Currently, globalization is at its peak. Industries tapping the new markets need to keep in mind the local culture and sentiments of the people. Monopoly by giant players must not be practiced and the local players must not be stifled. Fair trade dealings and ethical practices when followed, would always prove that globalization is a boon and not a bane to society.

## [Advantages and Disadvantages of Globalization](#)

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