

# SOCIAL IMPACT OF GLOBALIZATION ON DEVELOPING COUNTRIES

**Dr. Mukesh Kumar Mahawar** - Assistant Professor (HOD Department of Commerce),  
Madhav University, Pindwara, Sirohi, Rajasthan, India.

**Abstract:** This paper will discuss the benefits and drawbacks from the point of view that globalization made in the developing countries and its social impact in the three important fields such as economic and trade processes, education and health systems and culture effects. It consists of four paragraphs. In paragraph one, the benefits and detriment of globalization in the economic and trade processes field will be discussed. Then, in paragraph two, the impact of globalization on education and health systems in both sides will be shown. In the paragraph three, the positives and negatives of globalization on culture will be illustrated. Finally, paragraph four, will deal with conclusion and offer an opinion. The other main findings of the paper are that: 1) the employment effect can be very diverse in different areas of the world, giving raise to concentration and marginalization phenomena; 2) increasing trade and FDI do not emerge as the main culprits of increasing within-country income inequality in DCs, although some evidence emerges that import of capital goods may imply an increase in inequality via skill-biased technological change; 3) increasing trade seems to foster economic growth and absolute poverty alleviation, although some important counter-examples emerge.

**Key Words:** Trade, FDI, Employment, Poverty, Within-Country Income Inequality.

## MEANING AND DEFINITIONS OF GLOBALIZATION:

Globalization is the way that local or national ways of doing things become global, that is, done together around the world. It is about economics or trade, technology, politics, and culture.

1. “Globalization is a process that encompasses the causes, course, and consequences of transnational and transcultural integration of human and non-human activities.”  
*-Arjun Appadurai*
2. “Globalization can thus be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa.”  
*-Anthony Giddens*
3. “Globalization represents the triumph of a capitalist world economy tied together by a global division of labour.”  
*- Immanuel Wallerstein*

## METHODOLOGY:

“Globalization” is currently a popular and controversial topic, though often remaining a loose and poorly defined concept. The term is used – sometimes too broadly – to encompass trade growth and liberalization policies as well as reductions in transport costs and technology transfer. As far as its impact is concerned, discussion of globalization tends to consider simultaneously its effects on economic growth, employment and income distribution – often without distinguishing between inter- and within-country inequalities – and other impacts on opportunities for poverty alleviation, human and labour rights, the environment and so on. Moreover, the debate is often confused from a methodological point of view by the interactions between histories, economics, political science and other social sciences. Partly as a consequence of the lack of clear definitions and methodological choices, the current debate is characterized by a harsh divide between supporters and opponents of globalization. Both groups appear to be ideologically committed to their respective positions and tend to exploit anecdotes – successfully or unsuccessfully, as the case may be – rather than sound

empirical evidence to support their cause. Since the debate appears quite confused and the issues overlapping, one of the aims of this contribution is to select some precisely defined topics and to give an account of theories and applied approaches which have really contributed to the understanding of the social impact of globalization in developing countries. With this purpose in mind, it is therefore important to clarify the limitations of the discussion offered in the following sections.

## **INTRODUCTION:**

Globalization is a process of global economic, political and cultural integration. It has made the world become a small village; the borders have been broken down between countries. "The history of globalization goes back to the second half of the twentieth century, the development of transport and communication technology led to situation where national borders appeared to be too limiting for economic activity" (Economic Globalization in Developing Countries, 2002). Globalization is playing an increasingly important role in the developing countries. It can be seen that, globalization has certain advantages such as economic processes, technological developments, political influences, health systems, social and natural environment factors. It has a lot of benefit on our daily life. Globalization has created a new opportunities for developing countries. Such as, technology transfer hold out promise, greater opportunities to access developed countries markets, growth and improved productivity and living standards. However, it is not true that all effects of this phenomenon are positive. Because, globalization has also brought up new challenges such as, environmental deteriorations, instability in commercial and financial markets, increase inequity across and within nations. This paper evaluates the positive and negative impact of globalization on developing nations in the following proportions.

- 1- Culture Effects
- 2- Education and Health Systems
- 3- Economic and Trade Processes Field

### **1- Culture Effects**

Globalization has many benefits and detriment to the culture in the developing countries. Many developing countries cultures has been changed through globalization, and became imitate others cultures such as, America and European countries. Before globalization it would not have been possible to know about other countries and their cultures. Due to important tools of globalization like television, radio, satellite and internet, it is possible today to know what is happening in any countries such as, America, Japan and Australia. Moreover, people worldwide can know each other better through globalization. For example, it is easy to see more and more Hollywood stars shows the cultures different from America. In addition, today we can see clearly a heavily effect that caused by globalization to the young people in the different poor nations, it is very common to see teenagers wearing Nike T-Shirts and Adidas footwear, playing Hip-Hop music, using Apple ipad and iphone and eating at MacDonald, KFC and Domino's Pizza . It is look like you can only distinguish them by their language. One the other hand, many developing countries are concerned about the rise of globalization because it might lead to destroy their own culture, traditional, identity, customs and their language. Many Arab countries such as Iraq, Syria, Lebanon and Jordan, as developing countries have affected negatively in some areas, their cultures, Developing Country Studies customs and traditional have been changed. They wear and behave like developed nations, a few people are wearing their traditional cloths that the used to. Furthermore, globalization leads to disappearing of many words and expressions from local language because many people use English and French words.

### **2- Education and Health Systems**

Globalization contributed to develop the health and education systems in the developing countries. We can clearly see that education has increased in recent years, because globalization has a catalyst to the jobs that require higher skills set. This demand allowed people to gain higher education. Health and education are basic objectives to improve any nations, and there are strong relationships between economic growth and health and education systems. Through growth in economic, living standards and life expectancy for the developing nations certainly get better. With more fortunes poor nations are able to supply good health care services and sanitation to their people. In addition, the government of developing countries can provide more money for health and education to the poor, which led to decrease the rates of illiteracy. This is seen in many developing countries whose illiteracy rate fell down recently. It is truth that, living standards and life expectancy of developing countries increase through economic gains from globalization. According to the World Bank (2004) " With globalization, more than 85 percent of the world's population can expect to live for at least sixty years and this is actually twice as long as the average life expectancy 100 years ago". In addition, globalization helped doctors and scientists to contribute to discover many diseases, which spread by human, animals and birds, and it helped them to created appropriate medicines to fight these deadly diseases. For example, HIV/AIDS, swine flu and birds' flu whole world know about these diseases and they know how to avoid it. By globalization, there are many international organizations, such as, Non-governmental Organization (NGO), World Health Organization (WHO) and UNESCO, trying to eliminate illiteracy and deadly diseases in the world and save the life. In spite of these positive effects of globalization to the education and health fields in the developing countries. However, globalization could have negative impacts also in these fields; globalization facilitates the spread of new diseases in developing nations by travelers between countries. Due to increased trade and travel, many diseases like HIV/AIDS, Swine Flu, Bird Flu and many plant diseases, are facilitated across borders, from developed nations to the developing ones. This influences badly to the living standards and life expectancy these countries. According to the World Bank (2004) "The AIDS crisis has reduced life expectancy in some parts of Africa to less than 33 years and delay in addressing the problems caused by economic". Another drawback of globalization is, globalized competition has forced many minds skilled workers where highly educated and qualified professionals, such as scientists, doctors, engineers and IT specialists, migrate to developed countries to benefit from the higher wages and greater lifestyle prospects for themselves and their children. This leads to decrease skills labour in the developing countries.

### **3- Economic and Trade Processes Field**

Globalization helps developing countries to deal with rest of the world increase their economic growth, solving the poverty problems in their country. In the past, developing countries were not able to tap on the world economy due to trade barriers. They cannot share the same economic growth that developed countries had. However, with globalization the World Bank and International Management encourage developing countries to go through market reforms and radical changes through large loans. Many developing nations began to take steps to open their markets by removing tariffs and free up their economies. The developed countries were able to invest in the developing nations, creating job opportunities for the poor people. For example, rapid growth in India and China has caused world poverty to decrease (blogspot.com.2009). It is clear to see that globalization has made the relationships between developed countries and developing nations stronger, it made each country depend on another country. Developing countries depend on developed countries for resource flows and technology, but developed countries depend heavily on

developing countries for raw materials, food and oil, and as markets for industrial goods. One the most important advantages of globalization are goods and people are transported easier and faster as a result free trade between countries has increased, and it decreased the possibility of war between countries. Furthermore, the growth in the communication between the individuals and companies in the world helped to raise free trade between countries and this led to growth economy. However, globalization has many economy and trade advantages in the developing countries, we must also note the many disadvantages that globalization has created for the poor countries. One reason globalization increases the inequality between the rich and poor, the benefits globalization is not universal; the richer are getting rich and the poor are becoming poorer. Many developing countries do benefit from globalization but then again, many of such nations do lag behind." In the past two decades, China and India have grown faster than the already rich nations. However, countries like Africa still have the highest poverty rates, in fact, the rural areas of China which do not tap on global markets also suffer greatly from such high poverty. On the other hand, developed countries set up their companies and industries to the developing nations to take advantages of low wages and this causing pollution in countries with poor regulation of pollution. Furthermore, setting up companies and factories in the developing nations by developed countries affect badly to the economy of the developed countries and increase unemployment.

### **SOCIO-CULTURAL EFFECTS OF GLOBALISATION:**

Improved Economic conditions, increased recognition of human rights, unprecedented mobility and interaction of people from different countries have dented local cultures of people the world over. Transnational workforce and large scale immigrants, a product of globalization, are dispersing different cultures in various countries leading to a unified world culture that consists of a mixture of various regional cultures Global population is getting closer to sharing similar social values, aspirations, attitudes and life styles. Local culture, spiritual practices and core social values have been getting reframed and a new meaning is being given to human life. It is globalization and globalization alone, which is responsible for changing people's outlook and life style to highlight the fact that our established socio culture systems have been severely affected, we examine here below some of the changes in various established practices: Indian society has always been a male dominated society. Male members have been sole bread earners and have been the Sole face of family to outside world. Women folk have been only managing the family within four walls of their home.

Globalization has struck a fatal blow to this established practice. Today women are working in all spheres of Indian Economy. They have challenged male domination in all respects. Today men are normally not free to take any family decision without consent of women folk. Indian joint family system has been appreciated world over for strong relationships which provided support to everybody to face hard times and old age periods. Western culture has given new meaning to life to Indian youth they want to lead an independent life. They are getting more and more blunt in breaking relations with elders and in building nuclear families. Old & handicapped persons in the families are being forced to support themselves without any support from their children. These nuclear families are getting further divided due to strained relations of partners or due to displacement of one or the other partner to a far off place in pursuit of his/her employment.

Earlier, well defined religious practices were being blindly followed by one and all. But globalization has now brought in the spirit of reasoning which has weakened established practices. Secondly, work place integration of different cultures has inter mixed the religions practices. This way old age religious practices which differentiated people from different religions are getting blurred.

Earlier life partners were searched from local areas and from within their caste. Now inter caste marriages i.e. marriages within families with totally different social systems are quite common. Majority of such marriages are getting fructified either in the study institutions or at their work place. Globalization has thus greatly affected our social fabric. The shared experience is giving new meaning to our life and is leading to changes in our culture, religious practices and spirituality.

### **GLOBALIZATION AND POVERTY ALLEVIATION:**

Trade and FDI are supposed to be beneficial to the economic growth of developing countries (see World Bank, 2012). If so – and given the expected overall neutrality of their impact on income distribution globalization should help to reduce poverty. Indeed, most developing countries have experienced a significant reduction in the proportion of their population living below the poverty line, particularly fast-globalizing countries like China, India, and Vietnam. Conversely, many slow globalizers in sub-Saharan Africa have displayed the opposite trend.

While the apologists of globalization see current trends as a clear indication of decreasing global inequality (Sala-i-Martin, 2012), its critics show that this averaged outcome is mainly the result of the exceptional growth of China; meanwhile, absolute poverty has increased in sub-Saharan Africa and relative poverty (inequality) has increased in the majority of countries (Milanovic 2012 ; Reddy and Pogge, 2014). From a theoretical perspective, economic growth is not the only vehicle through which globalization can affect poverty levels, as broadly discussed by winters, McCulloch and McKay (2014). In fact, globalization deeply influences a variety of other factors, including:

- Labour productivity (which may imply higher wages on the one hand but job losses on the other).
- The demand for skills, with a possible redundancy of low-skilled people concentrated below the poverty line (see also the previous section).
- The need for macroeconomic stability – since stability implies low inflation, trade should affect the poor positively because the poor tend to be the hardest hit by increasing inflation.
- Tough liberalization may also involve cautious and restrictive macroeconomic policies with the opposite effect.
- Relative prices, with possible adverse or positive effects on the purchasing power of poor households depending on the focus of tariffs reductions and changes in the terms of trade.
- The relative competitiveness of domestic firms (possibly crowded out by more efficient multinationals) government revenues and expenditures, etc.

### **CONCLUSION:**

Globalization is not only useless but dangerous too for Indian Economy. It gave temporary relief to Indian Government to tide over its serious foreign exchange situation during 2013-14 by enabling it to get loan from World Bank. But, as a by-product, it has caused some permanent damage to Indian Economic system and deep rooted Indian social structure In conclusion, as we can see; the process of globalization has involved all the countries around the world. Developing countries such as India, China, Africa, Iraq, Syria, Lebanon and Jordan have been affected by globalization, and whether negatively or positively, the economies of these countries have improved under the influence of globalization. The size of direct foreign investment has increased and a lot of bad habits and traditions erased, but also globalization has brought many drawbacks to these countries as well. Many customs and cultures are disappeared such as traditions clothes and some language and expressions have changed. In addition, the violence and drugs abuse are increased and a lot of deadly diseases have spread under the influence of globalization. However, although globalization has many

disadvantages, we believe that globalization has brought the developing countries many more benefits than the detriments. For example, we can see there is more and a biggest opportunity for people in both developed countries and developing countries to sell as many goods to as many people as right now, so we can say this is the golden age for business, commerce and trade

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