

**MAGDALENA GRĘBOSZ
ANDRZEJ HAK**

**Katedra Integracji Europejskiej i Marketingu Międzynarodowego
Politechnika Łódzka**

MULTIDIMENSIONAL CHARACTER OF GLOBALISATION

Globalization, as a basic megatrend of the modern world development, is a complex and multidimensional phenomenon. Its multi-dimensional character consists of three main parts: political, economic and socio-cultural. In this paper, authors analyse the globalization concept, its dimensions as well as possible costs and benefits in the context of international expansion of enterprises and the process of global companies' emergence. Simultaneously, the authors also study the multidimensional issues of globalisation basing on the example of McDonald's Corporation.

1. Introduction

The globalization process has been regarded as one of the most important factors creating current reality: from customers' behaviours, through economic and political changes to the world market emergence. This concept of the compression of the world and the intensification of multilateral connections creates several opportunities not only for companies, but also for transnational organizations, countries, societies and individuals. However, numerous threats such as global terrorism or extreme consumerism also exist.

The globalization process is really complicated and difficult to analyze. Its multidimensional character consists of three main parts: political, economic and socio-cultural. Several consequences including the deterioration of the role of national states, the emergence of common global sectors of economy or the standardization of customers' needs have a direct implication on business entities worldwide. As a result, the possibility of their international expansion nowadays is easier to take than ever before.

The aim of this paper is to analyse the globalization concept, its dimensions as well as possible costs and benefits in the context of international expansion

of enterprises and the process of global companies' emergence. Simultaneously, the authors also want to study the multidimensional issues of globalisation basing on the example of McDonald's Corporation.

2. Different dimensions of globalisation

In the world of increasing multilateral, international economic relations and growing significance of global economics, the perception of globalization is more concentrated on economic and business aspects, what is reflected in commonly spread definitions of this term. According to this, in "The Oxford Dictionary", globalization is described as "the process by which businesses or other organizations develop international influence or start operating on an international scale"[1]. Following that, it can be assumed that in everyday use and understanding, the globalization process is mostly regarded as a set of changes in the global economy and the process of internationalization of companies.

According to Kosińska [2, p. 19] globalization, as a basic megatrend of the modern world development, is a complex and multidimensional phenomenon. It includes the majority or even all areas of social, cultural, political and economic activities that go beyond a state, its society and economy.

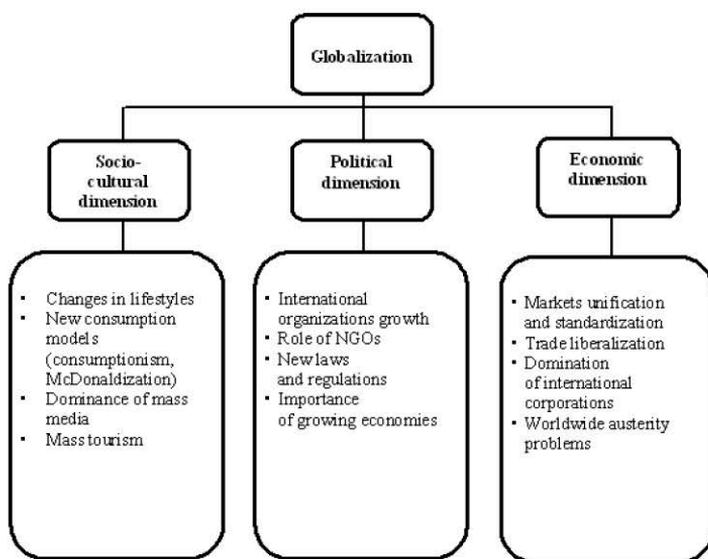


Fig. 1. Multidimensional globalisation concept

Source: own elaboration based on E. Kosińska (ed.), *Marketing międzynarodowy, Zarys problematyki*, PWE, Warszawa 2008, p. 19.

This multidimensional approach to the globalization problem is presented on Figure 1.

Globalization processes concern: markets, companies' strategies, finance, technology, research, knowledge, lifestyles, consumption models and access to culture, management practices, laws and regulations. The subject of internationalization and globalization is a specified type of company – transnational corporation (international, multinational, global company). It must be regarded in a dual dimension: as a reason for internationalization and globalization processes and as a consequence of them.

2.1. Political dimension

The globalization process drives many political changes worldwide and, at the same time, political changes imply on further and deeper globalization. In general, it is claimed that globalization declines the importance of states, what is a result of changes in the balance of power between: capitals, which nowadays are more mobile and can move between countries easier, as well as labour.

Walby [3, p. 37] states that “as a consequence, democratic states can lose their power to globally mobile capital, leading to a reduced capacity to set regulations and welfare regimes in keeping with democratically expressed priorities”. The conclusion is that globalization damages existing political conditions, autonomous actions of single states become ineffective while international institutions become stronger.

While encountering the problem of impossibility of remaining self-sufficient, nation-states introduce neoliberalism as a way of doing politics in “the global village” conditions. This concept “promotes free markets and opposes state regulation of the economy in the pursuit of economic growth” [3, p. 37]. As a result of liberalization, governments regard regional cooperation as a better solution both in the economic and the political terms. Schrim [4, pp. 13-14] outlines that putting domestic reforms into a regional framework ought to result in gaining “additional leverage” regarding domestic opposition, “because its [government’s] economic course will no longer be solely a matter of national responsibility but will be part of a binding multilateral commitment”. It was called as “a political acceptability” – an external factor of domestic stabilization and, in fact, the impact of global changes on local policies. Globalization and regionalization are two simultaneous trends. States become more interested in regional cooperation in order to respond global challenges. The international liberalization leads to the spread of democracy and market economy worldwide, what could have been observed in 1990s in the Central and Eastern Europe as well as in other parts of the world. It is also regarded as a result of the globalization.

In a global era, a lot of political institutions have been formed that aim at assisting the governance of finance, global peace, human rights etc. The most powerful and the biggest include [3, pp. 170-175]:

- financial institutions such as:
 - the International Monetary Fund (IMF) – organization securing global financial stability, enhancing global monetary cooperation etc.,
 - the World Bank – institution providing local governments with loans to achieve a main goal: the reduction of global poverty,
 - the World Trade Organization (WTO) – regulator of a general global economic environment,
- security structures, for instance:
 - the United Nations (UN) – intergovernmental organization providing global co-operation,
 - the United Nations Security Council – international security “guard”,
 - the North Atlantic Treaty Organization (NATO) – regional military pact,
- economic and political structures, e.g.:
 - the European Union – union of 28 independent, but cooperating European states.

Many institutions are not newly established, they have been existing for several decades. A lot of them were formed after the Second World War such as UN (replaced the League of Nations in 1945) or IMF (result of the Bretton Woods Conference in 1944). Moreover, they combine many factors: political, economic, military etc., so the exact division of them is sometimes impossible.

While many international institutions lead current politics, the role of Non-Governmental Organizations (NGOs) becomes more important. Public policies, such as philanthropy, humanitarian aid or environmental activities are influenced by NGOs and their, frequently well-known, founders. That includes such organizations as: the Amnesty International (focused on human rights, 1977 Nobel Peace Prize winner), the Rockefeller Foundation (aiming at supporting education) or the World Wide Fund for Nature (WWF – the largest conservation organization).

Globalization also intensifies political risks connected with global terrorism. Worldwide changes are connected with the globalization process, political weakness of Arab region and ineffective actions of developed countries leads to terrorist threat [5, pp. 23-24].

2.2. Economic dimension

According to numerous scientific papers, the economic dimension of globalization is one of the biggest aspects of current world changes. Moreover, it is strictly connected with worldwide political changes, including the

aforementioned regionalization process – a result of neoliberalism. Olczak [6, p. 10] claims, that “the economic dimension of globalization refers to the business activity, the economy, trade markets, branches of the economy, enterprises and the competition where as a result of integration of different kind of business, the common world market or the global sector/business are coming into existence”. The cited definition outlines main components of economic globalization and the main result triggered by the integration processes – the world market or the global sector development.

It can be observed that economic globalization is based on growing interdependence of both national and international companies, states, trade organizations etc. accompanied with the increase in international trade of goods, services, labour, capital and technology, what leads to the economic integration and, in the end, the emergence of the world economy and world markets.

Nowadays, the flow of capitals is perceived as the most important feature of a current phase of the globalization process. Many reasons of capital flows intensification are distinguished. The first, and the most obvious, is a search for cheaper labour in growing economies along with growing international transfers of technology. The increase in capital flows was enabled by wide-ranging deregulation of international trade (with the significant role of GATT and WTO) and international capital flows itself. Foreign Direct Investments became popular (also in Poland), traders started investing in emerging markets, and finally, the global economy started emerging [3, pp. 118-119].

As a result of growing importance of international corporations and the increasing need for capital and trade flows, nation-states decided to form integration groups. Economic integration means an overall process of merging separate countries in bigger groups or regions within states [7, p. 241]. Integration can vary from preferential trade agreements (liberalization of trade), through e.g. single markets (free movement of production factors) to economic unions (harmonization of all types of policies). Along with local and regional groups such as: NAFTA (the North American Free Trade Agreement), ASEAN (the Association of South-East Asia Nations) or the European Union, worldwide agreements were also established. One of the most important, that aimed at decreasing tariffs in international trade, was GATT (the General Agreement on Tariffs and Trade), the predecessor of WTO (the World Trade Organization). WTO that is the international organization whose primary purpose is to open trade for the benefit of all and provides a forum for negotiation agreements aimed at reducing obstacles to international trade and ensuring a level playing field for all, thus contributing to economic growth and development”[8]. As a result of GATT and WTO agreements, trade barriers have fallen dramatically since the World War II, so the formation of the global market became easier to reach.

The role of nation-states is deteriorating both in political and economic terms, what is directly reflected in the growing significance of international agreements described above. However, Schirm outlined three pathways that global markets affect countries [4, pp. 54-55]:

- crises – domestic economies are more open to be affected by market sentiments changes, situation becomes more volatile and unpredictable due to the significant share of international outputs, the reduction of internal control over capital flows etc.,
- interests – while the foreign outputs of states are growing, the number of interest groups is increasing, they aim at enhancing market size, further deregulation and liberalization, accessing to cheaper components, lowering tariffs and taxes etc.,
- instruments – domestic economic instruments are less effective due to greater fluctuations of capital, investments and production and globalization of labour division, in many cases the foreign exchange policy is limited or even passed on to the intergovernmental institutions (as the monetary policy in the Euro-zone controlled by the European Central Bank), what has a direct influence on state economy conditions.

Contrary to the role of nation-states, the role of international corporations is rising. The significance of them on the global market is immense. The biggest of them, Exxon Mobile or Apple Inc., are worth more than GDP of 70 countries. They have a strong political influence and a great impact on employment on a worldwide scale. Domination of corporations leads to products and services standardization, and to the effect of McDonaldization – the symbol of globalization described in details in the next point [9, p. 41].

Economic globalization can be measured by many indices. The advanced approach to the measurement of globalization is observed in KOF rate. This index developed in 2002 by Swiss researchers, measures economic, social and political dimension of globalization. Economic index takes into account not only real trade and investment flows, but also the degree of state protection measured by the restrictions that apply to them. The KOF index measures the degree of globalization of 181 countries and varies from 1 to 100 (the greater number the more globalized the country is) [10, p. 30]. The most economically globalized states are small and well-developed ones like Singapore, Luxembourg as well as Ireland, Malta and Belgium, whereas the least economic globalization can be observed in Ethiopia, Nepal, Iran, Burundi and Rwanda [11].

2.3. Socio-cultural dimension

According to Hofstede [12], “culture can be defined as the interactive aggregate of common characteristics that influence a human group response

to its environment. Culture determines the identity of an individual". These characteristics are passed to next generations and are under constant change. Culture consists of beliefs and values that are characteristic for specific nation or country.

A socio-cultural dimension of the globalization process ought to be regarded as an effect of time and space shrinkage. Major implications of this process are: international and intercontinental migrations that took place when the improvement in long-distance transportation was made. Moreover, the differences between the levels of life and economic development caused massive movement of people, especially from the poor south (Africa, Latin America) to the wealthy north (North America) with one exception – Chinese migrations to Australia. Horizontal movement from east (Europe) to west (United States) should also be outlined as another example of the economic migration process. This phenomenon, accompanied by the improvement in communication, invention of television and the Internet as well as by the domination of transnational corporations in the global economy, led to social and cultural changes on a global scale [9, p. 107].

Many researches say that the globalization refers to all worldwide historical processes that intensify social and economic relations resulting in the inclusion of nations into single world society. This society consists of merged individual localities that, all together, form a global society. It implies that globalization is a megatrend and a main direction of society development since the beginnings [13, pp. 25-27].

This trend is boosted by a mass production of goods that carries specified culture patterns and styles as well as by a significant role of range and speed of spreading them via the Internet and other means of electronic communication. The mass production and rapid communication popularized western, especially American, culture, what is reflected in many processes e.g. the McDonaldization or the spread of mass culture.

Moving to the micro level, the role of globalization in everyday lifestyles around the world is very important. The modification of habits, the growing number of singles and the changes in the ways of spending free time (e.g. weekends in shopping malls) are the basic effects of social globalization [9, p. 110].

Taking into account the aforementioned tendencies, three main directions competing with each other for the dominance in the future can be distinguished [9, pp. 110-114]: emergence of a new global civilization and culture, continuation of the American culture domination and global culture pluralism.

3. Implications of Globalisation

Every dimension of globalization has a direct and indirect effect on social, technical and political changes all over the world. These processes leads to the emergence of a mass culture, what affects life of people – customers – by changing their needs, habits, behaviours, free time activities etc. Taking everything into account, each process initiated by any of the globalization dimensions has an impact on every individual (Figure 2).

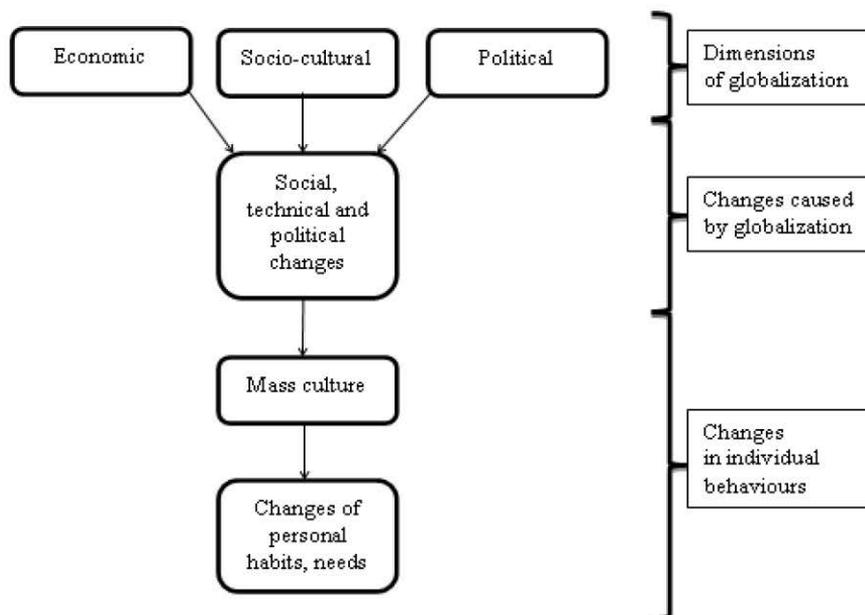


Fig. 2. Globalization and its implications

Source: own elaboration based on W. Misiak, *Globalizacja więcej niż podręcznik. Społeczeństwa, kultura, polityka. Z perspektywy nowej struktury ładu światowego*, Difin, Warszawa 2009, pp. 120-124.

As it was mentioned before, social, technical, economic and political modifications on the worldwide scale are driven by the globalization process as well as globalization is empowered by these changes. Some of them are positive for societies, nation-states economies, politics and everyday life of “global citizens”, whereas the others are not. Following that, benefits and costs of globalization are analyzed in the literature.

According to the benefits, it has to be outlined that the economies of more open states are developing much faster than closed and not liberalized ones. The

level of life increases faster and the reduction of poverty is more significant there. Economic growth is also intensified by foreign direct investments – the result of lowering tariffs and barriers in international trade and capital flows. Vast economic liberalization leads to the reduction of poverty of billions of people, especially in China or India. Growing GDP is boosting the availability of food, healthcare, running water etc. what extends the average life expectancy [9, p. 120]. Transnational corporations implement high labour standards in developing countries and take care of their employees. Also remunerations are higher there, so that the standards of living are growing.

Global peace can be maintained by international institutions that guarantee opportunities of dialogue and disputes settlement. Also trade interdependence of states makes arm conflicts less likely while global terrorism threat can be declined by the reduction of poverty.

The technical development, especially in the electronic communication field, can be regarded as one of the most beneficial advantages of globalization. Quick exchange of data, information and experiences results in the shrinkage of time and space in the modern world. “The global village” was possible to create by the computer revolution on a worldwide scale, and the consequences are tangible for and close to almost every member of “the world society” [10, pp. 36-37].

On the other hand, several drawbacks of globalization can be observed. Liberalization of trade leads to the need of economic restructuring, what is connected with higher unemployment and elimination of weaker local competitors by large international companies. It also has implications on the growing difference in GDP per capita between the richest and the poorest nations. Moreover, the vulnerability to crises caused by external factors is higher. The volatility of modern markets as well as uncertainty on them is greater. Moreover, the growth of trade and international travels makes the worldwide spread of diseases, such as bird flu or SARS, easier [10, pp. 36-37].

Benefits of global organizations can overweight costs. Many international institutions are dominated by the richest and the most powerful countries in the world. At the same time, the role, position and power of developing states is insufficiently represented. Poorer countries also has to struggle with problem of “brain drain” – high educated and specialized professionals move to well-developed regions, what can cause the lack of them on domestic markets and economic stagnation.

In 2008, “Global Trends 2025: A Transformed World” report was presented by the National Intelligence Council and included many oncoming global trends, challenges, opportunities and threats. Kotler and Casoline [5] present the main report conclusions such as: further development of China and India, declining domination of the USA or terrorist threat.

4. Multidimensional issues of Globalisation on example of McDonald's Corporation

An excellent example of successful international expansion, in global conditions, is the McDonald's Corporation. It is the biggest chain of fast-food restaurants operating in 119 countries with over 69 million customers daily [14]. Its over 33000 restaurants are owned by either corporation itself or franchisees (80% of total). The total sales in fiscal year 2012 were about \$27 600 million [15].

According to The World's Most Valuable Brands list by Forbes Magazine [16], McDonald's brand value in 2013 was estimated on \$39,4 billion making it the 6th most valuable brand in the world just after Apple, Microsoft, Coca-Cola, IBM and Google. According to Best Global Brands 2013 ranking [17] created by an Interbrand company, McDonald's was ranked at 7th place making up for the last 9 years decline. First six places were taken by: Apple, Google, Coca-Cola, IBM, Microsoft and General Electric.

The McDonald's' internationalization process started in 1967 from close markets. Subsequently, a gradual movement towards more distinct countries was observed, what is typical for the Uppsala model of sequential expansion. The highest pace of expansion accounts for 1990s, what is connected with political, economic and technical changes on a world scale, whereas the lowest can be noticed after year 2000, what is a sign of McDonald's internal problems as well as global economic downturn. These changes reflect the impact of several factors that the globalization process consist of and their implications on enterprises.

Political dimension of globalization has always had a great impact on McDonald's decisions concerning foreign expansion of company. It is claimed that one of the most important changes affecting the world economy and global politics is the fall of communism in late 1980s and early 1990s. At this time, several European and Asian countries became democratic and started market-based economies. Following that, many large markets became open and available for transnational corporations. McDonald's decided to enter these markets immediately after these changes to gain a leading market position there. Activities of this fast-food chain, that aimed at gaining a stable position on these recently-opened, and west-oriented markets, resulted in the fastest in history growth of its outlets (ca. 2 000 per annum) and rapid increase in number of entered states (from 50 to over 110 in 10-year-time) [18].

The economic impact on foreign expansion is reflected in the changes within average world tariffs and the number of countries in which McDonald's operates. The reverse dependence between them exists, i.e. the more liberalized the world market is, the greater opportunities of global expansion can be observed. McDonald's' greatest expansion could have been seen after 1990, when the trade

barriers were significantly lower than in previous decades. Trade and capita flows deregulation, accompanied by the expansion of free-market economies, the popularization of multilateral integration agreements, create specific conditions that support international expansion and a development of McDonald's Corporation.

McDonald's international expansion was made possible also due to the invention of computer and the Internet. That made a rapid exchange of information and data possible on a global scale, what enabled the worldwide management. The global supervision over McDonald's-owned and franchised outlets as well as suppliers and global distribution chains decreased the costs of multinational operations, enabled the global standardization of products and made it possible to create a brand that is well-recognized all over the world.

In a socio-cultural dimension, the globalization process can be regarded as a unification and standardization of cultural patterns and customers' needs worldwide. These factors determine the international expansion of companies, that may answer to almost similar clients' demand on a global scale. The majority of socio-cultural changes were caused by other globalization dimensions, such as political and economic ones. These factors gave opportunities to spread similar goods and services worldwide, what increased the demand on these items. Technical factors, including modern television broadcasting all over the world or the Internet, that makes the exchange of information triggered the process of unification of cultural patterns, especially western ones. As a result, that dimension of globalization is frequently called as Americanization or Westernization [19]. The western, especially American, companies had a privileged position in the international expansion process and achieving a leading position overseas. McDonald's, as one of them, decided to take the advantage of popularity of western culture and made a move towards America-oriented societies, starting from close markets and continuing in more distinct ones. The McDonald's entries were, in majority of cases, warmly welcomed by local societies due to several positive associations.

McDonald's global orientation, that based on the spread of similar cultural patterns and eating habits all over the world, had several positive features:

- achieving better economy of scale leading to increased financial efficiency,
- improved communication channels and faster information exchange,
- marketing advantages including high rate of products recognition,
- better stability in global conditions.

To conclude, it must be said that the globalization process has a significant impact on McDonald's operations and its opportunities of international expansion.

5. Conclusions

Throughout recent decades, the globalization process has become one of the most important influencer affecting several aspects of everyday life. That process is still in progress and has a great impact on politics, economy, society, culture worldwide investments etc. Globalization processes concern: markets, companies' strategies, finance, technology, research, knowledge, lifestyles, consumption models and access to culture, management practices, laws and regulations. The subject of internationalization and globalization is a specified type of company – transnational corporation. Several benefits and costs of globalization exist. According to the benefits, it has to be outlined that the economies of more open states are developing much faster than closed and not liberalized ones, global peace can be maintained by international institutions, in technology a quick exchange of data, information and experiences results in the shrinkage of time and space in the modern world etc. Also several drawbacks of globalization can be observed. For instance, the liberalization of trade leads to the need of economic restructuring, the vulnerability to crises caused by external factors is higher, international travels makes the worldwide spread of diseases easier.

Several dimensions of globalization affect the external environment of enterprises and currently play a leading role in shaping “global village” conditions. The source of companies' international success is taking advantages of globalization benefits and reducing its risks to minimum at the same time.

One of the best examples of that pattern is McDonald's that developed from family-owned restaurant to the worldwide fast-food chain. Despite some problems with image and customers' perception, it still remains one of the symbols of the world-shrinkage process that can be observed. McDonald's, taking advantages of the globalization process, new promotion channels, modern media, effective global supply channels and promotional tools, was able to create one of the biggest and well-known brands in the world. In consequence, McDonald's currently operates in more than 100 countries, what is an effect of over 45 years of international expansion history. Several companies can use McDonald's experience in the internationalization process and can copy or adopt its patterns to achieve success, establish well-known global brand and gain high profits.

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WIELOWYMIAROWY CHARAKTER GLOBALIZACJI

Streszczenie

Globalizacja, będąc istotnym megatrendem związanym z rozwojem współczesnego świata, jest zjawiskiem złożonym i wielowymiarowym. Jej wielowymiarowy charakter można rozważać w oparciu o trzy podstawowe aspekty:

polityczny, ekonomiczny i społeczno-kulturowy. W artykule, autorzy analizują pojęcie globalizacji, jej wymiary, jak również ewentualne koszty i korzyści globalizacji w kontekście ekspansji międzynarodowej przedsiębiorstw oraz procesu powstania globalnych firm. Jednocześnie autorzy analizują wielowymiarowy charakter globalizacji w oparciu o przykład firmy McDonald's.