ECONOMIC GLOBALISATION

Economic globalisation refers to the integration of markets in the global economy. Integration can be defined as positive when it aims at standardising international economic laws and policies, so that countries with different taxation policies work to make them similar. On the other hand, negative integration means the breaking down of trade or protective barriers. By eliminating these barriers the costs of imported raw materials will go down and the supply will increase.

The markets in which economic globalisation is most common are **financial markets** (such as capital, money, credit and insurance markets), **commodity markets** (such as markets for oil and coffee) and **product markets** (such as markets for cars and electronic products).

According to economists, economic globalisation has produced a series of changes that can be grouped into seven categories:

1. **international trade**: the number of countries where products can be sold or purchased has increased dramatically;
2. **technological progress**: companies have upgraded their level of technology in order to be globally competitive;
3. **influence of multinational companies**: the number of companies with their headquarters in one country and a series of subsidiaries in others has increased;
4. **power of the WTO, IMF and WB**: the power and influence of international institutions such as the World Trade Organisation (WTO), the International Monetary Fund (IMF) and the World Bank (WB) has become stronger;
5. **mobility of human resources across countries**: countries are allowed to source their manpower in countries with cheaper labour;
6. **outsourcing business processes to other countries**: more business processes are transferred where skilled workers can be paid less;
7. **civil society:** the increasing influence of NGOs (non-governmental organisations) is promoting and supporting environmental causes ani sustainable development.

OUTSOURCING AND OFFSHORING

The terms **outsourcing** and **offshoring** are often used almost as synonyms. However, there is a technical difference. When a company outsources, a third party is responsible for providing a service or producing specific goods. This does not mean that the product is outsourced abroad, although it can be.

Offshoring means having the outsourced business functions done in another country. Work is frequently offshored to reduce labour expenses. Sometimes, the reasons for offshoring are strategic: to enter new markets, to find talent currently unavailable domestically or to overcome regulations that prevent specific activities domestically. For example, the Philippines, which have a highly literate population, as well as language and cultural affinities with the United States, have become a popular offshoring region for call centres and customer support work.