

GLOBALIZATION AS A PARAMETER TO GROOM A NATION

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Managerial Economics: Globalization As A Parameter To Groom A Nation

Abstract: This article outlines globalization as a constraint to groom a country. The incorporation of economies all over the world has put different demands on the nation at the same time. In various ways it has limited their capacities and capabilities to deal with the demands. The nation today has embraced the forces of global economics. On the other hand, it is affected by the political demands of delegation of authority. Besides, this article elaborates how the globalization may benefit the future researchers to survive and understand the economy better in their perspective country or the nation. Understanding the silent language of a business or market can help an economist to understand how globalization can be considered as a parameter to groom a nation. A vast or well-rounded knowledge of the cultural and political demands of a nation, that are presented enables one in achieving the goal because it creates certainty, saves time, reduces doubt and ensures smooth sailing of the business talks. Moreover, this could affect the Role of demand and supply in a country decision making and influences of marginal utility in cost of production in a country.

Keywords: globalization, global economics, parameter.

1. INTRODUCTION

Before looking into the depth on how globalization can foster and affect a country economy. A brief definition of globalization and its effects on economics is described to enable an economist from every perspective to catch up with the selected topic. Globalization is a journey that is yet to be fully accomplished. This expenditure continues to grow as the years goes by, however, the economic principles remains unchanged. Globalization also refers to the interdependency and growth as a result of development and improvement in aspects of political, economic, social, cultural and technological. Globalization promotes technological knowledge sharing, political liberation as well as raising the living standards inspired by the current developed countries with the intention of fostering the developing countries. Human innovation and technological progress are considered as the major outcomes of globalization. Likewise, according to Shangquan G. (2000) economic globalization refers to the concept of raising interdependency within the world economies as a consequence of increase in commodities and services cross border trade, international capital flow as well as technological growth. The expansion of science and technologies has lead the world economies globalization whereby creating an environment that market economic system is developed to encourage raise in trans-national in trade as well as capital transfers and investment across the international borders. Besides, there are some factors contributing and encouraging economic globalization such as substantial cost reduction of transportation and communication systems as the result of science and technologies advancement. This effect of technological advancement on time and space compression has enabled organization and coordination of global manufacturing and production effectively. Thus, globalization is leading the national boundaries and distance concept to be irrelevant for some economic activities. A globalized economy can be perceived as one which its economic operation is neither affected by distance or national borders or restrictions. This only clearly shows that the government of any globalized nation plays a major role in its economic development. Hence, it is safe to understand the marketing effects of globalization in a country in other to understand how it can help groom the economy of its country. This article will focus generally on the political performance, marketing and growth of a country through globalization.

Defining Globalization and Economics

Globalization can be implied to be the platform of confined and patriotic perceptions to a wider viewpoint of an inter-reliant ecosphere with unrestricted allocation of capital, goods, and services across national frontiers or borderline. However, this does not include unopposed association or undertaking of labor and, as proposed by most economists, may affect smaller or insubstantial or delicate economies if applied comprehensively and extensively. On the other hand, economics can simply be defined as The Science of scarcity; the science of how individuals and societies deal with the fact that wants are greater than the limited resources available to satisfy those wants. Anyone could conveniently wonder or ask how globalization can efficiently organize a country's economy.

2. RESEARCH OBJECTIVES

The discussion places the history of American globalization in a bigger perspective, which allows one to probe the difficult history of globalization. The influence of demography on economic performance has been the subject of strong dispute in economics for almost two centuries. Most people have debated that greedy market powers make it impossible for generous governments to protect their populations from the target that loiter out there within their borders. Based on the ongoing disputes and finding amongst economist, as a group nothing is conclusive yet. It can be said that globalization conveys growth and globalization may bring success to nations, critics have disputed that inequalities in the present international interchange structure have caused a huge interferences in the socio-economic and cultural phase of many developing countries. Therefore, this article discusses and maintains that developing nation-states that reply on international or global opportunities through tactically planned political economy structures and policies have a way of turning the future of the country around positively. The research carefully analyses globalization and brings together the perception of a developing global business growth and continuity.

Developing countries could turn out to be both opportunity sources and opportunity exploiters; thus converting themselves into 'twin advantage countries' which provides the country with extensive developments in their Total Factor Productivity (TFP) and subsequent improvements in the quality of existence of populations. Furthermore, developing countries are encouraged to participate in and gain in the fight of globalization.

Globalization Effect On Peru Economy

Globalization can create competitive advantages with the aim of fostering Peru's economy by promoting its unique sectors, resources and economic activities through deliberate implementation of strategic industrial policies. That enables Peru to acquire and develop the essential long-lasting external competitiveness, support economic growth and raising its living standards.

According to Reinert E. S. (2007), the living standards and level of income of two different nations that are specialized in production and trade based on their comparative benefit will result in improvement if both nations make similar returns. In other words, when a nation providing goods while having increased in returns and the other nation providing goods while having diminishing returns, the revenue of the former nation will rise while the latter nation will fall even though in general the world income increases. Besides, the nation specialized in raw material will face negative impact on their natural resources as the result of trade while the price of raw material increases relatively slower than manufactured good. With this mind, as mining, metals and other natural resources is the main contributor to Peru's economy, a sustainable solution for growth will be focusing on other economic activities in which the returns are increasing and not diminishing as natural recourses do.

In addition, according to Bejar H. (2001) in 1998 the Peru's export reached up to USD 5.72 billion where more than half was contributed by mining products. This has not help in the development and enhancement of Peru's economy but instead has lead the nation to an anachronistic economy. This is due to the fact that mining industry in Peru is in the control of monopolies where they don't cooperate to the countries development or to the improvement of extreme poverty in their operation districts. However, the solution for reducing the power and problems caused by monopolies will require regulated policies in place. Besides, according to Reinert E. S. (2007), Peru spends approximately USD 8 billion annually on consumer goods, supplies and food products import. These imports not only impacts the internal market and national goods and products negatively but also increased the unemployment rate as well as poverty. To neutralize the effects caused by financial crisis, authorities are required to take measures to control and prevent the capital instability.

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Moreover, according to Reinert E. S. (2007), the economic activity and living standard of any economy are not only influenced by the economic and market cycles of that country, but also by industrial, income and labor policies and by diverse cultural factors. The manufacturing sector plays

a key role in raising living standard and economic activities. Peru's industrialization development was limited to development of the domestic market by industrialization that only concentrated on import substitution. This has led to declining national industrialization and as the result of these adjustments, the income level and living standard in Peru has fell due to the population growth and inefficient productivity. It is crucial for Peru's growth and economy wellbeing to redirect and expand their industrialization development internationally towards exports. Peru is ranked at a considerably low in annual exports per capita at USD 1,150 being number 110 during 2010 Marmolejo M. (2012).

Remarkably, Peru has attempted to attract foreign direct investment by offering prolonged working ours, flexible overtime pay, easier workers dismissal and lucrative labor contracting. Peru has been attractive for certain foreign direct investment due to the low labor cost compared to developed countries as well as its non-restrictive dividend policy. However, Peru's authorities are required to reduce the custom barriers, enable flexible tax legalization, improve and increase the public institution efficiency as well as strengthen the law, rules and regulations with the intention of maintaining the country attractive for foreign investors while improving its business climate Banco Santander, S.A (2017).

3. RESEARCH METHODOLOGY

This article, which is based on collection of papers that depend on data from various economist research published. It also outlines a new dimension and combination of demographic, growth, political views in regards to economic growth and globalization. It delivers vibrant procedure and conclusions on the topic. This will help future researcher basically to understand with data from developing countries all over the world outlined in recent decades that was not discussed in past researches considering the fact that countries with high population rate tend to have less economic growth.

4. FINDINGS

Let us take a look at the American business man with people from different cultures all over the world in the business context hence cultural shock in the business world. This will further help to elaborate on how the marketing relates to globalization. It can be said that each culture has different beliefs and values, they somewhat expect the foreign person doing business in their country to also act just like they do. Due to these expectations, the foreigner may feel intimidated if they are not treated according to their culture back home and may also offend the other culture if he does not perform to their expectations hence, leading to failure to do business and achieve the goal as expected.

According to Oxford Business Group. (2018), Peru is one of the Latin America's dynamic economy being at sixth largest economy in the region. Peru with an open economy has 44% of GDP contributed by trade with 21.3% exports and 23.7% import of goods and services. The economy is diversified while its extractive industries such as metals, mining, agriculture, oil and gas are the key contributors to the Peru's economy. This is related to the topic of managerial economics and how it is affected by both cultural and social influences in demand and supply of goods. For a product or goods to be in the global market while meeting its demands, one thing should be come to mind; Production inputs and cost of products.

Culture which is comprised of values, beliefs and customs determines how consumers in a certain region are going to behave and react to certain products and business persons. The way the products are marketed has to differ according to each culture while doing this; foreign business men must pay attention to how his counterparts from the other culture go about time, space, how they value materialistic things, if they have to first create strong bonds of friendship or if it's strictly business involving agreements. In order to obtain the globalization goals effectively, it is required to acquire information and in-depth knowledge on the culture of the country that is considered and studies. However, the major question which may be faced is ensuring that assumed business meets the demand of the targeted country.

This article aims to assist and provide the fundamentals for future researches in the Latin American country in this case Peru, as it demonstrates its business culture that are useful to be considered to obtain the globalization goals accordingly. In this case, Peru as an Latin American county is studied as according to (Hall, 1956), in Peru the mannerisms like delay are accepted by the nation and if one makes you wait for such a long time, it does not necessarily mean that the business with them is less important. In other words, the delay does not affect the demands of goods.

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Peruvians approach the time factor in a more relaxed manner and hence run on what is called "la hora peruana," or "Peruvian time". This is an eye opener to the Peruvian people that there may be as much as an hour late for a scheduled appointment. Business meetings in Peru may as well be delayed but the client is still of importance though the natives are just accustomed to allowing time for delay. This may act as a hindrance to people from a different culture to believe that they are interested in

what is to be presented if they delay for such a long time (Foss, 2008). However, despite the fact that the Peruvians are flexible with time, they are not as tolerant when it comes to scheduling appointments in time and making reminder before the meeting because it is considered rude to just drop in on a business person unexpectedly and hence may hinder proper business transactions (Michigan State University, 2011).

On the language of friendship, the Peruvians emphasize friendship first before they can carry out any business transactions because Peru’s culture is generally group-oriented and in this case, individual preferences are less important than having a sense of belonging to a group. Emphasis on building lasting and trusting personal relationships is very important to most Peruvians, who find it essential to establish strong bonds before they can finalize any deals. That is why people in Peru usually want to do business only with those they know, like, and trust (Katz, 2008).

According to the article, on the language of agreements, unlike the Americans, Peruvians consider more oral commitments than written arguments because they are hard core bargainers and negotiators. This is because Peruvians have the belief that the strength of an agreement lies in the partners’ commitment rather but not in what is written in the document signed. However as a foreigner doing business in Peru, It is advisable to consult a native legal expert before signing a contract though it should not be shown to the other Peruvian party because it will be read as a sign of mistrust. Furthermore; Signed contracts may not always be honored (Katz, 2008).

Even though it can be said that globalization can generate job opportunity thereby shaping the nation’s economy directly, it is also necessary to look at the effect on supply and demand. Quantity Demanded Depends (QDD) on price. Other determinant of QDD could include, Population size, Consumer incomes, Tastes, Prices of other product. This could mean all determinants of QDD other than price are treated as fixed. Therefore, as Quantity of demand changes, prices changes. Furthermore, as the price raises the quantity demanded falls and vice versa. The law of demand states that, if all other dynamics remain the same, people will demand less for goods if the price of the goods goes higher. In other words, the quantity demanded is affected by the price of the goods. The volume of a good purchased by buyers at a higher price becomes less because as the price of a good goes up, the opportunity cost of buying that good is affected. As a result, the society will logically evade buying any product that will make them to let go of the consumption of other valuable goods.

For example, Figure 1 represents that the demand curve for beef has a downward slope. Each point on the curve illustrated reflects an uninterrupted link between quantity demanded and price. Hence, the demand curve explains the adverse liaison between price and quantity demanded. The volume of a good purchased by buyers at a higher price becomes less because as the price of a good goes up, and the lower the price, the goods demanded will be more.

Table 1: Demand schedule for beef

Price per pound	Quantity demanded	Label in Figure 1
\$7.50	45 pb	A
7.40	50	B
7.30	55	C
7.20	60	E
7.10	65	F
7.00	70	G
6.90	75	H

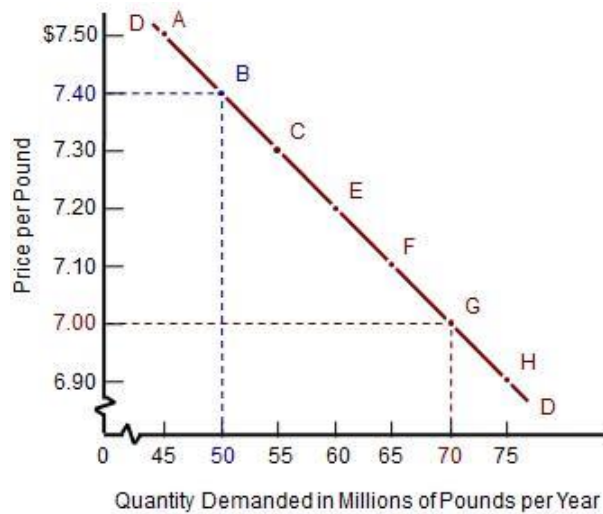


Figure 1: Demand curve for beef

Demand curve as shown above in Figure 1, is a Graphical depiction of demand schedule by plotting each price against relevant units of quantity demanded. It shows changes in the units of a commodity demanded due to changes in its price keeping all other factors held constant. When there is a change in price, there is a movement along demand curve. The change in other determinants shifts the whole demand curve which enables consumers to buy more (the demand curve shifts right or outward) and vice versa. As supposed to supply and quantity supplied, sellers want to sell at a specific period of time which allows price to rise as quantity rises as well as price falls as quantity falls. As supposed to supply and quantity supplied, sellers want to sell at a specific period of time which allows price to rise as quantity rises as well as price falls as quantity falls.

The illustration shown below in Figure 2, depicts the movement along supply curve for beef. As it can be seen that change in other determinants, affects the entire supply curve such as size of industry technological progress, prices of inputs and prices of related outputs. When the size of industry increases, it allows new firms to entire thereby creating room for globalization and demands from its dwellers. Also, technological progress could help reduce the respective costs in a nation state. Hence, supply increases making the supply curve to shift outwards on the diagram. On the other hand, prices of inputs increases, allowing the supply to decrease. At this point the supply curve shifts inwards, whereas, prices of related outputs change the supply curve to shift. Therefore, the supply and demand illustration determines the equilibrium price and equilibrium quantity.

At some points, the law of supply and demand comes to play, thereby, giving room to free market or forces that push the price of supply and demand to allow the equilibrium to level (quantity supplied = quantity delivered).

Table 2: Supply schedule for beef

Price per pound	Quantity supplied	Label in Figure 4
\$7.50	90	a
7.40	80	b
7.30	70	c
7.20	60	e
7.10	50	f
7.00	40	g
6.90	30	h

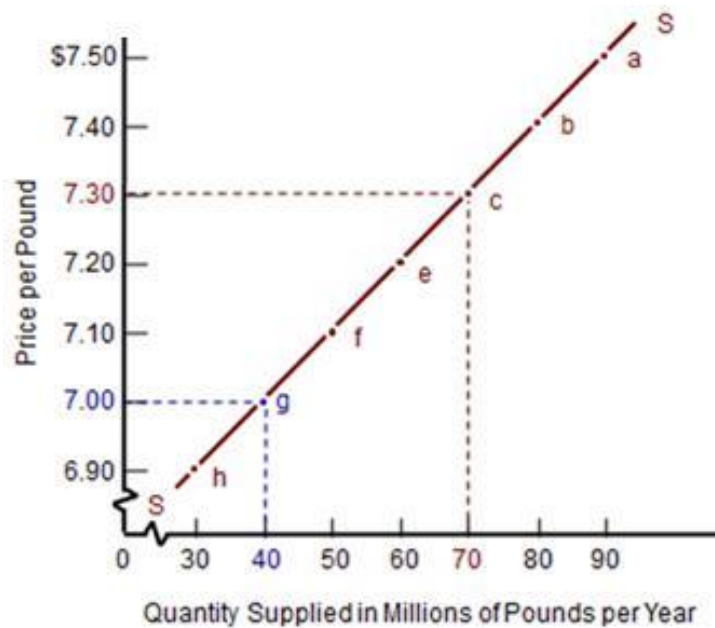


Figure 2: Supply curve for beef

5. CONCLUSION

The conversation places the history of America’s globalization in a larger context, allows one to interrogate the more complex history of globalization. On the contrary, countries with the most progressive and globally incorporated economies, the governments' capacity to tax and reallocate incomes, standardize the economy, and observe the activity of its citizens has increased. On the other hand, Population Difficulties embodies an imperative extra step in understanding the impact of population change to economic performance. In other words, it is very important for the government in a country to get involved in the policy making by regulating the development of its country. Hence, most economists have argued that “swift population growth is an essential donor to poverty, inequality, and unstable development”. Therefore, it can be said that globalization has a way of influencing supply and demand of marginal utility in cost of demand thereby grooming its nation state.

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