Globalization – the theoretical aspect

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Globalization – objective and basic functions

One of the most important processes that determine the development of modern civilization is the growing globalization, the pace of which depends on the level and scope of the implementation of innovative solutions in the fields of technology, engineering, organization and growing cooperation (KTN), resulting in the formation of increasingly powerful transnational corporations, impacting both the sphere of economic and social relations. The effects of this process are increasingly affecting almost all aspects of life, mainly the development of economic potential and condition of states, regions, social groups, as well as the level of everyone’s life.

Both theory and practice show that globalization is an objective process, but due to the structural changes associated with it, that sometimes are turbulent, it is difficult to control. It is also difficult to fit it in a strictly defined framework, and even more to present an exhaustive knowledge about it. This is due to the very nature of globalization, characterized by an increase in the scope, size, structure and intensity of mutual influences forming the impacts reaching outside the territory of the countries, regions or continents. Its essence is also a constant conflict between shaping the sphere of global relationships and the desire to regulate the processes related to them by the state. In the 21st century there can be noticed an intensification of these processes, which stems from

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the increasing expansion of transnational corporations, the accelerating pace of system transformation and a dynamic improvement of the level of information technology and regional integration. The entities of the global economy involved in these processes are presented in division in Figure 1.

Figure 1. World economy entities

<table>
<thead>
<tr>
<th>National enterprises</th>
<th>National economy</th>
<th>Transnational corporations</th>
<th>International integration group</th>
<th>International economic organizations</th>
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<tr>
<td></td>
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<td>Major player of globalization, dominant in the structure of the modern world economy</td>
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The crucial role of transnational entities stems from the fact they possess high capital accumulation, therefore they have a possibility to impose on other entities their own market rules, thus significantly reducing the adverse effects of a potential competition. Despite significant progress in the study of globalization, contemporary results do not provide a basis to formulate clear and certain claims, or irrefutable theories on the merits of this process. The difficulty arises from the existence of multiplicity of empirical data associated with it, that cause the formation of a not always coherent and logical theory, especially because of the fact that in scientific studies too little attention is paid to the explanation of the causes in relation to the description of the effects. In consequence, there is an ambiguous interpretation of the concept of globalization and the resulting lack of its indisputable definition. This indicates that in the case of undertaking the research of this issue, one should at least make an attempt to define it.

Focusing on the main feature of globalization, which is the changes creating a new quality in the world space–time dimension, we should not forget that in some relations its nature can mean progress while in others regress, because globalization is an interdisciplinary phenomenon perceived differently, e.g. in the fields of economics, politics, culture and sociology. The predominant range of identified effects of globalization shows that it favors the development of civilization and strengthens the functions activating the growth trends in the global economy and in the social and economic processes emerging in international relations. For this reason, the players participating in the mainstream changes are the strongest transnational regional and global organizations and the states with the greatest economic potential. In the international arena we observe the dynamic growth of their influence and the accelerated process of taking over by them.
ever larger area of the world market with the use of the main stimulators shown in Figure 2.

Figure 2. Basic stimulators of globalization

![Figure 2. Basic stimulators of globalization](image)

Source: own work.

The key importance of globalization is emphasized by almost all the representatives of social and economic sciences, seeing in its development one of the main sources of multilateral changes that shapes the reality of a global market in the 21st century. It means that the process of globalization currently taking place is progressing simultaneously on several closely related areas mainly in economics, politics and culture. However, as an economic process, it is distinguished by a special interest from both theorists and practitioners. Although its importance for the freedom of movement of goods, services, capital and labor in the world scale has already been extensively and clearly defined, its role as a mechanism for solving socio-economic problems of the modern world requires further scientific analysis of issues particularly in the space–time dimension. This is indicated by the study of literature on the topic, in which it can be observed that a significant part of the founders of the theory of globalization mainly deal with its consequences, which leads to the fact that it is seen not only as a process, but also as a state. The fact that the main stimulus for effective participation in the globalization process is the size and scope of benefits generated from it, leads to increased rank of theoretical research, the results of which allow not only to take individual decisions but also to undertake appropriate development strategies, including the question whether the organization in order to be able to develop in a global scale must be subject to the rules of globalization.
A wide range of effects resulting from this process, including the very important spectrum of relations shaping the nature of the markets, the behavior of entities, motivating to take up competition and expansion and creating advantages and partnership agreements, becomes an important stimulus to enable the search for the most effective ways of reducing the level of the imperfections of the market mechanism in certain sectors. Such wide impact of globalization produces significant social consequences, profound economic changes within entities and market processes, as well as macro-environment, stimulating the dynamics of expansion and growth of economic efficiency in the operations. It is influenced also by a firmly anchored philosophy of a specific market understanding, according to which the inevitable process of the development of civilization is a systematic change in the transition from “era of the wealth of nations to the era of the wealth of the world” (Kłosiński, Masłowski, 2005). This process is shaped by certain factors that determine the diverse dynamics of the development of this process in the context of specific sectors and in individual markets.

Taking over by transnational corporations an increasingly larger share in the international economic space becomes an economically rational action, since it provides disproportionately higher benefits from co-participation in the global market rather than in the local one (Piasecki, 2003). The global socio-economic development resulting from it makes more and more firms to operate in this scale. Ability to act in the global marketplace becomes increasingly available to a growing number of entities of all countries, although there are still some restrictions due to which not all national companies have free access to it (Marciszewska, 2001). Globalization of the world shaping the system of significant relationships between market participants is also a stimulus to create worldwide supranational institutions for coordination and activation of positive trends in the process of the civilization development of societies.

The theory of globalization in the definitions of selected authors

The analysis of definitions of globalization presented by a substantial group of scientists allows not only to objectively identify its theoretical essence but also the level of the complexity of this concept. In terms of temporal nature, globalization is subject to constant evolution. In changing conditions affecting the market environment, the globalization of business activities becomes of key importance, and it results from the process of harmonizing the structure of sales markets in different countries. The process of template standardization of market services, first described by Levitt, was considered a major strength of globalization, and activities across a wide space offering unified products were described as the globalization of a company (Levitt, 1983). After the first period of functioning of the global services system understood in such a way, its essence
Globalization started to be verified. There was a noticeable trend towards market diversification taking into account the local conditions, which changed the way of understanding the meaning of the term. In contrast to the early concepts of the process (unifying nature of the entities and processes of the market activity), modern methods lead to diffusion and interaction between different entities, an active reconstruction of forms and processes of business, creating a structure defined as hybrid system of multitude linkages between global corporations. Effective use of these relationships requires an adjustment in structure, organization and style of functioning of enterprises aiming to operate on the global market. The need to choose new solutions results also from the considerations of Govindarajana and Gupta, who describe globalization of the company as a multi-dimensional phenomenon (Govindarajan, Gupta, 2000). According to global characteristics of an enterprise, they include the participation in all major markets of the world and centralization of purchases by the criterion of low cost or the largest range of benefits that can be achieved in a given country. Besides that, the management needs to be capable of carrying out activities related to the effective integration of diverse economic, organizational and cultural trends in a uniform process conducive to generating the highest benefits on a global scale.

According to Stiglitz, “(...) globalization reduced the sense of isolation felt in many developing countries and provided to many of their citizens an access to knowledge which a century ago was beyond the reach even in the richest countries” (Stiglitz, 2005). An important aspect of the globalized world, apart from the increased access to new markets, products and services, is foreign aid which for many millions of people is the basis of survival. Financial programs of the World Bank and the UN enable the creation of jobs in many countries, access to knowledge and culture, elimination of illiteracy, healthcare, development of the Internet, protection against terrorism, as well as the resignation of enforcement or debt relief to the poorest countries. Such actions help to improve the standard of living of a population, an increase in the abundance and mobility of societies, thus leading to activation of the processes for the development of globalization. In an increasing scope, they cover a broad spectrum of behaviors of providers, consumers and development trends affecting the economic, social and political changes, the most visible effect of which on a global scale is the reduction in the spatial and national limitations, associated with protectionism. The primary function of this process is the increasing interdependence of market development, free movement of capital and technology, creation of economically strong corporations by combining independent national service companies, e.g. by building alliances, mergers and acquisitions in the global supranational structures. The dynamic expansion of the most powerful transnational corporations means that businesses located outside the sphere of global operations function in a less favorable market conditions and may be marginalized. This
situation means they do not face the decision whether to take part in this process, but when to start it, because the delayed actions significantly reduce the effectiveness of joining in this trend of changes, or even make this task impossible.

Internal markets undergo systematic changes as well. Businesses in developed countries encounter growing intra-national competition, therefore the efforts to exploit any opportunities for access to new sale markets are not surprising. The overall development of civilization means that firms now have the resources, knowledge and skills enabling them the management on a global scale (Gwiazda, 2000).

The dynamic process of improvement means that the development of globalization can no longer be stopped, and the companies which want to achieve economic success in today’s market must operate in its context.

Globalization prompted a reassessment in understanding of the boundaries of the business operations. Having a significant impact on improving effectiveness in terms of engineering, technology and organization, it has created a transnational social and economic space. As a result of unfettered possibility of its use, traditional notions of borders, distance and place of business lose their meaning. The increasing convergence of information technology and telecommunications creates an unprecedented interdependence between the development of globalization and the knowledge-based economy and progress. However, the dynamics of changes in the global market depends not only on the resources capital and intellectual capital of management teams, but above all, their ability to create unique and profitable solutions based on these values. Transnational corporations fighting to gain advantage in the areas of their influence use these factors in the quest to be the leader, which gradually leads to an increase in the intensity of competition and the effectiveness and efficiency of innovative solutions with a global scope of impact (Szymański, 2004).

The concept of globalization due to the high level of complexity and dynamic changes is difficult to define, but its essence can be approximated by a wider identification of its basic features and functions defined with different rate of precision by many authors. The most important of them are presented in Figure 3.

The range of specified characteristics indicates that globalization as a scientific concept and economic process covers a broad spectrum of complex relationships, which with significant dynamics of its development and the changing functions of market impacts makes it difficult to clearly diagnose it at the moment. The analysis of the available scientific sources shows that so far there has not yet been developed a uniform, precise and universally accepted definition of the term, although many authors attempted to define it. According to Pierścionek, “globalization is generally speaking highly advanced, comprehensive internationalization, which consists on the one hand on
expansion into global sale markets, and on the other hand on making full use of global factors of production” (Pierścionek, 2006). This approach means the use of resources of effective sales services that may be related to the use of both global and local level strategy, and in some cases a multilocal one.

Figure 3. Basic features of globalization


The classic expert on this issue, Yip, does not give a precise definition of globalization either. Instead of defining this concept, he focused his main attention on a broad description of the elements of the market environment on the assumption that the comprehensive knowledge of the conditions existing in the environment is the source of the information necessary to define the characteristics and essence of globalization. We find such an approach in many works, both theoretical and practical, that demonstrate that space to fulfill international agreements on a sector or group of companies producing goods of similar purpose is an area in which as a result of the properly constructed development strategy, a company can obtain a satisfactory position in the global hierarchy. This indicates that the search for advantage in the global market requires designing the development process taking into account the implementation of an optimal concept and instruments more effective than those used by competitors operating in the same market (Das, 2004). Locating the competitive strategy at the centre of global economic activity testifies to the fact that it has a significant impact on the level and stability of the resulting competitive advantage, assuming that other factors affecting the level of benefits from participation in this process will be characterized by similar parameters. According to Yip, intending to join the global market, a company must find answers to two basic
Globalization questions: “(...) how global is the nature of their business field, and how global nature should their business strategy have” (Yip, 2004).

Obtaining a full and unequivocal answer to these questions is very difficult, but necessary to the required extent. Companies operating on the international market, which have already gained some experience in the processes of analyzing relations with external partners, have an easier task. Their international cooperation, regardless of the current level, ultimately aims to participate in the global market, and therefore they still participate in the activities leading to this process. Even informal contacts with global corporation are important in this case, as its action scheme can be used as a model. This approach increases the activity in order to enhance business in international markets mostly driven by market leaders, in order to increase the intensity and scope of the competition.

To get to know the essence of globalization, it is useful to know Zorska’s definition, according to which

globalization of economic activity is a long-term process of integrating a growing number of national economies across borders, thanks to the expansion and intensification of interconnections (investments, production, trade, cooperation), appearing in the world, which in result create a global economic system with high interdependence and significant repercussions of the activities undertaken/ongoing even in distant countries (Zorska, 2002).

It is one of the broader definitions, which includes several important elements of this process: integration, interdependence of connections and system-based concept.

Corporations in the conditions of global micro- and macroeconomics

Uniting national economies consists in the integration of economic processes, which in addition to trade exchange also includes investment and production under conditions of intense expansion of complementary trade, investment and cooperation links. This conception is pursued primarily by transnational corporations in the international sphere (KTN). The intensification of international connections increases the interdependence of national economies and their gradual integration into the global system of the integrated business, although participation by organizations in the system of global relationships can lead to some extent to reduced sovereignty, understood in the traditional sense. Contemporary economic sovereignty is the level of the country’s economic potential, stability and strength of international links and the ability to effectively use the changing conditions of the broad environment. In the context of such a participation in global processes, the management of a company must make a choice, whether it should at all costs defend the traditional independence, resigning itself to the “outsider” position, or
benefit from the effects of participation in the dynamic system of global economic development and the benefits that come from it (Zorska, 2002, pp. 20–21).

There is no doubt that organizations actively participating in the global development of the world gain greater benefit. This follows from the considerations of Gierszewska and Wawrzyniak’s stating that

(...) globalization is a consequence of appearance in the last quarter of the last century of several processes that have changed the perspective of understanding of principles and rules of conduct, events, behaviours, activities, recognized values – from national to global ones (Gierszewska, Wawrzyniak, 2001).

Both the results of the research and practice show that the chances offered by globalization are uneven, because the possibility of their use is conditioned by the possessed level of competitiveness within the specified time (it was of particular importance in the early stages of this process). This circumstance has revealed asymmetry of possibilities, because corporations of highly developed countries already back then had at their disposal significant financial and intellectual capital, so they immediately found themselves at the forefront of the beneficiaries of this process and became promoters of the transformations of globalization. Staniszkis drew attention to the ways of forcing upon the less developed countries a premature opening of their economies and institutions to the compatibility of the developed economies (Staniszkis, 2003). The potential of the held capital and experience of the corporations operating in developed countries meant that they have become the main drivers of economic development in the hierarchy of market players, creating rules and directions providing them with maximum benefits deriving from the development of this process.

Right from the essence of transnational corporations stems their specific vision of the global space as a single market, visible for instance in Rymarczyk’s definition, which states that

(...) globalization is the higher stage of internationalization which comprises in treating the world as a single market, which is associated with a remarkable increment in the size and intensity of ties between the countries of the world, based on the flows of capital, technology, goods, services and people (Rymarczyk, 2004).

Other criteria are found in Szymanski’s deliberations on globalization, according to which globalization is characterized by specific macroeconomic convention, in which elements that are already a system become subsystems. The economic boundaries of countries become diffused, as well as the differences in the nature of activities associated with the internal and external environment, but as an economic-social process, globali-
Globalization is a phenomenon to a decisive extent external to the state. Despite a long period of development of this process

(...) there has not been established any convincing concept of creating an entity of the global macroeconomics and its basic guidelines, but also the microeconomic nature of globalization has created a natural environment for the renaissance of the neoclassical approach to the economy (Szymański, 2004, p. 184).

Certainly in the process of globalization the macro-economic demands cannot be ignored, however a waning interest in their realization may be observed, because this approach requires solutions that by activating the global economy are likely to achieve benefits for all players, which obviously is not the same as the objectives of global transnational organizations that base their development on building their own competitive advantages.

In the opinion of W. Szymański, globalization has a strong legitimacy in the microeconomics, because in his view “everything important takes place at the company level. What serves the company serves the general public” (Szymański, 2004, p. 69). The dominance of the market economy and the need to comply with the microeconomic requirements forces a certain system of dynamics that allows enforcing particular behaviors of entities. This creates conditions in which

(...) transnational corporations are not only entities that best exploit the new conditions posed by the globalization process, but at the same time they are catalysts for this process. The interests of transnational corporations and the forces behind those interests are factors deepening the microeconomic nature of globalization, and also the factor of accelerating the whole process of globalization (Szymański, 2004, p. 73).

The substantive scope of the presented definition and discussion shows that globalization covers a broad spectrum of business activities and is a dynamically developing process in which the most important elements of production, distribution, market expansion, cooperative partnership, promotion and other elements of marketing activities operate and evolve. It is thus a complex system of activities of companies and institutions, constructing global market and undergoing constant changes (Wensveen, 2007).

The economic literature also presents definitions that are consistent as to the substantive understanding of the meaning of globalization, but reflect a different approach to this issue. Stonehouse, Hamill, Campbell, Purdie introduce a different terminology, saying that

(...) we define globalization of markets with a measure, according to which a market is characterized by generally similar needs of customers, global customers and global market
segments. The globalization of the sector means the extent to which activities of the members of a given sector are configured and coordinated globally in order to achieve added value (Stonehouse et al., 2001).

This group may also include the considerations of Liberska, who notes that globalization means “(... reduction of (physical, technological, political, economic) barriers between countries and strengthening closer economic, political and social links” (Liberska, 2002), while A. Giddens points out that “(...) globalization is changing the notion of time and space in our lives, which is a consequence of the intensification of interpersonal contacts, which link communities distant from each other and give local events a supra-local importance” (Giddens, 1990).

Among the characteristic approaches, a noteworthy one is Ruciński’s definition including the latest aspects of globalization. The author states that “(...) globalization is a socio-economic process and affects national economies, markets, cultural and social phenomena, and even criminal offences including terrorism” (Ruciński, 2009).

Economic literature points out the decisive strength of the effects of certain components of globalization. These include, among others: the free movement of capital and technology, standardization, competition and specialized management methods. These elements are found in the definition presented by the International Monetary Fund analysts who understand globalization as a

(...) growing interdependence between countries around the world due to increasing size and multiplicity of transactions involving the exchange of goods and services and movement of capital, as well as quick and wide diffusion of technology. Technology has made globalization visible and liberalization has contributed to its deepening” (Liberska, 2003).

From the evaluation of most definitions found in the literature results that they identify a wide range of characteristics that determine the substantive meaning of the term globalization, but few of them come close to a comprehensive understanding of its essence. Part of the definitions only recognize the narrow scope of the essential elements of the process, including M. Strużycki’s view that “(...) globalization is combined with the universal - standard behaviour of companies wishing to expand to specific markets and transfer their experience and ideas on selected economic spaces” (Strużycki, 1996).

According to Nowakowski, globalization and global governance are “(...) combined with the geocentric approach, that is the one in which world markets rather than the domestic market is the priority field of business activity” (Nowakowski, 1999). In contrast, Porter describing the general sense of globalization emphasizes its sectoral importance, stating that “(...) a global sector is one in which the strategic situation of competitors on the core regional markets depends largely on their general situation in the world scale” (Porter, 2006).
A review nature of the quoted definitions of globalization allows making attempts to verify them. The analysis of their substantive value indicates that due to the continuity of the development of this concept it is necessary to focus on the recognition of the widest possible range of factors that are its essence, based on the criterion of substantive news in the new market conditions. This creates a need to clarify the broad spectrum of components, varying range of priorities and degrees of strength of articulation of the core values, both from the position of science and practical applications. The diversity of the approaches to the issue is therefore an important value because it determines the scope and significance of the impact of globalization; it also allows analyzing the evolutionary process of changes at different stages of its development.

Globalization being in such a dynamic stage of development causes a continuous re-evaluation of some of the functions and the strength and extent of the impact of its components, and the changing environment forces the need for new clarifications of the term. Evaluation of the current market conditions in conjunction with the analysis of the contents included in the presented definitions inspires to articulate the necessary determinants that by complementing the existing ones, create the possibility of clarifying the substance and nature of globalization in the dimension of the contemporary conditions and its impact on global markets. The following aspects should be included in such a definition:

- the purpose of globalization,
- the process of its formation and development,
- relationship between business entities and societies, and optimal sharing of benefits,
- universalization of market offers and activities in the global space,
- making available the use of most efficient pro-development values,
- the effectiveness of global competition,
- the security of companies and societies in a broad sense.

Covering such a wide range of issues in a single definition turns out to be an extremely difficult task and despite the attempt to merge these elements, it probably will not meet expectations related to the exploration of a clear, precise and fully acceptable definition of the concept of globalization. But we cannot refrain from trying to describe it in its updated nature and relevance, and clarifying the contemporary meaning of the term. With such an approach, globalization should be understood as:

1. Building a single integrated world market enabling the production, supply and distribution of goods and services on a large scale, along with their specialization. Deepening international relations in the economic, social, cultural spheres, by reducing barriers that obstruct the expansion. Conversion of the activities, expectations and mentality of economic management teams and societies from
national (local) on transnational ones. Maintaining a balance between universal global standardization of supply and local distinctiveness in the field of consumers’ needs. Creating a free global system of mutual flow of knowledge, information, technology, engineering, capital, systems, organizations and experience. Simplification of the process of implementing modern, efficient and competitive scientific, technical, technological and organizational solutions in international space. Building a global security system, protection of economies and societies against the effects of terrorism, armed conflicts and hunger, ensuring equitable share of the societies in the benefits arising from the development of this process (Hawlena, 2012).

2. An attempt to define this concept in a particular moment of time is definitely difficult, because it is a living process in the phase of dynamic development and undergoing constant changes. It is visible, among others, in new conditions for changes in corporate social responsibility for collective security and the need for equitable sharing of benefits. One should also take into account the concerns raised by anti-globalization actionists, suggesting that this process may begin to evolve in the opposite direction. Many authors, such as Grew and Lewis, are inclined to accept the definition of globalization based on multi-criteria relationships and feedbacks between entities creating the world system (McGrew, Lewis, 1992). This process is characterized by changes in the spatial dimension, intensifying the horizontal interactions between economic operators and countries, constituting the world community. In the current conditions, there ceases to exist the problem of choosing to stand for or against globalization, but the increasing importance is given to shaping this process in such a way that its undisputed effects were beneficial for both rich and poor societies.

Conclusion

The vast majority of the definitions of the concept of globalization include relationships arising in the process of using multiple instruments for competition and market expansion. Due to their variability in time, the cause of the phenomena and effects of this process are evolving. However, it may be concluded that none of the presented definitions excludes any other, but rather they are mutually complementary. The scope and substantial contents covered by them reflect the complexity of the concept and with a different precision define the individual elements constituting the substance of the issue.
References

Abstract

The aim of the examination conducted in the article is to analyze the theory relating to the process of globalization. By providing a wide range of definitions, an attempt was made to diagnose the opinion of a large part of theorists and opinion-making institutions, which shows that globalization is the most fundamental process of adjusting to the contemporary world, the effects of which cause the greatest range of changes in the development of civilization, economic and social relations. Globalization is identified by a number of definitions, but none of them is generally accepted because it is extremely difficult to determine the nature of the process contained in a continuous, dynamic development.

Globalizacja – aspekt teoretyczny

Celem rozważań przeprowadzonych w artykule jest dokonanie analizy teorii dotyczącej procesu globalizacji. Poprzez przedstawienie szerokiego spektrum definicji, podjęto próbę zdiagnozowania opinii znacznej części teoretyków oraz instytucji opiniotwórczych, w których wykazuje się, że globalizacja jest najbardziej fundamentalnym procesem dokonywającym się we współczesnym świecie, którego skutki powodują największy zakres przemian w rozwoju cywilizacji, gospodarki i stosunków społecznych. Globalizacja jest identyfikowana poprzez liczne definicje, jednak żadna z nich nie jest powszechnie akceptowana, ponieważ niezmiernie trudno określić istotę procesu znajdującego się w ciągłym, dynamicznym rozwoju.