

Position of globalization in absorption of investment and development of financial markets

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Abstract. Globalization is an unavoidable process that has begun from 19 and 20 centuries and along with ups and downs which haven't stopped exception in wartimes of ,and has continued to its evolution . firstly, this process has been succeeded in economic dimension and gradually extended to the other dimensions . Internationalization is fusion process of national economics through international trade . Supernationalization means the formation of production associations based on extraterritorial operations , through multinational agencies and organizations . Along with development of supranational agencies , transmission technology development and reduction of regulations and freedom of markets , a context has been provided for globalization of financial markets . Among this, with extension of the competitive markets and merge of developed countries to GATT, they have recognized the necessity of privatization of government units .We can refer to its goals including development of internal capital market through prosperity of securities market , extension of broad stock ownership , participation of all people in investment and increased efficiency of financial markets . In this process , global communications is a factor to approach humans and deletion of communicational obstacles . This approach will have many economic influences as well as cultural effects . For example , When there is an economic crisis in a place of world , and it influence on all of the world ,that shows the influence of globalization process on economics . Additionally , this process plays an important role in economic development and absorption of capital to invest in different parts of the world . We study it in this article .

Keywords: globalization , culture , subcultures , capital , capital market

1. Introduction

Globalization process forces us to broad global area without we recognize it . The economics of the world increasingly becomes globalization . We can see its effects in increased international trade , production globalization and the flow of direct foreign investment . One of the most important phenomenon in recent decade in global economics is increased merge of economies in the world . Among the merger forces of global economics , we can refer to extraterritorial trade . The pressure resulted from technology development on economic merge process (globalization) in two past decades has resulted in changes in structure of markets and emergence of supernational or multinational corporations . . The global emerge in the world area has occurred in two level of macro and micro- economics . This emerge is seen in the level of micro-economics more than macro economics , because the corporations have been developed in the behind of boundaries . Or they have related the activity of independent corporations through common investment and corporation with local agencies , without participate in assets (strategic corporation) . In the level of macro- economics , the emerge of global economics has been obtained through the reduction of trade obstacles and the more easier flow of goods and services and the production factors .

2. Globalization

Axford dictionary means the word of "globalization " as becoming universal or making worldwide. Grammatically , it is an infinitive noun from "to globalize " that is made of adjective "global " . Its verb is a

transitive and needs an object .According to Mc Gregore globalization means the increase of links and the intercommunication which are extended beyond of governments and make the global new system . Antony gidnez believes that globalization Is a strain of complex process that its impetuses are a combination of economic and politic effects . Also , he explains while it creates the new ultranation forces and systems , changes daily life specially in the developed countries . also Gidnez doesn't recognize "globalization " only a background for the contemporary policies . He believes that globalization of institutions changes the societies in which we live . He explains that this phenomenon is not the end of policy , government , nation , family , culture , and affects ,but it reinforces some of them . Martin Albero , one of the other global theorists , defines this phenomenon as the processes which based on them all of world's people connect to each other in a global , single and comprehensive society. Also , Amanuel Rishter knows "Globalization " as the formation of network in which the isolated communities are merged in interdependence and global unity . Davar Sheikhi believes that globalization forces us into the global massive area and we become global without recognize it . Above mentioned definitions illustrate that even undeveloped countries can have a role in this trend , because globalization is completely realized when people obtain their required and sufficient information through a very simple instrument . But always there are the factors that influence on this phenomenon and prevent the other countries to participate in this trend .

3. Culture

The word "culture" is said Culture ,culture , kultur in English , French , and German respectively . It has been originated the term of "culture" . The lateen root of it "colere " has broad meanings ; it means " reside , cultivate , guard , worship " . We can define "culture" a " special human behavior which is known along with material instrument as integral part of behavior . There are various definitions about culture . According to Gidnz culture includes values that the members of a specific group have and the norms that follow them . Brois quen believes that "culture" is a set of some acquired idealogical and behavioral characteristics of a certain society's members . But it seems that the most complete definition about culture has been provided by Taylor :

Culture is a sophisticated collection includes the representative , beliefs , arts , industries , techniques , morality , rules , customs , and finally all habits behaviors and codes that a human being learns them as a member of society from her/his society and commit her/himself about it .

4. Subculture

Brike an English sociologist , recognizes subcultures a historical reaction to cultural fashions and their formation results from the effort of every generation to resolve structural problems that the members of that generation experience them collectively .Widely , Subcultures have been defined as social groups that formed around of interests and common customs . The term of " subculture " is to determine the social situation of social groups and their study related to larger social organizations include crowds public , masses , society , and culture . This term was formed in the context of pluralistic and free studies of Chicago school . But this off – base interdisciplinary subject was formed by Frankfurt school and their critiques from mass culture and critical perspectives of Birmingham school and also superstructuralists and feminists . Generally , subcultures are the groups which are considered as derivation of the basic society's standards . They are formed due to age , gender , economic taste , race ,and etc . Socially and analytically subcultures are defined without any political intervention , penetrated , dependent or sub-branch .

5. Capital market

Capital market is a market in which corporate and participating stocks are transacted according to regulations and standards.Also in capital market, the shares of public companies are supplied and transacted. There are two kinds of capital market, as follows:

Primary market: Here, securities are issued and interchanged for the first time. The new shares which are supplied in aftermarket are not primary market.

Secondary or aftermarket: It includes sellers and buyers of debentures and stocks which have been distributed before.

For example, if a person wants to sell a debenture or stock that has bought it from a company for the first time, he/she should go to the aftermarket (secondary market). Accordingly, when a person wants to buy a debenture or stock related to a company from the aftermarket, he shouldn't wait for public diffusion of new company's stocks. Stocks market is the most important after market institution for debenture transactions. It is a place in where the issued stocks are bought and sold. The difference between the primary and secondary market or after market is that in primary market, supplier sells the stocks to investor directly.

6. The role of globalization of in financial markets development and adsorption of capitals

With globalization of financial markets throughout the world, the economic units that seek out the funds in each country, should not restrict themselves to internal markets.

The factors that resulted in integration of the financial markets include:

1-the reduction of regulations and freedom of the market and the activity of participants in the markets of major financial centers world

2- Technologic developments in the global market control, implementation of orders and analysis of financial opportunities

3-expedited trends of institutionalization of the financial markets

The competition forces the governments to free their financial markets from the various aspects till their financial units can have an efficient competition in all of the world.

Technologic developments have been increased the integration and efficiency of global financial market. The development of mass media has been related the participants in the global market to each other and so we can perform the orders during a few minutes. Computer technological development along with communications network development has facilitated the intermediate information transfer about the price of securities and the other necessary information to the investors in the world areas. So, many of investors can control the global market and also they evaluate that these information has what influence on the state of risk and their return.

Now we can conclude that globalization has two influences in the financial markets development and the adsorption of investment, one positive effect and one negative effect. In its positive dimension, the adsorption of investment and development of financial markets through international communications have contributed to the development of these markets and encourage the world's people or international corporation to invest in the other corporations. In its negative dimension, these communications resulted in destruction of many small national corporations which can not compete with the big corporations. It is very important that we perceive this process and recognize its profit and losses to have a better national economics.

7. References

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