INTERNATIONALIZATION AND GLOBALIZATION – CONCEPT, INTERPRETATION AND COMMUNICATION

Abstract: Today, globalization has completely determined our everyday life. However, thanks to the COVID - 19 virus and pandemic, it has received unprecedented attention. There is a lively debate about whether it is useful, whether it is needed, and where is it headed. The situation is further complicated by the subordination of economic interests to populist politics. To understand today’s globalization and its future, we need to examine its formation and development. It is important to understand what effects have influenced and what was its influence throughout history, whether positive or negative. After interpreting the past, we examine research and assumptions about the present and the future.

Keywords: The Past, Present and Future of Globalization, Colonization, Trumpism, COVID - 19, Global Civilization

1. INTRODUCTION

Globalization processes have been the main sources of growth in the world economy for years. During and after the 2009 crisis, many questions have been raised about the positive effects of globalization. Some believe that globalization means expanding the economy’s ability to meet consumption and needs, and increase prosperity of the national economy. Globalization is much more than increasing trade and foreign direct investment. Internationalization of new inventions, technical innovations and growing cross-border services are part of the changes in globalization. Globalization is deepening and widespread, with more and more countries actively participating in the process, and even countries that do not wish to participate in these processes will be lagging behind economically and technologically. These changes affect not only the globalization of the economy, but also the globalization of culture, society and politics. It is clear that it is a topic which is being researched and debated by many in the matters of how and in which meanings is it changing the world. To understand this, however, it is useful to first review how globalization has developed and what direction it is taking today.

Economic historians believe that the globalization adopted today was preceded by so-called “International Business,” i.e., international trade, back in ancient times! One of the prominent merchant nations of antiquity was the Phoenicians, who carried out extensive trade throughout the Mediterranean. It is interesting to note that the North and South American tribes also presumably engaged in extensive trade with each other, especially with regard to the Aztec and Inca empires, but unfortunately the historical finds uncovered are not yet sufficient to prove this. The formation of the already famous silk road, where there was regular trade between the Eastern and Western worlds, can also be traced back to antiquity. However, the initial globalization became really spectacular in the Roman Empire. The first evidence of coordinated, supply - and - demand empire - level trade emerges from the time of the Roman Empire. Several finds prove that imported fruits (date palm, olives, figs) were consumed and there was a lively trade on land and waterways. (Zs. Hoffmann, 2011) Roman goods reached all parts of the empire, although initially its main purpose was to serve the army. They gladly
traded with Asia, the Arab world, and the nations of the north when they were not at war with them. It is well observed how the Roman coin became a “world currency” and how the culture spread in parallel. After the age of conquests came to an end, Rome, after its strategy of subjugation, set itself the goal of unification. It was mandatory for the provinces to comply with Roman law and administrative expectations. As a result, the Mediterranean region has been successfully brought together and connected. It is an almost accepted fact that this vigorous Romanization laid the foundations of the Western world and laid the foundations for the wealth of a few later countries. 

Building on these foundations and taking advantage of technical advances, The Merchants of Venice has further developed their trade, and large trading houses are also beginning to appear in Japan. Marco Polo was driven by curiosity and a desire to discover, to travel far from his homeland and map the hidden corners of the world, greatly helping his subsequent expansion to his wealthy patrons, for whom trade and money were the primary motivations. In short, their goal was “International Business,” although it wasn’t called that. An important step in the history of globalization was the colonization and, of course, the discovery of America, as a result of which British trading houses networked the whole world. (Czakó, 2010) Many consider this period to be the real beginning of globalization, as it is clear that the old colonial empires laid the foundations of today’s globalized world economy. Cecil Rhodes in the 1890s summarized the essence of colonization. “We need to find new lands from which we can easily obtain raw materials, while at the same time taking advantage of the cheap slave labor of the indigenous population of the colonies. The colonies also offer landfills for the surplus products produced in our factories.” (Wayne E. 2003) In addition to the English, of course, the Dutch, Spanish, French, Portuguese, Belgian and the Germans also took part in the conquest of new territories, the main reasons for which were the spread of religion and, of course, the acquisition of new markets with settled Europeans. Between the XVII. and the XIX. centuries unimaginable amounts of raw materials were brought out of South America in order to finance the Industrial Revolution. World trade began to grow at an unprecedented rate, as the mother countries brought raw materials from their colonies and actively traded with them. Slaves and gold from Africa, coffee, sugar, meat, gold and silver from South America, fur, wood and fish from Canada, and opium, tea and spices from Asia. They transported labor to the colonies, in the form of settlers and slaves, and backwards, packing their ships with raw materials that had already networked the whole world. This period is called the golden age of international trade in goods. However, the mother countries did not completely exploit their colonies, as they actively developed the infrastructure to extract even more raw materials. Cities, dams, railways and ports were built. The capital movement in the North-South direction was such that around the 1890s it exceeded the one of the 1990s. A XX. At the beginning of the 20th century, exports accounted for a larger share of world production than at the very end of the century. (Wayne E. 2003)

In the XIX. century, the mindset of international business changed and European companies emerged as investors in underdeveloped parts of the world. Capitalists have realized that exploitation is unsustainable and that if they start to develop the economies of lagging regions, their investment can pay off in the long run. After World War II, world trade underwent a major change. (Blahó A., Czakó E., Poór J. 2015) Private financial capital investments have been replaced by the so-called FDI (foreign direct investment) of companies that have become international in the meantime. More and more mines are being opened in colonial or former colonial areas, crude oil extraction is being promoted in the Arab world, and existing plantation farming is being upgraded to an institutional level in South America. This is a huge change, because so far production has been based on violence, now money and economic interests have become its driving forces. During this period, Anglo-American, Japanese, and Western European firms strengthened and began to expand rapidly. Exports of goods and trade tied to a country or a nation have been replaced by internal trade and movement of goods between parent companies and subsidiaries. The XX. century, several colonial countries gained their independence, but their dependence remained, if not on the motherland, but on the large corporations that supplied capital and technology. This dependence has also been reinforced by the strong intertwining of the political bureaucracy and the companies that drive the economy. The resurgence of globalization has been caused by the development of information technology and, in particular, the spread of the Internet. It has accelerated at an unprecedented rate and the exchange of information is only fastening today. Education is accelerating and of better quality, which has a beneficial effect on development. Financial markets are intertwined, making any product or service available to everyone. Globalization is becoming deeper and more widespread as more and more countries are actively involved in the process. These changes affect not only the globalization of the economy, but also the globalization of culture, society and politics. Techno-technological globalization could thus become socio-economic and financial globalization. This process currently seems irreversible. Since the middle of the XX. century global trade has increased more than a hundredfold. This whole technological advancement has at least as much of an impact on the world as the discovery of America in the XV. - XVI. century since new dimensions are emerging, the economy is expanding with new places, freight transport is being transformed, the movement of capital is accelerating and new things can be discovered, researched and learned from them.

2. FACTORS INFLUENCING GLOBALIZATION

Nor is the concept of globalization itself easy to define, let alone the forces behind it. It is a well-known and generally accepted view that globalization means a global economic system, the widespread use of the Internet, the free flow of ideas, information and cultural phenomena, and the supremacy of popular culture, in short, global unification. When a company leaves the country where it was established and starts operating in another country, it has already taken the first step towards internationalization. These activities typically remain within a region at first and then cover a whole
continent, although later we can talk about large companies crossing several continents as well. (Poór, 2013) Many people even think that globalization means the standardization of products, that is, products and services are not tailored to the needs of the markets of the target countries, but provide the same uniformly everywhere. (Bartlett - Beamish, 2011) There are also beliefs that globalization is a logical process, as companies with their presence in multiple countries can take advantage of and optimize production, sales, taxation, labor, etc. This gives them a competitive advantage over their competitors who do not take advantage of internationalization. In summary, globalization is the economic concentration of different countries, companies, leading to an increase in capital, the exchange of goods and services between countries, i.e. economic life, and the exchange of information and technology. In the case of a company, the driving force for internationalization is quite clear, to obtain new markets, raw materials, etc. In the case of globalization as a concept, it is no longer so obvious what drives it.

One of the most significant driving forces since the 1990s has been technological development, including the explosive growth of the IT and telecommunications sectors. The exchange of and access to information is accelerating at an unprecedented rate, which is a major contributor to economic growth. This development has led to the explosive expansion and growth of many industries around the world. Advanced technology and a modern communication network facilitate the availability of products and services, regardless of geographical location, let alone the exchange of knowledge and ideas. Technological development is clearly leading to economic globalization.

Countries have previously restricted products and services from abroad through various tariffs, quotas and bans. This, of course, was a double-edged sword because other countries used similar instruments against other countries, making it difficult and restrictive for businesses to grow abroad. Due to globalization and the constant demand for growth, these restrictive instruments have eased a great deal, in many cases completely disappearing, thus stimulating free trade and increasing the rate of economic growth. These processes have been strengthened and induced by the fact that, thanks to technical progress, consumers are able to gather information about more and more products and services, so the demand for them has developed and increased. Solvent global demand has increased due to rising income and living standards and declining prices due to standardization, which has led many companies to expand abroad or to meet global needs in cooperation with foreign players.

Increasing market competition is also a huge driver towards globalization, as increased competition in the domestic market is forcing organizations to become global. Thus, various companies are expanding into other countries to sell their products and services in order to increase their market share and increase their competitive advantage. Many market players have gained greater global market share through mergers and acquisitions, strategic alliances and joint ventures, for which global cooperation and information exchange, as well as the coordination of different (company) cultures, are essential.

Before the XIX. century, international cash flows were greatly limited by geographical location. The Italian banks of the renaissance were the main financiers of trade and governments around the Mediterranean. Due to colonization, London and Amsterdam became key centers and their national currencies as well as capital investments were at the heart of international financial markets. As the industrial revolution spread from England, so did the importance of international capital. Later, several global financial institutions emerged, who were able to support international financial transactions and investments. Thanks to IT networks, these institutions have become interconnected over time and today’s global financial market has developed, without which it would be impossible to finance internationalizing companies.

Due to lower capital flow constraints, the aforementioned FDI activity continues to grow, although FDI flows continued to decline in 2018, declining 13% to $1.3 trillion. This decline has been going on for 3 consecutive years and the main reason is the repatriation of capital exported abroad to the US. FDI flows to advanced economies, with their 27% decline themselves, have reached their lowest since 1997. However, these flows have been driven by developing countries, with the largest decline being in China, declining 40% from $130 billion in 2017 to $78 billion in 2018. Thus, the share of developing countries in global FDI fell from 54% in 2017 to 50% in 2018, mainly due to the relocation of funds and the negative effects of significant changes in the UK. U.S. inflows fell 8% to $1.2 trillion. Flows to developing countries remained stable, increasing by 2%. As a result of the abnormal decline in FDI in developed countries, the share of developing countries in global FDI rose to 54%, a record. (Illustration 2) Bartlett and Beamish (2011) state in their book that we can really talk about a real multinational company (MNE) since export-import activity is associated with higher levels of FDI and active management. In their view, because of these processes, foreign subsidiaries are fully integrated into the parent company and, as a result, trading companies in the age of colonization cannot be considered true multinationals.

3. THE EFFECTS OF GLOBALIZATION

Products are becoming more and more widely available in the global space, which means that global competition is becoming more and more widespread. However, competition does not stop with products and services, as the representatives of science and the most diverse theories (and even habits) have to “fight” with each other. Of course, competition between the latter tends to strengthen the players and together we can move “faster”, invent new things, while in the product market the competition is against each other in most cases. The emergence and spread of the concept of multiculturalism, the acceptance (or even rejection) of cultural diversity can also be considered part of the globalization process. People began to travel regularly and farther and farther, boosting global tourism and channeling resources to poorer regions and countries. Thanks to advanced means of transport, there is hardly a place on earth that cannot be reached. Of course, this kind of mobility also brings with it the migration of labor and people, which, in addition to strengthening the economy, is increasingly accompanied by political and cultural problems. Pop culture, which is
becoming world-wide, cartoons, games and other entertainment opportunities known to almost everyone, are changing our cultural habits. Based on these, it can be said that globalization in economic terms means both:

- the horizontal expansion of the world economy, the system connecting the economies of countries;
- the vertical deepening of the interdependencies of this organic system.

The integration of the socialist countries and, of course, China (and East Asia) into the world economy played a major role in accelerating horizontal expansion. This put an end to the rather long, decades-long isolation, individual and collective autarchy of this group of countries, which meant only marginal, indirect and inorganic relations with the capitalist world economy. In addition, the international flow and transnationalization of capital play a key role in the globalization of economic relations. No one can argue that when state barriers to free trade and free movement of capital are dismantled, the integration of globalization will always accelerate. Put simply, when trade is free, then globalization is faster.

Of course, globalization also has its downsides in addition to economic benefits. One of the most controversial negative effects is in the area of social welfare and security. These are commonly mentioned, among others:

- Inequalities within the country and between nations, as well as increasing impoverishment;
- Exclusion of poorer people and layers from technical and economic development;
- Widespread unemployment
- Disintegrating social safety net and the rising costs of its maintenance. Loss of much of the social rights that existed in the past, especially in socialist countries;
- The disintegration of the social safety net, the withering away of existing welfare institutions in developed countries and the increasing difficulties in maintaining them, the loss of much social rights in former "socialist" countries, the relegation of social (health and education) programs in developing countries;
- A marked decline in the ability of individual states to pursue independent, sovereign social policies;
- the increasing marketing and internationalization of welfare services, etc.

Terrorism is a significant problem in most developed countries. Thanks to globalization, people travel a lot. Some study abroad, start a business in another country, visit relatives, take a job in a foreign country and use health services. Many terrorists have come to foreign countries with a worker visa with the hidden purpose of carrying out a terrorist attack. This is a problem that is causing fear among citizens. Unfortunately, terrorists recruit young people, residents of the country, which generates fear, mistrust and tension within society.

Prior to globalization, skilled people were located in government sectors or in the private sector in order to earn higher incomes, or set up their own businesses. It was relatively easy to get a job for those who graduated from college and obtained a diploma. After leaving a job, people usually quickly found a new one. Due to globalization, there are many active job seekers in the world and an unprecedented supply in the global job market. Employers take advantage of cheap labor, but in developing countries there is a labor shortage because richer societies absorb skilled labor. Even a small mistake can end in dismissal, as an employer can easily find a skilled worker who is willing to work for a smaller salary. Rapid price changes are also one of the negative effects of globalization. There are companies that set up companies in the Far East where they get cheap raw materials and labor. They reduce production costs and can sell their goods at low prices. No matter how the World Trade Organization tries to prevent large price differences, their efforts are not be very successful.

Thanks to globalization, there are job opportunities around the world. However, those who worked abroad had to leave their families and normal lives for years. As a result, couples divorced, remarried, and left behind adult children in a truncated family. Some are unable to support their elderly parents because the money they earn from their work is not enough for everyone. Many elders die from illness and lack of financial and emotional support from their children.

Globalization has increased the consumption of processed foods, planting plants with chemicals, and minimizing the duration of growth to maximize profits. For business benefits, animals, such as cows, are fed chemicals in order to produce more milk or increase weight for those that are sold to the meat industry. Due to the increased consumption of food, chronic diseases are on the rise. The mortality rate is high.

Every community, society or nation has its values and beliefs, that is, its own culture. These are essential as they determine the acceptable behavior of people in a given community. Elders or leaders make sure people behave morally straight. However, globalization is confusing different cultures. People have recently rethought the rules and customs of the community and become eccentric, rebellious against the previous habits. The nations of some developing countries accept Western culture and leave their own. As a result, the number of crimes, rape, divorce and domestic violence is increasing.

4. GLOBALIZATION TODAY

Interestingly, technological advances driven by globalization are, to some extent, also resulting in a slowdown in globalization today. In 2016, Adidas began production at a fully automated factory called SpeedFactory. Almost the entire manufacturing process, from development to delivery to stores, is performed by automated intelligent robots. Adidas simply called this development “reinventing manufacturing” and its undisguised goal is to “bring manufacturing home”.

It is also clear from the example of Adidas that industry 4.0, but most importantly robotics, has the opposite effect on globalization, as the more machines there are, the more automated the processes, the less human capital is needed, thus
drastically reducing production costs. There is not so much need for foreign labor or to set up factories abroad, but it can also be produced domestically and needs can be met by domestic suppliers. This process will also transform world trade, as there will be no need to transport raw materials, semi-finished and finished products across countries to reach the factory or to consumers. Local production will meet local needs, which will have a positive impact on nature as well. Production will return from developing countries to developed countries, which in turn will have a negative impact on underdeveloped economies.

Today, globalization is also being actively curbed by populist politicians. In South Korea, Mun Jin came to power with a promise to defeat big business, in Greece the extremist Syriza party is proposing to cancel foreign debt, the EU has stepped up anti-immigration opposition in some countries, and US President Donald Trump wants to put his country in front of everyone. It is easy for politicians to blame globalization, among other things, for stagnant incomes, growing wealth disparities, and so in general, the poorer, but even increasingly middle-class, hopelessness. “If we can build, grow or produce something in the United States, we will do it here,” Donald Trump emphasized in one of his speeches, and with his protectionist measures so far he seems to be adhering to it. He has issued several decrees requiring U.S. government agencies to favor domestic products in their procurement, despite the fact that in many cases this also means higher procurement prices. Such a decision, in addition to giving domestic companies a competitive advantage, negatively affects foreigners, whose home countries may, in response, make similar regulations. In addition, it may have a much greater impact by withdrawing from free trade agreements that are unfavorable to America. It has already withdrawn from the Pacific agreement, initiated a renegotiation of NAFTA (North American Free Trade Agreement), which is more favorable to the US, and even invalidated the transatlantic agreement launched by President Obama. To strengthen U.S. industry, it has imposed tariffs on imports of steel and aluminum, to the detriment of many EU countries, but because the U.S.’s economic power is huge, it is difficult to make a real response. He has a difficult time, however, with the economically also powerful China and slowly running the “Customs War” between the two countries for nearly two years, in which mutually protective tariffs are imposed on each other’s products, thus limiting exports and imports.

However, the trade war between China and the United States goes much deeper than the various protective tariffs. Globalization will end in its current form and it will not be good at all in the long run. Throughout history, globalization has had successive waves of growth and decline. We can still be at the beginning of a wave of recessions because everything can be found to change the current status quo. Some argue that recent trends in politics, technology, and climate change point to the need for a new world order that focuses more on solutions at the local level, with stronger nation-states and a reformed international system. The G7 - the United States, Canada, Japan and the four largest economies in Europe - are no longer able to fully translate their will at international summits, and in many cases do not even have a common position. The independence of central banks has been jeopardized and in many cases serves political purposes. EU integration efforts are declining, Britain has exited the EU. This new kind of protectionism in the face of globalization will certainly help boost domestic industry in the short term, but it is not yet possible to predict how it will affect the competitiveness of different nations in the long term, as labor is much more expensive in developed countries than in developing countries. Nor can it be said for sure that it would be better educated. Of course, the main goal of every politician is to protect the economy of his country, among other things, regardless of the long-term benefits of globalization. These directions will slow down growth, the common exchange of information, the acquisition of knowledge and will once again plow deep ditches between different nations.

Looking ahead, however, there are also very positive forecasts. In her book The Future of Humanity (2018), Zhouying Jin writes through an entire chapter on the future of global civilization. She believes that if we do not transform current supply chains and resource use, a catastrophic end result is expected and continued production and exploitation will cause irreversible damage to the biosphere. She believes that we need to shape our thinking in any way, because there is no need for infinitely growing GDP for prosperity, and organizational methods must adapt to the challenges of the modern age, even if we need to develop a new model of economic globalization and build a green economy. In order to achieve this kind of globalization, it is essential to encourage and combine development and openness. A good example of this is the “One Belt, One Road” strategy introduced by China, also mentioned by Zhouying Jin, which aims to connect 94 cities in 53 countries. This initiative is still in its very early stages, but there are huge hopes for it: infrastructure development, mutual aid in finance, politics, science, culture and much more. China seems to have recognized that common development is the real key to success and is willing to share its successes and resources with regional countries for global development. They insist that if all economic actors are committed to peaceful cooperation, equality, tolerance, mutual learning and common goals, close communities of interest will emerge that will no longer pay attention to where the borders are, but development will be kept in mind. This kind of thinking and cooperation is necessary and inevitable for globalization to start moving in a healthy direction again. However, this will take a lot of time and will have to overcome many of the habits entrenched in generations that are still present in politics today.

5. EMPIRICAL SURVEY

5.1. Research method

I conducted descriptive research using questionnaires. The aim of the questionnaire was to find out how the working-age population sees globalization and how much they feel it affects their lives. Another aim was to find out how they think the COVID-19 virus will affect globalization. The Google-form questionnaire was posted in public online communities
and was free for anyone to fill out, but no more than once. In the research, I would like to prove whether the respondents find globalization useful and whether it shows improvement.

5.2. Empirical study

The questionnaire was completed by 186 people, of which 178 were fully completed, 95% between 28/03/2020 and 01/02/2020. 84% of the respondents are male and 16% are female, 50.9% are between 36 and 50 years old and 28.2% are between 26 and 35 years old. By job, it can be said that they are roughly proportionally distributed by company size, but the proportion of respondents working for companies with more than 500 employees (27%) and between 10 and 50 employees (21.4%) is slightly higher than the others. Based on these values, it can be said that the studied population is sufficiently diverse.

50.9% of respondents thought that globalization has enough of an impact on their daily lives, 22.1% thought it had a full impact and 20.9% indicated that it had a moderate impact. A total of 4.3% gave little effect and 1.8% had no effect at all. Overall, 93.9% say globalization affects their life to some degree.

In terms of usefulness, 91.4% think that globalization is useful at some level (45.4% - Moderately useful, 35% - Quite useful, 11% - Very useful). 5.5% think it is hardly useful and 3.1% think it is not useful at all. There is almost a consensus that the future will be at least moderately affected by globalization (47.2% - Fully, 42.9% - Quite, 7.4% - Medium, 0.6% - Barely and 1.8% Not affected at all). In light of this data to date, it is not surprising that 89% of those who took the test believe that globalization is on the rise. The question of the impact of COVID - 19 on globalization is much more colorful, with 5.6% very invigorating, 17.9% invigorating, 29% very restraining, 40.1% slightly restraining and 7.4% indicate the will not affect response. Based on the answers to the last question, 61.7% of respondents believe that globalization has the greatest impact on the economy. In addition, the number of responses received was 19.1% for IT and 9.3% for telecommunications.

6. CONCLUSION

The initial hypothesis that globalization is considered useful has been almost fully confirmed, as most of the literature and 91.4% of respondents consider globalization useful, of which 11% are very useful. Only 3.1% of those surveyed think that globalization is not helpful at all. The results of the survey seem to be in line with the generally accepted thesis that globalization, despite its downsides, is a useful thing and helps development.

A more interesting picture is shown by the fact that 89% of the participants thought that globalization was increasing, while recent research tended to show a stagnation of globalization, thanks to populist politicians gaining ground in more and more countries and putting national interests first. This trend was already observed before the emergence of the COVID - 19 virus, but already 69.1% of respondents believed that the emerging epidemic would at least slightly restrain globalization. An interesting finding from the survey is that 17.9% responded that COVID - 19 would intensify rather than slow down globalization.

There was no specific question on this, but the responses to the questionnaire show that most people have only a superficial knowledge of what globalization means and in what areas it has the greatest impact. The test also revealed that most people are only aware of the impact of globalization on the economy and IT. This is in line with the information heard in the mainstream media and they are not aware that globalization is now really a matter of promoting science, working together, acceptance and global development, which if slowed down or stopped, would also decelerate science and development and differentiate certain states by beating a wedge between them, which they could only overcome after several generations.

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