

Is Globalisation A Good Thing?

Globalisation → This is the term used to describe the increased worldwide competition between businesses. In many ways the world is becoming one large market rather than just a series of separate national markets. The same goods can be found throughout the world.

Advantages:

- Led to more free choice and lower prices for consumers.
- It has forced some firms to look for different ways of increasing their efficiency.
- Many firms have decided to merge with foreign companies so it can be easier to sell in foreign markets.
- **Disadvantages:**
- Workers mainly in the poorest countries have lost their jobs to globalisation.
- Big foreign corporations can often produce cheaper goods and more efficient goods so then other countries' workers lose out.
- Governments can no longer 'protect' their own industries against foreign competition, which can lead to serious social problems.

For example – Burger King – Japan.

Burger King has gone global to Japan once again after 6 years because of pricing wars with competitors McDonalds. Burger King is a franchise from America and it has gone to other countries because it can gain more customers and also it can increase the company's profit.



Multinationals → A firm which has its headquarters in one country, but with bases, manufacturing or assembly plants in others.

Advantages:

- To produce goods in countries with low costs, such as low wages.
- To extract raw materials which the firm may need for production or refining.
- To reduce transport costs.
- To expand in different market areas to spread risks.
- Jobs are created.
- Goods which are sold abroad will increase the exports of the country.

Disadvantages:

- Jobs created are often unskilled.
- Local firms may be forced out of business multinationals are often more efficient and have lower costs than local businesses.
- Profits are often sent back to a multinational's 'home' country.
- Multinationals often use up scarce and non-renewable primary resources in the host country.

For example – Sony

Sony Corporation is a multinational company as the headquarters are located in Minato, Tokyo, Japan. There are many other branches are in the UK for example Pencoed. This was necessary as the shipping costs are reduced because they won't have to ship them in from Japan every time they need new laptops, TV's etc. and jobs are created in local areas, which can increase their profit as more people will go to these places to buy them rather than in any other company. Although these profits will be sent back to the home country. The government will locate them in the country and will give them money towards their business.

