



Globalization: A Menace to Developing and Underdeveloped Countries

Surbhi Bahl¹

¹Assistant Professor, Guru Nanak Dev University, Regional Campus, Gurdaspur (Punjab)

Abstract

Globalization has been in existence from the past many years but it has gained a lot of significance in the late 1980s. It has led to opening up of the world economies. This has made the world a global village which has given a lot of boost to the international trade and cross border investments. Globalization relates to removal of trade barriers so that there is free flow of goods, services, labor, technology, capital etc. It has helped in the dispersal of knowledge and information. Despite of its many promotional and developmental activities, it has turned out to be a menace for many developing and underdeveloped countries of the world. It is a double edged sword. Many countries are witnessing the detrimental effects of globalization. Globalization has led to the deterioration of cultural values and has also instigated various issues like child labor, money laundering, environmental problems, price fluctuations, job insecurity, unemployment etc. Globalization has been criticized on the grounds that it operates in the interest of rich and dominant countries.

Keywords: Globalization, detrimental, barriers, money laundering.

Introduction

Globalization tends to collaborate and integrate various countries of the world. Many countries are not in the favor of globalization as they have been victimized by its harmful effects. It might not have caused much harm to large business concerns but it has definitely put the small business houses into a difficult situation. Globalization is facing many challenges as the risks attached to it are not evitable.

Concept

Globalization is a process of political, economic and cultural integration of various nations. Globalization has exposed the business to a larger competition. There is a drastic increase in the production of goods and services and this has led to an intense competition in the market. Many countries have started relying on imports rather than carrying out the production process themselves. The interdependence of the countries has increased. If there is a collapse in the

system of one country then the other country is also likely to get influenced. Some people also advocate that globalization is one of the primary reasons for unemployment in the countries.

Drivers of globalization

- **Free trade**-Globalization has removed trade barriers between the countries. Many organizations like the World Trade Organization (WTO) are promoting free trade between the countries.
- **Availability of labor**-Globalization has led to mobility of labor. There is availability of cheap and skilled labor in certain countries. MNCs are taking an advantage of cheap labor.
- **Cost efficiency**-Globalization has helped the firms to enjoy the economies of scale. It has helped them to reduce the unit cost. These costs may include production, development, research, distribution and inventory costs.
- **Financial aspect**-Globalization has opened up the worldwide financial markets. This has provided the facility of external financing to the corporate houses and to the Government.
- **Industrialization**-Globalization provides a wide variety of goods and services to the consumers which can be used for both consumption and industrial purposes.
- **Information**-There are many countries involved in globalization which leads to flow of information to the remote areas.

Negative effects of globalization

- **Increase in the level of unemployment**-Globalization has given a lot of support to technological innovations. With the advancement in the number of MNCs, There has been a gradual shift from labor intensive industries to capital intensive industries. This has led to a huge level of unemployment particularly in the case of unskilled labor which further leads to the problem of poverty in the country.
- **Problem of consumerism**-Today's consumption is one of the major causes of environmental degradation. Globalization has led to specialization at national level which leads to mass production and availability of goods at lower cost. The consumers have access to a wide variety of goods and services. This has led to increase in the needs of the people. They are willing to opt for any unfair means to fulfill their needs. This has given a boost to the crime rate in the country.
- **Widening the gap of rich and poor**-Globalization has been constantly criticized for favoring the rich and dominant countries. The rich countries are getting richer and the poor countries are becoming poorer. Africa still has high poverty rates.
- **Harmful effects on small business**-Small scale and cottage industries are facing lot of competition from the big business houses. They are not able to compete with the technological innovations of the big business concerns due to lack of resources. They have eventually started to shut down their business operations.
- **Destruction of the Environment**-Globalization has left behind the concept of sustainable development. It has aggravated the issue of environmental degradation. In the name of development, the environment is being destroyed. The resources of the society are being used in an inappropriate and undesirable manner which leads to their exploitation. This has also negatively impacted the quality of air.

- **Health crises**-Globalization has led to cross border investments and trade. This has led to spread of new diseases like AIDS, bird flu, swine flu etc.
- **Problem of Brain drain**-Many countries are facing the problem of Brain drain. The highly skilled and educated professionals of developing countries migrate to developed countries for higher wages and better lifestyle for them and their family. This leads to a fall in the skilled labor in the developing countries.
- **Danger to culture**- The rise of globalization has led to the destruction of own culture, tradition, and customs of the developing countries. People worldwide know each other better because of globalization which was earlier not possible. The effect of globalization can be easily seen on the young people. People of many developing countries are imitating the culture of American and European countries. This has led to loss of culture, traditions and customs. People have started giving more preference to English language.
- **Profit maximization**-Globalization is dominated by transnational corporations whose motive is profit maximization without giving any consideration to the needs of individual countries or local population.
- **Unethical business practices**- It is argued that Globalization leads to an increase in many unethical business practices like child labor and slavery.

Globalization and its impact on Africa

Globalization has led to structural adjustments in Africa. The imports are liberalized and this has led to undermining the local productive capacity. The African women have been severely affected by the introduction of globalization as they were mostly involved in farming, small scale industries and employed as civil servants. Women constituted 60% communal farmers in Zimbabwe. This has led to migration of rural people to urban areas which has also increased the crime rate. In Zimbabwe some women have opted for cross border trade. This has negatively affected their society and culture. Children are lacking the parental care and the number of rape cases has increased in the country. There have also been many cases of women getting involved in extra marital affairs. Children have lost respect for their values and integrity. International trading is a crucial determinant of welfare. In Zimbabwe, the clothing sector has been hit the hardest and this has led to the closure of local textile companies and retrenchment of thousands of workers. In Kenya, the women who were involved in the manufacturing of famous kiondos (sisal bags) were negatively affected when the same bags were sold at cheaper rates by Japan in East Africa and its surrounding countries. In Mali, foreign investors took over the major revenue enterprises such as tobacco and textile industries. The banks, agricultural sector and national airlines in Cameroon were taken over by foreign investors. All the developed countries are treating Africa as their dumping ground. In Zambia, the spirits, motor and textile industries have collapsed. The leather and textile industries of Tanzania are dead. There is a crucial problem of unemployment in Africa due to which both men and women are leaving their homes in search of a job.

Globalization and its impact on India

Globalization was introduced in India in 1991. Westernization has out rooted the Indian traditional culture. Regional languages are on the verge of extinction. They have been replaced by English, French etc. The youngsters are following western culture, western mannerism etc. There are many

cases of married couple cheating on each other. A huge population is turning out to be atheist and agnostic. Indians are now having access to things like sex toys and pornographic material. The impact of nationalization has decreased the patriotism and nationalism in our country. Agriculture is the backbone of the Indian economy but with the advent of globalization it has gained a back seat. In order to make the process of globalization smooth, privatization and liberalization policies are also moving along. Under privatization most of the Governmental undertakings have been sold to the private sector.

Conclusion

Globalization has provided many benefits like free trade, enhanced efficiency, better productivity and division of labor. The process of globalization has involved many countries of the world. The countries have been positively or negatively influenced by the globalization. Opening of an economy to international trade may not necessarily lead to economic development. The developing nations have opened up their market and removed the trade barriers. It has reached beyond human control. The benefits of globalization are not universal. It is destructive in nature. There is an absence of strict international laws. MNCs have been continuously accused of hiring the labor at cheaper rates. Globalization has been criticized on many grounds by weaker sections of the society, women, workers etc. The developed countries set up their industries in developing nations due to the availability of labor at cheaper rates. Globalization has led to the spread of drug abuse, deadly diseases, violence. Many customs and cultures have disappeared and some languages and expressions have also changed. It has given the highest opportunity to the developed nations. The partnership between the advanced countries and the rest of the world should be in a mutual way. The objective should be to maintain economic stability by reinforcing the proper implementation of structural policies and reducing vulnerabilities. There should be transparency and good governance. Globalization is not helping to close the gap between the world's poorest and richest countries.

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