The Impact of Globalisation on Production

[1]Weknow Magwenzi, [2]Jacob Munodawafa, [3]Darmião Cardoso (PhD), [4]Agripah Kandiero (PhD)
Instituto Superior Mutasa (ISMU)

Abstract:- Globalisation is a major contributory factor to global development, and it is promoted by United Nations (UN) global alliances like the International Labour Organisation (ILO), World Trade Organisation (WTO), strong international relations, worldwide foreign direct investments (FDI) and reliable information technology. Information on different types of globalisation is presented in the literature review of this research work. The types of globalisation include economic globalisation, ecological globalisation, political globalisation, cultural globalisation, financial globalisation, sociological globalisation, technological globalisation and geographical globalisation. Global developments have been noticed arising from globalisation and, developing economies have seen huge benefits with an increase in their gross domestic products (GDPs). A good example is Mozal, SA in Mozambique, an aluminium smelter, which is a joint venture between BHP Billiton with 47.1 %, Mitsubishi Corp with 25 %, Industrial Development Corporation of South Africa with 24 % and the Government of Mozambique with 3.9 % of shares. FDI through Mozal, SA brought a number of benefits including business park development, employment and growth of other companies like small to medium enterprises (SMEs). With gas and oil exploration in Mozambique, global companies like Total are investing in this sector, and this will transform the economy of the country. Gradual elimination of trade barriers contributed to easier capital flows and globalisation of production has flourished. As it is, products can be produced in different locations and distributed across the world. The products may have marks of being manufactured in a foreign country, but their components may come from different countries. Across the globe, people are living and experiencing the effects of globalisation every day. Globalisation of production takes advantage of variations in the cost and quality of factors of production like capital, land and labour.

Keywords:- *Influence, Globalisation, Production, Game Theory, Competition and Development.*

I. INTRODUCTION

Globalisation is the unrestricted movement of goods, services, labour and capital across the globe. According to the World Bank, globalisation is the freedom and skills of individuals and firms to initiate voluntary economic dealings with residents of other nations (Milanovic, 2002). Globalisation is a procedure of communication and combination among the people, firms, and governments of different countries. This process is motivated by international trade and investment, supported by information, technology and the internet. It effects the environment, culture, political systems, economic development and prosperity, and human physical well-being of civilisations across the globe.

Economic globalisation is characterised by a rise in trade and investment, liberalisation, denationalisation of public services and de-regulation of many institutions of the government. It is also linked with increasing disparities in wealth and power between countries and between different groups within countries as well as between private and public sectors. This has an impact on the manufacturing of goods and provision of services needed in trade and investment.

A. *Positive Influence of Globalisation on Production Includes:*

- *Outward Orientation Increase:*

Foreign based affiliates tend to be more outward oriented. Transnational corporations of multinational companies are often more aware of the opportunities of foreign markets and they are more likely to export. This also essential in improving the country's balance of payments. In turn, this outward orientation often assists domestic firms to become more aware of international opportunities existing on the globe. That is why, Sean (2002) sees trade and transactions and, capital movements as the basic aspects of globalisation.

- *Transfer of Technology:*

When firms establish factories in foreign nations, their intension to bring with them the same production technologies and techniques they use in domestic production. Cuterela (2012) supports this by saying that, globalisation involves spreading of practices, ideas and technologies, and it is little more than internationalisation and universalisation. This helps in the raising of skill level of the employees working in the newly established factories. The economist Raymond Vernon has noted that direct investment possesses a "life cycle," starting with innovation in a company's home market, successful application of that new knowledge or technology, and ending with the replication of that innovation in its foreign affiliates.

- *Productivity Spillovers:*

Productivity spillovers can promote growth and productivity in industrialised nations or developed countries and also in developing countries. For example the "just in time" manufacturing method practiced in the Japanese industries. It permits companies to reduce their needs for inventory by receiving necessary inputs immediately before they are needed. This minimises the need for warehousing and reduces inventory costs. This innovation was brought to the United States from Japanese companies. It was adopted by many domestic companies and helped in improving productivity of many American companies.

- *Improvement in Industrial Processes of Production:*

Firms enjoy essential improvements in productivity from economies of scale. Economies of scale can be augmented by participating in global operations and applying game theory models. Foreign investment need not to duplicate production and distribution networks in new markets. Instead, foreign investment can make production more efficient by buying components of the final product in the country with a comparative advantage in making that particular product. Globalisation has produced an integration of production and marketing of products and services across nations.

- *High Competitiveness in Home Industry:*

Competition posed by foreign companies normally encourages domestic firms to become more efficient and globally competitive. These improvements are attributed to the effect known as “backward linkages.” Backward linkages are the long-term relationships that develop between a foreign investor and other companies in the host country. A good example, when a company decides to build a plant that assembles electrical appliances in a foreign country, the company does not only provide a certain number of people with new jobs, but also encourage the development of new local industries that can supply it with electric motors, fans, and other parts for its production. This is what happened in the industrial park where Mozal, SA is located in Mozambique.

B. The Negative Influence of Globalisation on Production Includes:

- *Exploitation Rise:*

Big corporations are major benefactors of globalisation and it is of no doubt. As a result of cheap labour they can establish their factories in developing countries for cheap labour. This permits them to minimise their operational costs. As a result of standards in each country, it becomes possible for them to pay employees in foreign nation far less than they would do in their own home country. They also get away with this without any criticism based on the labour laws in the host country. Furthermore, since they establish companies in countries that aren’t that developed, they also create hundreds of needed employment opportunities for the local people. This means that people do not have an option of leaving this job. As a result, they are made to work under bad working conditions.

The research aims to review the literature of influence of globalisation on production, to investigate the previous studies about it and its’ relation to the capacity and impact to change production. Globalisation affects all sectors of the economic activities and schools of thought on positive and negative effects have been agued as results caused by globalisation. The research tries to achieve the following:

- To explore and understand the influence of globalisation in production where the outputs of production are tangible and non-tangible products. Non-tangible products include services.
- To identify examples in Mozambique demonstrating the influence of globalisation on production.

II. METHODOLOGY

This research paper explores the influence of globalisation on production. Its first objective is to define globalisation and explain how globalisation has evolved and developed over years. In addition, the commonly used term such as economic globalisation explained in this piece of work. The study approaches the research objectives with an explanatory approach, making the work an explanatory study. An explanatory study is best suited because the paper aims to analyse how the globalisation has affected the social, economic and political aspects of the global countries.

The aim of explanatory study is to go beyond the traditional descriptive designs of the positivist approach in providing meaning as well as description. Thus, the purpose of explanatory study is broader than descriptive study and it is conducted to build understanding and predict events. The objectives for explanatory study include explaining why some phenomenon occurred, as well as interpreting a cause-and effect relationship between two or more variables (McNabb 2008).

However, in this paper an analysis was done on the influence of the globalisation on production. The research design has furthermore been of qualitative nature, using already existing research papers from different institutions, websites, journals articles, reports and other authors have been helpful reliable sources. In this case secondary data was the main source of information in this research work.

III. RESULTS AND DISCUSSION

A. Types of Globalisation

Globalisation is influenced by the convergence of political, cultural and economic systems in the world that ultimately promote and often necessitate increased interaction, integration and dependency of global countriess. Thus, Larsson (2001), views globalisation as a process that encompasses the shrinking of distances, and the closeness of things. He adds that, globalisation permits the increased interaction of any individual on one part of the world to someone found on the other side of the globe. The more that disparate regions of the world become intertwined politically, culturally and economically, the more globalised the world becomes. The types of globalisation include financial globalisation, economic globalisation, technological globalisation, political globalisation, cultural globalisation, sociological globalisation, ecological globalisation, and geographical globalisation.

The following are briefs on the types of globalisation.

➢ *Financial Globalisation*

- Interconnection of the world's financial systems such as stock markets;
- Increasing connection between large cities than of countries;
- Effect on global markets, like African markets affecting European markets or vice-versa.

➢ *Economic Globalisation*

- Global economic system that allows easy mobility of production, product, resources etc
- Multinational corporations or Transnational corporations.

➢ *Technological Globalisation*

- Connection between and among countries through technology, for example television and internet;
- Was traditionally available only to the developed countries but is now more available to the developing countries.

➢ *Political Globalisation*

- countries are attempting to adopt similar political policies and styles of government in order to facilitate other forms of globalisation;
- Moving to secular governments and free trade agreements.

➢ *Cultural Globalisation*

- Merging of the world's cultures e.g. food, clothes, music and language;
- Highly criticised as pollutant to local cultures;
- Movies and episodes from certain countries are shown in many countries across the globe.

➢ *Ecological Globalisation*

- Seeing the earth as a single ecosystem rather than a collection of separate ecological systems because so many challenges are global in nature;
- International treaties to deal with environmental issues like biodiversity, climate change and wildlife protection span several countries.

➢ *Sociological Globalisation*

- A growing belief that we are all global citizens and should all be held to the same standards and have the same rights;
- The growing international ideas that capital punishment is immoral and the is need to promote gender equality.

➢ *Geography Globalisation*

- It is defined as the set of processes that contribute to the relationship between societies and individuals globally;
- It is a progressive process by which exchanges and flows between different parts of the globe are intensified.

It is essential to note that all the types globalisation influence each other. For example, economic globalisation is made possible by some liberal trade policies that fall under the group of political globalisation. Cultural globalisation is also affected by policies passed in political globalisation and is affected by economic globalisation through the imports and exposure a culture has to other cultures through trade. The unifying thread among different types of globalisation is technological advancement.

B. Advantages Attributed to Globalisation

As far as the advantages of globalisation are concerned, the benefits include:

➢ *Economic Related Advantages:*

- Rise in production of products and services by a country;
- Liberty in trading with other nations;
- It is source of capital for the global world;
- Growth in infrastructural development;
- Increased industrialisation among countries;
- Development of healthy competition among businesses entities.

➢ *Socio-Cultural Related Advantages:*

- Global social interaction through the internet;
- Information technology advancement that enhances social interaction;
- A constant flow of educative information;
- Development of creativity and innovation in socialisation and culture.

➢ *Political Related Advantages:*

- Global increase in democratic cooperation;
- Decreased incidence of global wars among countries;
- Creation of international organizations aimed at global political agenda;
- Creation of standard international laws and policies.

C. Disadvantages Attributed to Globalisation

Globalisation also has various disadvantages, and they include:

➢ *Economic Related Disadvantages:*

- Development of limited labour movement;
- Depletion of non-renewable resources like fossil fuels;
- Development of economic restrictions by some countries.

➢ *Socio- Cultural Related Disadvantages:*

- Deforestation causing climate change;
- Air pollution leading to the destruction of the ozone layer;

- Land pollution due to improper disposal of industrial wastes;
- Water pollution leading to the killing of marine life;
- Obsession with wealth among people;
- Cultural pollution;
- Loss of jobs by locals due to obtaining experts from other countries.

➢ *Political Related Disadvantages:*

- Sovereignty loss attributed to international alliances;
- Globalisation affects national politics influencing the types of governments that are in existence in developing countries.

D. Drivers of Globalisation

The drivers of globalisation have allowed integration among global countries. Barriers on international activities have been reduced. Technology coupled with less protectionism, regulation changes, financial markets development, political changes and communication among other factors have enabled globalisation.

According to Dunning, Van Hoesel & Narula (1998), technological development has made production facilities to be easily relocated globally, making products easily accessible to buyers. Problems associated with time and distance have been reduced due to improvement in transport and communication systems across the globe. Innovation and creativity in transport system have made reduction in transport costs and time taken in transporting goods from one place to another. Evidently, we have seen used Japanese cars flooding the Mozambican market among other African market. This is due to the fact that, they can be easily transported into the market. Naisbitt (1994) argues that improvement in communication has made business transactions to be easy and fast. For example e-commerce.

Predominantly globalisation has been enhanced by economic desires of business entities to make profit. These corporate entities sought to gain competitive advantages in the global market. Aiming at attracting customers in many markets and reduce costs, firms have placed their production processes in different countries. Foreign investment decisions coupled with outsourcing and strategic alliance with foreign companies are being influenced by the desire to make higher profits in business. Patterns evident in industrial production like high sunk costs, need for advanced technology and a change in product or service life cycles, have contributed to businesses to seek low production costs and multiple markets across the globe for their products and services.

E. Production Trends

Many trends of production characterised the recent years of globalization. Concerning production, production methods coupled with location trends became part and parcel of it. In fact, production method trends affect location trends. According to Krugman (1995), the breakdown of value chains is the commonly discussed trend in the recent years of globalization.

Firms are now dividing their production into activities, which can be done at one or more locations. Outsourcing is also being used as it creates cost savings to the firm, at the same time allowing the company to concentrate on activities it does best, which are part of its core business.

Flexible production is the second trend to emerge aimed at delivering customised products within a short time, thereby giving competitive advantage to a company (Oman 1994). It represents a change from the mass production witnessed in earlier decades of globalisation. Mass production was characterised by production of similar goods in masses from the production line. Flexible production is now consists of economies of scale, technological advancement, elevated business start-up expenses and short production life cycles. More customers attracted diffuse high fixed costs associated with this trend. An increase in the use of technology and capital in production has been witnessed in the flexible production trend.

Through competitive advantage attained by firms, globalisation made companies to be involved in making production location decisions based on options of having production facilities globally. Breakdown of production activities has also contributed to production location decisions. Sustainable competitiveness is being attained through sourcing inputs globally, thereby reducing production costs. Value chain breakdown has also led to the division of production activities worldwide. Each value chain is located in an area it best achieve competitive edge. As a result, developed countries have kept activities with high value in production and move those with less value to developing countries like aluminium smelting which was moved to Mozambique by BHP Billiton the major shareholder at Mozal, SA. The consequence of trends mentioned above is the emergence of production links in many countries (Yusuf & Stiglitz 2001). The developed countries' manufacturing activities within their borders have been reduced as a result of increased use of foreign inputs from the developing world.

Trade represents the flow of goods and services among countries, thereby becoming an important component of globalisation. Trends of trade have changed in the early years of globalization, characterised by a rise in the increase in the volume of services and products traded between 1988 and 2018 across the world. This has been coupled with high flows of capital. Foreign Direct Investment has been also increasing more than trade (The World Bank 2001).

Society, migration and politics are the broad classification of globalisation's non-economic elements. Migration is a means by which to participate in other aspects of globalisation. Migration largely occurred at a time when other resources were less mobile, and with the mobility of other resources and the flows that have been observed, migration has diminished in importance within the international economy (Nayyar 2001). The political aspects of globalisation have already been briefly touched upon in terms of enablers. There has been strengthening of free-market ideologies and decreasing support for non-capitalist ideologies. Democracy has also grown and supranational bodies have emerged. The social aspects of globalisation have largely been enabled through developments in communication and increased common global concern, sharing of opinions and attitudes and cultural awareness (Inda and Rosaldo 2002). Global concern has emerged for issues such as the environment and human rights. There have been increased interactions between people in different locations as a result of trade, foreign investment and migration. The focus for this paper is on the capacity and effects of globalisation on production. Globalisation has resulted in new organised production involving changes in the organizations and location of the production of goods and tradable services. From this perspective, globalisation is transforming the nature and location of international production, trade and investment (Dicken 2007). In the process, it is changing the competitive environment for business in general, and for small to medium enterprises (SMEs) in particular. It is bringing significant new opportunities, as well as increasingly intense competition and new challenges.

F. Developing Countries and Globalisation

As far as globalisation pertaining to developing countries, Mozambique is not an exception. Three views have been forwarded in regard to how globalisation relates to developing economies. It is believed that, third world countries have not been enjoying the benefits and the processes of globalisation have by-passed them. In addition, globalisation is also believed to have brought more harm than benefits to the developing world. The last view is that, globalisation is beneficial to developing economies. This means that, the literature on globalisation portrays unevenness and inequality in the globalisation process (Kiely 1998). What is obvious is that, the globalisation experience has been different between and among different countries.

In addition, this experience is different as it varies from one country to another (CEPAL 2002).This variation can be on regional basis. In general, African and Asian have benefited differently from globalisation (Nayyar 2003). In Africa, there have been a reduction in the international economy and the opposite is true for Asia (Binswanger and Lutz 2000). As far as exports are concerned, diversification in manufactured goods in evident in Asia, while Africa is stack in the exportation of agricultural based products. In Mozambique the exportation of cashew nuts and pigeon peas is dominating in the country's international trade.

It is of no doubt that, Asian economies that includes Japan have advanced in the early decades of globalisation as compared to African countries. In Africa, the opposite is true, as the continent has suffered due to a limited variation of exports. Developing economies have no choice in globalisation, as their participation is determined by the demand of their products, which is always fluctuating on the international market.

Standards for certain goods or services which developing countries are not able to meet in attracting Foreign Direct Investment (FDI) and in the establishment of production facilities by Multinational Enterprises (MNES) leave developing economies with no choice. Evidently, there are domestic elements that make developing countries less able to participate in global trends. For example, economic stability and the quality of infrastructure available to support industry and production. It is important to note that while such factors are potentially alterable in the medium to long-term, countries may not always have the capabilities to bring about such change. Hoogvelt (1997) adopts the dependency theorist terminology of core and periphery to describe the pattern of separation and exclusion that has emerged within the most recent period of globalisation, where core pertains to developed countries and periphery to developing countries.

Specifically, a small number of relatively advanced developing countries have been able to move from the periphery to the core, such as Taiwan, Singapore and South Korea. However, the majority of developing countries have remained in the periphery, especially those located in the African region. Therefore, trading patterns within the international economy have remained largely unchanged from the period prior to globalisation. Labour-intensity have characterised manufacturing industries in developing countries which have managed to change from primary production, and this requires investment in technology. A good example is the cement and rice production in Mozambique.

Globally, labour-intensive production in industries is being overtaken by an increase in the automation and technology use (Kiely 1998). Developing economies in Africa are finding it difficult to adopt the just-in time production since it requires proximity between the market and production sources. However, MNEs in reducing foreign exchange risks, they have located their production facilities near their target market as they participate in the global market (Oman 1994). The production facilities locations in developing countries have been limited by the small sized local markets that exist in these countries.

According Oman (1994), flexible industrial production methods are beyond the reach of many developing economies. This is because high efficiency level is required in production. Also high costs are incurred in technology and human capital. Technology needs to be continuously upgraded to enhance competitiveness in the global market. Investment costs in technology are high for many developing countries like Mozambique to afford. Infrastructural and human capital challenges are making developing countries not to fully embrace flexible production method of globalisation. For example in Mozambican roads are poor and there is lack of skilled manpower.

According to Gundlach & Nunnenkamp (1996), there are many domestic factors that determine the level to which developing economies can partake in global economic activities. These include resource endowment, human and physical capital and, macroeconomic and political stability in the developing countries. Resource endowment gives a picture of what is going to attract FDI based on the resources the developing countries have and are likely to export. Human and physical capital is based on the skills available in the country and quality infrastructure like road networks. Skills are important in production and roads are essential in exporting and importing. Technology is important to embrace but some developing countries can have some challenges in adapting to the technology invented in the developed countries. This calls for capacity building. FDI is attracted by a big domestic market and political stability. The domestic market should not only be big but also functional supported by the investor friendly policies.

Furthermore, geographical location and regional connection can be added to the domestic factors mentioned above as important factors for developing countries to partake in global economic activities (Redding and Venables 2004). This was proved by the Asian countries, which managed to be integrated in the international economic activities in the early years of globalisation.

It is of no doubt that developing countries have benefited from globalisation. Dollar and Kraay (2001a) argue that the participation of developing countries in globalisation have seen them experiencing a high growth more than developed countries. These benefits are based on free trade and trends in the early years of globalisation.

According to Gundlach & Nunnenkamp (1998) globalisation has increased MNE and FDI activity in a number of developing countries. In fact, dynamic benefits that have been outlined by Harberler (1988), such as access to finance, advanced machinery and managerial practices and production skills an techniques have been made available by globalisation. An increase manufacturing outputs, have been made possible, which is essential for development in the developing countries. In addition, FDI and MNE have created employment and the utilisation of unused resources, at the same time meeting the demands of product and service in the developing countries. The quality of services and goods also improved for the benefit of consumers in the international market, including those in the developing countries.

Value chain breakdown also made the developing countries to enjoy manufacturing, which they could not have enjoyed if it was not of globalisation.(Gundlach & Nunnenkamp 1998). This is the case of Mozal, SA in Mozambique. In developing countries, it possible to achieve value chain competency than overall industrial advancement. On the other note, specialisation based on the availability of resources and skill is possible in developing economies through value chain breakdown.

A notable observation on globalisation is the impact of multinationals on local communities. Multinationals can impact upon communities in very diverse places. First, they look to establish or contract operations (production, service and sales) in countries and regions where they can exploit cheaper labour and resources. While this can mean additional wealth flowing into those communities, this form of 'globalisation' entails important inequalities. It can also mean large scale unemployment in those communities where those industries were previously located. The wages paid in the new settings can be minimal, and worker's rights and conditions poor. For example, a 1998 survey of special economic zones in China showed that manufacturers for companies like Ralph Lauren, Adidas and Nike were paying as little as 13 cents per hour (a 'living wage' in that area is around 87 cents per hour). In the United States employees doing similar jobs might expect US$10 per hour (Klein 2001a).

In addition, multinationals constantly seek out new or under-exploited markets. They look to increase sales – often by trying to create new needs among different target groups. One example here has been the activities of tobacco companies in southern countries. Another has been the development of the markets predominantly populated by children and young people. In fact the child and youth market has grown into one the most profitable and influential sectors. "The young are not only prized not only for the influence they have over adult spending, but also for their own burgeoning spending power" (Kenway and Bullen 2001: 90). There is increasing evidence that this is having a deep effect; that our view of childhood (especially in northern and 'developed' countries) is increasingly the product of 'consumer-media' culture.

Since the 1980s, competitive pressure has increased in the world economy. In addition to traditional trade flows, the globalisation of production and markets has greatly enhanced the complexity of the international division of labour. Declining transaction and information costs have stimulated the fragmentation of production processes on a worldwide scale and the relocation of non competitive industries. As a result, in both industrialised and developing countries, newly emerging competitors have increasingly challenged established suppliers.

- *Globalisation has made the world as a small village, and it tends to go further, like removing all borders among countries and also removing all economic restrictions. Globalisation has created an increased integration of national economies. This has resulted in a reduction in barriers of trade and increased investment between different economies. The benefits of globalisation due to free trade include:*

- Consumers having a wider choice of goods and lower prices;
- An opportunity for domestic firms to export to global market;
- Firms benefiting from economies of scale leading to lower average costs and increased efficiency;

- Increased competition between different companies and countries thus exerting pressure on companies to be increasingly efficient and offer better products for consumers;
- Increased Inward Investment through FDI where globalisation has encouraged companies to invest in other countries. For example, many companies are relocating call centres to countries like India, where wage costs are lower. This inward investment benefits developing countries because it creates employment, growth and foreign exchange. Some foreign companies are criticised for exploiting cheap labour. But often the wages are higher than otherwise.

➢ *Some of the Problems of Globalisation Include:*

- Developing countries may struggle to compete. If a developing country wishes to develop a new manufacturing industry, it may face higher costs than advanced industries in the west, which will benefit from years of experience and economies of scale. To develop an industry it may be necessary to have protection from cheap imports and this gives the firm chance to develop and gain economies of scale;
- Globalisation keeps developing countries producing primary products. Developing countries may have a comparative advantage in primary products. However, this offers little scope for economic growth. Primary products have a low income elasticity of demand. Therefore, with economic growth demand for products increases only slowly. Primary products often have volatile prices and this can cause the economy to be subject to fluctuations in income;
- Transnational corporations may be able to force out local retailers, leading to less choice for consumers and less cultural diversity;
- Movement of labour where globalisation enables workers to move easily around.
- However, this may cause the highest skilled workers of developing countries to leave for better paid jobs in developed countries.

IV. CONCLUSION

The conclusion from the research proves that globalisation has influence on production. Globalisation lowered ‘co-operation costs’ as well as trade costs. Better travel, communication, and management systems enabled highly skilled workers in developed countries to co-operate more extensively and effectively with workers in developing countries through multinational companies and value chains.

More concretely, it caused knowhow in labour-intensive production to flow from skill-abundant developed countries to skill-scarce (but literate) developing countries, and within the latter group mainly to land-scarce countries, whose endowment mix offered the best prospects of putting this know-how to profitable use in the world market.

In fact, growth and development can be promoted by globalisation though questions are still in place on its effect on employment and salaries. The directions of structural change around the world over the past three decades were so clearly related to factor endowments confirms the influence of globalisation. In the future, barriers to trade and cooperation will change further, robotisation will alter the relative factor intensities of goods and the relative endowments of countries will shift. Sectorial structures in the decades ahead are thus subject to much uncertainty, but will continue to be shaped by differences among countries in land abundance and skill supplies (Wood 2017).

To attain competitive advantage, company owners and managers are moving their firms to countries where production is cheap. Cheap mainly on basis of labour and raw materials. Friendly Government investor policies also play a part. Where parts are being made, assembled and sold are different locations for the same company. . The search for favourable locations with competitive cost advantages in now the order of the day. This is also coupled with subcontracting of assembling and production facilities in third world countries where labour is cheaper as compared to the developed countries.

Assembly abroad has grown drastically in the last few decades. Before wage differentials became an important factor in world trade, co-production, linked to technology and skill specialisation, was primarily a phenomenon of developed and industrialised countries. Thus, production sharing among industrialised countries has encompassed sophisticated products with technologically advanced production processes. Production sharing between industrialised and developing economies is a comparatively recent trend, and has been evidently influenced by improvements in transport and communication systems.

REFERENCES

[1]. Binswanger, H, P. and Lutz, E. (2000). *"Agricultural Trade Barriers, Trade Negotiations and the Interests of Developing Countries,"* 2000 Conference, August 13-18, 2000, Berlin, Germany 197210, International Association of Agricultural Economists.

[2]. CEPAL Conference (2002), *Globalization and Development.*

[3]. Cuterela, S. (2012). Globalization*: Definition, Process and Concepts,* National Defense University.

[4]. Dicken, P. (2007). *Global Shift: Mapping the Changing Contours of the World Economy,* SAGE Publications Ltd.

[5]. Dollar, D and Kraay, A, (2001a), *"Growth Is Good for the Poor,"* World Bank Policy Research Department Working Paper No. 2587 (Washington). This paper can also be found on the web at http://www.worldbank.org/research/growth.

[6]. Dunning, J. H., Narula, R. and Van Hoesel, R. (1998). “*Third world multinationals revisited: New developments and theoretical implications, in Dunning, J. H. (ed)”* Globalisation, Trade and Foreign Direct Investment, Oxford, Elsevier, 255–286.

[7]. Gundlach, Erich & Nunnenkamp, Peter, (1996). *"Some consequences of globalization for developing countries,"* Kiel Working Papers 753, Kiel Institute for the World Economy (IfW Kiel).
[8]. Haberler, G. (1988). *International Trade and Economic Development*. San Francisco: International Center for Economic Growth.
[9]. Hoogvelt, A, M, M. (1997).*Globalization and the Postcolonial World: The New Political Economy of Development.* Baltimore, Md.: Johns Hopkins University Press.
[10]. Inda, JX & Rosaldo, R. (2002). *The Anthropology of Globalization: A Reader*. Blackwell Readers in Anthropology, 1 edn, Blackwell Publishers
[11]. Klein, N. 2001a. "*AFL-CIO dropped the ball on globalization movement",* interview in Labor Notes. March. (Available at www.greenleft.org.au/back/2001/443/443p22.htm - visited on 8 March 2004).
[12]. Kenway, J., & Bullen, E. (2001). *Consuming Children: Education-Entertainment-Advertising*. Open University Press.
[13]. Kiely, R. (1998a) *'Introduction: globalisation, (post-)modernity and the Third World',* in Kiely, R. and Marfleet, P. (eds) Globalisation and the Third World, London: Routledge.
[14]. Kiely, R. (1998b) *'Transnational companies, global capital and the Third World'*, in Kiely, R. and Marfleet, P. (eds) Globalisation and the Third World, London: Routledge.
[15]. Krugman, P. (1995). *Growing World Trade: Causes and Consequences*, Brookings Papers on Economic Activity, 1995, vol. 26, issue 1, 25th Anniversary Issue, 327-377
[16]. Larsson, T. (2001). *The race to the top: The real story of Globalization*, Cato Institute.
[17]. McNabb, D, E. (2008). *Research Methods in Public Administration and Non-Profit Management: Quantitative and Qualitative Approaches*, M.E Sharpe
[18]. Milanovic, B. (2002) *'True World Income Distribution, 1988 and 1993: First Calculation Based on Household Surveys Alone'*, Economic Journal, 112 (476): 51–92.
[19]. Naisbitt, John (1994). *Global paradox: The bigger the world economy, the more powerful its smallest players,* William, Marrow and Company, Inc, New York, NY.
[20]. Sen, A. (2002) *'How to judge globalization'*, The American Prospect Online.
[21]. Nayyar, D. 2001. Globalization: *What does it mean for development?* pp. 1–25 in Jomo, K. S. and Nagaraj, S. (eds), Globalization versus Development, London, Palgrave
[22]. Nayyar, D. 2003. *Globalization and development strategies, in Toye, J. (ed.), Trade and Development: Directions for the 21st Century,* Cheltenham, Edward Elgar
[23]. Oman, C. P. (1994). *Globalization and Regionalism:The Challenge for Developing Countries,* OECD/Development Centre, Paris.
[24]. Redding, S. and Venables, A.J. (2004) *Economic Geography and International Inequality*. Journal of International Economics, 62, 53-82. https://doi.org/10.1016/j.jinteco.2003.07.001
[25]. Stiglitz, J, E and Yusuf, S. (2001). *Rethinking the East Asia Miracle*. Washington, D.C. : New York: World Bank ; Oxford University Press
[26]. Wood, A (2017), *"Variation in structural change around the World, 1985-2015: Patterns, causes, and implications,"* WIDER Working Paper 2017/34.
[27]. World Bank (2001) *World Development Report 2000/2001: Attacking Poverty*. Oxford University Press, NY, https://openknowledge.worldbank.org/handle/10986/11856