

The Impact Of Globalization on The Transformation From Traditional to Modern Business Practices and Operations in India



Commerce

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ABSTRACT

In this paper presents the impact of globalization on the transformation from traditional to modern business practices and operations in India. Traditional family-owned retailers in India are transforming their business model to appeal to modern shoppers and are winning business at the expense of large corporates. Contemporary patterns of globalization mark a new epoch in human affairs. Just as the industrial revolution and the expansion of the West in the nineteenth century defined a new age in world history so today the microchip and the satellite are icons of a new historical conjuncture.

1. Introduction

- Globalization - the 'big idea' of the late twentieth century - lacks precise definition. More than this, it is in danger of becoming, if it has not already become, the cliché of our times.
- Nonetheless, the term globalization captures elements of a widespread perception that there is a broadening, deepening and speeding up of world-wide interconnectedness in all aspects of life, from the cultural to the criminal, the financial to the environmental. At issue appears to be 'a global shift'; that is, a world being molded, by economic and technological forces, into a shared economic and political arena [1].
- Behind the rhetoric of globalization - rhetoric found in public as well as academic debate - lie three broad accounts of the nature and meaning of globalization today, referred to here as the hyper globalist, the skeptical, and the transformation list views. - Hyper globalists argue that we live in an increasingly global world in which states are being subject to massive economic and political processes of change. These are eroding and fragmenting nation-states and diminishing the power of politicians. In these circumstances, states are increasingly the 'decision-takers' and not the 'decision-makers'. - The sceptics strongly resist this view and believe that contemporary global circumstances are not unprecedented. In their account, while there has been an intensification of international and social activity in recent times, this has reinforced and enhanced state powers in many domains. - The transformation lists argue that globalization is creating new economic, political and social circumstances which, however unevenly, are serving to transform state powers and the context in which states operate. They do not predict the outcome - indeed, they believe it is uncertain - but argue that politics is no longer, and can no longer simply be, based on nation-states [2].
- What is to be made of these different positions? Are we, or are we not, on the edge of a global shift with massive political, economic and cultural implications?

2. What is Globalization?

- Globalization can usefully be conceived as a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions, generating transcontinental or interregional flows and networks of activity, interaction and power [1].
- It is characterized by four types of change:
 - First, it involves a stretching of social, political and economic activities across political frontiers, regions and continents.
 - Second, it suggests the intensification, or the growing magnitude, of interconnectedness and flows of trade, investment, finance, migration, culture, etc.
 - Third, the growing extensity and intensity of global interconnectedness can be linked to a speeding up of global interactions and processes, as the evolution of world-wide systems of transport and communication increases the velocity of the diffu-

sion of ideas, goods, information, capital, and people.

- Fourth, the growing extensity, intensity and velocity of global interactions can be associated with their deepening impact such that the effects of distant events can be highly significant elsewhere and even the most local developments may come to have enormous global consequences. In this sense, the boundaries between domestic matters and global affairs can become increasingly blurred [1].

In sum, globalization can be thought of as the widening, intensifying, speeding up, and growing impact of world-wide interconnectedness. By conceiving of globalization in this way, it becomes possible to map empirically patterns of world-wide links and relations across all key domains of human activity, from the military to the cultural [2].

- From the pre-modern, through to the early modern (1500-1800), modern (19th to early 20th century), to the contemporary period, distinctive patterns of globalization can be identified in respect of their different systemic and organizational features - uneven as they often are. These patterns constitute distinctive historical forms of globalization. By comparing and contrasting these changing historical forms, it is possible to identify more precisely what is novel about the present epoch [1].
- Accordingly, to advance an account of globalization it is necessary to turn from a general concern with its conceptualization to an examination of the key domains of activity and interaction in and through which global processes evolve.

3. People on the Move

- Human beings have been migrating, journeying and traveling for millennia, across great distances. It is only in this millennium that New Zealand and many Pacific Islands were finally reached by humans.
- For most of recorded history migrations have taken three main forms. Elite migrations from the core of empires to their periphery in acts of conquest and conversion followed by settlers; elite and mass migrations to imperial cores and cities from the hinterlands and the countryside in search of work; the expansion and contraction of nomadic societies. Most of these have been regional in scope, though the early Islamic and later Mongol Empires had a global reach [1].
- From the sixteenth century onwards the shape of global migration was transformed by the European conquest of the Americas and then Oceania as well as more tentative colonial expansion in Africa and Asia.
- The first great wave of early modern migrations involved the forced movements of the transatlantic slave trade which shifted around 9-12 million people by the mid-nineteenth century. By comparison, the more regional Arabic slave trades and the early modern European emigration to the New World were minor.
- From the mid nineteenth century onwards, the slave trade was dwarfed in extent by an extraordinary outpouring of Europe's poor to the New World, overwhelmingly the USA. This was accompanied, beginning in the last quarter of the

nineteenth century, by a series of Asian migrations (predominantly of indentured labourers) to the USA, Canada and European colonies. Over 40 million people moved in this way in the quarter century before the First World War.

- During the First World War, international migration plummeted. Although the war triggered some forced migrations, of Armenians and Greeks from Turkey for example, international migrations within Europe almost ceased. North America closed its borders, creating the first set of systematic border controls and immigration legislation in the modern era.
- The bitter struggles and ethnic violence of the Second World War led to unprecedented levels of forced migrations, refugee and asylum movements. Ethnic Germans fled the Soviet Union and Eastern Europe, Jews headed for Israel, Pakistan and India exchanged millions and Koreans flooded south.
- Economic migration and the rebirth of Western European economies in the 1950s and 1960s drove a renewed epoch of global migration. Despite the oil shocks of the 1970s and the closure of many European immigration programmes, Western Europe's foreign population and ethnic mix have grown as family reunions, unnoticeable borders and sheer demand for labour have driven migration from the European peripheries (Turkey, North Africa) as well as the most distant outposts of old European empires (Southern Asia, East and West Africa etc.) to the continent.
- In the 1970s these waves of migration were accompanied by a take-off in legal and illegal migration to the USA and Australasia, enormous flows to the oil-rich and labour-scarce Middle East and new patterns of regional migration within Africa, Latin America, Oceania and East Asia. In the late 1990s, the USA in particular has been experiencing levels of migration that are comparable to the great transatlantic push of the late nineteenth century.
- Moreover, recent economic migration has been accompanied by an astronomical rise in asylum seeking, displaced persons and refugees from wars of state formation (and disintegration) in the developing world.
- For OECD states, the current era is characterized by high levels of global and regional migration, borders that are difficult to police, a range of migrations and travelers that are hard to control and in Europe, in particular, unprecedented levels of ethnic diversity. Over 10% of Swedes are foreign born for example.
- Attempts at international regulation of migratory flows have met with limited success. Many states find it very difficult to mobilize internal support for tracking illegal migrants and are in some cases highly dependent economically on their labour. Simultaneously, all states are having to reassess the meaning and practice of national citizenship in an era of increasing heterogeneity. Dual nationality is on the rise.

4. The Fate of National Cultures

- The globalization of culture has a long history. The formation and expansion of the great world religions are one of the best examples of the capacity of ideas and beliefs to cross great distances with decisive social impacts. No less important are the great pre-modern empires which, in the absence of direct military and political control, held their domains together through a shared and extensive ruling class culture [3].
- For most of human history these extensive ruling cultures passed through a fragmented mosaic of local cultures and particularisms - little stood between the court and the village. It was only with the emergence of nation-states and national cultures that a form of cultural identity coalesced between these two extremes [4].
- With the rise of nation-states and nationalist projects, the globalization of culture was truncated. Nation-states took control of educational practices, linguistic policies, postal and telephonic systems, etc. However, from the eighteenth century onwards as European empires began to entrench themselves and as a series of technological innovations came on stream (regularised mechanical transport and the telegraph most notably), new forms of cultural globali-

zation emerged. These were accompanied by new private international institutions like publishing houses and news agencies, but their impact on more local and national cultures remained limited.

- The most important ideas and arguments to emerge out of the West in the era of its expansion were science, liberalism and socialism. Each of these modes of thought and the practices that came with them transformed the ruling cultures of almost every society on the planet. They have certainly had a more considerable impact on national and local cultures than contemporary popular cultures.
- In the period since the Second World War, however, the extensity, intensity, speed and sheer volume of cultural communication at a global level are unsurpassed. The global diffusion of radio, television, the Internet, satellite and digital technologies, and so on, has made instantaneous communication possible, rendered many border checks and controls over information ineffective, and exposed an enormous constituency to diverse cultural outputs and values. While linguistic differences continue to be a barrier to these processes, the global dominance of English provides a linguistic infrastructure that parallels the technological infrastructures of the era. In contrast to earlier periods in which states and theocracies have been central to cultural globalization, the current era is one in which corporations are the central producers and distributors of cultural products.
- The vast majority of these cultural products originate within the USA and certain key Western societies. However, the evidence available in support of a crude thesis of 'cultural imperialism' is thin. National and local cultures remain robust, national institutions continue in many states to have a central impact on public life, foreign products are constantly read and reinterpreted in novel ways by national audiences.
- Those states which seek to pursue rigid closed-door policies on information and culture are certainly under threat from these new communication processes and technologies, and it is likely that the conduct of economic life everywhere will be transformed by them as well [5].
- Cultural flows are transforming the politics of national identity and the politics of identity more generally.

5. The Territorial State and Global Politics

- Conventional maps of the political world disclose a very particular conception of the geography of political power. With their clear-cut boundary lines and unambiguous colour patches, they demarcate territorial areas within which there is assumed to be an indivisible, illimitable and exclusive sovereign state with internationally recognized borders. At the beginning of the second millennium, this cartography would have appeared practically incomprehensible; even the most well-travelled civilizations would have been able to make little sense of the details of the known world today[1].
- Two fundamental transformations have affected the shape and form of modern politics. The first of these involved the development of territorially based political communities. The second has led to an era of emerging multilayered regional and global governance.
- The first transformation was marked by the growing centralization of political power within Europe, the sedimentation of political rule into state structures, the territorialization of politics, the spread of the interstate order, the development of forms of accountability within certain states and, at the same time, the denial of such accountability to others through colonial expansion, the creation of empires and war.
- The second transformation by no means replaced the first in all respects, although it was correlated with the final demise of empires. It has involved the spread of layers of governance both within and across political boundaries. It has been marked by the internationalization and transnationalization of politics, the deterritorialization of aspects of political decision-making, the development of regional and global organizations and institutions, the emergence of

regional and global law and a multilayered system of global governance, formal and informal[3].

- This second transformation can be illustrated by a number of developments including the rapid emergence of international agencies and organizations. New forms of multilateral and global politics have been established involving governments, intergovernmental organizations (IGOs) and a wide variety of transnational pressure groups and international non-governmental organizations (INGOs). In 1909 there were 37 IGOs and 176 INGOs, while in 1996 there were nearly 260 IGOs and nearly five and a half thousand INGOs. In addition, there has been an explosive development in the number of international treaties in force, as well as in the number of international regimes, such as the Nuclear Non-Proliferation regime.
- To this pattern of extensive political interconnectedness can be added the dense web of activity of the key international policy-making fora, including the UN, G7, IMF, WTO, EU, APEC, ARF and MERCOSUR summits and many other official and unofficial meetings. In the middle of the nineteenth century there were two or three interstate conferences or congresses per annum; today the number totals over four thousand annually. National government is increasingly locked into an array of global, regional and multilayered systems of governance - and can barely monitor it all, let alone stay in command[2].
- The substantial growth of major global and regional institutions should be highlighted. In the context of state history the latter are remarkable political innovations. While the UN remains a creature of the interstate system, it has, despite all its limitations, developed an innovative system of global governance which delivers significant international public goods - from air traffic control and the management of telecommunications to the control of contagious diseases, humanitarian relief for refugees and some protection of the environmental commons.
- At the regional level the EU, in remarkably little time, has taken Europe from the disarray of the post Second World War era to a world in which sovereignty is pooled across a growing number of areas of common concern. Despite its contested nature, the EU represents a highly innovative form of governance which creates a framework of collaboration for addressing trans-border issues. There has also been acceleration in regional relations beyond Europe: in the Americas, Asia-Pacific and, to a lesser degree, in Africa. While the form taken by this type of regionalism is very different from the model of the EU, it has nonetheless had significant consequences for political power, particularly in the Asia-Pacific (ASEAN, APEC, ARF, PBEC, and many other groupings). Furthermore, there has been a growth in interregional diplomacy as old and new regional groupings seek to consolidate their relationships with each other. In this respect, regionalism has not been a barrier to changing forms of political globalization - involving the shifting reach of political power, authority and forms of rule - but, on the contrary, has been compatible with it[4].
- There has, moreover, been an important change in the scope and content of international law. Twentieth century forms of international law - from the law governing war, to that concerning crimes against humanity, environmental issues and human rights - have created the basis of what can be thought of as an emerging framework of 'cosmopolitan law', law which circumscribes and delimits the political power of individual states. In principle, states are no longer able to treat their citizens as they think fit. Although, in practice, many states still violate these standards, nearly all now accept general duties of protection and provision, as well as of restraint, in their own practices and procedures.
- Global politics today is anchored not just in traditional geopolitical concerns, but also in a large diversity of economic, social and ecological questions. Pollution, drugs, terrorism, human rights are amongst an increasing number of transnational policy issues which cut across territorial jurisdictions and existing political alignments. These require, and will continue to require, international cooperation for their effective resolution.

6. The Globalization of Organized Violence

- War, military force and organized violence have been central to the globalization of human affairs for much of history, especially in the modern epoch and more recently in the Cold War era [8].
- By comparison with previous epochs, contemporary military globalization is remarkably extensive and intensive (measured, for instance, in terms of military diplomatic links, arms sales and global military production) for an era distinguished by the absence of empires, great power conflict and interstate war.
- Since the end of the Cold War there has been a continuing institutionalization and (albeit uneven) regionalization of military and security affairs to the extent that a majority of states are now enmeshed in multilateral arrangements or multilateral fora for military or security matters, and neutrality no longer appears a credible defense posture.
- In comparison with previous epochs, there has been over the course of the last fifty years a rapid world-wide proliferation of unprecedented military capability and the capacity to project military power across increasing distances, including the capacity to produce and utilize weapons of mass destruction, which is both transforming the pattern of stratification in the world military order and creating new global and regional risks which require multilateral action [8].
- Even though the end of the Cold War has undermined the logic of the global arms dynamic, the Cold War itself ensured the accelerated diffusion of military-technological innovation across the world's major regions such that, for instance, whereas it took two centuries for the gunpowder revolution to reach Europe from China in the middle ages, it took less than five decades for India to acquire its existing nuclear capability.
- In comparison with earlier periods there has been a significant shift in the organization of defense production in the direction of more extensive and intensive transnationalization through licensing, co-production agreements, joint ventures, corporate alliances, sub-contracting, etc. Few countries today, including the US, can claim to have an autonomous military production capacity [8].
- The same infrastructures which facilitate global flows of goods, people and capital have generated new potential security threats for states, in the form of cyber-war, international terrorism, eco-terrorism and transnational organized crime, which are no longer primarily external or military in character and which require a combination of multilateral and domestic policy responses.
- Despite the ending of the Cold War, global arms sales (in real terms) have remained above the level of the 1960s and since the mid-1990s have continued to increase, whilst the number of countries manufacturing arms (40) or purchasing arms (100) is probably greater than at any time since the 1930s, an era of regional and global crises.
- In the post-Cold War period all major arms producers have become increasingly reliant upon export markets; the imperatives driving defense industrial restructuring have intensified to the extent that regional and trans regional production arrangements are being strengthened. Few states can realistically continue to aspire, as in previous periods, to an autonomous defense industrial base. This is especially so as key civil technologies, such as electronics, which are vital to advanced weapons system production, are themselves the products of highly globalized industries [8].

7. The Global Economy

7.1 Trade

- International trade has grown to unprecedented levels, both absolutely and relatively in relation to national income. In comparison with the late nineteenth century - an era of rapid trade growth - export levels today (measured as a share of GDP) are much greater for OECD states. As barriers to trade have fallen across the world, global markets have emerged for many goods and, increasingly, services.
- During the post-war period an extensive network of trade

emerged in which most countries became locked into a multiplicity of trade relationships. Although there are major trading blocs in Europe, North America and Asia-Pacific, these are not regional fortresses; on the contrary, they remain open to competition from the rest of the world. Through the 1980s and 1990s, developing and transition economies have become significantly open to trade. Their shares of world trade, particularly of manufactures, have risen correspondingly [7].

- The growing extensity and intensity of trade has led to the increasing enmeshment of national economies with each other. A new global division of labour in the production of goods is emerging. The stages of the production process are being sliced up and located in different countries, especially in developing and emerging economies. Thus not only do countries increasingly consume goods from abroad, but their own production processes are significantly dependent on components produced overseas. The impact of this is that economic activity in any one country is strongly affected (through trade networks) by economic activity in other countries [1].
- Intra-industry trade, particularly amongst OECD economies, now forms the majority of trade in manufactures. This has intensified competition across national boundaries. Trade competition has also intensified because a greater proportion of domestic output is traded than in the past. Trade activity is now deeply enmeshed with domestic economic activity. This does not mean, however, that countries' fortunes are simply determined by their 'competitiveness': countries still specialize according to comparative advantage and cannot be competitive in everything or nothing. National economies can gain overall from increased trade. Nevertheless, the distribution of gains from trade is uneven. Increased trade with developing countries, for example, adversely affects low skilled workers in developed countries whilst increasing the incomes of higher skilled workers. There are clear winners and losers from trade.
- Social protection and the welfare state play an important role in ameliorating the impact of structural change arising from trade. However, increased demands on and costs of the welfare state tend to be resisted by employers in the tradable industries vulnerable to global competition [1].
- Although markets may be global, regulation remains largely national. Differences in regulation are causing international friction, as the EU versus USA banana dispute illustrates, whilst the World Trade Organization (a powerful advocate of de-regulation and trade liberalization) is in its infancy in harmonizing national regulatory regimes. Further, if market failures and externalities exist, they may be expected in global markets. However, we largely lack international systems of regulation to correct for these failures.

7.2 Finance

- World financial flows have grown exponentially since the 1970s. Daily turnover on the foreign exchange markets exceeds \$1.5 trillion and billions of dollars of financial assets are traded globally, particularly through derivative products. Most countries today are incorporated into global financial markets, but the nature of their access to these markets is highly uneven [1].
- International banking, bond issues and equities trading have risen from negligible levels to historically significant levels measured in relation to world or national output respectively. The level of cross-border transactions is unprecedented. Transactions are almost instantaneous with 24 hour global financial markets. Where once international financial markets operated to finance trade and long term investment, much of this activity is now speculative. The annual turnover of foreign exchange markets stands at a staggering 60 times the value of world trade [7].
- Levels of speculative activity can induce rapid and volatile movements in asset prices which increase risks to financial institutions, as the 1998 crisis at the Long Term Capital Management hedge fund showed. Countries' long term interest rates and exchange rates are determined within global financial markets. This does not mean that financial

markets simply set the terms of national economic policy, although they can radically alter the costs of particular policy options. Perhaps the key difficulty for policy makers is the uncertainty surrounding, and the volatility of, market responses. This tends to induce a distinctly risk averse approach to economic policy and thus a more conservative macro-economic strategy.

- Financial flows to developing countries rose in the early 1990s, although they have fallen back since. This period saw heavy flows to East Asia, which later proved disruptive to these economies since they were often channeled into speculative activity. The outflows since the 1997 crisis have turned these economies from 'show cases' to 'problem cases', with their currencies falling heavily in excess of any real economic imbalances. The crisis highlighted the shifting balance between public and private power in global financial markets, as well as the limitations of the existing global financial regime (the IMF, BIS, etc.) in preventing global financial turmoil. It also demonstrated how enmeshed national fortunes have become as the collapse of the Thai baht triggered global financial disruption and highlighted the vulnerability of OECD economies to developments on the periphery [7].
- The 1990s exchange rate crises suggest that fixed exchange rates are ceasing to be a viable policy option, with countries facing a choice increasingly between floating rates and monetary union (notably EMU and discussion of dollarization in Latin America).

8. Globalization and the Environment

- The globalization of environmental affairs takes a number of forms, including: the encounters between previously separated ecological systems from different parts of the planet; the pollution and degradation of the global commons (such as the oceans and the atmosphere); the over-spill of the effects of environmental degradation from one state to another (environmental refugees); trans boundary pollution and risks (nuclear power, acid rain); the transportation and diffusion of wastes and polluting products across the globe (toxic waste trade, global relocation of dirty industries); and, finally, the formation of global institutions, regimes, networks and treaties that seek to regulate all these forms of environmental degradation [6].
- For most of human history, the main way in which environmental impacts circulated around the earth was via the unintentional transport of flora, fauna and microbes, of which the great plagues are the sharpest example [6].
- The globalization of environmental affairs took a distinct leap with the European colonization of the New World and the unequal exchange of flora, fauna and microbes across the Atlantic. Within a generation a substantial majority of the indigenous populations of the Caribbean, Mexico and other parts of Latin America had been wiped out. Over the following centuries, the ecosystems, landscapes and agricultural systems of these societies were transformed by European agriculture, flora and fauna.
- The early history of colonialism also threw up new forms of environmental degradation driven by consumer demand in Europe and America. This led to the intensive exploitation of Sumatran and Indian forests, the extinction of some species of whale, the over-hunting of seals [6].
- However, until the mid-twentieth century, most forms of environmental degradation - at least the degradation that could be perceived - were overwhelmingly local.
- In the post Second World War era, the globalization of environmental degradation has been massively accelerated by a number of factors: fifty years of extraordinary resource-intensive, high-pollution growth in the OECD; the industrialization of Russia, Eastern Europe and the ex-Soviet states; the breakneck industrialization of many parts of the South; and a massive rise in global population. In addition, we are now able to perceive risk and environmental change with much greater depth and accuracy.
- Humankind faces an unprecedented array of truly global and regional environmental problems, the reach of which is greater than any single national community (or generation)

and the solutions to which cannot be tackled at the level of the nation-state alone; these include, most obviously, global warming, ozone depletion; destruction of global rainforests and loss of biodiversity; oceanic and riverine pollution; global level nuclear threats and risks.

- Over the twentieth century these transformations have been paralleled by the unprecedented growth of global and regional environmental movements, regimes and international treaties. However, none of these institutions has as yet been able to amass sufficient political power, domestic support or international authority to do more than limit the worst excesses of some of these global environmental threats [6].

9. Conclusion

- Contemporary patterns of globalization mark a new epoch in human affairs. Just as the industrial revolution and the expansion of the West in the nineteenth century defined a new age in world history so today the microchip and the satellite are icons of a new historical conjuncture.
- By comparison with previous periods, globalization today combines a remarkable confluence of dense patterns of global interconnectedness, alongside their unprecedented institutionalization through new global and regional infrastructures of control and communication, from the WTO to APEC. Driven by interrelated political, economic and technological changes, globalization is transforming societies and world order.
- Contemporary patterns of globalization are associated with a multilayered system of governance, the diffusion of political power, a widening gap between the richest and poorest countries, and the further segmentation of societies into 'winners' and 'losers'. As a consequence, globalization has become increasingly politicized and contested. Competing national and transnational social forces struggle, within and outside prevailing structures of global and regional governance, to resist, promote, manage or direct its impulses. This is evident in, amongst other things, the contemporary debates about reforming global finance, ensuring universal human rights and regulating the trade in genetically modified crops and organisms.
- Sandwiched between global forces and local demands, national governments are having to reconsider their roles and functions. It is frequently alleged that the intensification of regional and global political relations has diminished the powers of national states. It is also sometimes asserted that the national state is as robust and integrated as it ever was. However, while regional and global interconnectedness are transforming state power and the nature of political community, any account of this as a simple loss or the diminution of national powers distorts what is happening - as does any suggestion that nothing much has changed. While on many fundamental measures of state power (from the capacity to raise taxes and revenues to the ability to hurl concentrated force at enemies) states are, at least throughout most of the OECD world, as powerful if not more powerful than their predecessors, it is also the case that the demands upon them have grown rapidly as well.

- Increasingly, the nurturing and enhancement of the public good requires coordinated multilateral action (e.g. to prevent global recession). At the same time, the resolution of trans boundary issues (e.g. responsibility for acid rain) may often impose significant domestic adjustments. In this respect, politicians are witnessing a reconfiguration of state power and political authority. This is articulated most visibly in the shift from government to multilevel governance as states have become embedded within global and regional regimes. In essence, in a more complex transnational world, states deploy their sovereignty and autonomy as bargaining chips in negotiations involving coordination and collaboration across shifting transnational and international networks.
- The power, authority and operations of national government are, accordingly, altering, but not all in one direction. The entitlement of states to rule within circumscribed territories - their sovereignty - is not on the edge of collapse, although the practical nature of this entitlement - the actual capacity of states to rule - is changing its shape. A new regime of government and governance is emerging which is displacing traditional conceptions of state power as an indivisible, territorially exclusive form of public power. Far from globalization leading to 'the end of the state', it is stimulating a range of government and governance strategies and, in some fundamental respects, a more activist state. In this context, it makes more sense to speak about the transformation of state power.
- These developments pose very significant questions for democracy since the expanding scale on which political and economic power is exercised frequently escapes effective mechanisms of democratic control. Democracy remains rooted in a fixed and bounded territorial conception of political community. Yet globalization disrupts this neat correspondence between national territory, sovereignty, political space and the democratic political community; it enables power to flow across, around and over territorial boundaries. Globalization therefore generates new political tasks: Intellectual - recasting established notions of social justice, equality, and liberty into a coherent political project which is robust enough to confront a world in which power is exercised on a transnational scale. This involves reconstructing the principles which underpin the democratic political community and citizenship for an epoch marked by trans boundary politics and overlapping communities of fate. Institutional - combining the institutions and practices of democracy with the effective governance of globalization within regional and global (public and private) authorities.
- Globalization is not, as some suggest, narrowing or foreclosing political options and discussion; on the contrary, it is illuminating and reinvigorating the contemporary political terrain.

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