Chapter 10

Managing the Global Areas

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Managing the global area

Globalization : Meaning and effect

- Globalization is the process which creates scope for world wise activity. It integretes with economical, political and culture systems accross the globe.

Its effects are :-

Positive effects:

- maximizes productivity
- Develops living standards
- Transfer Of Capital and Technology
- Increase in employement
- Elimination of trade barriers
- promote international co-operation
- Support for Industrialization

Negative effects:

- Displacement of local Industries
- Creates threats to social and cultural values
- Economic exploitation
- Deterioration of national Sovereignty
- Unequal Distribution of Income
- Initates monopoly power
- Increase competition

Multinational company:

- Meaning
- Types
- Advantages
- Disadvantages

- Multinational company can be defined in the broad sense to cover all enterprises which control assets, factories, mines, sales and the others in two or more countries.

- The types of multinational company are:-
  - Raw material seekers
  - Market seekers
  - Cost minimizers

- The Advantages of multinational company are:-
  - Huge capital and modern technology
  - Mass and qualitative products
  - Efficient management
  - Minimum cost of production
  - Research and Development
  - Employement opportunities
  - Maximize government Revenue
  - Elimination of trade barriers
  - Maintain balance in trade
  - International cooperation

- The Disadvantages of multinational company are:-
  - Displacement of local Industries
  - Outflow of capital
  - Economic exploitations
  - Consumer exploitations
  - Inequality to staff