

Learning Resource

Globalization and the Digital Divide

Globalization is the term used to refer to the integration of goods, services, and culture among the nations of the world. Globalization is not necessarily a new phenomenon; in many ways, we have been experiencing globalization since the days of European colonization. Further advances in telecommunication and transportation technologies accelerated globalization. The advent of the worldwide internet has made all nations next-door neighbors. The internet has wired the world. Today it is just as simple to communicate with someone on the other side of the world as it is to talk to someone next door.

The new era of globalization allows any business to become international. Some of the advantages include the following:

- The ability to locate expertise and labor around the world. Instead of drawing employees from their local area, organizations can now hire people from the global labor pool. This also allows organizations to pay a lower labor cost for the same work based on the prevailing wage in different countries.
- The ability to operate 24 hours a day. With employees in different time zones all around the world, an organization can literally operate around the clock, handing off work on projects from one part of the world to another. Businesses can also keep their digital storefront (their website) open all the time.
- A larger market for their products. Once a product is being sold online, it is available for purchase from a worldwide consumer base. Even if a company's products do not appeal beyond its own country's borders, being online has also made the product more visible to consumers within that country.

In order to fully take advantage of these new capabilities, companies need to understand that there are also challenges in dealing with employees and customers from different cultures. Some of these challenges include:

- Infrastructure differences. Each country has its own infrastructure, many of which are not of the same quality as the US.
- Labor laws and regulations. Different countries (even different states in the United States) have different laws and regulations. A company that wants to hire employees from other countries must understand the different regulations and concerns.
- Legal restrictions. Many countries have restrictions on what can be sold or how a product can be advertised. It is important for a business to understand what is allowed.
- Language, customs, and preferences. Every country has its own (or several) unique culture(s), which a business must consider when trying to market a product there. Additionally, different countries have different preferences. For example, in some parts of the world, people prefer to eat their french fries with mayonnaise instead of ketchup; in other parts of the world, specific hand gestures (such as the thumbs-up) are offensive.
- International shipping. Shipping products between countries in a timely manner can be challenging. Inconsistent address formats, dishonest customs agents, and prohibitive shipping costs are all factors that must be considered when trying to deliver products internationally.

Digital Divide

As the internet continues to make inroads across the world, it is also creating a separation between those who have access to this global network and those who do not. This separation is called the **digital divide** and is of great concern. The digital divide can occur between countries, regions, or even neighborhoods. In many US cities, there are pockets with little or no internet access, while just a few miles away high-speed broadband is common. Solutions to the digital divide have had mixed success over the years. Many times, just providing internet access and/or computing devices is not enough to bring true internet access to a country, region, or neighborhood. Organizations must evaluate this potential issue as they seek to operate in different geographical areas to determine whether technology solutions are readily accessible and usable to their target audience.

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