

## Globalization and Expectation of The Country's Prosperity

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**Abstract.** Globalization is technological advancement and openness of information presented, and offered to be followed by other Nations as an agreement and shared guidelines for Nations around the world. The process of globalization can be characterized by the role of the market is so big and the acquisition of investment and production by transnational corporations. Globalization impact on injustice and inequality for the developing countries. The approach in the village development in the global era is that the village became prosperous can be initiated through refining global element into the values of the local countryside. This research aim to observe strengthening strategy of village development as economy, social, and cultural pillars in the globalization era. This method applies qualitative with secondary data and conceptual analysis. This finding is the village become the arising and development places of the local wisdom, in order those are needed managerial strengthening strategy through guidelines of village management. The village isn't passive object should be following globalization way but it should fulfill globalization chance by wisdom value owned in order it will be not only a globalization but also how the village determined unit entity into applying globalization without eliminating local wisdom as a supporting factor.

Keywords: **Village; Globalization; Local Wisdom and Prosperity.**

### 1 Introduction

Globalization is a part of technological advancement and information openness marked by the high market role together with investment domination and production process controlled by transnational company [1]. World Development Bank stated that with the economies integration of the various countries can increase economic growth and reduce inequality and poverty. The World Bank statement, however much of opposed by many parties that oppose globalization. In developed countries, globalization is causing unemployment, stagnant income, and inequality increased. Whereas in developing countries globalization causes poor group not able to compete due to lack of access to education, technology, credit, land ownership, markets and high transportation costs [2]. In addition, the strength of the global economy and the economic restructuring has been

to the detriment community, the intervention of the International Monetary Fund (IMF) also has led to unexpected results [3]. Globalization driven by the era of free trade and liberalization of the financial markets of the world can negatively or positively affect us. Positive effects of globalization can be felt in the presence of cross-border resource traffic become commonplace and technological advances make resource allocation more efficient.

The transition of product commodity of labor-intensive from developed country to developing country are expected able to carry knowledge both of those finally able to increase human resource quality and its productivity, in order the economy growth will increase [4]. Coupled with specialization advantages based on comparative advantage, globalization is believed to boost economic growth.

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While, the trading theory generally states that gains from trade generally isn't distributed spread among community groups. *The specific theory factor* and theory from Heckscher-Ohlin stated that the owners of the production factors that are specific or intensively used in the sector that competes with imported products will be losers [5]. The condition is caused by imported goods that increasingly dominate the domestic market, thus shutting down domestic production and lowering exports due to low competitiveness. The assumption is that free trade will harm a certain group of people and benefit other community groups. Thus, with globalization coupled with market liberalism will create an income inequality. This is especially the impact on small and medium industries (SMEs).

Indonesia can be said as a country village, where most of its territory is a village [6]. The published data of the Ministry of the Interior noted there is 72,944 villages of these 32,000 villages were villages that entry categories require special attention. Therefore the Rural development has a very strategic role in moving people's economy and also in terms of the distribution of well-being [7].

Indonesia currently ranks sixth in the country with the highest level of wealth inequality. Study of NFID and Oxfam in 2017 shows that inequality between urban and rural shows a high number. Central Bureau of Statistics (BPS) states, in March 2016, the number of poor people in Indonesia reached 28.59 million people or about 11.22% of Indonesia's population. Based on shelter, the poor are the most rural in the country that is 17.94 million people. In urban areas, there were 10.65 million people. Based on the data, it can be said that the poor are the most in rural. The data clearly illustrate that so far there has been an imbalance between villages and cities. Based on the existing realities required an effort or thought of how the village in this era of globalization are able to be powered in order to be able to take the positive side and follow the currents of globalization to improve the wellbeing of the people. This paper aims to analyze the strategy of development in globalization era.

## 2 Methodology

The author used desk research as a method to identify tool of analysis and to study about globalization and its this content for rural prosperity. The author reviewed books, research reports, and journals in several range of disciplines including development studies and globalizations studies.

## 3 Discussion

The increasing advances in technology, communication, information and transport in globalization era has encouraged accelerated capital increasingly without limits (*borderless*). Changes in production activity in the era of globalization explain the opportunities and challenges faced by the state government in deciding a policy amid incessant

penetration of Multinational Corporation (MNC). In general this leads to a more specific globalization in economics. Economic globalization is a process of unification of economic aspects in a standard which is then fragmented around the world. Interdependence and integration of the global economy which is in the framework of the free market economy is a fundamental value in globalization[8].

The relationship that is created between the State and MNC shows the relation of interdependence between them. The Country need MNC as a source of income of the country and alleviating unemployment. Instead, the MNC also requires the State as through guarantees of security and protection<sup>9</sup>. The most sophisticated way that often doing corporations is to make use of multilateral institutions such as the *IMF*, *WTO* and the *World Bank*. On behalf of globalization, they are proposing the formation of a free market starting from a series of foreign debt. A scheme that ultimately makes a developing country dependent on investment. Furthermore, government interventions are marginalized and businesses take control of the various public areas that were originally managed and become state domains. Such a condition is better known as a "silent take over". Furthermore, the results of international regulations are infiltrated into the bureaucracy of developing countries.

The village community in this era also has experienced a change of behavior patterns. The community prefers to work as factory labor, work in agriculture began to be abandoned. This condition can be seen in the condition of most of the countryside, where the current village was originally was centers for agriculture but now agriculture sector already abandoned. One of the giant agribusiness was issued a habitat farmer from culture and the natural environment to production and market mechanisms. This is because agriculture is considered to be the most strategic sector for world trade and industry. Because by mastering the world agricultural sector means to control the world food, thus if the food commodity can be controlled then all the elements of the human world can be engineered for an interest. In fact, global trade and industry rulers have opened giant agribusiness MNCs all over the world.

If the farmer village was out of its habitat and were forced to follow the mechanism of production and the market then this condition shows those farmers will never prosper and will always be losers. Why does this happen? This is because the Government though has given subsidies through the purchased fertilizer farmers but the existence of the free-market system of commodity globally impact on our failure from the results of farming agribusiness controlled by MNC. Furthermore, MNC can control the price of agricultural inputs, form cartel prices, eject local companies from the market, and buy farmers' commodities at the cheapest prices. Corporations make big profits in two ways. First, supplying input and processed prices at high prices. Second, by lowering the

purchase price of farmers commodities as low as possible. As a result the price of primary commodities in the world market continues to decline. In contrast, the price paid by consumers for processed or finished products continues to increase. In addition, through the policy of led export production, the agricultural model changed radically, from diversified on a small scale, to a corporate-driven model of industrial exports. For rural farmers as in Indonesia this is clearly impossible because they are farmers with small land area.

Globalization has made the countryside lost its function as agricultural areas, turning out rural farmers with controlled indirectly various sectors of food production, seed and fertilizer so as to make the dependency. In addition MNC also tackles rural agricultural products with various export-worthy farmer regulations that must conform to their standards, while agricultural imports are released. Be farmers and rural areas getting worse. In contrast, agricultural countries are forced to accept food imports as a result of trade liberalization. Food from developed countries full of subsidies invade the markets of developing countries. This situation leads to loss of the ability to compete and the income of farmers on a rural level in the long term productive forces destroyed them.

Globalization is a process by which a thing is global adapted on existing locality as an endurance to sustain local existence. In globalization value of the traditions and values of global capitalism is often collaborated as a reflection of the cultural form of modern living acculturation.

Important elements in the process of globalization, among other things: *First*, the developing world is becoming more pluralistic. *Second*, the individuals and local groups all have the power to adapt, innovate, and maneuverable. *Third*, all social processes are interconnected and dependent one with another. *Fourth*, commodities and the media not seen (fully) the coercive, but precisely provides the material to be used in the creation of individuals or groups around the world who have experienced glocalisasi[10].

The theory of globalization viewed as forms of cultural practices for operating in constant tension between the global and local[11]. The idea of a glocal (glocalization process), this ignores the fact that there is a global process that flood the local. Local existence is supposed to be able to be answered by the presence of the globalization phenomenon. Through this logic globalization phenomenon which should be used is 'we as players' is no longer just a feeling that 'we as victims' within the framework of large globalization.

The argument that globalization is driven by technological advances that led to shrinkage distance is caused by technological progress is not caused by humans, history and culture[12]. So if it is noted that the convergence effect resulting from globalization has differences in society, environment and social level.

Globalization does not touch to the named 'local' so that 'local' included as a last bastion of defense when the ill effects of globalization began to infect. Is it easy to mention that the local wisdom is a recipe for bad healers influence of globalization that influencing the social and cultural aspects of society.

It is important to understand that customs be footing the villagers is an all-encompassing rule conception of socio-cultural system. These customs are causing most of the villagers are not easily influenced or contaminated new culture from outside. The tightening between global and local elements has raised this globalization, such as a place for local community to participate and determine their decision are deliberative in order to survive in the global maelstrom.

The appearance of globalization is not only was the natural reaction over the influx of global culture, but also from an economic point of view, the phenomenon can be said that globalization is intentionally created as a means of marketing or marketing product[13]. In this context culture is used as a local road in order to be acceptable to global cultural community through the face of globalization.

Globalization has demanded the village not only to change but also becomes a global village with local values still be firmly entrenched[14]. The village is not a passive object that will follow the influence of globalization. The village is the lowest order of the grass-roots will be affected directly from policies the results of good creations of global as well as local[15]. The assumption of global villages existence such as Robertson said that globalization is actually the manifestation of a independency process to bring together all local entities in the global unity. Nevertheless, the global village itself will not be able to run maximally if the eternal capitalization of the village's economic resources makes the village itself then marginalized. Villages are slowly experiencing urbanization resulting from rapid and growing economic agglomeration that makes traditional basic economic involutions in the countryside. Slowly, the village economy began to shift from labor-intensive economy to capital-intensive as the shift of agricultural land to global industrialization land

## 4 Conclusion

The findings are important in analyzing the globalization impact on rural is capitalization by financiers raises resistance carried out by local community groups. In the face of local resistance then the local element involved as a new thing of globalization. In this context culture is used as a local road in order to be acceptable to global cultural community through the face of globalization. The approach in the village development in the global era village in order to become prosperous can be initiated through the filtering global element into the values of the local countryside. The second element of the accelerated process as a globalization form should be

strengthened by the existence of Government role, the public and private sector as a process of community development. Comparative advantage to win the competition in the free market is actually almost impossible to do Indonesia. Therefore, there needs to be a competitive edge creative industries owned by Indonesian products to be able to retain and be able to compete with global products that harness the potential of local culture to dominate the character of the local market in order to continue to build on the creative industries in Indonesia.

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