

What Is the Global Village Concept?

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A village may be defined as a cohesive multifaceted unit of people and institutions and values, marked by the mutual dependencies of many of the relationships that occur within it. The word, global, gives us the associations of such matters as our entire planet, a total complex of relationships, the whole world. The Global Village, then, opens a series of associations, which make the analogy between our once vast planet, and a small, interlocked community, where the interests of each person, each family, each factor, depends upon the interests of many, and even, all, of the others.

There are four important features to the concept of the global village. First, the nearness, the drawing closer together in space and time, of all places on our planet, due to the explosive growth in technological innovations, telecommunications, information, media accessibility, and education. Second, the ever-increasing economic dependency of each place upon other places. Third, the movement toward shared values in disparate parts of the world that is developing due to the accessibility of information worldwide. Fourth, the growing interest, all over the world, in doing business in the free market way.

When I was last in central India, in the state of Madhya Pradesh, I traveled through some small villages, which ostensibly, were very poor, and quite ancient. People were living as they might have lived during some centuries past. These rural areas felt remote in time as well as space. The streets were unpaved, dirt streets. The one and two story buildings had not been painted for a long time. Cows roamed about, softly, gently, in a timeless Hindu gift of honor. Turning into a particularly ramshackle street, I saw a wooden sign, which was hanging at a precarious angle, since some of the nails had fallen. In English, the sign read, "Computer Specialist."

In January of 1991, I was in Kathmandu, capital of Nepal. The world was awaiting the start of the Gulf War. In order to capitalize on the situation, the owners of the Yak and Yeti Hotel, one of the most expensive hotels in Nepal, prepared for the big day

by bringing in CNN. Although nearly all tourists had left, causing tremendous losses of tourist money to Nepal's hotels, restaurants, shops, cabs, and guides, the Yak and Yeti Hotel was packed every afternoon with local Nepali business people, the handful of tourists left, and some of the wealthier people of Kathmandu. They would all order drinks and snacks, and gather around Nepal's first cable TV. The Gulf War became a boon for the Yak and Yeti.

But let's move closer to your life, dear reader. This may paint a picture, not so far from, from your day. You awake to an alarm clock that was made in China. Your breakfast coffee was made from Colombian beans. Your fruit salad is a multinational venture, with Chilean grapes, Mexican strawberries, bananas from Central America, pineapple from Thailand, kiwi fruit from California, or maybe Australia. You shower, using soap from Spain. The suit you wear is worthy of the United Nations, with fabric from several nations, production in several more, final assembly perhaps in Bangladesh, and in all, including the buttons and the distribution, some 20 or more countries were involved in the making of that one suit. The car you drive is a VW, German owned, but made in a factory in Mexico. You read the London Financial Times, at your office, which you reached via a stairway lined with Italian tiles. Your desk chair is from Finland, your file cabinet from Canada, and your phone was made in South Korea. Your computer, assembled in Taiwan, has parts from several countries. Your fax machine is from Japan, produced in Singapore. The ballpoint pen is from Hong Kong, and your smoke detector from the American Midwest. You have lunch at an Irish pub, and the waiter is from Russia. The lamb you order has been raised in New Zealand. The plates are from Indonesia, and the flatware from Germany. We have got through half the day and the half of the planet!

Nowhere is the concept of the global village more evident than in the financial markets. Recession in Thailand effects the earnings of Ford and General Motors, which both have auto making plants in the Kingdom. If your mutual fund or 401K plan is invested in these companies, your portfolio is affected. The plunge of the Italian lira during one quarter of 1994, cost Ford several hundreds of millions of dollars, turning an otherwise profitable quarter into a loss. A delay in the delivery of palladium from Russia, caused a tremendous increase in the price of this metal during early 1998, and increased the prices of goods dependent upon palladium. Weak pricing in oil has contributed to the tame environment for inflation. But a flare-up in the Persian Gulf would likely send oil prices soaring, and stock prices plummeting, as was the case in August 1990, when Iraq's Saddam Hussein invaded Kuwait, and threatened Saudi Arabia.

Small businesses are feeling the pressures of our contracting planet, where market accessibility brings that which is far well within our horizon. A small auto accessories company in northern Arizona, which sells to Wal-Mart, had to end its long-term relationship with a Kansas City manufacturer, because that company had not achieved ISO9000 specifications. The company searched for a new manufacturer, and located a Taiwan-based company with a new facility near Guangzhou, in the People's Republic of China. Overnight, the small Arizona company "went international."

The efficiency of a global network of airline industries, with improved technologies for air traffic control, have made it possible to reach remote locations on the other side of the planet, within reasonable time frames. Improved infrastructure in even the poorest nations on the planet, have led to an accessibility of places that would have been thought sheer magic, beyond the capacities of a Merlin, only a few decades ago.

Now the explosion of technologies in telecommunications, with cellular phones forging connections at a rapid pace, bring remote rural locations, without wired phone service into the communications network. Computers, faxes, the Internet, have made it possible to communicate over vast stretches of space in no more time than it takes to call a friend next door. This capability for instantaneous communication has led to a rapid acceleration of the pace at which work is done, and communication is completed. This phenomenon has been called the acceleration of time. Our closing years of the 20th century have seen an ever-increasing acceleration of time. Business productivity is greatly affected by this phenomenon, and projects at a typical work, may be characterized by the interdependency of work-flows at offices in Phoenix, New York, Tokyo, Dublin, Kuala Lumpur, and Tel Aviv, for instance. In order to compete in this global, linked, "communications rich" environment, companies large and small are spurred to continually increase their global presence.

The intensification of the forces that have brought about the Global Village, make the future of the free market system exciting. Hundreds of millions of formerly impoverished people, are now consumers, able to purchase the products of Gillette, Coca Cola, Intel, Honda, Proctor and Gamble. The new consumers of East, Southeast, and South Asia, for instance, can join the information age, and become participants in the global network of education, technology, business, travel, and consumerism. Innovations are now emerging from all over the globe, not just a handful of the world's more prosperous nations. This vast increase in the

numbers of consumers accelerates the growth and the potential for growth of the world's multi-national companies. In addition, there is growth in the entrepreneurial spirit, which tends to strengthen the middle class, and foster the innovations that mark new small businesses. Historically, increases in the power of the middle class have brought increased political stability to countries. Increased political stability brings more foreign investment, and more interest in education and business. That in turn tends to increase the role of less authoritarian and more democratic institutions.

Marketers are paying attention to two new and lucrative market segments. Both are products of the availability of media across the planet. The global elite lifestyle consumer has tastes and wallet to purchase the prestigious and luxury items, such as, French perfumes, Italian designer clothes, and any product or brand that speaks discernment, exclusivity, and the highest quality. Be these consumers in San Francisco, Paris, Singapore, Seoul, Cairo, Rio de Janeiro, they make a powerful global market segment with strong similarities of taste, perception, and purchasing patterns.

The other important segment is the global teenager. They have been reared watching MTV, CNN, sitcoms and movies from the industrialized societies, and international travel. They are also likely to be computer literate, and to be exposed to advertising by the major international corporations. Their consumer wants are strikingly similar.

As the 20th century turns toward the 21st century, our planet has become an exciting and very hopeful place in this vast cosmos of galaxies. We are living in a time of increased prosperity and quality of life throughout the world. We are living in a time when the newly discovered cure of a disease can benefit people in poor as well as rich countries. We are living in a time when a worker in Bangkok can invest in companies listed on the New York Stock Exchange, Tokyo's Nikkei, Hong Kong's Hang Seng, and the Paris CAC. We are living in a time when Wen, a bright young woman from Taipei can enroll at a major U.S. Graduate School, get a high paying job with Goldman Sachs, become an international manager, and visit her family, inspiring her nieces and nephews to take the international route. We are living in a time when products and processes are improved because of the pressures of international consumer expectations. Also, international joint ventures of companies, such as GM and Toyota who wed American manufacturing with Japanese management principles, and Siemens and Motorola who brought different cultures to bear on the development of certain features of semiconductors. It is not only

time that is accelerating. Know-how, innovation, improvement, and expectations are also accelerating at an ever-increasing pace.

The concept of the Global Village is not a dream or an ideal. It is an emerging and developing and living reality.

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