

## Describing Levels of Development

**Development:** A process of social and economic advancement, in terms of improving both quality of life and standard of living.

Development involves change in:

- The demographic structure of a country or region's population
- The nature of society, with a move towards a more equal distribution of wealth, education, health care and opportunities of advancement
- The political structure, with increased participation and democracy
- The culture of the society, with more education, gender equality etc

However, some people argue this view of development impulses a dominant Western world view. Some people hold the view that this western form of development can be destructive to traditional cultures and ways of life.

There are many ways of measuring development levels in countries around the world.

Two of the most useful are:

1. Gross domestic product (GDP)
2. Human development index (HDI)

**GDP:** The value of all the goods and services produced in a country during a year. Often given as GDP per capita.

UK GDP= \$2.634 trillion, per capita = \$37,300

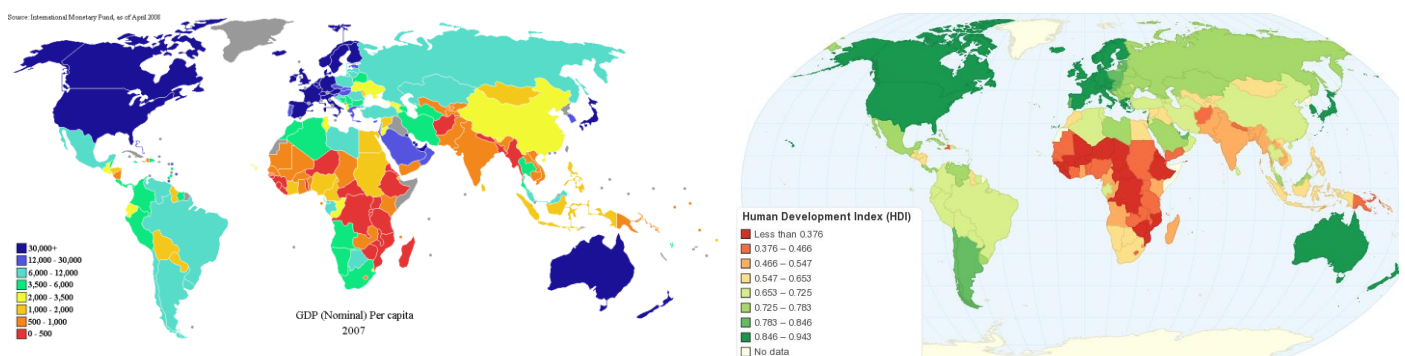
Ghana GDP=\$90.41 billion per capita= \$3,500

**HDI:** a comparative measure of life expectancy, literature rates, education and standards of living. It is a standardised way of to compare well-being in different countries. It can be used to measure the impact of economic policies on the quality of living of people in the country.

UK HDI=0.892

Ghanha HDI= 0.573

### Maps showing global distribution of GDP and HDI:



### Classifying Levels of Development

In the late 1960s, countries were classified into 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> world countries:

- **1<sup>st</sup> world** included developed capitalist countries such as the USA and western European countries.
- **2<sup>nd</sup> world** included communist countries such as the former Soviet Union and eastern European countries.
- **3<sup>rd</sup> world** included every other country.

In the 1980s, countries were placed into categories based on how economically developed they were:

- MEDC= More Economically Developed Country
- LEDC= Less Economically Developed Country
- LDC= Least Developed Country

### The Brandt Line (1980s)



**Evaluating the Brandt line in classifying countries development:**

| <u>Positives</u>                 | <u>Negatives</u>                             |
|----------------------------------|----------------------------------------------|
| Easy to understand               | Based on GDP- HDI would be a better measure  |
| Visual                           | Exceptions, e.g. Saudi Arabia is rich in oil |
| Majority is still correct        | Over generalisation                          |
| Easy categorisation of countries | Outdated                                     |

The north south divide has more recently been named the **development gap**.

### The Development Continuum

The development continuum is the concept that a simple division between rich and poor no longer makes much sense. Instead, countries can be regarded as being placed on a spectrum of development. In addition, as countries change, so can their place on the continuum.

## Characteristics of countries at very low levels of development (BANGLADESH)

### Low income: widespread poverty

Evidence the problem exists:

- An estimated 28 percent of the population in urban areas lives below the poverty line.
- The population in Bangladesh is predominantly rural, with almost 80 percent of the population living in rural areas. Many people live in remote areas that lack services such as education, health clinics, and adequate roads, particularly road links to markets.

Causes of the problem:

- On average, 16% of household income per year is lost due to flooding, with roughly 89% of the loss in property and assets. Of these, households engaged in farming and fishing suffer a greater loss relative to income.

### Economic vulnerability: lack of jobs in industry and services

Evidence the problem exists:

- 45% of the country works in the agricultural sector.
- It has always been a difficult job for countries to move away from the Primary Industry and Bangladesh are struggling, the World Bank says Bangladesh needs up to 1.5 million new jobs each year for the next 20 years to accelerate economic growth at the current rate.

Causes of the problem:

- Lack of electricity, political instability, corruption, lack of access to land and complicated tax administration mean that Bangladesh will struggle to create jobs in industry and services.

### Human resource weaknesses: the position of women in society

Evidence the problem exists:

- In 2011, the population with at least a secondary education was 30.8% for women and 39.3% for men.
- Women in the informal sector are often paid at lower grades than men for the same work.
- In divorce proceedings, women need to prove the validity of their reason for seeking divorce in order to obtain a court order to enforce their rights. Men on the other hand, do not need such proof and can divorce their wives at any time without proven reason.

Causes of the problem:

- Throughout history women have been valued less in society.

### 3) Global marketing

- Marketing is the process of promoting and selling products or services.
- Many products and services are sold all over the world, rather than just in the country where they are produced- marketing has had to become global.
- Global marketing involves treating the world as one single market and using one marketing strategy to advertise a product to customers all over the world.
- Global marketing gives economic of scale- its cheaper to have one marketing campaign for the whole world, rather than having a different campaign for every country.
- For example, Cif is a household cleaner produced by Unilever, a UK based TNC. The name was changed from Jif to Cif in order to fit its international marketing strategy.
- Global marketing is an ideal strategy for TNCs because...
  1. There will be more sales overall. This leads to economies of scale, increasing profits.
  2. By producing one product and marketing strategy, time and money is saved.
  3. Brand loyalty is established as people are familiar with the product in different countries.
- However, problems encountered by TNC's aiming to achieve global marketing include...
  1. **Physical taste:** it is hard to create a single product to suit global tastes when our taste preferences are so different.
  2. **Product name preference:** many TNCs have released the same product under different names because market research shows a preference for a different name.
  3. **Linguistics:** problems in translation, eg KFC "finger lickin' good" translates to "eat your fingers off" in Chinese.
  4. **Economic problems:** it's difficult to produce a global marketing strategy when a product is perceived differently all over the world. Eg, a Mcdonalds meal is seen as a low-cost, unhealthy convenient meal in the UK whereas in Cairo it's only affordable by the wealthy.
- Strategies used by TNCs to achieve global marketing:
  1. Sponsoring global world events so they are effectively simultaneously advertising in many countries at once, eg Mcdonalds sponsoring 2012 olympics.
  2. Celebrity endorsement- choosing a celebrity that is globally well known for maximum impact, eg Usain Bolt for Virgin Media.
  3. Changing the local name: Opal fruits changed to Starburst in 1998.
- HSBC have succeeded at global marketing "the worlds local bank"
- Coca-cola have been the most successful-their products are sold with the same formula, name and packaging globally.