Answer on Question #51018, Management, Other

How has the international business transformed the world economy?

Explanation:

The most important factor that determines the development of the world economy today is the globalization of the world economy. It is based on the increasing interdependence of national economies and the increasingly close their integration. Begin the formation of a global system infrastructure (transport network, the Internet, and others.). The value of the global challenges of our time begins to increase, the solution of which requires the cooperation of all countries of the world. On the processes that take place, are strongly influenced by scientific and technological progress, especially in the field of information technology and telecommunications. The process of globalization affects not only the level of bilateral relations, but also all levels of the economy. It has a significant impact on the development of companies in various countries.

One of the phenomena that are closely related to the world economy is becoming a major international corporations and banks that operate worldwide. Beginning of the process of globalization is related qualitatively new era in the development of international business, at a time, when comes first multinational companies and multinational banks (TNC and TNB). Certainly, these corporations themselves arose much earlier, but today there is only specific transnational economy, which is a kind of "global field of economic relations", which compete with leading international companies. The competition between these companies is often more acute than at the national level, are used fundamentally different methods of competition. TNK transformed into an independent formation, which take into account the effect of forced and national governments - in some cases international companies have turned into a kind of "power pole" in the world economy.

Through analysis of the transnational economy is impossible, however, does not take into account two aspects: firstly, there is intense competition between the leading companies, and secondly, the whole system is formed by the relationships between them.

Numerous strategic alliances between TNCs in different countries and multinational companies (MNCs) are formed international in scope, not only activity, but also on the composition of capital. In this connection there is the need for detailed analysis of the relationship between the world's leading corporations and principles of their interaction.

The development of enterprises, their interaction and competition in a market economy objectively lead to the need to unite separate enterprises. At the same time, companies often do not go to a full merger, but create a particular mechanism of interaction, allowing them to maintain the status of a legal entity and thus collaborate with other enterprises. In this regard, there is a fundamentally new type of companies - an association of legal entities.

Movement of capital is an objective economic process, when capital leaves the economy of one country in order to obtain a higher income in another country.

Rapid growth in recent decades, international trade, international interbank loans, intergovernmental loans and transactions on the stock and currency markets around the world accompanied by the rapid development of the international capital market.

International movement of capital has a huge impact on the world economy. This is manifested primarily in the fact that the international transfer of capital contributes to the global economy. This is due to the fact that the country has provided capital or capital goods can establish production abroad through investments, to get a greater economic impact than as a result of foreign trade. It is caused by the fact that in the host country capital may be more cheap labor, raw materials, or more favorable investment climate, such as the presence of free economic zones or low environmental standards.

One of the characteristic phenomena of the modern world economy is to scale movement of capital between countries. International capital market is an important part of the economy, ensuring the movement of financial resources. Moving the factors of production from countries excessively endowed with relatively inexpensive factors of production to countries where they are relatively scarce and expensive, leading to equalize the prices of factors of production, that is, to improve the welfare of the participating countries in this exchange.

International movement of capital occupies a leading position in international economic relations, has a huge impact on the world economy:

- Promotes the growth of the world economy;
- Deepens the international division of labor and international cooperation;
- Increases the volume of mutual trade between the countries, including intermediate goods between subsidiaries of international corporations, thus, encourage the development of world trade.

The main subjects of the world's capital markets are a private business, state, and international financial institutions.

The main reason for and the export of capital is a prerequisite for the relative abundance of capital in the country. There is a mismatch between the demand for capital and its supply in various sectors of the world economy and in order to get more business profits or interest, he translated abroad.

The reasons for the export of capital the following:

- The opportunity to monopolize the local market of the receiving side;
- The presence in countries, which are receives capital, cheaper raw materials and labor;
- Stable political situation in the recipient country;
- lower compared with donor countries, environmental standards;
- The presence of favorable "investment climate" in the host country;

The impact of international capital flows on the global economy is large and constantly grows following an increase in the extent of migration of capital. International migration of capital stimulates the development of the world economy, allows to reallocates limited economic resources more efficiently.

The following consequences of migration of capital for the world economy as a whole can be noted:

Migration of capital going in search of the most profitable areas of its investments, thus increasing the growth rates of the world economy;

It is encourages the further development of the international division of labor and on this basis the processes of international economic cooperation;

As a result of increased activity of international corporations increased trade between countries, encouraging the development of world trade;

The interpenetration of the capital between countries is strengths international cooperation processes.

Positive and negative effects of migration have enough capital conditional and do not include numerous exceptions. Nevertheless, the international movement of capital as a whole plays a catalytic role in the development of the world economy.

Thus we can conclude, the driving forces of globalization began deepening international division of labor based on the growing differentiation of high-end products and intermediates, the deepening of international transport infrastructure, the information revolution - a revolution in telecommunications, the development of transnational entrepreneurship, considering all the world space as a field for international business.

Development of globalization is inextricably linked with the aggravation of global problems. These include environmental protection, reliable supply of energy and raw materials growing world population and food resources, overcoming backwardness of developing countries, the fight against hunger, poverty and diseases. Truly transnational purchased phenomena such as organized crime, terrorism and drug trafficking. Increases the risks associated with large-scale man-made disasters, destruction of stockpiled weapons disposal of radioactive waste.

The globalization of the world economy appears in the accelerate growth of world trade and more rapid flow of capital, as well as the intensification of cross-country movement of other factors of production; hypertrophied movement of huge financial resources, much to overtake the growth rates they serve production and trade; new role to manage these processes.