

Impact of IT on Global Economy

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Introduction

- ◆ Global Economy or globalization can be defined as “a process of economic integration of the entire world through the removal of barriers to free trade and capital mobility, as well as through the diffusion of knowledge and information.”
- ◆ Globalization till now has been classified as
 - Globalization 1
 - Globalization 2
 - Globalization 3



Economic Impact of IT on Globalization



- ◆ Corporate strategy and management have become more difficult as IT has change the very term of “competition” in trade market.
- ◆ Data serving as the resource and network the means of transport – IT has reshaped the landscape of world economy.
- ◆ Creating new economic opportunities for countries who have been traditionally excluded from trade.



Effects of IT on Organizations



- ◆ Increase in global technology.
- ◆ Efficiency and removing liability in trade.
- ◆ Increase in competition locally and globally
- ◆ Global investments

WalMartization In Global Economy

Global retailers have become the most powerful companies in global economy

- ◆ Shaped a very efficient global supply chains
- ◆ Global sourcing networks
- ◆ Make decisions about where products are made around the world, at what price and how fast things have to be moved

Jewels In Wal-Mart's Technology Crown

- ◆ Harness the power of information hidden in the ubiquitous barcode
- ◆ Software program 'Retail Link' was Faustian bargain for suppliers
- ◆ First to use Electronic Data Interchange
- ◆ Owns the largest private database in the world, along with the largest private satellite system in the world.



Revolution in Global Business by blazing a new trail in IT



- ◆ The strong scanning capabilities of RFID technology a step further drilling even deeper in to production and tracking, eventually may be used at checkout lines allowing customers to simply push their cart through the line and receive a receipt as they leave the store



Effects of Globalization on Developing Nations



Pros

- ◆ Increase in per capita income and living conditions
- ◆ Improve in standards of local business
- ◆ Exposure to new technologies
- ◆ Being a part of global value chain



Effects of Globalization on Developing Nations



Cons

- ◆ Polarization of wealth
- ◆ Certain sectors only benefit from globalization
- ◆ Death of domestic industries



Effects of Globalization on Developed Nations



Pros

- ◆ Expansion of markets
- ◆ Lowering production costs
- ◆ Exposure to cultural diversity



Effects of Globalization on Developed Nations



Cons

- ◆ Tougher competition
- ◆ Loss of opportunities for citizens



Reality Check

- ◆ “ Understanding the global market place means living in it ”
- ◆ All countries have only one option – participate



Touching Briefly on Controversial Issues



- ◆ Human rights
- ◆ Labor rights
- ◆ Over development
- ◆ Environment



Areas of Improvement

Efforts should be made to :

- Make globalization truly global
- Reduce the digital divide
- Protect cultural diversity from the emerging monoculture
- Implement an opening up policy that best fits the country's level of development

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