

Global Sherpa



Globalization – Background, Rankings and Articles



Globalization is one of the defining trends of the 21st century. Rapid international development drives growth in the increasingly dense web of connections between developed and developing countries around the world. Advances and cost reductions in communications technology and transportation have made it ever easier to collaborate with associates in other countries and remote locations.

It's hard to think of any aspect of modern life that globalization does not influence or touch in some way. The rising tide of globalization plays a growing role in business, culture, the environment, human migration patterns, international development, politics and science and technology. The many, substantial benefits of globalization include higher average incomes, greater innovation, richer cultural exchanges and improved standards of living around the world.

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Globalization Indexes and Rankings

- *Most Global Countries* ranking (KOF Index of Globalization, 2011): 1) Belgium (92.6); 2) Austria (91.67); 3) Netherlands (91.17); 4) Sweden (89.26); 5) Switzerland (88.98); 6) Denmark (88.96); 7) France (87.65); 8) Hungary (87.62); 9) Portugal (87.28); 10) Ireland (86.45).
- *Globalization Index* country ranking (A.T. Kearney/*Foreign Policy*, 2007 (most recent version): 1) Singapore; 2) Hong Kong; 3) Netherlands; 4) Switzerland; 5) Ireland; 6) Denmark; 7) U.S.; 8) Canada; 9) Jordan; 10) Estonia (In the prior year, the top 10 included: Australia (8), Austria (9) and Sweden (10).)
- *Most Global Cities* ranking (A.T. Kearney, 2010): 1) [New York City](#) (6.22); 2) London (5.86); 3) [Tokyo](#) (5.42); 4) Paris (5.35); 5) Hong Kong (4.14); 6) Chicago (3.94); 7) Los Angeles (3.9); 8) Singapore (3.45); 9) Sydney (3.44); 10) Seoul (3.4).

Rank	KOF - Index of Globalization (2011)	A.T. Kearney - Globalization Index (2007)	A.T. Kearney - Most Global Cities (2010)
1	Belgium	Singapore	New York
2	Austria	Hong Kong	London
3	Netherlands	Netherlands	Tokyo
4	Sweden	Switzerland	Paris
5	Switzerland	Ireland	Hong Kong
6	Denmark	Denmark	Chicago
7	France	U.S.	Los Angeles
8	Hungary	Canada	Singapore
9	Portugal	Jordan	Sydney
10	Ireland	Estonia	Seoul

Global Sherpa, 2011 (www.globalsherpa.org). Sources: KOF Swiss Economic Institute; A.T. Kearney, *Foreign Policy* and Chicago Council on Global Affairs.

Definition of Globalization

Globalization is often associated with economic development, financial markets and international business. In this context, the term globalization refers to the

increasingly free flow of goods, services, financial capital and labor across national borders.

In terms of human development, globalization is much broader and more far-reaching than economics. The KOF Swiss Economic Institute ranks countries on the basis of social globalization and political globalization, in addition to economic globalization. The A.T. Kearney/*Foreign Policy* Globalization Index evaluates countries on four dimensions of globalization: economic integration; personal contact; technological connectivity; and political engagement. Countries that score highly on one dimension of globalization may rank very differently on other aspects of globalization. For example, the U.S. ranked at or near the top in technological connectivity and also in the bottom ten for economic integration in the latest Globalization Index from A.T. Kearney and *Foreign Policy*.

Economic Globalisation

The economic case for the benefits of globalization is well documented. Larger, international markets allow for more efficient, effective allocation of limited human, physical and financial resources. Global competition fosters innovation and improvements in organizations, goods and services. Through these market mechanisms, economic globalization leads to economic growth, international development and, overall, higher standards of living.

Prominent indicators of economic globalization include international trade volumes, levels of foreign direct investment (FDI), and the growing number of top companies from developing countries. The share of the world's largest 500 companies that are based in emerging markets doubled in just five years, from 8.2 percent in 2005 to 17.4 percent in 2010 according to *The Economist*.

As multinational corporations invest in international operations and expand their global value chains, intra-firm trade between related subsidiaries in different countries contributes to a substantial share of the growth in international trade and increase in economic globalization.

Global Work Force and Human Migration

The global work force is more mobile than ever before. Workers move within and across national borders to take advantage of the ample economic opportunities arising from international development and economic globalization. In the European Union (EU), workers move freely between countries to improve their economic prospects by finding the best fit between their skills and employers' needs.

In developing countries, many people move to dynamic, growing cities to find more attractive employment opportunities with local companies serving international markets or foreign multinational corporations that set up shop to serve the local market. In [China](#), migrant workers' annual trek home from the cities to visit family for the Spring Festival and [Chinese New Year](#) leads to the world's largest [human migration](#).

Many workers from developing countries travel to foreign shores to improve their employment prospects and quality of life. Remittances from migrant workers within and across national borders improve the living standards of families in distant, less developed hometowns and can even play significant roles in supporting the national economies of migrants' home countries.

Science and Technology

Over 35 percent of [science research](#) articles are the result of international collaborations among researchers from different countries, a 40 percent increase from 15 years ago, according to a 2011 study by the U.K.'s Royal Society. The number of internationally co-authored papers has more than doubled since 1990. Fourteen countries in the Royal Society study experienced more than a three-fold increase in their standard domestic publication impact by collaborating with one or more of 22 partner countries.

Developing countries, particularly the BRIC nations of [China](#), [India](#) and [Brazil](#), account for a large portion of the increase in science research publications. From 2002 to 2007, the three [BRIC countries](#) more than doubled their spending on science research, bringing their collective share of global spending up from 17 to 24 percent.

Cultural Globalization

Globalization plays a major part in many forms of cultural and artistic exchange. Traveling companies of performance artists share their art forms and local traditions with audiences around the world. Culinary professionals ranging from globe-trotting celebrity chefs to line cooks spread local flavors and food culture by moving from kitchen to kitchen and opening new restaurants across the globe.

Effects of Globalization

All this is not to say that the benefits of globalization come without any costs. Permanent economic shifts can have disproportionately high burdens on select groups. In these cases, more proactive measures need to be taken as far in advance as possible to help mitigate the strains that can accompany the gains from

globalization.

Despite its great benefits, globalization can also bring about an increasing homogeneity at odds with sustaining local variety, traditions and culture. In the interest of maximizing the gains and minimizing any potential losses from globalization, it's worth thinking about actions that can be taken to ensure that the richness and diversity of local cultures can coexist and thrive in an increasingly global, interconnected world. Fortunately, by contributing to a more efficient global market that can put local cultures in touch with a much larger global audience, globalization itself also holds the potential to help maintain and promote local traditions and diversity.

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