Globalization and Regionalization:

At a Glance on Debate in Pursuit of Guiding Principles Leading Policy

Implications

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Abstract

The debate of Globalization and Regionalization is becoming extensive and significant and in response to these observations, various standpoints, in favor or against, are also emerging and have fueled the debate. Huge complexities are emerging to comprehend what is intended by both. The proponents of both are presenting contrasting, conflicting and debatable explanations and interpretations; however, a clear demarcation between these is still blurry.

Due to broadness of both concepts, in this study, instead of making another attempt to provide the summary of different forms, definitions, contradictory or conflicting debate about globalization and regionalization, attention is given on those aspects which are contested by the proponents of regionalization. After rigorous examination and comparisons of various viewpoints of proponents of both, few guidelines are proposed for policy makers to develop some policies to ease the challenge currently micro and macro players are facing about decision making about these two. The policy makers should understand that survival of countries resides in internally connected dynamic and pluralistic business blocs in which the member states not only trade freely but fairly and fearlessly.

**Keywords:** globalization, regionalization, debate, policy implications
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The canvas of debate between Globalization and Regionalization (G&R) is getting bigger postulating that the debate is still alive, significant and relevant. In literature, these two terms are used and discussed extensively by scholars, academicians and policy makers in different contexts. The debate is not only receiving ample receptiveness of scholars of the world but some renowned research publishing bodies also have acknowledged the growing popularity of this debate and these bodies have launched designated issues on the debate to spotlight its importance, for instance, the issue of British Journal of Management published in 2012, European Management Journal in 2009, International Marketing Review in 2009 and Management International Review in 2005. In these special issues and many others, the scholars discussed these two terms in the context of developing business/corporate strategy or global strategy. In some studies the debate is grounded to elaborate these two terms conceptually; and in some cases the debate is about the position of the nation-state system in the world.

Due to multidimensionality of the debate, a clear demarcation between these terms is still blurry. To bring clarity in these blurry rather complex deliberations, it is essential to first take a close look on the arguments of both streams of G&R. In addition to this closer look, it is also important to extract something expressive and valuable to simplify the challenge faced by the actors of micro and macro level who are undecided whether to opt any one of these two streams, join initially any one and then move to second on later stage (order of joining is also challenging) or be a part of both simultaneously, if possible. The rationality in this decision will be created if decision is backed by solid justification, clear policies or frameworks and guidelines. The basic purpose of current paper is to make things easier by providing summary of different viewpoints and to identify the varying lenses used to
define/discuss G&R that add fuel to G&R debate by raising inapt conflicting arguments (the intention is to present the diversity rather to define these two), and once indistinctness is reduced about various lenses, proposing few guidelines for policy formulation. However due to lack of refined theoretical frameworks and empirical research, the task is not easy and emergence of simple or concrete outcome in not expected to emerge.

The popular perceptions prevailing around the world is that due to increase in regional integration, diffusion of technology and reduction in distances and border restrictions, the world is becoming global or global village. However, Rugman and Hodgetts (2001) were disinclined to accept this argument when they challenged this perception and predicting that global world or globalization and global strategy are “myth”. They brought this debate into spotlight when they used sales patterns of Global Fortune 500 companies as empirical evidence to support this disparity. In a series of studies (Rugman & Hodgetts, 2001; Rugman, 2001, 2005; Rugman & Verbeke, 2001, 2003, 2004), authors tried to establish the fact that, with few exceptions, overwhelming share of sales (exactly 80.3% of sales) of most of the multinational enterprises (MNEs) (84% of MNEs of Fortune 500) which are considered as key drivers of Globalization (Dunning, 2004; Rugman & Hodgetts, 2001; Rugman, 2001; Fastoso & Whitelock, 2010) are in fact concentrated highly in intra-regional (within home region) instead of interregional (global). The evidence suggests that those MNEs are incorrectly labeled as “global” (Ghemawat, 2001, 2003, 2011; Peng & Pleggenkuhle-Miles, 2009; Rugman & Verbeke, 2004; Schlie & Yip, 2000) and in reality, these MNEs are regional (Rugman, 2001). In addition to this, the MNEs’ operations are managed at regional instead of global level (Verbeke & Yuan, 2008).

Same argument is well supported by Ghemawat in his multiple publications published in 2001, 2003 and 2013. He raised the argument that in real the world is less globalized than it is professed and promulgated. He built his argument based on the data of last fifteen years
comprising of financial and non-financial measures used to explain cross-border integration and called it “the 10 percent presumption”. The people overestimate the percentages while explaining any one of the category but in fact the average remained around 10% if categories are adjusted to eliminate double counting of countries in many cases. In short, according to Ghemawat, current globalization level is roughly an order of magnitude lower than those implied by globalization proponents.

Figure 1: The 10 percent presumption

Ghemawat (2007) by presenting the same date in more detailed form challenged the concept of Friedman (2005) of “flat world” which he presented in his bestselling book “The World is Flat”. He argued that data suggest that this world is not flat and refer globalization as “globaloney”. In response to these observations, various standpoints, in favor or against are also emerging and fueled the debate. Huge complexities are emerging to comprehend what is intended by G&R as those wide-ranging standpoints provide a lot, not everything, as the proponents of both are presenting contrasting, conflicting and debatable explanations and interpretations.

Globalization

In literature, authors are using many terms so frequently which are actually conceptualized poorly and theorized in ill fashioned way just as “globalization” (Giddens,
1996). Tracing the origin of Globalization is quite difficult as is the evolution of Homo sapiens. The term globalization in social science is comparatively new. In social science, it is consistently complicated to map out the source of concepts (Megill, 2005). The trace of term ‘globalization’ is not available till the mid of twentieth century (Ruzana, 2015).

The word “Globalization” was included in the dictionary (American English, 1961) for the very foremost occasion (Gove, 1981). Globalization is just like those now-terms (Megill, 2005) or words picked and chosen by people to explain some phenomenon of present or to intensify or add broadness of the events like global culture, global economy, global market, global values, global democracy, global village etc. The fame of the term has brought a challenge to comprehend this word not as catchphrase. There is variety of views about globalizations. For someone it is simply a historical process of “internationalization”, cloning of westernization, dominance of liberalization, transforming states into a unit or advance shape of trans-nationalization which has reinvented the early traditions of doing business, trade and transaction of capital which were in practice in early 1900s (Hirst & Thompson, 1999, 2009; Mir, Hassan, & Qadri, 2014; Ruzana, 2015; Makasi & Govender, 2015).

Some neglect or refute the economic perspective of world only and see what truly novel, revolutionary is happening in this world like the new financial system, novel management styles, governance patterns, information and communications technologies (ICTs), new identities, thought-patterns, norms, and culture. For other, this is all hype and nothing else; the skeptical view of globalization. Many people are persuaded that “globalization” is something which has emerged as a reality, it has unveiled to us and we have to face it. Some disprove the presence of different types, perspective so reinterpretations of globalization and promote the fact there is merely one globalization and the reason is very modest as there exist only one globe for mankind. Last but not the least,
globalization is also considered as a continuous and ongoing historical process and one can predict it as good, bad or exactly where it is ‘headed’. Its advancement, its future direction is most probably shaped by patterns of discourse. The current trend also supports the argument that trend of globalization is continuously on the rise (Figure-2).

![Source: Available at KOI website.]

**Figure 2: KOI Index of Globalization World**

No doubt, robust evidences of manifestations of globalization are available in literature and the proponents of globalization are convinced and influencing other about hegemony of globalization by presenting diverse frameworks to explain it. However, due to broadness of the concept, in this study, instead of making another attempt to provide the summary of different forms, definitions, contradictory or conflicting debate about globalization, attention has been given to those aspects which are contested by the proponents of regionalization and about which rich literature is also available. The proponents of this stream are very live and building arguments to propagate their viewpoints about regionalization.

**Regionalization**

With the emergence of European Union (EU) regional integration model, successful or not is still undecided, new stream of questions has launched in which scholars are curious about replication of EU model (Laffan, 1998; Murray, 2004, 2009). EU Commission has
clearly mentioned that the presence of similar nature of EU sources, goals, policies or institutions elsewhere in the world with identical characteristics is not possible (Janowski, 2006b). Therefore EU model of regional integration is not directly imitable or transferable. However, this model may serve as a source of experience as experts are convinced that it is quite difficult – not impossible to achieve same kind of results or benefits (Murray, 2004) to imitate EU model at any part of the world until and unless same kind of diverse exchange and deep rooted interaction is available (Kühnhardt, 2004). The other reason which also support this argument is that in emergent regions are the unification of politics, culture or society is not the key objectives (Beeson & Jayasuriya, 1998); for instance, the Asia-Pacific Economic Cooperation (APEC) integration is purely economics and the term “member economics” is prevalent instead of “member country”; although in the agreement clear emphasize is given on political alliances as well. Therefore, instead of replicating EU model, across the world many dissimilar regional integration arrangements are appearing; for instance, NAFTA (North American Free Trade Association), APEC (Asia-Pacific Economic Cooperation), SAARC (South Asian Association for Regional Co-operation) and many others (Seno-Alday, 2015). These arrangements discussed the means of regional integration, the glimpses of which are available in academic and policy literature.

The different means include Preferential Trade Area (PTA), regional bilateral Arrangements (RBA) and Free Trade Area (FTA) and Trade blocs etc. In such arrangements, different countries came close to each other through an agreement by lowering or eliminating trade barriers for goods produced within the member countries than the goods produced in non-member countries (Panagariya, 1999). For neoliberals (Thorsen & Lie, 2006), such agreements are ambivalence of trade liberalization and GATT (General Agreement on Tariffs and Trade) according to which no country can design, develop discriminatory policies for the rest of the world. Such agreements are offering undue advantages and privileges on certain
goods to member countries and are discriminating for non-signatory countries. Trade agreements encourage countries to import goods from non-efficient producer whose efficiency is superficial not due to price of goods but due to absence of tariffs (Taylor, 2003). In addition to this, anti-globalists argued that globalizations is cursed as it has elevated the distance between nations, created disparity among rich and poor, damaged the sovereignty of states (Gokhale, 2010; Dallmayr, 2002; Reinicke, 2011), MNCs are challenging state powers and emerging as ‘powerhouses’ (Shabbir, Rehman & Akhtar, 2016) and all these attributes are leading this world towards “planetary disaster” (Crăciun, 2015). The empirical evidences are also indirectly signalling that regional integration is more relevant than global (Rugman, 2001, 2005; Rugman & Verbeke, 2001, 2003, 2004; Akhter & Beno, 2011; Ghobadian, Rugman & Tung, 2014).

The brief overview presented in earlier section authenticates the diversity of concepts available in the literature and due to this reason no effort has been made to provide solid and concrete definitions of both terms. An attempt to define both terms will be one more effort to provide another perspective and author has intentionally avoided following such trap and whole heartedly attention is given on those aspects which are contested by the proponents of G&R which are briefly discussed in following section.

Globalization and Regionalization Divided

Integration Vs. Disintegration

One of the most prominent aspects which have initiated the G&R split is the geographical integration or disintegration debate (Panagariya, 1999; Winters, 1996). The ambitious arrangement proponents of globalization are dreaming a “borderless world” in which “territory” is least important and ultimately it will tend to loss its distinctiveness (Leslie, 2002; Scholte, 2002, 2005, 2008). According to Scholte (2002, 2008) distance, location, territory and geographical boundary are no longer to be considered. For some
scholars, disintegration of states in terms of borders is the root cause of most of the problems of international politics (Ringmar, 2016) and states ultimately indulge in conflict and to maintain sovereignty, risk of wars escalates. EU is one example where borders are now becoming irrelevant making this part of the world more peaceful, prosperous and least indulged in conflicts. Territorial distance is becoming irrelevant as it is not as important as it seemed previously in social relationship and new terminologies like ‘supra-territoriality’ (Scholte, 2005, 2008) are becoming popular among those who love the expression of borderless world. In the social space, people more frequently have opportunities to connect with other people across all territories. A social link between people is present everywhere on the earth and in this way global sphere is a social space and this world is not simple collection of territories — countries, regions. Due to supra-territoriality space, there are numerous aspects of social relations like instantaneous communication through telephone, computer network between people regardless of their position — call center at America guides the customers of other geographical locations or continents; the trans-planetary flow of money specially Dollar, Pound and Euro, problems related to environment like global warming, water shortage, ozone layer diminution, epidemic, occurrence of culture activities and sports (Olympics, World cup), festivals and trans-world business activities (Mir, Hassan & Qadri, 2014). These manifestations portrait a picture of this planet as a uniform unit and one cannot separate it into territories and borders (Ruzana, 2015). This picture comes into view so swiftly that one can claim these supra-territorial relations as the foundation of surfacing of globalization.

In response to this argument, the other streams of scholars, the supporters of regionalization who view this world in opposite direction, try to answer the questions raised in the debate with keenness and rigor. They believe that the importance of geography is still significant and relevant as these borders, obviously, are not just arbitrary formations and in
spite of this, distance between countries still matters (Ghemawat, 2001, 2013). Geographical spaces define the boundaries and control over physical geography and resources (tangible and intangible, physical & human) located within that geographical territory is an essential attribute of sovereignty and statehood (Johnson & Post, 1996) and if geography and borders are meaningless then the sovereignty will be compromised. Imposition of strict visa policies is also an attempt to restate that sovereignty (Ringmar, 2016). For proponents of regionalization, the significance of location cannot be undermined as this world is a union of geographical segments, territories and regions in which countries are connected with each other with delineating spatial borders (Kacowicz, 1999) and there is no substitute or choice to select or change their neighborhoods. They view the world as fragmented into various regional territorial segments in which limited numbers of states developed deep rooted cooperation with member states by opening markets for each other and introduced barriers, at times explicitly, however sometimes implicitly through trade practices, for non-members states (Janowski, 2006a).

To promote un-natural phenomenon of globalization during mid-1980s, its proponents lauded abundant academic articles to propagate the merits of pursuing global strategies and identified specific industries and global structural characteristics (Morrison, Ricks & Roth, 1991). In spite of these cosmetic articulation, the flow of trade between countries is still considered as a function of proximity between trading countries, their size of economy and population and therefore, two countries in a region which are big in size, rich and closer to each other tend to involve in more bilateral trade and are more likely to tie in some regional integration arrangements (Bergstrand, 1985; Iapadre & Tajoli, 2014). The gravity models are intensively used to specify and measure regional trade intensity among member states (intraregional trade) as compared to trade with the rest of the world (interregional trade) (Iapadre & Tajoli, 2014). In literature, the regionalization is discussed traditionally for
multipurpose like a process used for the purpose of integration of regions and for institution-building or a process used for the establishment of regional identities, or in some cases for both institution-building and identity formation (Leslie, 2002). In borderless world the identity of states, countries will evaporate (Ringmar, 2016). For instance, a perception is prevailing that due to globalization, indirectly a process is going on through which the societal formation and modernity of the western world are clonning in the rest of the world and identities of nations are disappearing (Sen, 2002). Fast food like McDonaldization (Ritzer, 1983), pop music, movies, western drama series, modeling, fashion, games etc., are associated with western culture is often termed as globalization (Manfred, 2003) — due to this vast spread of westernized culture some writers are using term ‘Americanization’ to express the phenomenon (Khondker, 2004). The western organizations and society are considered as a source of diffusion of westernization. The current rigidity between different religions especially between Islam and western society is also considered as a result of globalization mistakenly interpreted as westernization. This tension is well presented by Huntington (1996) in his book “The Clash of Civilization” where writer claims that cultural identity will ultimately take precedence above the secular. The countries who want to maintain their geographical identity but not want to western alike, tend to join regional integration instead of globalization (Putko, 2006) — Republic of China is an example who wants to exploit all benefits of free market without being influenced by globalization especially westernization (Rugman& Li, 2007).

Many institutional and cultural traits originated in the west but they are adopted or adapted in many geographical places of the planet with some modification as one thing has different meaning in different societies and cultural context. Despite this conventional awareness about international geographical region, there is always some probability of arbitrariness in its definition. The foremost principle to define a region is remained
geographical proximity and connectedness but a subjective perception is always prevailing about to have collective and distinctive regional identity and belongingness to idiosyncratic community of that region. So the observation that physical boundaries and geographical space become irrelevant is either flawed or contains only partial truth (Khondker, 2004).

**Connectedness vs. Detachment**

The core aspirations of globalists about borderless world are subjected to interconnectedness, interdependentness and integration of states. They believe that more the interconnectedness, interdependentness and integration of states, more is the possibility to lead towards the realization of imaginary transformation of world into borderless world. With this kind of interpretation, the proliferation of cross-border exchanges, interdependence, relationships, trade, treaties, alliances etc. (Daly, 1999; Otsubo, 1996) come to mind and due to this most of the people — academicians, professionals and economist — are considering globalization as a path towards internationalization and they are using internationalization term interchangeably with globalization and are convinced that “global” and “international” are synonyms. The desire of companies to be “Global” is similar to that when forty years ago companies wanted to become “multinational” (Perlmutter, 1969). However, the problem while to define globalness need to be based on variety of considerations along with a firm’s availability everywhere. Countries are trying to develop and transform their economic and cultural policies from global prospective to remain alive and relevant (John, 2016). Influenced by this stream, “Globalization” is portrayed as an integrated form of many national economics into one global economy (Hirst & Thompson, 1999). Paul and Grahame (1996) hypothesized globalization as a concentrated form of internationalization and ‘global’ is a fussy subset of ‘international’ (Scholte, 2002) where global interconnectedness means extended international interdependence and global trade means trade in bigger quantity and extending across national borders. The attempts in which many authors are trying to quantify
globalization are also using this logic. For instance, according to a globalization index — developed by Kearney Consultant and Foreign Policy magazine — the cross-border activities between the countries in terms of FDIs, travel, money message and ideas are the indicators of globalization and countries highest on this index are considered to be more globalized (Putko, 2006). Through interconnectedness and interdependentness, countries which are less efficient in production become efficient and achieve specialization by realizing comparative advantages (Krueger, 1997). The ability to adopt and/or adapt new technological changes greatly influenced by trade policies (Kim & Shin, 2002) and if countries are interconnected or exposed to large set of ideas or technologies then expansion in growth is expected (Winters, 2004) and ultimately the cost to imitate technological innovation decreases as compare to benefits generated through adoption of technology (Barro & Sala-i-Martin, 1995). Due to interconnectedness, interdependentness and integration of states it became possible to fight collectively on different avenues simultaneously like defeating chronic diseases such as HIV-Aids, environmental protection, human rights, water resources, fight against terrorism, crime, and money laundering etc. (Held, McGrew, Goldblatt, & Perraton, 1999).

The argument presented in favor of borderless world by increasing interconnectedness, interdependentness and integration of states to transform this world into cohesive and uniform form is dubious because if interdependence and interconnectedness can pave the path for globalization then these two are more efficient and can generate swift results in regional setting as compare to globalization (Mehanna, 2008) where countries are linked each other through geographical bindings. The significant determinants of many policies like trade policy, foreign policy, and international relationship are based on the extent to which countries are mutually interdependent and connected and the posture of aggressiveness or cooperativeness a country towards neighbors can be materialized (Seno-Alday, 2015). Therefore the consequences of interdependence and connectivity are temporal
in case of globalization but in regional integration are near to reality (Hirata, Kose & Otrok, 2013). Presence of geographical regions is likely but it is also obvious that there are no ‘natural’ regional entities, and those regional entities have to be fabricated. The countries facing scarcity of having multiple choices are intended to go into integration process with those regional member countries who are either small in size in terms of per capital income or population or have less access to international market or they don’t have anything valuable to trade in to that market or to attract potential investor (Taylor, 2003). These conditions and the desire of such countries to pool their resources promote regionalization for economic as well as political integration (Leslie, 2002; Hirata, Kose & Otrok, 2013; Seno-Alday, 2015). By removing discriminatory measures, member states significantly lower institutional and administrative distances to strengthen risk-free trade environment. In risk-free trade environment, the member countries cluster themselves around a core country or compound polity (entity that is relatively highly institutionalized like EU, USA, Germany) due to gravitational pull of its size, capital, economic power and ability to become rule-maker (Leslie, 2002; Kolk Lindeque & van den Buuse, 2014). These countries transform their domestic economies to align with economy of core country. The compound polity is sometimes a single country (USA, Germany) or is the outcome of Plurilateral regionalization which is agglomerations of states like EU integrates together for certain economic, social, cultural and political purposes (Janowski, 2006b; Hirata, Kose & Otrok, 2013; Lindeque & van den Buuse, 2014). The countries are inclined towards regional integration and considered it as a path to amalgamate and consolidate regional and state power (Beeson & Jayasuriya, 1998). Through regional integration, countries found it easy to foster trade and economic prosperity which ultimately helps to diffuse intra-regional conflicts (Janowski, 2006a, 2006b; Lindeque & van den Buuse, 2014; Seno-Alday, 2015).
Free vs. Restricted

The thesis of borderless world is also supported by neoliberals who thought that with free and unrestricted to-way flow of goods/services/technology/ labor/capital and investment across boundaries help countries to move towards that world (Gjika, 2016). The borderless world promotes openness and development of friendly and unobstructed policies, rules and regulations for rest of the world (Kadivar & Bastani, 2016). As per, equilibrium theory for competitiveness of world economy, with the openness and more integration, the countries have more access to large markets, products, services, capital inflows, enhanced technological access which lead towards adoption of outward-oriented reforms by developing economies (Lloyd, 2010). Expansion of free and open trade promotes economic prosperity by offering help to eliminate handicaps of those states having limited capital, technological advancement, FDI and even natural resources (Edwards, 1992; Mohsen & Chua, 2015). Due to open-border manifestation obstacles are reduced enormously for proliferation of capital, technology, finance transfer, travel by minimizing the role of nations and lead towards global governess replacing territorial state, global economy replacing local economy — IMF, World Bank and WTO are functioning to endorse global economy and assist all those countries who encourage this (Paul & Grahame, 1996; Yavari & Mohseni, 2012). Global culture is replacing local culture and finally it coverts nation’s loyalties to global community (Paul & Grahame, 1996). Pursuing in this way, globalization symbolizes an attempt to remove all formal restrictions and barriers by allowing free flow of resources and trade among across the world and make an effort to strengthen an ‘open-economy’, and free–market access and ‘borderless’ world economy and the countries with closed borders or who attempt to introduce barriers for free flow of capital and trade are isolated and discouraged. This track seems to be a debate of neo-liberals (Manfred, 2003) who thought that macro-economic policies bring prosperity, peace, and development for all if countries increase privatization,
deregulation and remove restrictions. They believe that huge flood of capital in low
developing countries will boost economic activity, expansion of market, provide consumer
choice and spread of technology which could enable them to reduce poverty and to stay alive
with developed countries creating global economy.

The argument that regional integration efforts are damaging the movement of
liberalization is just speculative (Summers, 1991), in fact the world is witnessing the revival
of regional trade agenda which was lost in mist of globalization (Ghibutiu, 2015). In spite of
reduction of tariff and trade barriers for member states, regional entities are bound to pave the
path of trade liberalization by contributing to enhance the competitiveness of member states
so that they can respond market pressures by opening their markets for non-member states
(Bhalla & Bhalla, 1997). Through regional integration, competitiveness of member states
augmented due to reaping the benefits through comparative advantage, economies of scale,
transportation costs cuts, large market with limited diversity for trade, efficient reallocation of
resources and lower transactional cost due to similar rather common cultures, language,
currency exchange rates etc. (Mehanna, 2008). The spillover of knowledge is also more
frequent and long lasting in local trading partners as compared to foreign (Ali, Cantner &
Roy, 2015). The long lasting impact of knowledge spillover is also observed in member states
of regional integration as compare to non-member states (Torstensson, 1999). According to
Bhagwati (1993) the regional integration is fashioned to promote free trade within member
states and adopt the policies of protectionists for non-members for some reasons. The
defensive character of regional blocs is also observed by Dicken (1992). Both Bhawati (1993)
and Dicken (1992) argued that by adopting open-border policy, the market size become so
large that small economies cannot bear the pressure of big capitalist giants and MNEs,
therefore by joining regional integration, the market size augmented but the market size and
forces are not so violent and small economies get breathing space and benefits due to free
movement and removal of trade barriers within region. The latest studies also support the argument that trade liberalization is negatively linked with the economic growth of a country (Rodriguez & Rodrik, 2000; Adhikary, 2011; Hye, Lau, 2015) especially low income countries (Sakyi, Villaverde & Maza, 2015). The studies in which the positive relationships between open trade policies have positive impact on economic growth indicated that in those case key beneficiaries of such policies are rich countries (Kim, Lin & Suen, 2011). To avoid such repercussion, countries having similar trade goals, objectives and same intensity of environment complexity and intensity tried to get benefit from regional trading blocs as compared to global (Adler, 2015). The explanation of globalization as liberalization is also criticized and challenged by antagonists and criticism gain acceptance due to repercussion of liberalization. The main allegations are that neo-liberal policies and laissez – faire global economy has widened the gap between poor and rich, system disparity, generate social discrepancy, bulldoze cultural synchronization, ecological destruction and democratic difference (Scholte, 2002, 2008). Giant economy of developed countries has power to exert immense pressure on financial markets and economic trends which will devastate the small nations (P. Hirst & Thompson, 1999).

**Homogenous vs. Heterogeneous**

The interconnectedness and integration lead towards worldwide production and distribution of homogenous type and uniform quality of products and/or services (Levitt, 1993). The economists believe that extent to which countries across the world make efforts to develop uniform and harmonized economic policies and activities (Feenstra, 1998) the more evident it will be countries move towards unified market and ultimately become globalized and borderless world i.e. wiped out of national economics due to dissolution of trade barrier and state regulation. The effects are not limited to economic integration, economic harmonization, rather a wide range of diverse phenomenon will emerge like reduction in
traveling time & cost, elimination of communication barriers, transnational sports and cultural activities, political democracy, uniformed norms, values, tastes and ethics etc. (Hart & Prakash, 1996; Hill & Jain, 2007). This kind of uniformity or standardization is also envisioned as ‘universalization’ which looks as a practice of disseminating different items, ideas and/or experiences to all populations of this planet. By using globalization in this way, globality represents the notion of ‘world-wide’, ‘universal’, ‘every-where’ or contraction of world into ‘global village’. Globalization is a progression of swift innovation and technology change — television, computers, radio, telecommunication, Microsoft, world-wide-web — that allows the movement/exchange of people/goods/services and even ideas across the boundaries (Subasat, 2008). The entire enhancements and novelty transform this world with homogenous experiences like business activities, standardize lifestyles, identical workplaces, similar social interests, indistinguishable Barbie dolls, ease of use of diverse fruits (Canadian apples, Kenyan haricot beans, Chilean grapes etc.), analogous anti-terrorism legislation themes, human rights declaration and so on, are leading towards globalization and ground homogenization with world-wide economic, political, civilization, and legal amalgamation.

The aspiration of uniformed, harmonized and standardized world at first sight seems attractive, for instance, the presence of labor wage parity, wide gap between per capita income of developed and developing economics, the indicators of Human Development Index, various forms of democracies and governess styles etc. or even the definition of literate/illiterate, terrorism and/or extremism are indicative of heterogeneous world (Subasat, 2008). Till today except few companies like Coca Cola, most of the companies have launched differentiated products and services; for example, there is no concept of “Global Car” (Rugman& Hodgetts, 2001). Most of times, the products or services are customized according to the conditions, tastes, or norms of the countries. For a while if one accepts the emergence of harmonized and standardized world then it is more probable in regional setting.
where less number of countries with less contradictory views are integrating to develop uniform and homogenous outcomes just like common currency in EU. The emergence of harmonized and standardized world is likely to happen or not but one thing will definitely emerge and that is unstable and turbulent world (Rosenau, 1990) because extensive interconnectedness can trigger an aggravated disorder, which may reverberate not only in unexpected manner but in fast pace as well to disturb various macro/micro systems (Giddens, 1996). The emergence of homogenous global economy and market are offering unpredictable paraphernalia on economic management efforts of small economies and eventually weakened states’ autonomy. The events occurred at one pole can generate an equal but divergent and even conflicting consequences in rest of the world (Giddens, 1996), for instance, financial crisis occurred in one part of the world may disturb the economies of rest of the world.

Nutshell

From above concise portrayal of efforts made by scholars to approve and disapprove G&R do not exhaust the possibility of demarcation between these two. The above section has illuminated the pre-existing views and events. After rigorous examination of various viewpoints of G&R, one can reach the conclusion that gaining consensus about these two is hard to achieve as the concepts are large and broad. Scholars have tried to demonstrate the distinctiveness rather than define these two. The presence of diverse perspectives about both and level of uncertainty and ambiguity about their future has made this debate as contested one. At the present, thousands of research articles, reports and books are available on G&R. The distinctive element which is currently missing and may help to get rid of uncertainty while understanding both G&R is the availability of guidelines to develop some policies to ease the challenge currently micro and macro players are facing about decision making about these two.
Guiding Principles for Policy Implications

The above discussion is offering an extreme challenge to policymaker to tackle or to react to the arguments build by the proponents of G&R. In the following section, few broader guidelines are provided to policy makers

Dynamic Rather Static

If the aim is to develop a homogenized world then it will lead this world towards a static stage after sometime just like law of diminishing returns. Therefore, to remain dynamic it is need of time to promote intra-homogenous and inter-heterogeneous connections well connected but also coordinating with regional blocs for optimal utilization of resources rather than for exploitation of weak states. The presence of geographical regions is likely but it is also obvious that there are no ‘natural’ regional entities, and those regional entities have to be fabricated and those regions must have different colors of global rainbow of or just like a global omelet whose ingredients are different regions having diverse wholesome values.

Pluralistic Rather Hegemonic

With the end of east-west conflict, the emergence of uni- or bi-, multipolar world is way to create a balance in the power, autonomy, resources and their distribution. Therefore, whether counties go for global/regional integration the aim should be pluralistic instead of hegemonic settings to avoid clustering around rule-maker or compound polity. If countries go for pluralistic setting for economic, social, cultural and political integration then these countries will be able to consolidate and enlarge state power (Beeson & Jayasuriya, 1998). In this way in addition to giving too much emphasize on economic and financial aspects, the states will also exploit the benefits of political, social, and cultural ones.

Connected Within Rather Outside

No one can challenge the sovereignty (internal and external) and autonomy of any state if the governments are connected with the public and civil society of their respective
state. The threats to countries’ sovereignty are not from G&R rather internal. According to Max Weber, internally connected states enjoy a monopoly within a given territory. Due to this monopoly, the states exercise it legitimated power over a variety of social endeavors, including economic ones. That power is embodied in the domestic legal, administrative, and political structures that guide public policies. The manifestations like too much disparity between rich and poor, developing and developed countries, inequality at macro and micro levels and many others and for all these, directly or indirectly, responsibility is shifted towards globalization (Pritchett 1997, Temple 1999). However, there are no evidences available which can justify that all these manifestations are the consequences of globalization. Look with sincerity, then one may find that responses of countries to G&R are not spot-on. The hidden corruption, the desire to strengthen rule & power and the undemocratic practices trigger the inability of governments to develop global policies and strategies to attract FDI. Developing favorable trade options and prolonging domestic & international conflicts are the main reasons behind poor governance and obstacles to develop any policy. Government’s inability and wrong priorities limit states’ ability to develop policy and to respond global and regional pressures and utilize energies to diffuse the global challenges. The states are trying to engage domestic actors into complex and large number of business regulations; creating imbalances in competition; developing discriminatory policies; and showing weak implementation will for legal and civil laws. The decision of countries to join small pie ignoring the big one is leading states to suboptimal outcomes and huge economical handicaps (Janowski, 2006a).

**Free but Fair and Fearless**

The majority of protesters criticizes or discards neo-liberal policies for a global or regional world rather than globalization or regionalization per se. It means in totality G&R are not good or bad rather the means which are adopted to reach that goal are flawed. The bad
practices of states under the umbrella of liberalization in the absence of free and autonomous
governing institutions have created fear among small economies that capitalist giants will
swallow them. The neoclassical economists have tried to pave the path to promote free and
open trade as it is related to growth and development however the results are not similar to
aspirations of those economists as the trade has become more centralized due to unequal
exchanges between developed and developing countries. The various players including
MNEs (multinational enterprises), economists and neoliberals are collectively trying to
develop whole pie (world) as big more rich, prosperous, connected and dependent by
destroying the small pies (regional blocs) which are building units of big pie. The major
players like MNEs of integrated uniformed global market become more persuasive and are
more inclined to gain and concentrate powers to influence and dictate governments to design
favorable economic policies, reduction in trade barriers and shaping novel interdependence
and connectivity patterns. The conclusion is drawn by political scientist as well (Janowski,
2006a) and there is quite possibility of emergence of “parallel authority” in spite of
superficial and weak national governments (Strange 1996). The parallel authority will be
more devastating because apparently weak governments will be held responsible for weak
policies and hidden hands will remain operative. In this regard, to eliminate fear of small
economies and to promote fair trade, establish regional or global legal institutions –dissimilar
to IMF or WTO which are under controlled of parallel authorities – to monitor the bad
practices of big giants like protecting agricultural sector of their own countries from
developing countries where it is core strength of those countries and reciprocally asked
developing countries to withdraw all subsidies and open their market for differentiated
innovated products produced by developed countries.
Building Economic Blocs

The outcome of regional integration is the emergence of competitive but small sized trading blocs as compared to large sized markets. Alesina and Spolaore (1997) have floated an argument in support of protectionists’ policies of regional bloc. According to them, the countries having big domestic markets as well as such countries are also large in size in terms of population, capital market and technology, then such countries will gain less from free and openness of trade. The elimination of trade barriers, restrictions and economic integration has negative impact on large sized countries. In comparison to large countries, small sized countries benefit more from openness of trade when they transformed themselves and become industrialized as they extract proportionally higher benefits from international trade (Maddison, 1995). Therefore, small countries go for economic integration to expand market size by joining regional integration setup. According to (Summers, 1991), the negotiation of market players of non-member states with blocs become easy without any exploitation if both negotiating participants are small in number or equal in size and power (Summers, 1991). All developing countries are suffering from shortage of FDIs (Aslam & Azhar, 2013) as well as foreign currency exchange as they are paying hard currency for large imports. The emergence of regional bloc has reduced the dependence of low economics on capitalist countries, reduction in communication and transportation costs.

Follow Linear Trajectory

The experiences of MNEs highlight the importance of linear trajectory. In between two extremes of G&R, Ghemawat (2003) has identified another state which is neither complete integration nor disintegration rather incomplete cross-border integration and termed it as “semi-globalization” and for nations it is far easy to move from semi-globalization to globalization instead of crossing a long leap from regionalization to globalization (Ghemawat, 2001, 2003, 2013).
The concept of semi-globalization is also presented in a novel way by Kim and Aguilera (2015). According to this model it becomes much easier for countries and firms to keep relationship with rest of countries (Figure 3). For states or companies, the decision is very hard weather to keep connected with each nation independently (powerful nations dictate terms for such relationships), or evaporate its identity, compromise sovereignty and become part of homogenous world or keep strong linkages with neighbor states to develop powerful regions and then create regional linkages. This argument apparently seems hypothetical because of many underlying macro forces operating within regional settings and respective economic markets which are affecting the ideal choices of countries, industries or firms’ strategy formulation (Ghemawat, 2003, 2013; Schlie & Yip, 2000). One real example of this hypothesis is current response of EU, a perfect regionalization model. EU unintentionally is acknowledging the linear trajectory and has decided to follow more aggressive trade policies by opening foreign markets to diminish asymmetries between EU and emerging markets; in other words, EU has developed ‘deeper’ relationships first and now
it is ‘widening’ those relationships (Lamy, 2016). The journey of company should be from regional to semi-global and then complete global because: 1) distance in terms of cultural disparity, administrative inconsistency, geographical separation and economic inequality still matter among countries (Ghemawat, 2001). The distance as a barrier is not a new phenomenon and geographical proximity as barrier is always present and restricts nations for exchanging various types of commodities. In gravity model, the distance is also one of the predictors of trade flow between countries; 2) companies want to move in other region or become global have to bear the liability of being foreignness along with much supplementary unseen risks which are not present in their home regions; 3) until and unless home markets of regions have not exhausted the companies’ desire to move to other region is not likelihood (Rugman & Verbeke, 2001); 4) selling innovative and differentiated products is the core competency and if product lose monopoly status too early in foreign market then for these companies it become difficult to recuperate innovation costs; 5) The other factor is the absence of blind spot or successful in ‘insiderization’. If innovative product failed to achieve the forecasted sales level then companies have to bear high, irreversible, fixed costs and therefore have to confront high risks. It means that it is also quite possible that rival rapidly imitate the product despite presence of patents and brand protection laws and sell in other countries. Companies must have the capability to plug this blind spot by absorbing this shock or surprise move of competitors; 6) the underlying macro forces of G&R are very influential and must be considered while making an effectual choice between both.

**Conclusion**

All pre-existed sophisticated arguments, viewpoints and comparisons are presented in this paper and after rigorous examination of various viewpoints of G&R, reaching the conclusion that gaining consensus about these two is hard to achieve as the concepts are large and broad, mistaken operationalization of both terms, insufficient levels and depth of
analysis, partisan and misleading perceptions of scholars, academicians and practitioners and
lastly lack of rigorous theoretical frameworks. However, if sincere efforts are made to
demonstrate the distinctiveness rather than define G&R, then there are certain areas which
can diffuse this debate and a policy can be made keeping certain points in mind. The policy
makers should understand that survival of countries resides in internally connected dynamic
and pluralistic business blocs in which the member states not only trade freely but fairly and
fearlessly. Through this paper an effort is made to take an insight of that debate to ease the
task of policy maker; however, the possibility of demarcation between these two cannot be
exhausted.
References


