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Збірник матеріалів міжнародної науково-практичної конференції «Universum View 2». Представлені результати робіт з широкого кола дисциплін.

Роботи подаються мовою оригіналу. Відповідальність за зміст робіт несуть автори та наукові керівники.

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GRIGOROVA Y.V. GLOBALIZATION AND ITS ECONOMIC IMPACT ON DEVELOPED NATIONS

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The article analyzes the main problems associated with the globalization and its influence on developed countries.

Keywords: globalization, gross domestic product, industrialization, human development index, the International Monetary Fund, the World Trade Organization

В статье анализируются основные проблемы, связанные с глобализацией и её влиянием на развитые государства.

Ключевые слова: глобализация, валовой внутренний продукт, индустриализация, индекс человеческого развития, Международный валютный фонд, Всемирная торговая организация.

У статті аналізуються основні проблеми, пов'язані з глобалізацією та її впливом на розвинені держави.

Ключові слова: глобалізація, валовий внутрішній продукт, індустріалізація, індекс людського розвитку, Міжнародний валютний фонд, Світова організація торгівлі.

The purpose of this article is to study the globalization and its impact on developed nations.

The phenomenon of globalization began in that time when people first settled in various parts of the world. However, globalization has showed a rather steady and rapid progress in recent times and has become an international leading force, which, due to technological developments, has increased in speed and scale, so that countries in all continents have been affected and engaged.

Globalization is defined as a process, which, based on international strategies, aimed to expand business operations globally, and was accelerated by the development of global communications due to technological progress, and socio-economic, political and environmental development.

The goal of globalization is to provide organizations a superior competitive side with lower operating costs, to produce more products, to provide more services and to attract more customers. This approach to competition is realized through diversification of resources, creation and development of new investment opportunities by opening up additional markets and providing access to new raw materials and resources. Diversification of resources is a business strategy that increases the variety of products and services in different organizations.

Diversification enhances the organization by reducing the risk factors associated with the organization, spreading interests in different fields, taking advantage of the opportunities of the market and acquiring companies both horizontally and vertically related, by their nature.

Industrialized or developed nations are individual high-growth countries and meet certain socioeconomic criteria based on economic theory, such as gross domestic product (GDP), industrialization and human development index (HDI) as defined by the International Monetary Fund (IMF), the United Nations (UN) and the World Trade Organization (WTO). Taking into account these definitions, industrial countries by 2017 are: United Kingdom, Belgium, Denmark, Finland, France, Germany, Japan, Luxembourg, Norway, Sweden, Switzerland and the United States.

The components of globalization include GDP, industrial development index and the Human Development Index (HDI). The GDP includes the market value of all completed goods and services produced and rendered within the country during the year, and serves as a measure of the volume of the total production of the country's economy. Industrialization is a process driven by technological innovations that promote social change and economic development, transforming a country into a modernized industrial or developed country. The Human Development Index includes three components: the average life expectancy of a country's population, qualifications and education, as measured by adult literacy, and income.

The degree of globalization and diversification of an organization depends on the strategies it uses to achieve greater development and greater investment opportunities.

Globalization forces businesses to adapt to different strategies based on new ideological trends that aimed at balancing the rights and interests of both individuals and the society as a whole. These changes allow businesses to compete withstand global competition and also signifies a dramatic change for business executives, employees and managers by legitimately approval of the participation of workers and the state in the development and enforcement of company policies and strategies. Reducing risk through diversification may be achieved through participation of the company in international financial organizations and partnerships with both local and international business.

Globalization brings changes at the international, national and local levels. Specifically, it brings the reorganization of production, international trade and the integration of financial markets. It has an impact on the capitalist economic and social relations through the application of the principle of multilateral negotiations and microeconomic phenomena, such as business competition, at the global level.

The transformation of production systems influences on the class structure, the labor process, the application of technology and the structure and organization of capital.

Globalization is now seen as the displacement of less educated and low-skilled workers. Business expansion will no longer automatically imply increased employment. In addition, it may be the reason for high fees for capital - due to its higher mobility compared to labor resources.

The phenomenon seems to be activated by three main forces: the globalization of all commodity and financial markets, technology and mitigation of state regulation. The globalization of commodity and financial markets commodity. The technology factor, especially the availability of telecommunications and information, , has contributed to remote delivery and has provided new channels of access and marketing, while at the same time modernizing industrial structures for financial services, providing access to non-bank organizations such as telecommunications and utilities.

Mitigating government regulation means the liberalization of capital account and financial services. It unites banks by offering a wide range of services, providing access to new suppliers, increasing multinational presence in many markets and providing more cross-border activities.

In a global economy, power of a company lies in its ability to manage both tangible and intangible assets, providing loyalty to consumers regardless of their location.

Regardless of size or geographical location, a company can meet globalization standards and connect to global networks, prosper and act as a world-class thinker, manufacturer and trader using its greatest assets: its concepts, competence and connections.

Some economists are positively evaluating the net impact of globalization on economic growth. This impact has been analyzed for several years in several studies to measure the impact of globalization on the economies of different countries, using variables such as trade volume, capital flows and their openness, per capita GDP, foreign direct investment (FDI) and others. These studies have verified the effects of several components of globalization on growth using time series cross sectional data on trade, FDI and portfolio investment. Although they provide an analysis of the effects of individual components of globalization on economic growth, some results are inconclusive or even contradictory. However, in general, the data obtained through these studies support the positive attitude of economists, and not the attitude of society and people who are not economists.

Trade among countries using comparative advantages stimulates growth, which is attributed to a strong correlation between the openness of foreign trade flows and the impact on economic growth, and economic indicators. In addition, there is a strong direct proportional relationship between capital movements and their impact on economic growth.

Foreign Direct Investment has a positive effect on economic growth in rich countries. The result of increased trade and foreign direct investment is higher growth rates. An empirical study research of the effects of several components of globalization on growth using time series, cross-sectional data on trade, foreign direct investment and portfolio investment revealed that some countries are less likely to participate in globalization if they can collect more income through taxes on trading activities. Additional evidence points to the existence of a positive effect on growth in fairly wealthy countries, such as most developed countries.

The World Bank reports that integration into global financial markets can lead to disastrous consequences if reasonable domestic financial policies are not implemented. In addition, countries that are involved in the globalization process show a smaller increase in government spending and taxes, and a lesser level of state corruption.

One of the potential benefits of globalization is to provide opportunities for reducing macroeconomic volatility in the volume of production and consumption by diversifying risks.

People who are not economists and the public believe that the costs associated with globalization outweigh the benefits, especially in the short run. Less wealthy from industrialized countries may not have the same clear beneficial effect of globalization, measured in GDP per capita, etc., as richer countries. Although free trade increases international trade opportunities, it also increases the risk of bankruptcy for small companies that are not able to withstand global competition. In addition, free trade can increase production costs and labor costs due to higher wages of more skilled labor.

Domestic industries in some countries may be at risk due to comparative or absolute advantage of other countries in certain industries. Another possible threat and harmful effect is the excessive use and abuse of natural resources to meet new, higher demands in the production of goods.

One of the main potential benefits of globalization is to provide opportunities for reducing macroeconomic volatility in the volume of production and consumption by diversifying risks. General data on the impact of globalization on macroeconomic volatility in production volumes show that although the direct effect in theoretical models is unclear, financial integration helps in diversifying the national production base and leads to an increase in specialization in production. However, the specialization of production, based on the concept of comparative advantage, may also lead to higher volatility in certain sectors of the economy. As time passes, successful companies, independent of size, will remain the only participants in the global economy.