

# Chapter 11

## Globalization and the Digital Divide



# Learning Objectives

Upon successful completion of this chapter, you will be able to:

- Explain the concept of globalization;
- Describe the role of information technology in globalization;
- Identify the issues experienced by firms as they face a global economy; and
- Define the digital divide and explain Nielsen's three stages of the digital divide.



# What Is Globalization?

- *Globalization* refers to the integration of goods, services, and culture among the nations of the world.
- We have been experiencing globalization since the days of European colonization.
- Advances in telecommunication and transportation technologies accelerated globalization.
- The Internet has made all nations next-door neighbors.



# Internet usage (June 2012)

## WORLD INTERNET USAGE AND POPULATION STATISTICS

As of June 30, 2012

World Regions	Population ( 2012 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2012	Users % of Table
Africa	1,073,380,925	4,514,400	167,335,676	15.6%	3,606.7%	7.0%
Asia	3,922,066,987	114,304,000	1,076,681,059	27.5%	841.9%	44.8%
Europe	820,918,446	105,096,093	518,512,109	63.2%	393.4%	21.5%
Middle East	223,608,203	3,284,800	90,000,455	40.2%	2,639.9%	3.7%
North America	348,280,154	108,096,800	273,785,413	78.6%	153.3%	11.4%
Latin America / Caribbean	593,688,638	18,068,919	254,915,745	42.9%	1,310.8%	10.6%
Oceania / Australia	35,903,569	7,620,480	24,287,919	67.6%	218.7%	1.0%
WORLD TOTAL	7,017,846,922	360,985,492	2,405,518,376	34.3%	566.4%	100.0%



# The Network Society

- *The Rise of the Network Society, 1996.*
- We are now into this network society, where we are all connected on a global scale.
- “it is an economy with the capacity to work as a unit in real time on a planetary scale.”  
(Castells, 2000).
- By 2005 Friedman demonstrated:  
*The World Is Flat.*



# The three eras of globalization

- Friedman unpacks the impacts that the personal computer, the Internet, and communication software have had on business, specifically the impact they have had on globalization.
  - Globalization 1.0
  - Globalization 2.0
  - Globalization 3.0



# Globalization 1.0

- Occurred from 1492 until about 1800.
- Globalization was centered around countries.
- It was about how much horsepower, wind power, and steam power a country had and how creatively it was deployed.
- The world shrank from size “large” to size “medium.”



# Globalization 2.0

- Occurred from about 1800 until 2000.
- Interrupted only by the two World Wars.
- The dynamic force driving change was multinational companies.
- The world shrank from size “medium” to size “small.”



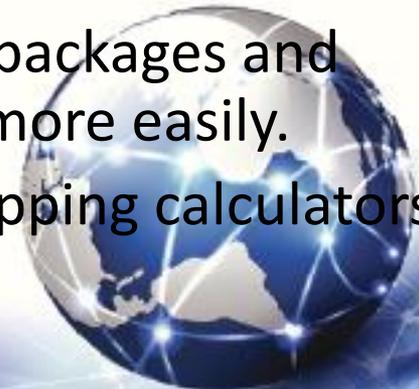
# Globalization 3.0

- Current era
- The convergence of the personal computer, fiber-optic Internet connections, and software has created a “flat-world platform.”
- This platform allows small groups and individuals to go global.
- The world has shrunk from size “small” to size “tiny.”



# IT Technologies and Globalization

- The graphical user interface for personal computers
- The Internet infrastructure
- The open source movement
- Mobile technologies
- The introduction of software to automate and integrate business processes.
  - Software that allows people to work together more easily
  - Software that allows different software packages and databases to integrate with each other more easily.
  - i.e. payment processing systems and shipping calculators



# Advantages of Global Firms

- The new era of globalization allows any business to become international.
- Advantages of global firms:
  - The ability to locate expertise and labor around the world.
  - The ability to operate 24 hours a day.
  - A larger market for their products.

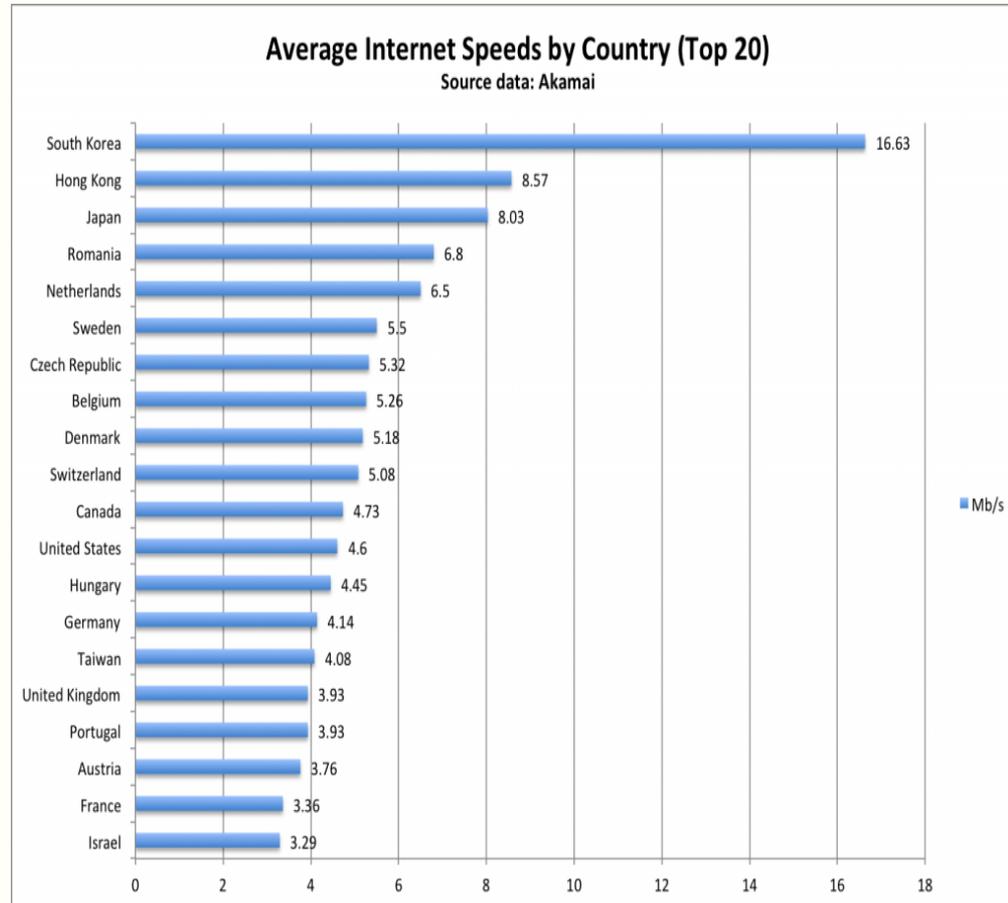


# Challenges of Global Firms

- Infrastructure differences.
- Labor laws and regulations.
- Legal restrictions.
- Language, customs, and preferences.
- International shipping.
- Cultural differences.



# Infrastructure Differences



# The Digital Divide

- The Internet is creating a separation between those who have access to this global network and those who do not.
- This separation is called the “digital divide”
- Digital Divide that could prevent certain categories of people— those from low-income households, senior citizens, single-parent children, the undereducated, minorities, and residents of rural areas — from receiving adequate access to the wide variety of resources offered by computer technology.  
(ACM Code of Ethics)



# The Digital Divide

- 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.
  - One laptop per child
  - Wi Max networks
  - Cyber “café” (Coffeehouses with Internet services)



# Digital Divide

- Another view of the problem was proposed by Nielsen (2006).
- This author breaks the digital divide into three stages:
  - The economic divide
  - The usability divide
  - The empowerment divide



# Economic Divide

- What is usually called the digital divide is, in Nielsen's terms, the *economic divide*.
- The idea that some people can afford to have a computer and Internet access while others cannot.
- Hardware is cheaper today than in the past.
- In the future computers will be cheaper and more powerful (Moore's Law.)
- Nielsen suggest that this cost is not going to be an issue in the future.



# Usability Divide

- “technology remains so complicated that many people couldn’t use a computer even if they got one for free.”
- Even for those who can use a computer, accessing all the benefits of having one is beyond their understanding.
- This problem is particularly evident with low literacy and senior persons.
- Some authors present this problem by separating “digital natives” VS. “digital immigrants.”
- We know how to solve this problem, but the solutions is not cost-effective (Nielsen)



# Empowerment Divide

- Empowerment divide is the most difficult to solve.
- It is concerned with how we use technology to empower ourselves.
- Very few users truly understand the power that digital technologies can give them.
- Researchers report that very few people contribute content to the Internet.
- Few users use advance search
- Many people will limit what they can do online by accepting the basic default settings of their computers.
- Users do not work to understand how they can truly be empowered.



# Summary



- Explained the concept of globalization.
- Described the role of information technology in globalization.
- Identified the issues experienced by firms as they face a global economy.
- Defined the digital divide and explain Nielsen's three stages of the digital divide.

