

Globalization: an open door for the knowledge economy

Globalizarea: o uşă deschisă pentru economia cunoaşterii

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Abstract

Globalization refers to an emphasized process of global integration and spreading a set of ideas related to the economical activity and goods' production, the premises being the liberalization of international commerce and the capital flows, the speeding up of the technological progress and informational society. The cognitive society is more and more obvious and unanimously accepted, which actually proves its efficiency. If traditional, conservative communities, which are not open to change and reject from the start anything new on the horizon, still exist today, they are isolated cases that will eventually be "converted" by this wave of information that has become indispensable to any development because in its absence resources could not be used efficiently. Taking into consideration these elements, this paper wishes to give arguments to the fact that globalization can be seen as being an open door for the cognitive society.

Keywords: globalization, knowledge economy, multinational organizations

Rezumat

Globalizarea economică reprezintă o dezvoltare a pieţelor şi o expansiune a legăturilor globale. Extinderea liberalizării circulaţiei internaţionale a mărfurilor, serviciilor, capitalurilor, persoanelor, drepturilor de proprietate intelectuală, a cunoştinţelor tehnice şi tehnologice reprezintă un lucru vital pentru procesul de globalizare. Fenomenul reprezintă în sine diminuarea treptată a obstacolelor din calea mişcării internaţionale a factorilor de producţie. Societatea bazată pe cunoaştere este din ce în ce mai cunoscută şi îşi dovedeşte eficienţa. Dacă în mod tradiţional, comunităţile conservatoare, care nu sunt deschise la schimbare, încă există astăzi, ele sunt cazuri izolate care în final vor fi transformate de acest val al informaticii, care a devenit

indispensabil pentru orice dezvoltare și utilizare eficientă a resurselor. Având în vedere aceste considerente, lucrarea dorește să argumenteze faptul că globalizarea poate fi văzută ca fiind o ușă deschisă pentru societatea cunoașterii.

Cuvinte-cheie: *globalizare, societatea cunoașterii, organizații multinaționale*

JEL Classification: A11, A13, D83

Introduction

Being a rather controversial concept, globalization is seen as two aspects: a positive one that focuses on the benefits of the uniformity and internationality of societies, and a negative one that accuses globalization for the loss of the individuality of people, of a community.

The fundamental coordinates of the globalization process are the extension of international liberalization and of the nationalization and the deepening of the integration process of global markets (Beaud, 2001).

Globalization brings prosperity; people have access to an increasing amount of goods, and if the process occurs on the planetary scale, then it is clear that through globalization areas left behind are arisen, their deposits, their raw materials, energy and even human resources are put to good use.

Also, globalization requires a new type of reference to reality, because aside the fact that this process captures the man in some structures of global society, at the same time this society is inserted involuntarily inside man, inevitably causing him to change. Therefore, it is clear that globalization, if it changes the way we are, it must also change our way of thinking, of forming.

However, mostly, globalization, even if it brings prosperity, it does that with the price of losing some reference frames of human collectivises. In front of the processes of globalization and internationality, a nation's vitality, its ability to assert its identity, to provide with its best in this free exchange of values will play a very important role.

Dimensions of international liberalization

The economical globalization brings in front the constitution of multinational and multinational societies. The theory shows us that between the two types of societies exist certain differences. Thus, a multinational firm has the capacity of production and services located in many countries.

The „mother society” is found in a certain country, and the operations are extended in many other host countries. For example, the „mother society” of multinational tourism and travelling companies is located in countries like USA, Great Britain, Japan and Hong Kong.

Dimensions of international liberalization

Table 1

Dimension	Description
<i>Liberalization of commercial currents with merchandise and services</i>	This process is made regarding some international rules established by the World Trade Organization (WTO) where many countries are present. It is tried to diminish the tariff and no tariff obstacles in the way of international commercial currents (Ionciã, 2003). The liberalization has lead to the progress of global commerce with goods and services. In this way, in conformity with the statistics OMC (WTO, 2005), in the year 2004, the commerce with merchandise has increased, at a global level, with 21%, reaching 8 907 bill USD, from which 6 570 bill USD represent the commerce with manufacturing products. Service commerce has increased also with 118%, reaching 2 125 bill USD; transportation has helped with 500 bill USD, and the tourist industry with 625 bill USD.
<i>Liberalization of the capital movement</i>	It is a process which is made by eliminating the restriction which refers to the foreign firm participation to capital operations on national. It is estimated that foreign direct investments in the year 2006 have reached the value of 1200 bill USD, substantially increased in comparison with the year 2005 (when FDI were 916 billion USD). Two thirds from the foreign direct investments in 2006 (800 bill USD) were in developed countries, and this thing highlights an increase of 48% of FDI in developed countries in comparison with 2005 when was registered the value of 542 bill USD (FDI Flows in 2006, 2007).
<i>Liberalization of people movement (the least spectaculars aspect of the globalization)</i>	The migration for a better work place is possible due to the existence of an opening degree of the borders of many economies of the world for foreign labour force. But many countries maintain different controls at the border regarding the penetration of foreign individuals, and the highly developed countries use cheap and available labour force from the less developed countries.
<i>Liberalization of the movement of technology and knowledge</i>	The transfer of knowledge and technologies is a significant aspect of the globalization. Many countries benefit today by the technical and technological innovations from foreign direct investors, and on the other hand knowledge about certain managerial techniques, efficient economical policies may be procured rapidly and at low prices by individuals and companies which want to use them in their own benefit. We must notice the fact that the technological progress has generated the decrease of transportation expenses, communication expenses, data processing expenses, stocking expenses, and access to information expenses, thus: the cost of air transportation in 2000 was with 80% lower than in the year 1945; the telephonically transoceanic tariffs in the year 200 were with 99% lower that in the year 1945 (Angelescu, 2006).

Source: authors' presentation

The main modalities through which a multinational extends its operations are the investments in „the new”, bought shares in a foreign company, franchises and strategically alliances with foreign firms.

The activity of multinational firms is generating international fluxes (of resources, of capital, of technology) and all these lead to globalization. It is eloquent the fact that the biggest 500 multinational companies „control” almost 70% from the global commerce, and the gained incomes by the first 200 companies in the world assimilate to approximately 30% from the gross global profit (Moldoveanu, 2003).

Regarding the multinational firms, the decentralization of the decision making is very high, the offices situated on foreign land acting like national offices, and they benefit over the independence of their own tactical decisions. The essential characteristics of the offered products and services by a multinational company are all the same on the whole globe, and the market activity has a high standardization level. This activity is covered by one or many registered trademarks on the markets where the company commercializes its merchandise (Pop and Dumitru, 2001).

The multinational firm represents a conglomerate of offices placed in different countries, but which differentiates itself from the multinational through the fact that the national markets where they actuate are interconnected, this way being ensured a chaining of them over the national borders. In practice, the multinational company is synonym with the multinational one and it highlights the capacity of firms of extending their business activity at a global scale by creating a value chain. This refers to the number of organizations which are implicated in the production line of a final good.

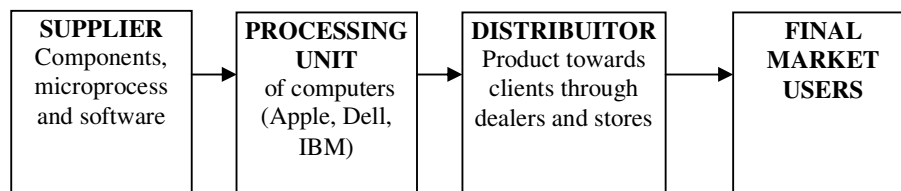


Figure 1. Different sequences of a value chain

Source: written after (Porter, 1998, p307)

Value networks build after the multinational firms are based on a product that becomes in this way a new analyze unit. Each activity assumed by the value chain of a product can be realized by a supplier of world weight that holds the best „know- how” in a certain domain of expertise. The value networks reach a huge competitive advantage when they form consortium from the best competences suppliers from the world. Because of the internet and other integration instruments inter-organizational like management soft of distribution (SCM), the electronic

interactions between businesses partners in what concerns the value chain have become a reality. Companies like Nortel, Procter Gamble, Royal Dutch/Shell, Daimler-Chrysler, and Nokia have created value chains for their products where the activities are made by organizations that hold the best „Know-how” and experience. So the coordination cost of value chain of a product through neutralised activities is more and more decreased and the international collaboration in real time can be realised through opened global networks (Leger et al, 2001).

Globalization and the knowledge economy

The globalization dimensions are getting richer with passing to the *new economy*. If we watch back we had to deal with an industrial revolution, a revolution in the services domain, a revolution in technique and informatics domain. This phenomenon's brought to the economic rise. But, in the expansion moment of the tertiary sector, the services were grouped in two categories: *intensive work services* (that had a numerous personnel, but without a special qualification) and *intelligence intensive services* (that had a little personnel, but with high qualification; well instructed in innovation-developing-research domain and top technologies).

In the developed countries, organisations offer *intensive services in intelligence*, such as: marketing, consultancy, scientific research, programming, web design, e-banking, electronic shopping, virtual tourism, etc. Now, there can be said that in the developed countries were build powerful classes of specialists based on knowledge, that run their course in such organisations.

Like people had to learn about the specific of activities in a farm, when main productivity was agriculture and after how they learned later about the working industry, when this one become a base economic activity, still in this way they have to confront with the learning perspective how they have to act in a society based more and more on informatics services (Istocescu, 2007). To dispose of necessary qualifications and competencies for electronic commerce, to maintain them and to be capable to develop them concerning the newest exigencies, is, obviously, more than a requirement that has to be fulfilled; is just an other kind of world, not like the one that a worker confronted for twenty years.

The specialists opinions concerning the definition of economy based on knowledge and of a new economy are different from one specialist to another. For example, Archibugi and Lundvall (2001) define the new economy like being a dominant economy more by global influences and speed, often in real time, of communication and information, no matter the distance. They consider that the base features are globalisation and digitations, characterised by the offering of intangibility of international transactions (Archibugi and Lundvall, 2001). From the definition comes out the fact that authors take into consideration a new economy

only from the information perspective and internationalisation, but the new economy is more than that.

Globalization has the right to collect social relations thanks to the existing of networks of cultural, economic and politic link in the world. The globalization also implies the multiplication of global interactions and that's why the impact of the events is felt harder than before. Not least is created an interpretation between cultures and societies which came face to face at the local level, fact that leads to the diversity increase (Shaw and Williams, 2002).

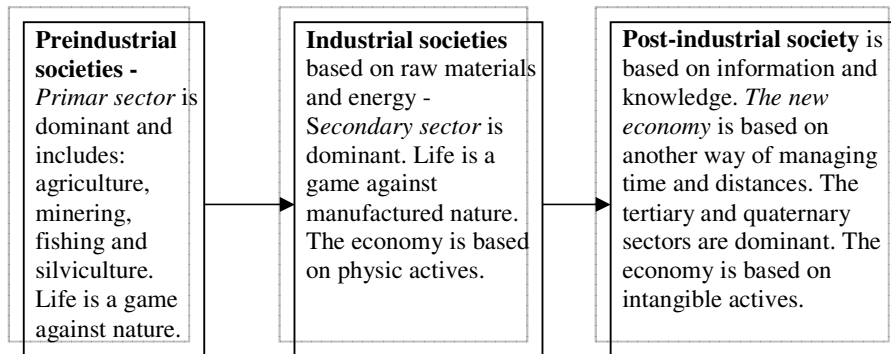


Figure 2. Changes in the economic evolution of society

Source: adaptation after (Suciu, 2002, p.11)

The transportation and the tourism activity, the international transactions – both the commercial and the financial ones –, become easier to realise, cheaper and faster thanks to this phenomenon. The globalization creates a world more open, better and cheaper products, it reduces the commercial and contributes to the economic growth.

Money, technology and the world markets are closer controlled and are administrated by huge world corporations which are free to action following the profit. That's why a competitiveness of firms from developing countries is imposing, but unfortunately this thing doesn't really happen because of the lack of material, human and financial resources.

The gaps from the world countries could be attenuated through (Patriche, 2003):

- Resources transfer (financial especially) from the developed countries to the ones in developing;
- Foreign investments and portfolio;
- Credits for the sustainability of the balance of payment and the infrastructure works.

A special aspect from globalization is linked to the labour force. Workers from developed countries seen their *jobs* exported in countries where people accept to work lots of hours for less money; and on the other hand the workers from the countries less developed are exploited and their rights are fully recognized. The labour universe ranges of a real revolution, branch by branch, profession after profession. Almost nobody isn't coddle by the fact that cars, computers, internet terminates lots of people work places. The fear of losing the work place ranged long time ago the civil offices, the ones from the bank system (through the appearance of cash dispensers for salaries and for exchange) and the ones who work in the traditional (Martin and Schumann, 1999). The work place isn't safe anymore but for the ones who are competent and knows how to adapt on change.

Conclusion

As a conclusion, the globalization phenomenon plays a positive and also a negative role on the world, important being that the positive role to be predominantly. The positive aspect could be assured only by a world system in which the cooperation spirit royal. The new institutional systems (International Monetary Fund, World Bank, World Commerce Organization) will have to distribute correct the incomes and the other benefits between nations and in every nation. The resources allocation and the implementation of necessary function mechanisms should be doubled by transparency and sense of responsibility. The developed countries have to miss the significantly expenses (to bring to a satisfactory level the economies of countries in developing) as an investment in the global stability.

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