

GLOBALIZATION AND ITS IMPACT ON INTERNATIONAL ECONOMIC RELATIONS

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Abstract

The article discusses characteristics of globalization and what role does globalization play in international economic relations? Statistical data shows that Globalization has changed the picture of World Economy as a result of the growing scale of cross-border trade of commodities and services, exchange of currency, movement of people and flow of information.

Keywords: Globalization; interdependence of world on different levels of : economics, politics and socials; global competition; variety of choices for consumers.

Introduction

Globalization in the international era and the contrasts between countries result in both opportunities and threats to international businesses. Globalization can be defined as "shrinking of the globe," which refers to the "growing unity of the world economic system through the removal of trade barriers including tariffs, import quotas, and export levies." Although globalization does not impede the free market, it would be detrimental if used in a weak economy. If successfully implemented, globalization will lead to a more fair world order with wealth being dispersed equally among the rich and the poor. Instead, it might have a significant negative effect on the current global order, which favors the strong at the expense of the weak. The word "globalization" first appeared in 1930 in a publication called "Towards New Education". After the cold war, the term „globalization“ was used to describe the shift towards integrated and interdependent economic system (Cuterela, 2012).

The exchange of products and services among individuals and between other nations is referred to as international business. An international business enterprise conducts trade with numerous nations. All business dealings, whether private or public, purchases, sales, and travel across international borders between two or more countries and regions are considered international commerce. International business is focused on global resources and objectives of the organizations are focused on global business opportunities and threats.

The five stages of globalization are as follows. The first is social globalization, where many different types of people have arrived as a result of the spread of our ancestors around the world and social globalization is the first major subject. The second major theme appears to be political globalization, which is what caused our ancestors to establish local, rural, urban, and community life. Therefore, it will result in the establishment of political systems in various parts of the world. Globalization of cultures comes in third. Countries with political systems also have their own cultures in terms of extending new technologies and cultural characteristics around the globe. Taking the English language, faiths, and customs as examples. Fourth is the globalization of the economy. Since the revolution of 1757, the importance of economic



globalization has increased. Globalization integration is the fifth. The emergence of integrated globalization is seen as occurring in the 21st century. Many countries are move from self-contained economy to more integrated and interdependent economy with free flow of goods and finances (The red carpet broadcast, 2016).

Economic systems that are more interconnected and integrated will likewise benefit greatly. Within less than a year, new items are swiftly brought to market and provide demonstrable advantages to corporate operations. The business might then expand to the international market and develop a positive reputation among customers as well as favorable perceptions of businesses. Organizations can also evaluate new sources, new technologies, and funding sources. The favorable effect develops a distinctive brand name in the international market. As a result, it will have lower expenses because it will target the same consumer demographics across all markets using the same product concept and marketing plan. Globalization, however, benefits not only businesses but also consumers and nations. On order to compare similar products and make purchases in the global market, consumers can choose from a wider range of high-quality, affordably priced products.

However, there are drawbacks or difficulties for the company that grows its global market as a result of globalization. Political stability is the first effect since it helps to attract foreign direct investment and economic ventures. Thus, it lowers possibilities to earn profit from a politically unstable country. Bureaucracy is the second effect, which could make it impossible for multinational firms to carry out their business operations. The third impact is the fluctuations in currency exchange rates. The price of one country's currency in terms of another country's currency is referred to as currency exchange rates. Fluctuations in exchange rates may prove to be a barrier to a company's operations abroad. Additionally, corruption can restrict trade and investment in a foreign nation.

Moreover, operating a worldwide firm is more difficult than managing a local business due to the various customs, cultures, beliefs, and consumer attitudes. Environmental protection, human rights, and foreign law are factors that cannot be ignored as any errors would result in corporate failure. Lastly, management errors cause huge monetary losses and are yet another challenge for multinational corporations with many branches across the globe (Manolica and Roman , 2013)

Globalization in Uzbekistan

Overall Globalization:

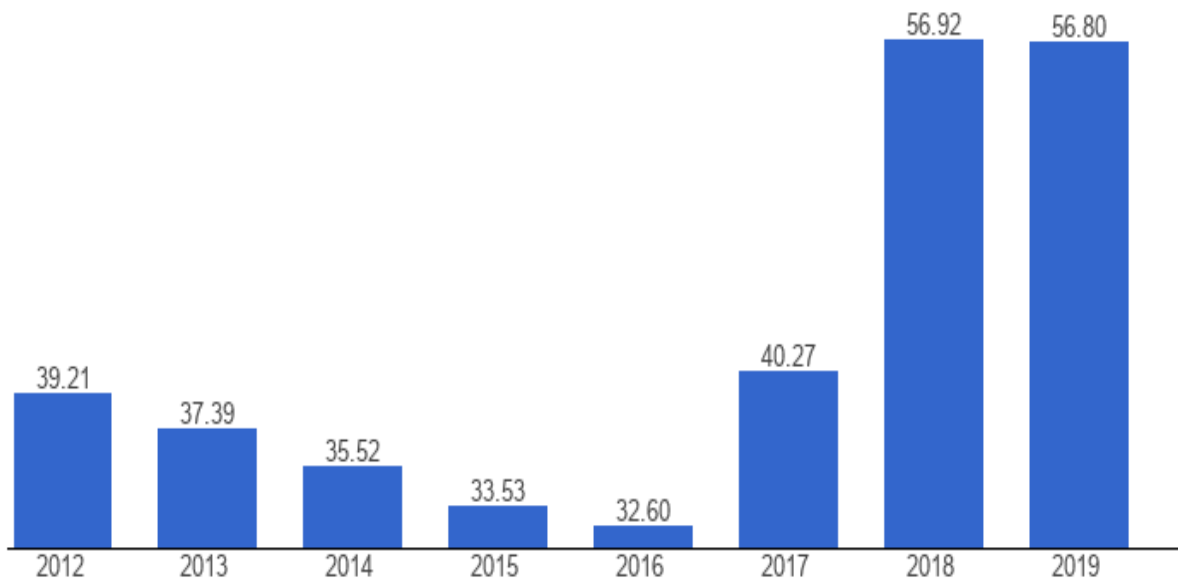
For that indicator, we provide data for Uzbekistan from 1991 to 2019. The average value for Uzbekistan during that period was 40.8 points with a minimum of 22.7 points in 1991 and a maximum of 52.49 points in 2019. The latest value from 2019 is 52.49 points. For comparison, the world average in 2019 based on 191 countries is 61.96 points.

Economic Globalization:

The KOF Economic Globalization Index for Uzbekistan and other countries has two dimensions. First, it measures the economic flows between Uzbekistan and the rest of the world in terms of international trade and international investment. The question is whether Uzbekistan exchanges a lot of goods, services, and investments with other countries. Second, it measures the restrictions to trade and investment such as tariffs and capital controls on international



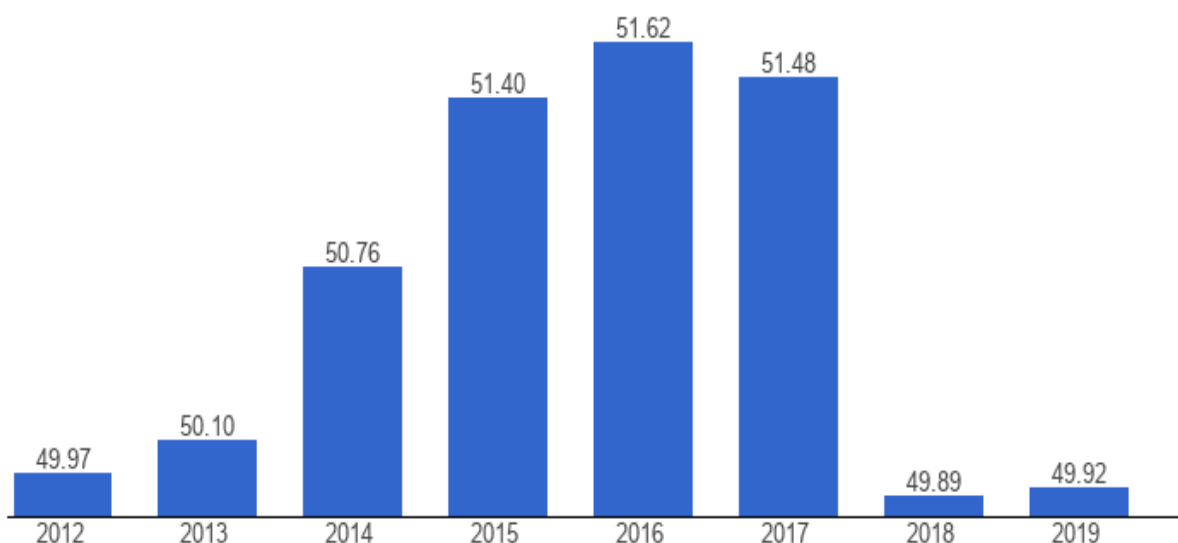
investment. Each dimension is based on several variables that are combined in one overall index that ranges from 0 to 100.



For that indicator, we provide data for Uzbekistan from 1991 to 2019. The average value for Uzbekistan during that period was 40.24 points with a minimum of 24.9 points in 1991 and a maximum of 56.92 points in 2018. The latest value from 2019 is 56.8 points. For comparison, the world average in 2019 based on 186 countries is 58.73 points.

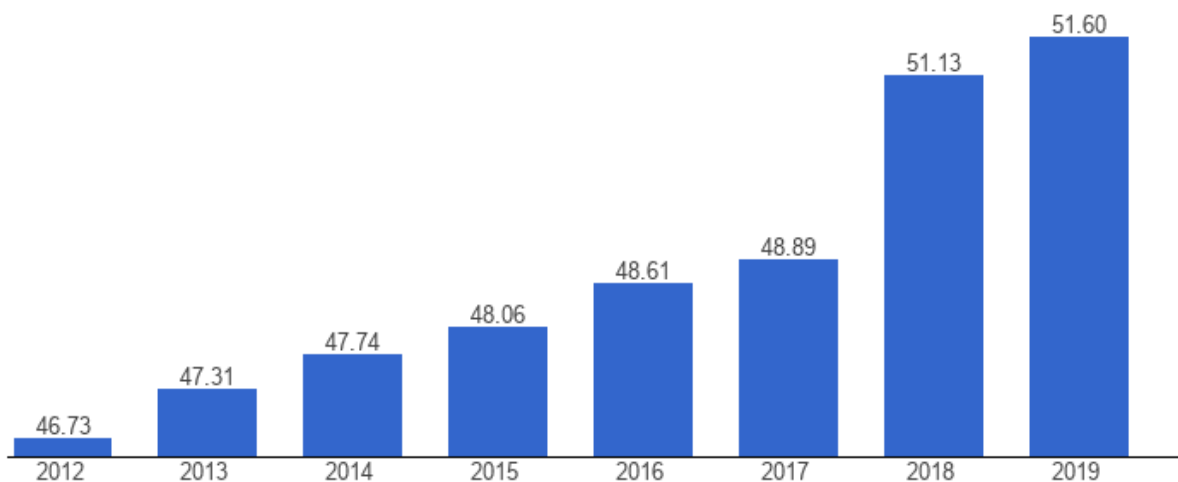
Political Globalization

The KOF Political Globalization Index for Uzbekistan and other countries measures the number of embassies and high commissions in Uzbekistan; the number of international organizations to which it is a member; and the number of UN peace missions Uzbekistan participates in. Also included are the number of treaties signed between Uzbekistan and other countries since 1945.



Social Globalization

The KOF Social Globalization Index for Uzbekistan and other countries has three dimensions. First, it reflects the extent of personal contacts across borders via travel, migration, remittances, and other means. Second, it measures the information flow between Uzbekistan and the rest of the world in terms of telecommunications through television, internet, mail, and other channels. Third, the index reflects the cultural proximity of a country to other countries via the access to international movies, music, and other media. Various measures for these indicators are compiled into one overall "social globalization" index for Uzbekistan.(The global Economy.com)



Every level of industry and every country are impacted by globalization. We fall behind when we are unable to adapt to changes. But in a manner, it also advances our society, our sector, and our nations. Every country is seeing the trend of globalization. Companies are taking action to develop globally in the twenty-first century in order to succeed through buying and selling. A strong nation typically exports more goods than it imports. Because of this, they have a competitive edge in comparison to a weaker nation. Globalization has reduced the gap between countries in terms of trade and investing, nevertheless, can also be adversely impacted by other factors, such as a nation's economy, politics, and social, natural disasters and instability.

The following fundamentals must be understood in order for Uzbekistan to properly join the international development system:

Uzbekistan's strategic objective is to attain equal rights in the international market by avoiding the fate of becoming a part of the world system solely as a raw material and resource complex. Of course, achieving this is difficult. It is important to establish the following conditions in order to solve this problem:

- Aim to be one of the leaders in the development of information technology;
- The application of economic structural reforms to develop a progressive model that is, in terms of organizational, technological, technical, and economic characteristics, directly directed toward the global market; in actuality, introducing the modern technologies of this country;
- Establish an industrial framework that can compete both domestically and internationally with the top producers in the globe. Creating the domestic financial market and integrating it



into the global financial system, as well as implementing a carefully considered anti-monopoly domestic policy.

Conclusion

It is clear from the analysis and discussion above that in order to maximize the benefits of globalization, the conditions for doing so must be established, and the negative effects must be minimized. Establishing equitable cooperation between nations and a dynamic renewal in this field form the basis of such a system.

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