



## An Investigation on the Globalization and Its Economic Social Political and Cultural Impact

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### Abstract

The relaxation of national borders and the world starting to act like a single geographical area are two characteristics of globalization. One of the most prevalent yet fiercely competitive trends and processes in contemporary life is globalization. Specifically, the global population is exchanging trillions of data per day, and the dissemination of information through digitization and information technology, or the Internet, has converged around a single electrical line. Given this, the idea of country is vanishing and the foundation for a global society has been established; as a result, financial transactions and the trade of goods can be observed through electronic means. According to Giddens (1990), globalization is the term used to describe the strengthening of social ties on a global scale and the influence of distant events that link distant regions on local events. Thus, the extension and intensification of human contacts that were dispersed both locally and internationally might be characterized as globalization. This has made it possible to quickly establish links by technically reducing the tens of thousands of miles that divide the geographically separated regions. Another effect of this is that, as a result of globalization, events that occur at a distance influence the form of events that occur locally. That is, how globalization affects social, political, and economic developments on a local level.

**Keywords:** International, Impact, Citizenship, Society, Democracy

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### Introduction

The phenomena of globalization are intricate and multidimensional. The global trade of national and cultural resources takes place throughout the process of international integration, which is a byproduct of the flow of ideas, goods, worldviews, and other cultural elements. Globalization has grown due to a number of variables, but the two main ones are improvements in communication and transportation (Dreher, 2006; Keohane & Nye, 2000) <sup>[10, 23]</sup>. Schumpeterian technological evolution and the interaction of numerous actors at various economic levels are the only factors contributing to the current wave of globalization (Holton, 2005) <sup>[20]</sup>. Depending on the individual, globalization can signify several things. For some, it leads to constructive advancements in politics, the economy, and technology. Globalization is seen by some as hegemonic and detrimental to national and local economies (Hastings, 2012; Dreher *et al.*, 2008) <sup>[11, 10]</sup>. The power of businesses now increasingly determines the authority of the state due to the changes brought about by globalization (Moodie *et al.*, 2013) <sup>[30]</sup>. There is little room for identity if the objective of globalization was a freer flow of labor, ideas, goods, and services, which would eventually homogenize the world (Giddens, 2004) <sup>[15]</sup>. According to Keohane and Nye (2000) <sup>[23]</sup>, globalization is a dialectical process that can both integrate and fragment, producing winners and losers. It is not a discussion about divergence or convergence. The drawbacks of globalization are evident today (Hawkes, 2006) <sup>[19]</sup>.

### Objective

To study on the globalization and its economic social political and cultural impact.

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## Methods

Literature search strategy and selection of literature.

## Data Analysis and Results

The scientific revolution and the waning of national and geopolitical borders in an increasing transnational flow of capital, goods, and services have accelerated the economic, political, social, and cultural changes that have occurred throughout the world over the past fifty years, and these changes are collectively referred to as globalization (Dreher, 2006) <sup>[10]</sup>. Like all other fundamental ideas in the social sciences, there is no one definition for the "definition" of globalization; its exact meaning is still up for debate (Holton, 2005) <sup>[20]</sup>. "Globalization as a concept refers both to the compression of the world and the intensification of consciousness of the world as a whole, both concrete global interdependence and consciousness of the globe whole," according to sociologist Roland Robertson (as stated in Giddens, 2004) <sup>[15]</sup>.

The integration of national economies with the global economy through trade, foreign direct investment, capital flows, migration, and the dissemination of technology is what economists refer to as "globalization" in a limited sense (Dollar & Kraay, 2004) <sup>[9]</sup>. While Peter Dicken highlights the geographical nature of globalization and the need to take into account how space, place, and time are reconfigured as a result of modern technological, economic, and political practices, Mary C. Waters views globalization as a social process in which geographical barriers to social and cultural arrangements become less significant (Holton, 2005) <sup>[20]</sup>. According to Alan L. Mittleman, globalization can be divided into three categories: a historical structure of material power; a compression of time and space, which causes events in one part of the world to have immediate effects on distant locations; and an intensification of global flows of goods and production factors made possible by modern transportation and communication. In the 1980s, the term "globalization" first appeared in literature, mostly in reference to economic growth and transactions. It quickly spread to other domains, including politics, as nations' power waned and a global governance structure emerged, and culture, as global civil society grew (Hawkes, 2006) <sup>[19]</sup>. As a result, although its precise nature is still up for debate, globalization's impact on various spheres of life is indisputable (Keohane & Nye, 2000) <sup>[23]</sup>. Even though many people aren't sure if globalization is a force for good or destruction, it gained more traction after decolonization, which resulted in the creation of new governments in Asia, the Pacific, and Africa (Giddens, 2004) <sup>[15]</sup>. According to some, globalization is a type of neo-colonialism, characterized by economic dominance over politics and made possible by international telecommunications networks (MacGillivray, 2006) <sup>[25]</sup>.

## Background of Globalization

The colonization of Asia, Africa, and the Americas by European powers is where globalization got its start. International commodity markets and mercantilist trade were established as a result of the industrial revolution and a quest for new markets and sources of profit (Monteiro *et al.*, 2004) <sup>[29]</sup>. The spread of capitalism was restrained by socialism as an alternate model for capital accumulation and distribution throughout the Great Depression, the interwar period of economic protectionism, and the end of World War II. Through developments in science, transportation,

communication, and technology, the world grew more interconnected after World War II. Neoliberal policies, such as those put in place during the Reagan administration in the United States and the Thatcher administration in the United Kingdom, which supported market capitalism as the preeminent economic framework, were the driving force behind this interconnection (Lakdawalla & Philipson, 2009) <sup>[24]</sup>. Globalization was further aided by the collapse of the Soviet Union, which signaled the end of the Cold War and the adoption of capitalism as the dominant economic system worldwide (Dreher *et al.*, 2008) <sup>[12]</sup>.

## Different Schools of Thought of Globalization

Three major schools of thought on globalization are distinguished by Held and McGrew: transformationalists, skeptics, and hyperglobalists. Hyperglobalists concentrate on economic globalization, contending that as economies get more denationalized, global markets emerge that are outside of state jurisdiction and cause states to lose their sovereignty. The legitimacy of globalization as a concept is questioned by skeptics who argue that it is either a myth or ubiquitous (Keohane & Nye, 2000) <sup>[23]</sup>. On the other hand, transformationalists see globalization as a structural force that is reshaping power and authority globally and affecting social, political, and economic transformations (Hastings, 2012) <sup>[18]</sup>.

## Two phases of Globalization

Globalization is not an instant movement. It is a culmination of long-term process. According to scholars, they divide the entire process of globalization into two phases.

First stage of globalization –1870 –1940

Second stage of globalization –from 1970's

The two World Wars that the world saw is closely related to these two stages of globalization, if we pay close attention to them. The First World War marked the conclusion of the first stage of globalization, and the Second World War marked the beginning of the second. Essentially, during both globalization eras, changes occurred in three areas. These include international financial flows, international trade, and international investment. Let's take a quick look at each phase in relation to the common areas.

**International Trade:** Both periods of international trade were characterized by a higher export rate in industrialized nations relative to emerging nations. This occurred due to imperialism and colonialism during the first phase of globalization (1870–1940), when rich nations exported completed commodities to their colonies, which are now developing nations (Keohane & Nye, 2000) <sup>[23]</sup>. Following the Second World War, the United States and other major war beneficiaries began to dictate terms and conditions in the global market, which favored developed nations (MacGillivray, 2006) <sup>[25]</sup>. As a result, industrialized nations' exports were higher than those of developing nations during both phases. **International Investment:** Compared to the first stage of globalization, there was a significant rise in the case of international investment during the second stage. In 1913, the stock of foreign direct investment (FDI) was 9% during the initial phase of globalization (Obwona, 2001) <sup>[31]</sup>. When we examine the second stage, we see that investments increased at a breakneck pace. According to Walsh and Yu (2010) <sup>[52]</sup>, foreign direct investments (FDIs) climbed from

\$68 billion in the 1960s to \$636 billion in the 1980s and then skyrocketed to \$6,000 billion in the 1990s. From 4% in the 1960s to 20% in 2000, foreign direct investment increased. Transnational corporations' (TNCs') growing global meddling was undoubtedly the cause of these rises (Philipson & Posner, 2003) <sup>[36]</sup>.

International Finance: Let's talk about the foreign currency market in relation to international finance. International finance increased more dramatically in the second stage of globalization than in the first. The worldwide banking industry grew significantly. In the second stage, the growth of loans relative to the bank's output grew from 6% to 14% (Potrafke, 2009) <sup>[42]</sup>. One explanation for this shift is the liberalization of banking standards brought about by the influence of international organizations (Stuckler *et al.*, 2012) <sup>[44]</sup>. Both of the globalization periods include parallels and divergences. The three common areas listed above have a significant impact on this. A quick description of the two phases of globalization is given below.

### Similarities

1. Absence of dismantling for International financial transactions
2. Development of enabling technology
3. New forms of Industrial organizations
4. Political hegemony or dominance

### Differences

#### The differences were with respect to

1. Trade flows
2. Investments
3. Financial flows
4. Labor flows

### Impacts of Globalization

According to proponents of globalization, wealth, living standards, consumption power, political ideologies, and access to knowledge and technology will all merge (Keohane & Nye, 2000) <sup>[23]</sup>. Furthermore, economic development and prosperity would rise as a result of economic integration. Additionally, they contend that more individuals would have access to the advantages of civilization and modernization (MacGillivray, 2006) <sup>[25]</sup>. Globalization's detractors contend that it is hegemonic, hostile to the weak and impoverished, and harming the environment and local and national economies (Moghadam, 1999) <sup>[26]</sup>. Globalization, thus, has both advantages and disadvantages. The effects of globalization on the economy, politics, society, and culture will be the main topics of my next conversation.

### Economic Impacts of Globalization

Globalization, according to Deepak Nayyar, is the growth of economic activity beyond national borders. According to Nayyar (quoted in Holton, 2005) <sup>[20]</sup>, it is characterized by a rise in global economic interdependence and integration. The flow of information, people, technology, and commerce across international borders has risen. The European maritime powers' exploration expeditions marked the beginning of the globalization of economic activity. The nineteenth-century expansion of industrialization sped up this trend even more (MacGillivray, 2006) <sup>[25]</sup>. The crucial age of internationalization took place between 1870 and 1914, during which time communication and transportation networks grew quickly, resulting in substantial growth and a

notable rise in the interdependence of wealthy and developing countries. Significant financial transfers from Europe to other regions of the world occurred during this period (Keohane & Nye, 2000) <sup>[23]</sup>. Human activities, relationships, and networks are stretched, extended, and intensified globally as a result of globalization. The outcome of globalization is unpredictable because it is still in its early stages. Nonetheless, it is clear that globalization significantly affects the social sphere of societies all over the world (Ottersen *et al.*, 2014) <sup>[32]</sup>.

### Cultural Impacts of Globalization

Scholars frequently analyze the economic and political effects of globalization, but more lately, the cultural side of the phenomenon has drawn international attention. Globalization is "the expanding scale, growing magnitude, speeding up and deepening impact of transcontinental flows and patterns of social interactions," according to David Held and Anthony McGrew. Roland Robertson, another sociologist, contends that the gap between sociology—which studied civilizations in comparison—and political science and international relations—which studied societies interactively—is what led to interest in globalization (Robertson, as reported in Holton, 2005) <sup>[20]</sup>. According to Arjun Appadurai, globalization has led to intricate cross-cultural exchanges. In contrast to cultural uniformity or dominance, he defines five "scapes" that impact culture and guarantee cultural diversity: ethnos capes, mediascapes, technoscapes, finance scapes, and ideo scapes. The five capes are about the different kinds of movements, such as icescapes, mediascapes, technoscapes, ethnoscapes, and financial capes.

- Ethnos cape refer to flows of people such as tourists and immigrants.
- Technoscape include technology that crosses boundaries.
- Finances capes refer to flows of currency markets.
- Mediascapes refer to mass media technology and images.
- Icescapes also refer to images but specifically to the political and ideological aspects.

According to Appadurai, consuming is a result of both cultural and global forces coming together. He goes on to say that we are currently seeing a "revolution of consumption" that goes beyond a consumer revolution and has made consumption the main activity of late industrial civilization. These days, we may find practically any type of product or service anywhere in the world, including food, clothing, accessories, music, movies, literature, and more. A significant amount of Western civilization has spread around the world. He states that "the clash of civilizations will dominate global politics" and that "the fault lines between civilizations will be the battle lines of the future".

But cultural transmission is a two-way street. This two-way cultural interchange is best illustrated by the popularity of Islam and Asian, Latin American, and African cuisines in Western nations (Robertson, as cited in Holton, 2005) <sup>[20]</sup>. Existing ideas about global culture are seriously challenged by the idea of globalization. In *The Clash of Civilizations and the Remaking of World Order*, political scientist Samuel P. Huntington addresses this topic. Huntington argues that the world's core battle will be cultural rather than ideological or political. He contends that although nation-states will

continue to be the most potent actors in international affairs, nations and organizations from other cultures will engage in the main disputes of world politics. The importance of communication and the media is frequently emphasized while talking about cultural globalization. Communication and globalization are closely related (Holton, 2005) <sup>[20]</sup>. Scholars generally agree that, in practice, globalization would not exist without communication and the media. Three factors make the media crucial to globalization.

- Media corporations have increasingly globalized their operations
- Global communication infrastructure facilitates global information flows.

The development of a common meaning system and our perception of events around the world are greatly influenced by global media. Despite inequalities, the dissolution of time and space brought about by electronic media has greatly improved international connection. Phenomena like online communities, international activism facilitated by internet networks, and participatory journalism have revolutionized modern communication techniques (Holton, 2005) <sup>[20]</sup>. With new communication channels like blogs, social networks, movies, and online debate forums impacting people's thoughts and views, globalization has accelerated the creation of online social relationships and organizations. As a result, the media has a greater role in promoting cultural diversity than uniformity.

The emergence of an "Americanized World" has paralleled the growth of globalization. Converging consumer behaviors and tastes, modeled on the American blueprint for global culture, highlight a significant cultural impact of globalization (Robertson, as cited in Holton, 2005) <sup>[20]</sup>. Similarly, the dominance of English as the primary language in business and academia illustrates how one culture can achieve global prominence when bolstered by economic and political power. Ulf Hannerz introduces the term "creolization" to describe the transformation and reinterpretation of Western cultures outside the Western world. Globalization promotes cultural diversity in spite of concerns about cultural uniformity. Pluralism, where cultures blend and change and distinctive aspects are highlighted, is frequently the outcome of interactions between cultural barriers. Through this contact, multinational organizations and movements encourage diversity as a worldwide value. Therefore, globalization has had a significant impact on the cultural domain, providing opportunities for cultural linkage, reproduction, and difference in addition to hegemonic forces.

### Conclusion

Thus, globalization is a persistent phenomenon. In addition to the interactions between local, regional, national, and international scales, globalization also refers to the world's interconnection, fluxes, and unequal development. Governments, technological advancements, and multinational businesses were the strategic factors that sped up the expansion of globalization. Not only has globalization improved people's basic quality of life, but it has also given the world access to a wide variety of imported goods. However, it also has significant effects on the socio-political-economic and cultural spheres of life by undermining the function of the state, questioning each civilization's own culture, attacking social institutions, and causing a great deal of diversity in the global community, among other things.

Nevertheless, even with the discovery of globalization's hazards and rewards, the entire phenomena remain extremely unpredictable.

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