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GLOBALISATION: ZERO SUM GAME AND POSITIVE SUM GAME

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ABSTRACT

The phenomenon of globalisation nowadays has attracted more significant global attention than perhaps any other issues. Globalisation manifests itself in various aspects of life: economic, political, social and cultural. In fact these are the dimensions of international business environment. Globalisation is such a multifaceted concept and process that it has big size advantages as well as disadvantages. While we play in the international arena we must know the rules and format of the game. In international business the game can be zero-sum game, or positive -sum game, or negative-sum game etc. Games where there can be multiple winners are called non-zero sum, and they are becoming less common and less applicable in modern life. Games could be wars, currency wars for instance. The era of good feelings associated with the heyday of globalisation has gone. This paper examines the character of globalisation, its crisis and some possible solutions.

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INTRODUCTION

Modern world is a globalised world. Businesses have also gone global. MNCs, FDIs are increasing their presence even in the developing countries like India. Liberalisation, privatisation and globalisation (LPG) became a trend particularly since the late 80s. UK and USA had been the pioneers in world integration. In India the New Economic Policy 1991 was the harbinger with a set of reforms for the economy in general and industry in particular. Further, with the establishment of the WTO in 1995 trade liberalisation got a boost. Now there is more and more opening of national economies for goods, services, and capital. TRIPS, TRIMS and GATS are popular. India's emerging economy and modern globalisation owe much to the country's role in the WTO. India's share in world trade is currently more than 2.5% while it was only 0.53% in 1990-91 (Basil Hans, 2016). New Economic Order, North-South Dialogue, International Integration, Globalisation, WTO – all these have no doubt been goals of accomplishment. Globalization is a catchall term used to explain much of contemporary economic and social developments, from the prevalence of outsourcing to the popularity of fusion cuisine.

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But economist and professor Pankaj Ghemawat argues that a dive into different data reveals that much of the world is not as connected as it is portrayed to be. He makes that argument in his book, *World 3.0: Global Prosperity and How to Achieve It*, and challenged the audience at the recent TED Global Conference in Edinburgh, Scotland, to measure the number of foreign Facebook friends they had. The percentages, he pointed out, usually turn out to be lower than what people expect. One of the main points he makes in World 3.0 is that the world is really semi-globalized, and not as globalised as people think it is.We are far short of full integration. There are interesting things happening across borders. Even if Americans formed their friendships on Facebook randomly, given the U.S. is 20 to 25% of Facebook users, some Americans will have other Americans for friends just through random processes. So that's the complete integration benchmark? For Facebook, it might be that 95% is what we might expect. The actual number is 16%. And that's actually quite high, compared to other cross-border flows. If you look at international phone calls, voice-calling minutes are 2%. If you look at online news sources, the number might be 1 to 2% international sources. The same thing applies to non-informational flows; if you look at trade statistics, exports are about 30 % of GDP, and a lot of that is double or triple counting. An iPod component shipped from Japan to China and then shipped to the U.S., it ends up getting counted twice. So nobody really knows how bad the problem is. It's a major project with the World Trade Organization (WTO).If you look at foreign direct investment and the most recent year we have data for (2010), it's 10% of all the investment going on all over the world. If you look at people flows, they tend to be very localised as well. One of the things we talk about a lot in business school is the globalization of students. It's really fun to ask people what percentage of all the university students are studying in the countries other than the ones they're citizens of. The answer is 2%. You look very differently at higher education when you realise it's 2% rather than 30%.The average of all these statistics I've been collecting is about 10% presumes Ghemawat (http://knowledge.wharton. upenn.edu/ article /not-that-flat-pankaj-ghemawat-challenges-global izations-adherents/ (accessed March 30, 2018)).

What then is globalisation?

It is difficult to get beyond hyperbole and rhetorical flourish when considering debates about processes of globalisation and liberalisation - two terms that have dominated international policy (and especially international development) discourse and the great public debates of the turn of the century. Joseph Stiglitz, former chief economist of the World Bank, has become somewhat incongruously a guru for the worldwide "anti-capitalist" movement writing about how "globalisation today is not working for many of the world's poor, while Martin Wolf, a leading commentator on economic affairs in the pages of the Financial Times, cheered on by former US Treasury Secretary Larry Summers and echoing the doctrine of his former employers, lays out the case for "why globalisation works." Of course, what both these authors are talking about is "liberal globalisation" - the "integration of economic activities via markets" driven by both technological changes (advances in communications and transport) and policy changes (reliance on market forces, rather than the state, to steer economic activity). That this process has been driven for two centuries by the expansion of capitalism has been clear at least since 1848 when Marx and Engels famously described how the "bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country" and replaced "local and national seclusion and self-sufficiency" with the "universal inter-dependence of nations" (James Putzel, 2005).

Character of Globalisation

The term 'globalisation' refers to a process of integration of national economies in conditions of free flows of trade and capital and movement of persons across borders, facilitated by new technologies for instant communication. It is the creation of a global economy or 'internationalisation' of production or marketing. Thus, globalisation is a process, not a step of liberal international trade and investments by countries in a bandwagon effect. Economic globalisation is inextricably linked to (ii) liberalisation and (ii) emerging market economy. It is to bring producers and consumers in a closer arena through modern networking technologies such as e-marketing, e-governance, social marketing etc. Hence the word "global village" has emerged. Stephen Gill defines globalisation as the reduction of the transaction cost of transborder movement of capital and goods and of factors of production. According to Guy Brainbant, the process of globalisation includes opening up of trade; development of advanced means of communication; internationalisation of financial markets; growing importance of MNCs; population migrations; and more generally increased mobility of persons[1], goods, capital, data, ideas, information, infections, diseases and pollution. Thus, globalisation includes a number of interlinked and complex environmental economic, technological, political, and socio-cultural processes. In short, globalisation means, "global interconnectedness".

Now we have vast and fast international trade and investment, travel and tourism, and even terrorism. No wonder we have global trade on the one hand, and global warming on the other, to discuss. The features of globalisation therefore, are

- Process of interaction and integration among the people, companies, and governments of different nations
- The process is driven by international trade and investment and aided by information technology.
- This process has multiple effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world (e.g. fusion of cultures and cultural revitalisation, loss of biodiversity, growing consumerism, global warming, displacement of indigenous peoples and so on)
- The process unleashes market forces which are difficult to control, while others may be more amenable to management (including risk management!)
- Free access to the markets in the world without any physical (quota) or fiscal (tariff) or any other governments) restriction
- Free mobility of managerial personnel and entrepreneurs result into mergers, takeovers and structural regrouping in countries across the globe
- Transaction cost is considerably low under globalisation
- Neoliberal economic policies are introduced to manage globalisation
- The experiences (impact) of countries in the process are varied and flexible: gains and pains due to imperfect competition (e.g. oligopolistic firms)
- Rapid expansion of trade in services is noticed, e.g. Heath, Hospitality, Tourism, Education. ICT has created 'Knowledge Economy", worldwide
- Core Labour Standards are being promoted by WTO and ILO members
- Global Governance is becoming a reality. "Think locally, act globally" (globalisation) is the modern watch phrase

Forces of Globalisation

Globalisation is increasing interdependence, integration and interaction among people and corporations in various locations around the world. Success abroad requires a diligent assessment of options to develop strategies appropriate to both the firm and the market. Globalisation i.e. global integration is driven by various new development and gradual changes in the

[1]Diaspora is closely linked to economic development through transnationalisation.

world economy. The key drivers of globalisation are explained below.

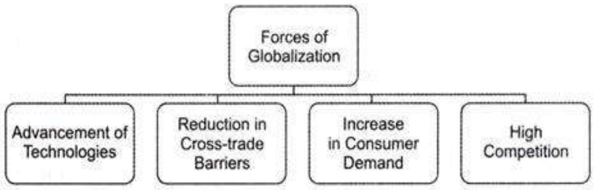

Figure-1: Globalization Forces

- **Advancement of Technologies**: This refers to one of the crucial factors of globalisation. Since 1990s, enhancement in telecommunications and Information Technology (IT) has marked remarkable improvements in access of information and increase in economic activities. This advancement in technologies has led to the growth of various sectors (including transport, tourism, health and education, and entertainment and media) of economies throughout the world. Because of the World Wide Web – originating in 1990s – a business can now go online to seek out a supplier, who might be anywhere in the world.
- **Reduction in Cross-trade Barriers**: Refer to one of the critical forces of globalisation. Every- country restricts the movement of goods and services across its border. It imposes tariffs and quotas on the goods and services imported in its country. In addition, the random changes in the regulations create a chaos in global business environment. Such practices impose limits on international business activities. However, gradual relief in the cross-border trade restrictions by most governments induces free trade, which, in turn, increases the growth rate of an economy.
- **Increase in Consumer Demand**: Acts as a main driver to facilitate globalisation. Over the years, with increase in the level of income and standard of living, the demand of consumers for various products has also increased. Apart from this, nowadays, consumers are well aware about products and services available in other countries, which impel many organisations to work in association with foreign players for catering to the needs of the domestic market. This is a new way of reaping economies of scale.
- **High Competition**: Intense competition constitutes an important driver for bringing about globalisation. An organisation generally strives hard to gain competitive edge in the market. The frequent increase in competition in the domestic market compels organisations to go global. Thus, various companies/corporations enter other countries (for selling goods and services) to expand their market share. They export goods in foreign markets where the price of goods and services are relatively high. Many firms have achieved larger global market shares through mergers and acquisitions, strategic alliances, and joint ventures. So, these are the major factors that have contributed a lot in globalisation and the growth of global economy.

History and Phases of Globalisation

Globalisation is the name for the process of increasing the connectivity and interdependence of the world's markets and businesses. Globalisation involves the interplay of markets, technology and State, which are amongst the oldest and most distinctive human innovations.

Growth of markets (even foreign), capital and economies were the point of discussion by classical economists like Adam Smith and by Mercantilists before him. Mercantilists favoured growth in exports (zero sum game). Smith and his followers (classical school) were champions of free trade (*laissez faire*, *laissez passer*). As villages, towns, countries and continents started trading goods that they were efficient at making for ones they were not, markets became more integrated, as specialisation and trade increased. This process that Smith describes starts to sound rather like "globalisation", even if it was more limited in geographical area than what most people think of the term today. Today human technology has created a "global village".[2] Some modern economic historians dispute Smith's argument that the discovery of the Americas, by Christopher Columbus in 1492, accelerated the process of globalisation.

Kevin O'Rourke and Jeffrey Williamson argued in a 2002 paper that globalisation only really began in the nineteenth century when a sudden drop in transport costs allowed the prices of commodities in Europe and Asia to converge. The impact of what historians have called the resulting "price revolution" dramatically changed the face of Europe. The rapid convergence of the silver market in early modern period is only one example of "globalisation", some historians argue. The German historical economist, Andre Gunder Frank, has argued that the start of globalisation can be traced back to the growth of trade and market integration between the Sumer and Indus civilisations of the third millennium BC.Global historians such as Tony Hopkins and Christopher Bayly have also stressed the importance of the exchange of not only trade but also ideas and knowledge during periods of pre-modern globalisation. Thus, we can trace more than three phases of globalisation[3]:

- End of Middle Ages in Europe, start of modernism: the Early Voyages of Exploration & Colonisation (1492-1800)
- From the late eighteenth century - marked by the spread of the Industrial Revolution and vast improvements in human technology: the Age of Transnational Integration (100-1940)
- Liberalisation of trade under GATT. Merchandise trade resumed its triumphant march as the engine of hyper growth in East Asia from the 1970s: the Modern Age of Globalisation (1950-1980)
- From the end of the twentieth century, in which developed and developing countries are becoming more equal partners in the flow of cross border trade and investment, as per capita income between the developed world and the developing world rapidly converge, galvanised by the awakening of the ancient sleeping giants, China and India; rise of WTO as successor of GATT; and the tasks of managing globalisation taken up by NGOs, such as Human Rights Watch, Amnesty International, Transparency International, and

[2] According to the Oxford dictionary, the word globalisation was first employed in the 1930. It entered the Merriam-Webster dictionary in 1951. It was widely used by economists and social scientists by the 1960s. Marshall McLuhan, a Canadian who analysed the impact of mass media on society, coined the term "global village" in 1962.

[3] We are currently in the early phase of the last stage, which began around the middle of the 1990s and really accelerated after the 9-11 attacks.

Greenpeace, among many others: Globalisation of our own Era (1980-present day).

Thus, from a seen world with borders people entered borderless word and a cyber-world, however having both stocks and shocks in store!

Reasons for Firms to go abroad

How should they go abroad? There are various methods of globalisation or recipe for successful international ventures.

Overseas trade and investment are important features of globalisation. Globalisation is considered as an important element in the reform package i.e. more open or liberal policy towards for industry, foreign trade and investments, which even India has followed, particularly since the new economic and industrial polices of 1991. It has four components:

- Reduction of trade barriers so, as to permit free flow of goods across national frontiers;
- Creation of an environment in which free flow of capital can take place among nations;
- Creation of environment, permitting free flow of technology; and
- From the point of view of the developing countries, creation of an environment in which free movement of labour can take place in different countries of the world.

Actually there are five stages of going global: In the first stage (market entry or access stage), companies tend to enter new countries using business models that are very similar to the ones they deploy in their home markets. To gain access to local customers, however, they often need to establish a production presence, either because of the nature of their businesses (as in service industries like food retail or banking) or because of local countries' regulatory restrictions (as in the auto industry). In the second stage (product specialisation stage), companies transfer the full production process of a particular product to a single, low-cost location and export the goods to various consumer markets. Under this scenario, different locations begin to specialise in different products or components and trade in finished goods.

The third stage (value chain disaggregation stage) represents the next step in the company's globalisation of the supply-chain infrastructure. In this stage, companies start to disaggregate the production process and focus each activity in the most advantageous location. Individual components of a single product might be manufactured in several different locations and assembled into final products elsewhere. Examples include the PC industry market and the decision by companies to offshore some of their business processes and information technology services. In the fourth stage (value chain reengineering stage) companies seek to further increase their cost savings by reengineering their processes to suit local market conditions, notably by substituting lower-cost labour for capital. General Electric's (GE) medical equipment division, for example, has tailored its manufacturing processes abroad to take advantage of low labour costs. Not only does it use more labour-intensive production processes—it also designs and builds the capital equipment for its plants locally. Finally, in the fifth stage (the creation of new markets stage), the focus is on market expansion. The McKinsey Global Institute estimates that the third and fourth stages together have the potential to reduce costs by more than 50% in many industries, which gives companies the opportunity to substantially lower their sticker prices in both old and new markets and to expand demand. Significantly, the value of new revenues generated in this last stage is often greater than the value of cost savings in the other stages. It should be noted that the five stages described above do not define a rigid sequence that all industries follow. As the McKinsey study notes, companies can skip or combine steps. For example, in consumer electronics, product specialisation and value chain disaggregation (the second and third stages) occurred together as different locations started to specialise in producing different components (Taiwanese manufacturers focused on semiconductors, while Chinese companies focused on computer keyboards and other component). Modern day firms decide and strategies to go abroad based on their analysis of home and host country markets, i.e. localisation and internationalisation determinants). Dunning and others have others have analysed various motives for FDI: market seeking (e.g.to avoid the costs of serving a market from distance), resource seeking (e.g. unskilled cheap labour), efficiency seeking, and strategic asset seeking (e.g.a new technological base). Dunning's OLI paradigm explains why (ownership), where (location) and how (internalisation) a firm becomes multinational. The ownership advantage is the mobile asset (e.g. a patent or a trademark) the firm owns or controls; the location advantage is the exploitation of this asset abroad; the internalisation advantage is the power to directly control the exploitation itself. A firm going abroad must have global and local (glocal knowledge). Success abroad requires a diligent assessment of options to develop strategies appropriate to both the firm and the market.

Zero Sum Game under Globalisation

While we play in in the international arena we must know the rules and format of the game. In international business the game can be zero-sum game[4], or positive-sum game[5], or negative-sum game[6] etc.[7] The Mercantilists and Bullionists of the bygone era enjoyed the zero-sum game. They saw economics as a zero-sum game. That is, to get rich, a country must get act in a way which reduces the wealth of other countries. Thank heavens we (or at least some of us) have figured out that it is possible to act in ways which make everybody better off**.** Adam Smith built trade theory of the basis of "absolute advantage" and David Ricardo developed it as "comparative advantage theory". The mercantilist ideas thus, led the rulers to look at their relations with other nations in a "beggar thy neighbour" way, or what economists call a zero-sum game: if you gain, I necessarily lose; if I gain, you necessarily lose. The only rational thing to do, if you wanted to be richer, or simply avoid getting poorer, was to seize foreign markets and precious metals. Since everyone looked at it the

[4] Games where there can be multiple winners are called non-zero sum, and they are becoming less common and less applicable in modern life. To be a true zero sum game, losses of one party have to be exactly equal to gains of another party. Since sometimes a loss can be a gain, real life examples are more difficult to find. If someone plays chess in a tournament, each individual match is zero sum, with one winner and one loser. When a single game is actually one in a series with an outside ranking, the total result may be non-zero sum, since wins or losses are not the only thing that counts. The net winnings (plus one dollar for the winner, minus one dollar for the loser) is zero.

[5] "Positive-sum" outcomes are those in which the sum of winnings and losses is greater than zero.

[6] In negative-sum game the gains and losses will all add up to less than zero.

[7] Zero-sum, positive-sum, and negative-sum are all game theory terms that refer to the outcomes of a dispute or negotiation.

same way – war. Back in the old days, mercantilism may have made sense - at least, mercantilist nations got shiny metal trinkets for their trouble. Today, in the world of fiat currencies, mercantilism is utterly destructive - your counterparty can simply print an infinite amount of money to cover any deficit. Chinese, Japanese, old US people, and others who hold US debt will find this out the hard way. Once again under globalisation and rise of MNC and TNCs there is the threat of zero-sum game. "There is a case for freer trade — it may make the world economy more efficient. But it does nothing to increase demand." In other words, it looks like that there is free trade but not essentially fair trade. Prof. Yan Xuetong writes that “China’s quest to enhance its world leadership status and America’s effort to maintain its present position is a zero-sum game.” Since the end of the Second World War, they have believed that every nation can better its lot with free markets, free trade, and free politics. Chinese leaders have eschewed all three of these “Western” concepts, but they have appropriated that awful phrase, “win-win,” and assure us they believe in it. With a win-win mind-set, governments around the world have sought to “engage” China, nurture it, and ease its entry into the international community. Zero-sum game also gives rise to cold war or at its worst international terrorism.

Zero-sum game and underdeveloped countries

The famous cheerleader for globalisation and author, Thomas Friedman, in his book The World is Flat argues that globalisation is proceeding briskly because of the “flattening of the world”. What he means is that with the advent of information technology and seamless communications, any country in the world that has a pool of educated workers can aspire to jump on to the globalization bandwagon and benefit from the erasing of entry barriers. The point here is that countries like India have successfully leveraged the power of IT and communications to leapfrog the intermediate stage of manufacturing power that is required for economies to become fully fledged powerhouses. However, an aspect that has been missing in Friedman’s analysis is the fact that unless a particular person has the minimum required education and access to IT; he or she would not be able to harness the power of globalisation. The point here is that even with the flattening of the world, globalisation works only for the privileged and denies the benefits to the majority. This is the counter argument to Friedman’s hypothesis about how globalisation is a win-win situation. India for instance is still a developing country with poverty, unemployment and poor infrastructure facilities. Modern serfdom is in the form of 24X7 workers! What Myrdal and other said some 45 years ago holds good even today, namely strong “backwash effect” and weak “spread effect” or what Prof Bhagwati calls, “immiserising growth”. India may be a leader in Asia but she suffers from a new paradox: marginalisation in the midst of globalisation”. Rapid development in trade, investment, and ICT has benefitted the classes not the masses. The marginal farmers, the tribal, women in general and the *adivasi* women in particular are still in the periphery of economic growth and development. There is no proper management of globalisation. MNC have accentuated economic inequality to a certain extent. If they think that world economy is a zero-sum game it means they are greedy not caring for the needy, only making noise about corporate social responsibility. We don’t need another colonisation. Emerging countries like India need forex stability for economic growth and development. Both inward and outward flows of capital are part of the new growth strategy. Financial markets have become more volatile, and ‘globalisation’ and ‘contagion’ have been a part of the story. What is the solution? Developing countries must have built-in stabilisers to check currency wars, hyperinflation, consumerism, recession etc. Understanding and facing currency wars – also known as competitive devaluation – properly is crucial (Basil Hans, 2015). The top-down globalisation must be balanced with a bottom-up globalisation. For this to happen we need real democracy of the state and the market – public private partnership with an active watchdog: Third Sector. Media a too has to be proactive to check greed rather than ambition. Crony capitalism must be removed and conscious capital (or social capitalism) must be promoted. It is better that consumers and producers under globalisation realise that the world economy is not a zero-sum game, meaning that a country cannot make progress unless another country loses. Competition is good but it must be healthy competition.

Positive sum game under Globalisation

A positive-sum game refers to the outcome of a decision or a policy or a negotiation involving at least one agent. And in this outcome a positive sum game occurs when no one wins at someone else's expense – indeed the sum of positives and negatives (wins and losses) is positive. In other words, it is a game in which all the players benefit, if not equally. It contrasts with zero sum game. Due to the gains from trade, trade and trade policy may be thought of as positive sum games. The phenomenon of globalisation offers the best premise for the examination of who benefits and who loses from the interplay among the stakeholders in the global system. Globalisation, if managed well can be a positive sum game. It can accelerate the international business in least developing and fast developing countries. Example for positive-sum game: global technological collaborations between firms across nations will make distinction between inward and outward FDI flows disappear. This is a growth accelerating factor. That is why the European Union has strongly favoured global collaborations. Adopting the positive-sum game viewpoint, then inference is that all countries – least developing and fast developing – achieve material gains from international business, despite imbalances. Free mobility of resources ensures a fair distribution throughout the world. Similarly any increase in the transfer of technology, skills or competition increase productivity, which in every nation should about economic growth and rise in incomes. This is a positive-sum game for all countries.

However, we must also see the other side of the picture. Mercantilism viewed that trade was a zero-sum game (a gain in one country results in loss by another). Classical economists Smith and Ricardo showed how that was a short-sightedness and tried to demonstrate that trade is appositive-sum game. Yet, in modern globalisation, the mercantilist doctrine is by no means dead. For example, Jarl Hagelstam, former FM of France observed that the approach of individual countries, both developed and developing, has been to press for trade liberalisation in areas where they are less competitive; and they fear that imports may replace domestic production. Hagelstam calls this a “neo-mercantilist belief”. Such nations will try to equate political power with economic power, and economic power with trade surplus. Their strategy is designed to simultaneously boost exports and limit imports. This strategy is one of the reasons for MNCs to become unpopular in least developing countries. For example, lately India’s export-import ratio has been declining. It is also felt that its labour is being exploited by the MNCs, notwithstanding higher wages paid by the MNCs. The other grouses the host countries have is that (i) they are forced to pay higher wages to the workers; and (ii) too much competition is thrown in by the MNCs. On the other side of the argument the MNCs say that host countries exert pressure on them, say for partial ownership of a foreign business. In case the host government makes a sudden change in policy for nationalisation or expropriation, it can be very costly to the MNC, as it happened when Iraq secured all of Kuwait's assets in 1990. (Apart from these reasons, it is difficult to say that globalisation is always a positive-sum game given the fact the host and the home countries are vastly heterogeneous, even socially and culturally. Rationalist thinkers point out the following harmful effects of MNCs on Indian economy:

- Large sums of money flows out of the country in terms of payment of dividends and royalty.
- MNCs can inflict heavy damage on the host country through suppressive and oligopolistic practices like aggressive advertising, excessive profit making etc.
- By using their immense financial and technical power the MNCs make political interference in the developing country, so the autonomy and sovereignty of the host country is in danger.)

Thus, like the two-faced Janus (a Roman God), globalisation has both rosy and dark sides. There is now even 'anti-globalisation'. Therefore, the questions arise:

"Is globalism opportunism or collectivism?|
"What we know have – is it globalisation or semi-globalisation?"
"Make in India" – is it individualistic?"
"Is there convergence between individual view and institutional view?"
"Is offshoring ensuring success for all, always?"

Global business does not mean settled business. It is also as Mike Peng says, "A pendulum that swings from one extreme to another from time to time". Understanding globalisation means taking part in its debate and extensions under economics, politics, law and culture.

Regionalisation and Globalisation

Regionalisation is the tendency to form decentralised regions.In politics, it is the process of dividing (fragmenting) a political entity or country into smaller jurisdictions (administrative divisions or subnational units) and transferring power from the central government to the regions; the opposite of unitarisation. In globalisation discourse, it represents a world that becomes less interconnected, with a stronger regional focus. The form of a region can be either a region per se i.e. informal integration of countries; a sub region i.e. a regional developing zone; or a macro region i.e. a developed nucleus of economies with interdependence (e.g. USA, EU, Japan, Russia and China). Thus, globalisation is the process of international integration and implies the opening of world markets to a broader outlook of interconnection, interdependency, whereas regionalisation is a tendency to form decentralised regions, and when used in opposition to globalisation this often means the world is less connected with a stronger regional focus. Today we see that the world economy is characterised by two contradictory (sometimes 'contra-productive'; and at other times, mutually 'supplementary' trends: globalisation and regionalisation. For many countries it is a 'double challenge'. While global trade flows have been growing at a much faster rate than world output, intra-regional trade flows have been playing an increasingly more prominent role in global trade. This reflects, in part, the process of economic unification in different regions and some emerging economies' (e.g., China, India, and Korea) rapid growth during the past quarter century. In addition, intra-regional trade and financial linkages have further strengthened by the explosion in the number of regional trade agreements (from 5 in 1985 to 200 in 2011). Country-level numbers also suggest that foreign direct investment (FDI) is quite regionalized, which is even more surprising than the regionalization of trade. Data from the United Nations Conference on Trade and Development show that for the two dozen countries that account for nearly 90% of the world's outward FDI stock, the median share of intraregional FDI in total FDI was 52% in 2002. Further, the recent era of globalisation has witnessed the emergence of regional business cycles.

There was regionalism in 1980s too (e.g. EU, NAFTA, APEC etc.). Presently, by and large, the rise of regionalisation (e.g. BRICS) is because of the malevolent nature of globalisation witnessed:

- Inequality between countries has gone up; insecurity of people is rising – e.g. sub-Saharan Africa, India etc.
- The main players today are the US, the EU and China. They are accused of social dumping.
- Globalisation brought in free trade but not essentially fair trade: less heed to corporate social responsibility by MNCs and TNCs.

Conclusion

Thus, globalisation is charged with the augmentation of polarisation and marginalisation. Is regionalisation better than globalisation? There is no straight answer to this question. As Mareike Oldemeinen opines, what Andrew Hurrell has called the "one world/many worlds'[8] relationship" has now become the subject of great academic interest and debate. The two mainstream assumptions that seem to emerge out of that debate either say that regionalism poses a serious challenge and threat to globalisation or that that regionalism builds on globalisation and that it could only develop the way it did because of globalisation. Regionalism serves to the businesses and organisations of a regional institution's member states. Since Regionalism is concerned with an increase in political and economic cooperation based on shared interests, norms and values in a certain region, this make(s) it possible for large companies to expand and train for world competition. It is true that this form of cooperation is a lot easier among a smaller and more similar group of states, however this form of regional cooperation often becomes a means of enabling regional companies and national economies to be internationally competitive and the fact that even the WTO applauds 'open-regionalism', shows that it does not challenge globalisation. Hence, it has been shown that regionalism is a stepping-stone and not a stumbling block towards

[8]Many worlds mean different regionalisms!

globalisation. There is no denying the fact that in modern international business regional strategies are (also) required for global leadership.[9] It is not possible to be a successful global company without understanding the reality of regions. Here is what some corporate experts have to say:

- Jeffrey Immelt, CEO of GE: regional teams are the key to our company's globalisation initiatives, and I have moved to graft a network of regional headquarters onto GE's otherwise lean product-division structure.
- John Menzer, president and CEO of Wal-Mart International: I tell my employees that global leverage is about playing 3-d chess – at the global, regional, and local levels.
- Vice Chairman of Toyota Fujio Cho Toyota: "We intend to continue moving forward with globalisation…by further enhancing the localisation and independence of our operations in each region."

Even as neoliberalism or globalisation is gaining momentum, regionalisation is there to challenge or check globalisation. Pankaj Ghemawat[10] wrote in *Harvard Business Review* (December, 2005) that "Regions represent just one way of aggregating across borders to achieve greater efficiencies than would be achievable with a country-by-country approach. Each of these bases of aggregation offers, as regions do, multiple possibilities for crafting strategies intermediate to the local and global levels by grouping things. In a world that is neither truly local nor truly global, such strategies can deliver a powerful competitive advantage." Although globalisation has touched most populations, it has spread unevenly. Regionalisation is the integration process that builds concrete patterns and networks within a regional space and creates a transition into the global market. It emerges as a response to globalisation and can be mutually reinforcing.

However each region is diverse. It's tremendously important for companies to specialise their products for each different region:

This process is better known as localisation. In fact, localisation really is a thinking model: Companies need to learn and understand the local market and even get integrated into the local culture. This is why many multinational companies choose local people to serve as their executives for the local branches. According to Jacqui Hauser globalisation is a goal for more and more companies, and the lines within companies between 'home country' and 'host country' are becoming blurred, and the need to set priorities that fit a global mobile workforce is a critical factor. To conclude, we must develop global and local networks (glocalisation) in order to stay and grow strong in business.

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[9] There are at least five types of regional strategies: (1) Home Base Strategy, (2) Portfolio Strategy, (3) Hub Strategy, (4) Platform Strategy, and (5) Mandate Strategy

[10]Pankaj Ghemawat is an Indian-American economist, professor, global strategist, speaker and author known for his work in the study of globalization. He created the DHL Global Connectedness Index and the CAGE Distance Framework