

## Introduction

Globalization has become an important element of economic, social and political debates in recent years. In 2005 the American Journalist and weekly columnist at New York Times, Thomas L. Friedman published a book on globalization named “The World is flat”. He argued metaphorically that every company in the world is at the ‘level playing field’. Thus he suggests that every company operating in today’s competitive world along with countries and individuals needs a change in order to survive the waves of globalization. In opposition, the economist Pankaj Ghemawat counter argues that the idea presented by Friedman is based on personal observations rather than on the logical ground.

“The world is flat” book relates the global scene of business activities being performed around the world in late 1990s and early 2000s and classifies them under three phases, Globalization 1.0, Globalization 2.0 and Globalization 3.0, the book also identifies the ten important factors responsible for flattening the world as shown in Table 1.

Friedman thinks that this flattening could actually disrupt the American economy, however, Friedman has relatively little to say about whether this flattening is likely to reduce or intensify socio-economic inequalities among groups, regions or countries.

Here comes the question, is globalization really making the world flat? Though the book is a bestseller and received various awards, the book received many criticisms also especially by the economist Pankaj Ghemawat.

1. The Fall of the Berlin Wall	The beginning of the collapse of communism
2. The World Wide Web	The advent of a new age of connectivity
3. Workflow software	The integration and standardization of software
4. Uploading	Internet-based dissemination of information
5. Outsourcing	Of functions to other companies
6. Offshoring	Of parts of a business’s operations to overseas locations
7. Supply chaining	Horizontal collaboration regardless of border
8. Insourcing	Synchronized commerce solutions
9. In-forming	Searching for knowledge
10. The steroids	Computing, file-sharing, VoIP, videoconferencing

Source: *The world is flat book (2005)*

## Context Analysis

The book "The World Is Flat" describes the next phases of globalization, it may still be valid as he illustrates various scenarios and examples during his travel abroad and conversation with several business and non-business people.

The conclusion made by Friedman suggests that in order to stay competitive in the global marketplace, companies, countries and individuals requires a change in order to survive or be prepared to be removed by the unstoppable waves of globalization.

Various arguments listed in the book that have helped to flatten the world may not be relevant now as the speed of technological advancement has surpassed Friedman's predictions regarding the future. There are just too many things that Friedman could not have possibly predicted, the outsourcing has matured and has shown that cheap labor in places like China and India was only temporary as these countries moved forward to their next phases of development.

Other concepts that Friedman didn't predict is that lower production costs and the advancement of digital capabilities made the insourcing phenomena outdated.

The debate of whether the world is actually flat was fuelled by the article published in the Foreign Policy magazine (2007) by the economist Pankaj Ghemawat.

In the article Pankaj opposes the opinion of Friedman and backs his assumption that he calls the "10 Percent Presumption." with a set of statistics analysing all the possible factors of the globalization including cross-border migration, telephone calls, research and education, private charitable giving, patenting, stock investment, and trade) and he has found that all of the above is closer to 10% rather than 100%.

The article mentions that 90 percent total internet traffics, total investments, and all phone calls remains within the national border, he also argues that the global economic and financial hubs like New York, London, Frankfurt, and Hong Kong are well interconnected but they are found to have been concentrated very much on domestic activity

He slammed the argument of "Investment knows no boundaries" of Friedman by arguing that that foreign direct investment (FDI) typically accounts for less than 10 percent of all investment.

Other interesting facts presented by Pankaj includes the long term migration which was 3 percent in 1900s and is less than 3 percent now.

## **Conclusion**

Though Friedman was partially right on the argument he made that the world have become a small marketplace as a consequence of advancement in technology and the elimination a number of barriers, the cultural, administrative, geographical and economic distances still matters as it was identified by the CAGE framework that was discovered by Pankaj Ghemawat.

Both parties have a valid point, one can only conclude that the globalization is the factor that have made the world a single marketplace but the extent of globalization is not the one that we have assumed it to be. Thinking global and being globalized is not bad itself, but to think that the world has flattened and that boundaries between the countries have become absolutely obsolete could be an overstatement unless and until it is backed by reasonable data.

## **References**

Friedman, T. L. (2005) *The World is flat*. New York: The Penguin Group

Pankaj Ghemawat: *The World is Not Flat*, *Foreign Policy*, No. 159 (Mar. - Apr., 2007), pp. 54-60 (7 pages)

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