

# GLOBALIZATION



IMF defines as “the growing economic interdependence of countries worldwide through increasing volume and variety of cross border transactions in goods and services and of international capital flows and also through the more rapid and wide spread diffusion of technology”.

Charles U. L. Hill defines as “ the shift towards a more integrated and interdependent world economy”

# FOUR PARAMETERS OF GLOBALIZATION

Reduction of trade barriers – so as to promote free flow of goods and services

Creation of environment in which free flow of capital can take place

Creation of environment permitting free flow of technology

Creation of environment in which free movement of labour can take place

# FEATURES OF GLOBALIZATION

Business expands through out the world

Goods/services are bought/sold to/from any country in the world

Erasing the difference between domestic and international markets

Products are planned and developed keeping in mind the markets of entire world

Manufacturing and distribution can be done at any part of the world based on feasibility and viability

Outsourcing of goods and services can be done

# PROCESS OF GLOBALIZATION

Stage  
1

- Domestic company exports to foreign countries through dealers and distributions of home country

Stage  
2

- Domestic company exports to foreign countries directly on its own

Stage  
3

- Domestic company becomes an international company by establishing production and marketing operations in various foreign countries

Stage  
4

- The company replicates a foreign company in the foreign country by having all the facilities likes R&D, HR etc.,

Stage  
5

- The company becomes a true foreign company by serving the needs of the foreign customers just like the host country's company serves