

System of factors and forms of world globalization

Marlen Kapashevich Kolbayev¹, Urazgul Kemalovna Zhakisheva², Zhanar Zakariyanova Oralbayeva³, Elmira Orazbayevna Telagusova², Svetlana Aigaliyevna Faizullina²

¹Zhetisu State University named after I. Zhansugurov, Zhansugyrov str., 187 a, Taldykorgan, Almaty region, Republic of Kazakhstan

²Kazakh National Pedagogical University named after Abay, Department of Economics and Law, Dostyk av., 13, Almaty, 050010, Republic of Kazakhstan

³Kazakh National University named after Al-Farabi, College of Business and Economics, al-Farabi av., 71, Almaty, 050010, Republic of Kazakhstan

Abstract. This article discusses the factors and forms of world globalization. At the same time, it emphasizes that globalization is the result of internationalization. It could not have occurred if not preceded by large-scale, long-term and inclusive processes of internationalization, which prepared the material, cognitive and political framework for globalization. It is concluded that the main problem faced by scientists, politicians and government agencies of our country is not only the development and implementation factors that could guarantee the establishment of innovative economy. At the present stage of globalization, national economies and their domestic markets have not lost their value, and governments still retain sufficient capacity to implement a national development strategy. Therefore, there is a special need for measures and instruments of state economic policy capable of forming 'anticipatory' innovative development model even prior to the formation of the latest phase of globalization - supraterritoriality.

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Introduction

Today, it is becoming more evident that relying solely on the "automatism" of the market economy is not enough to achieve long-term sustainable development. Proceeding from this fact, one of the main tasks of public policy at the present stage becomes the promotion of an innovative economy, in particular, the stimulation of innovative activities of enterprises due to the fact that "business plays a key role in economic growth, wealth creation and employment" [1, pp. 267-268].

However, these problems can not be considered without taking into account the process of globalization of the economy, as "the environment with functioning business changes under the influence of globalization, increased competition and rapid technological shift; makes both business and policy makers face new challenges and opportunities" [2, p. 98]. In addition, the urgency of the problem is determined by the fact that "economic concepts that have been adapted to describe national economy do not reflect modern innovations due to cross border nature of the current world literally pervading the entire global economy" [3, pp. 46].

Globalization is a key concept that is determining the evolution of world civilization at the turn of the millennium. It forms a new era of relations between nations, economies and individuals, causing fundamental changes in all spheres of public life.

Globalization is a close relationship in the world: the movement of information, capital, goods and people across borders at an increasingly fast pace and extensive interpenetration of cultures and ways of life enhances the ability to negotiate and to live in harmony, despite the cultural differences. The essence of globalization of the world economy is a rapid increase in the volume and diversity of world relations, distribution processes, practices and structures from the national to the global scale, resulting in increased economic interdependence of countries and in the formation of a relatively integrated economic system, which covers an area of almost all planet and dictates its own rules of the national economy [4, pp. 3].

The totality of opinions and views on globalization can be divided into two large directions. Supporters of the first express the essence of globalization through the description and follow-up study of objective processes, especially in the economic field, that are actually taking place in the modern world and radically changing everyday life of modern humanity. Representatives of this trend tend to consider the actions of each nation-state in response to the challenges of globalization. Proponents of the second direction, on the contrary, rely on their subjective interpretation of globalization, trying to deduce a new ideology of world domination (of a country, a small group of

countries, adherents of one way of life or another) and suggest to nation-states appropriate measures and algorithms for their existence in the context of globalization.

There are also definitions of globalization, supporters of which are trying to reach a certain level of political and economic generalizations and predictions about the future direction of globalization. Thus, D. V. Rozov [5, pp. 44 - 59], summarizes different interpretations of "globalization" and consolidates them into five key varieties: globalization as internationalization, globalization as liberalization, globalization as universalization, globalization as westernization or modernization, and globalization as deterritorialization. The latter concept is also called supraterritorialization. In this sense, "globalization" causes "reconfiguration" of geography, hence the public space is no longer a reflected in terms of territorial spaces, territorial distances and territorial borders.

Another approach to understanding globalization is based on an analysis of the similarities and differences of phenomena related to globalization. According to N. Kosolapova, the concept chain here is: "internationalization - regionalization - integral world - globalization". What unites these phenomena is that they foresee exceeding of these processes beyond the boundaries of a single nation. The difference occur in terms of time and condition for a relevant phenomena, in their essence and specific socio-historical features, in a set of actors involved, scale, depth and intensity of the phenomena, as well as their immediate and long-term outcome and implications [6, pp. 9].

Thus, globalization is the result of internationalization. It could not have occurred if not preceded by large-scale long-term and inclusive processes of internationalization, which prepared the material, cognitive and political framework for globalization. If the phenomenon of internationalization of the various activities, relations, sharing processes and development has been taking place for as long as international relations have existed, globalization as a phenomenon has developed only in the second half of twentieth century.

Trends of globalization of the economy are determined by different factors: technological, economic, political and cultural. Let us examine more closely the technological and economic aspects, as well as some components of the political dimension of globalization. We shall proceed from the assumption that the current state of economic globalization is the result of a long development of internationalization, and the main economic driver of

globalization has been accelerating development of transnational corporations (TNCs).

Factors that contributed to the acceleration of globalization in the second half of the twentieth century included rapid technological development and political processes associated with the liberalization of markets and the activities of supranational organizations such as the World Bank, International Monetary Fund and the World Trade Organization [7, pp. 100].

The economic aspect is the main factor in the development of the whole process of globalization. Globalization has manifested itself in all spheres of public life: political, social, military, cultural and ethical, among others. Only in the global economic system, however, have the changes been so vivid and all encompassing. "The main phenomenon of globalization", according Glazev [8, pp. 3-18], "is its undeniable capitalist expansion, its conquest and subordination of other modes of production, as well as hegemonization of its values on a global scale." By all indications, the development of capitalism turned the world into an autonomous system of production and distribution, a single market whose use leads to the generation of a global mass culture that is the result of global marketing and the constant development of communication technologies.

Due to pressures from economic factors such as TNCs, states and regional integration groupings seek economic activity outside their borders. Among the prerequisites for this activity are liberalization of trade, creation of offshore zones, free-trade policies of states and removal of barriers to international investment. The factors contributing to the globalization of the economy include: the production flow between countries and sectors of the economy; service flow between countries and sectors of the economy; financial capital flow between countries; flow of people between countries due to economic imperatives; currency transactions in foreign exchange markets; and the diffusion of intellectual goods and the flow of ideas between research and training centers.

The development of free trade has become the first step towards globalization. Since the mid-1980s, the world economy has entered a period of particularly high growth in international trade and other exchanges of goods, services, capital and information. From 1986 to 1995, the volume of world trade was growing by an average of 6.5 % per year, thus increasing over the decade by 1.9 times. At the same time, international trade in services was growing more rapidly and increased by 2.4 times. During this time, the share of international trade in world GDP grew three times faster than in the

previous decade, and almost twice as fast as in the 1970s.

Another step towards globalization has been the free movement of capital and financial instruments, conducted by the financial sector. In today's global transformation, a crucial new, but thus far little-studied phenomenon of independent transnational capital emergence has occurred. Due to a number of significant global economic changes, transnational capital has become an independent economic body with its own structure and internal development objectives. The increase in the scale and complexity of production requires more investment and capital transactions, the objectives of which are increasingly beyond individual national economies. Because of this, the process of concentration of funds in the banking and financial sectors of the world economy have been increasingly larger than the direct production industries. Thus, as globalization of corporate ownership increases, leading TNCs and TNBs (giant multinational banks) become main agents.

Technological aspects of globalization. Technical aspects that have accelerated the process of globalization in recent decades include computers, telecommunications equipment, telecommunications infrastructure, information flows, the growth of travel/movement rate (for example, the use of jet planes) and the dissemination of knowledge through scientific or other intellectual interchange.

Technological development and the establishment of new global financial information and space on its basis, according to some scientists, has created conditions for the free flow of transnational capital and the development of networks between governance structures of global corporations and information links. The material reflection of this has become the "World Wide Web". Vast opportunities for the processing, storage and transmission of information resulting from the merger of information and communication technology are key aspects of globalization. These technologies have laid a special foundation for building globalization, largely providing for emergence and further development of other trends discussed.

Today, information is transmitted almost immediately. Information about economic opportunities and transactions quickly spreads around the world. Goods and types of services still require several days or even weeks to get from one place to another, whereas information is transmitted immediately. If in any corner of the world there is a significant change in the market, this becomes known almost instantly in all its other parts. This is especially true for events on the stock exchanges,

foreign exchange and commodity markets, as well as scientific discoveries and their use [9, pp. 12].

In turn, common for the entire world financial instruments, are standards of transmission and processing of information, similar information and financial institutions, which create the perfect environment for business transnationalization and free capital flow. The technological connection of trunk information and financial communications and networks has contributed to the creation of new information and financial institutions and has led to a rapprochement and gradual merging of information and financial spheres. Transnational capital, which in technological terms is based on global information and financial networks, spawned a new transnational information and financial oligarchy.

All of these new aspects of globalization, in our opinion, are determined by the transnationalization of economic activity, which has become a crucially important element of the global economy in the twentieth century. Therefore, given the above definitions and factors of globalization, its evolution can be represented as a gradual transition from one stage to another:

1. Internationalization;
2. Transnationalization;
3. Supraterritorialization

Internationalization as a phenomenon is associated with the development of the international division of labor (MRI), which included two inseparable aspects. On the one hand, international economic relations have evolved and formed the world economy. On the other hand, as the total involvement of business entities into the process of international exchange and harmonization of the exchange rules, territorial economic structures has been forming and consolidating. In other words, internationalization historically was manifested quite early, in fact, simultaneously with the first clearly defined socio-territorial units (cities, states, etc.). Its main function is ensuring stable international relations existing in the world.

MRI first had a colonial character: its initiators were economically more powerful countries that formed the structure of the economy relative to backward countries in accordance with their own interests, both through the use of market laws, and by direct violence. Later, the process of internationalization of economic life led to the emergence of international production units: transnational corporations that, according to A. Rybchuk, is a natural result of the development and deepening of the international division of labor and perform the most efficient organizational form of supra-national monopolies in the context of globalization.

Thus, in the era of internationalization, national interests go beyond national boundaries and national corporations face the world market. At this time, the first generation of TNCs was born. Their activity was largely associated with the development of natural resources of the former colonies, which gives reason to define them as “colonial commodity TNCs”. By organizational and economic mechanisms of functioning, these were cartels, syndicates and first trusts. Later, trust type TNCs appear on the world stage, associated with the production of military-technical products. First appearing during the period between two world wars, some of these second-generation multinationals retained their positions in the world economy after the Second World War. In the 1960s the role of the third generation of TNCs started to increase; these TNCs were widely used to achieve scientific and technological revolution. They performed in the form of concerns and conglomerates. In 1960-80s the activities of TNCs organically combined elements of domestic and foreign production, sale of goods, management and organization of the personnel, scientific research, marketing and after-sales service. Key elements of the reproductive process were converted into common standards and principles for the countries. TNCs of the third generation have helped to spread the scientific and technological revolution to peripheral zones of the world economy and, most importantly, have laid the economic preconditions for the emergence of international production with a single market and information space, international capital market and labor, scientific and technical services.

Thus, the final stage of internationalization means transition from the stage of the world economy, which was based on the domination of world trade and serving its financial flows to the transnationalization of production processes. At the same time, the development of supranational production leads to the need for complex production infrastructure industries that are under the influence of globalization, provide international reproductive process.

At the current stage of globalization, in our opinion, the process of transnationalization of the economy enters its final stage. Speeding up the process of transnationalization became possible not only due to the expansion of TNCs for the development of “foreign” territory, but also by large-scale actions on market liberalization and revitalization of supranational organizations. One of the factors that influenced the acceleration process of transnationalization and removed obstacles to the deepening of globalization was the collapse of the world socialist system.

The first author who used the term “transnationalization” was C. Freeman [10], who identified globalization as a merger of markets for certain products manufactured by large multinational corporations. Subsequently, other authors, taking the term adopted, used it to describe a much broader and more diverse ambiguous and controversial processes taking place in the world economy.

During this period “regionalization” and “single and integral world” are being formed and such features of globalization “universalization”, “westernization” and “deterritorialization” become more evident [11].

This period is marked by expansion of the activities of transnational corporations and growing dependence of national economies from the TNCs activities. Distinctive features of modern (fourth) generation of global TNCs, which appeared in the early 80s of the twentieth century, are planetary vision of markets and competition on a global scale; distribution of world markets with few same global TNCs; coordination of branches on the basis of new information technologies; flexible organization of each individual production unit; adaptability of corporate structure; similar organization of accounting and auditing; unification of branches, factories and joint ventures into a single global management network, which is integrated with other networks of TNCs.

The next stage of evolution of globalization is supraterritorialization. According to J. Scholte, term supraterritorialization allows to provide a clear and specific definition of globalization, since the notion supraterritoriality (trans-world or cross-border relations) provides an opportunity to assess “what is global in globalization”. He argues his opinion as follows:

1. There is need to replace “internationalization” with the concept of “globalization” in cases when considering the growth of interaction and interdependence between people in different countries. This process of internationalization has been developing over the centuries and there is nothing new that the theory adds to the characterization of the “globalization” concept.

2. The same can be said about the removal of regulatory and other barriers. Liberal discourse of “free” trade is enough to convey these ideas.

3. Understanding globalization as universalization also does not lead to new insight. Advancement to universalization is a long-term trend and does not add anything new to the concept of “globalization”.

4. Understanding globalization as westernization, which, in particular, developed from

theory of “neo-colonialism” and post-colonial imperialism, again adds nothing new that did not exist in the discourses of colonialism, imperialism and “modernization”.

5. An important new insight can be obtained from an approach that considers globalization as growth of supraterritoriality or Trans World (cross-border) relations between people. This approach allows us to analyze the deep-seated changes in the ways of understanding and study of public space, since supraterritoriality marks the end of “territoriality”, where public geography is territorial.

If to consider the problem in this way, it may occur that nothing new happens in the world economy, since supraterritoriality is also the result of a long evolution of global public relations.

However, in terms of trends and prospects of globalization, the end of “territoriality” includes, in our opinion, the newest, and perhaps one of the most important context for national economies. Adoption of supraterritoriality could mean an actual loss by national states of the “capabilities and/or the ability to control the territory and its resources”.

However, in our opinion, the main problem facing scientists, politicians and government agencies of our country, is not only the development and implementation factors that could carry the approval of the innovation economy. At the current stage of globalization, national economies and their domestic markets have not lost their value, and governments still retain sufficient capacity to implement the national development strategy. Therefore, there is a special need in measures and instruments of state economic policy capable of forming ‘anticipatory’ innovative development model even prior to the formation of the latest phase of globalization - supraterritoriality. That is, all of these measures can be implemented only while the institution of the state remains in its role, at a time when it is still able to maintain the economic, informational, legal, social, political and cultural environment of the country and enter the corresponding global space of the system of developed countries.

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Corresponding Author:

Dr. Kolbayev Marlen Kapashevich
Zhetisu State University named after I. Zhansugurov
Zhansugurov str., 187 a, Taldykorgan, Almaty region, Republic of Kazakhstan

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