

## Globalization and Glocalization

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### Abstract

Globalization became the buzz-word of our era. Interestingly, it is stated only seldom that globalization involves numerous local impacts. Indeed, particular manifestations of global processes can be contemplated in concrete localities and polarity between the global and the local is not accurate. The main objective of this article is to discuss the socioeconomic nexuses between global processes and localities. Taking into account contemporary socioeconomic developments, we are increasingly entitled to talk about the process of glocalization that involves both global and local aspects. Global and local represent two sides of the same coin and the nature of contemporary spatio-temporal processes may be better understood by recognizing and analyzing socioeconomic aspects of glocalization.

**Key Words:** globalization, glocalization, socioeconomic consequences

### From Fordism towards post-Fordism

The immense socioeconomic changes in 1960s and 1970s were usually depicted as the transformation of advanced countries from Fordism to post-Fordism. According to the 'regulation school', Fordism was a mode of capital accumulation that originated in 1914 when Henry Ford introduced a five-dollar, eight-hour workday for the assembly line production of cars (Aglietta 1979).

The regime of intensive accumulation was formed already in 1930s, but mainly after World War II, when it constituted a true bait mainly for Western Europe both physically and mentally destroyed by the war. This societal-economic paradigm called Fordism was prevailing in basically all advanced countries until 1970s, when the oil crisis hit practically the whole planet.

The Fordist way of production appeared to be obsolete in the new socioeconomic conditions. It was claimed that the Fordist industrial production was too rigid, non-flexible and finally leading towards the decline of competitiveness. All of these changes finally stimulated the gradual appearance of a new system of flexible accumulation that was based on new core innovations.

New findings in the sphere of microelectronics and information technologies enabled the transformation of production, which started to utilize flexible computerized and robotic systems. New information and communication technologies enormously speeded up the operations on financial and capital markets as well as the transfers of capital. We cannot omit liberalization of the world trade and a quick movement of capital in combination with deregulation measures. If rigidity in the labor market, owing to trade-unions or cultural impediments, was the main feature of Fordism, extreme flexibility became the central concept in the post-Fordist era (Harvey 1989).

These transformations in the organization of work facilitated the further growth of productivity, which became the officially proclaimed necessity vis-à-vis the sharpened

competition at the global level. Increasing differentiation of the society and the saturation of the society in advanced countries with consumer goods changed the patterns of consumer behavior and heightened the scope of specific needs and wishes. Enterprises were forced to respond flexibly and started the production of smaller and special series of products. Obviously, those happenings were detrimental to the mass production based on Fordist principles.

**Table 1:** Differences between Fordism and post-Fordism

| FORDISM  | POSTFORDISM  |
|--|--|
| <b>ECONOMY AND THE PRODUCTION PROCESS</b>                            |  |
| Economies of Scale   | Economies of Scope   |
| Mass production of homogenous goods                                  | Small batch production   |
| Society of mass consumption – less differentiated demand             | Differentiation of demand and individualization of consumer styles   |
| Large stocks and inventory   | Minimal stocks (just in time)  |
| Testing quality ex-post (rejects and errors detected late)           | Quality control part of production process (immediate detection of errors)   |
| Dominance of industry  | Dominance of tertiary sector and rise of quaternary sector – deindustrialization   |
| Cost reductions through wage control                                 | Learning-by-doing integrated in long-term planning   |
| Payment per rate (based on job design criteria)                      | Personal payment (detailed bonus system)   |
| Single task performance by worker                                    | Multiple tasks   |
| High degree of job specialization                                    | Elimination of job demarcation   |
| Vertical labor organization  | More horizontal labor organization   |
| Trade Unionism   | Individualism  |
| <b>SPACE, STATE AND IDEOLOGY</b>                                     |  |
| Welfare state – extensive social security system guaranteed by state | Post-welfare state based - privatization of social security systems and collective needs                                       |
| Keynesianism and state interventionism – market regulation           | Neoliberalism – deregulations, support of free market functioning  |
| National, central, exogenous regional policy                         | Territorialized' endogenous regional policy  |
| Subsidized state/city  | 'Entrepreneurial' state/city, sharpened interregional/intercity competition  |
| Centralization – hierarchical top down management                    | Decentralization – emphasis on bottom up activities, new public management   |
| Public sector regulates and controls private sector                  | Public Private Partnership, co-operative behavior of the public sector, which stimulates the activities of the private sector. |

**Source:** Modified according to Harvey (1989)

The implementation of new information and communication technologies further accelerated the advent of post-Fordist tendencies. Production became flexible enough in order to respond to market requirements. Manufacturing capacity that played relevant role in the

course of Fordism became less important and specialized demand turned into the decisive factor for the management of production. Very often, the pivotal developmental change was characterized as a change 'from a producer's market towards a consumer's market' (Rumpel 2002).

Piore and Sabel speak about 'industrial divides' that embody the periods of Fordist mass production and post-Fordist flexible specialization. According to them, the first industrial divide took place especially after 1920s and complies with the Fordist societal-economic paradigm. The second industrial divide should be perceived as a consequence of economic pressures in 1970s and is based primarily on post-Fordist categories (Piore and Sabel 1984).

### **General Features of Globalization**

Globalization can be comprehended as one of the most important phenomena of the contemporary world. Concurrently, globalization has abundant interrelations with post-Fordism. Recent years witnessed its quick evolution and global processes shape the relations on our planet more and more. At the same time, global processes create an environment that the world has never experienced before. Although we are talking about global processes, at the same time we can contemplate their ample local and regional impacts, which is of great importance for this article.

There are numerous approaches to the definition of globalization. While some talk about globalization as a historical epoch, the others claim that it is only one of the great narratives well known from the history. Economists perceive almost exclusively economic causes and consequences of globalization and sociologists focus on its social sources and impacts. Very often, we can hear that this process involves the unification of various cultures and worldwide spread of Western values. The quick pace of globalization caused that the process itself is qualitatively ahead of other, e.g. democratic or moral components of space (Soros 1998). To sum it up, there is nothing like generally accepted definition of globalization.

Global processes bring far-reaching social, economic and cultural implications. Until now they could not be carefully investigated because there is a wide consent that globalization is only beginning. Moreover, for the transformations of recent years, a distinct spatial differentiation is symptomatic. Some companies and communities have been substantially more apt than others to reap benefits from global processes. On the other hand, remaining companies and communities have obtained little except increased marginalization.

However, globalization can be generally perceived as a dominant general trend that changes the organization of the society at the world level. From the economic perspective that influences remaining spheres substantially, it is a process of change from the national to the global scale of integration of production, exchange and consumption. This process was enabled mainly by the technological informational revolution that provided the basic infrastructure for the formation of the global economy (Sýkora 2000).

### **Social and Economic Impacts of Globalization**

Globalization brings ample social and economic impacts. One of the most serious aspects is the augmentation of uneven social and economic development. It is caused by the different power and abilities of firms, individuals and subsequently localities, cities, regions and states to participate actively in globalization. The division of the power is not mirrored merely in inequalities between people or enterprises; the key players of globalization influence the character and priorities of the public sector. States find themselves under increasing influence of multinational and transnational corporations and world financial markets. The public sector distinctively yields to increasingly aggressive private activities.

One of the most relevant impacts of the informational revolution and the accompanying phenomena of global character is the quickly advancing time-space compression. The concept

of time-space compression depicts increasing movement and communication in space, widening of social contacts in space and human perception of such changes. Growing spatial mobility and surmounting the spatial barriers are enabled by technological progress in the field of production, transport, communication, and information.

Thus, the size of the world of 1960 was one fiftieth of the 16th century world. Increased functional integration made possible by time-space compression has led to the emergence of a global scene of accumulation, consumption and production. The role of time and space in our everyday lives has changed dramatically over last few years. The world is rapidly diminishing in our perception (Harvey 1989). Time-space compression subsequently affects the character of the society.

At the same time, one can contemplate also the geographical expansion of social contacts. The concept of time-space distancing depicts the processes leading to the weakening of the integration of social relations in localities and their expansion in virtually global space (Giddens 1990). Put succinctly, remote interactions became an increasingly relevant trait of human life.

One has to notice that various individuals and social groups play different roles in the framework of our contracting world. There is sharp discrepancy between those who act as parts of the global communication network and others who lack the access to these networks. Uneven distribution of the options of using the global information system (such as internet, for instance) stems from differences in industrial development, generational differences and wealth inequalities. This leads to the strengthening of the already existing inequalities and the formation and proliferation of new ones (Sýkora 2000).

Most of the actors, constitutive of globalization, are located in large global cities. Many of those who are mostly absent from the processes that contribute to globalization, are also concentrated in global cities. Such simultaneous concentration of executive-professional-managerial technocracy and urban underclass in the urban spaces is reflected in the increasing social and economic polarization. On the other hand, the majority of the underclass is concentrated in non – metropolitan areas, regions and localities. But the destinies of such territories are increasingly affected precisely by the global, influential and at the same time typically distant actors. Such kind of intense external control of provincial territories became one of the symptomatic features of the modern epoch due to the fact that this control is performed both in economic and administrative – political terms (Sucháček 2008).

### **Towards Glocalization**

One of the most important features of the Fordist period was the dominance of the nation-state level in the formation of socioeconomic and political reality. The nation state was comprehended as almost a natural scale through which both subnational and international processes and phenomena were understood. The crisis of Fordism and the ascent of post-Fordism imply a substantial territorial re-scaling of a series of regulatory practices (Peck - Tickel 1994).

Concurrently with the gradual fading of the nation-state, the phenomenon of glocalization emerged. It should be comprehended as a process, which involves numerous economic, institutional, and socio-cultural connotations. At the same time, it has to be underlined that particular manifestations of global processes can be observed in concrete localities and the presumed duality between the global and the local is not exact.

Glocalization comprises two processes: globalization and localization. While localization refers to human beings, individual subjects, organizations, communities or localities, globalization embraces the planetary processes. However, the underlying causes of global processes can be always found in concrete localities. Glocalization is often interpreted as 'think globally and act locally', which is perceived as possibly a proper strategy for the future

sustainable development of the whole planet. The term expresses the human capability to overcome (at least mentally) the various territorial scales.

From an economic perspective, we can hear almost every day about the turbulent and volatile character of global processes; at the same time, economic subjects constitutive of globalization can be found in particular localities. Companies are simultaneously intensely local and intensely global. The lowering of the scales of the regulation of work and of social reproduction coincides with an increasing scale in the organization of the economy and the forces of production (Swyngedouw 1996).

The processes of glocalization and the re-definitions of territorial and functional scales are perhaps most pronounced in the financial system. For instance, speculative foreign exchange market grew from a modest 15 billion USD in 1970 to well over two trillion today (Swyngedouw 1996). And to allocate these immense flows of hot money in an appropriate way, space and place do matter again.

Glocalization is also quite frequently perceived as a concept that is being adopted by large economic entities. It means tailoring the company's products and services in order to comply with the interests of strongly differentiated local markets across the globe. So, pecuniary interests are surely one of the driving forces of glocalization.

From an institutional standpoint, weakening the influence of the state means the transfer of more activities to both global and local levels. For example, the formerly practically 'nationalized' collective bargaining (as well as other regulatory practices) has been transformed to strongly localized forms of negotiating wages and working conditions. Naturally, this results in a growing amount of interactions among global and local players. Concurrently, the concept of government, based largely on strictly hierarchized structures is largely replaced by more flexible governance that pragmatically couples the formerly strictly divided private and public sectors (Sucháček and Kolářková 2005).

Last but not least, glocalization involves also social networks, which are in compliance with the conception of time-space distancing. Communication devices reached a high qualitative level, which enables us to bridge the long distances without difficulties. Incidentally, these developments do not stimulate (and sometimes even weaken) genuine, face-to-face communication.

### **In Lieu of Conclusion**

The global and the local represent two sides of the same coin and the nature of the contemporary societal processes entitles us to use also the term 'glocalization'. It is appropriate to return to the population and individuals that still represent the primary impetuses of societal development. At the same time, the economic, social, institutional and other superstructures created by people indeed find themselves under the process of territorial and functional transformations. However, these transformations at the global level have their sources in particular groups of the population constitutive of globalization that exist physically and consequently they can be always classed into a particular time-space context or at a particular place in a concrete time. In other words, glocalization simply does matter.

Contrary to the historical experience, transmitters of globalization are not fixed to one place anymore; and the same applies also to the non-negligible part of the population that does not play a major role in globalization processes. Nonetheless, the global existence of 'travelers' – and no matter whether businessmen, i.e. rather transmitters, or tourists, i.e. rather receivers of globalization – attests to the fact that global mobility remains a mobility between concrete localities. The global – local nexus is inherent to the character of spatial processes in general since global processes would not come into existence if there were no localities.

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