

### Transnational Corporations

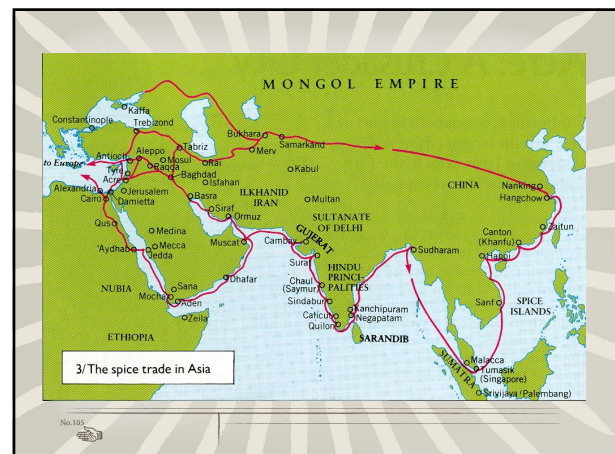
- ‡ Complex companies headquartered in one nation, but operating in multiple

### Flattened Geographies

- ‡ Thomas Friedman
- ‡ "leveled playing field"
  - ◆ Just about anyone can compete in today's economy... and the US is getting left behind

### The World is Flat?

- Globalization 1.0 (1492-1800)
  - ◆ countries compete globally
- Globalization 2.0 (1800 to 2000)
  - ◆ companies compete globally
- Globalization 3.0 (2000- now)
  - ◆ individuals able to collaborate and compete globally

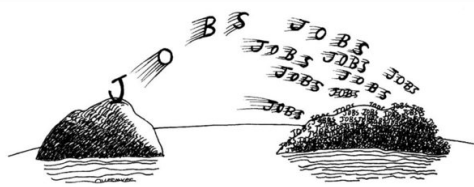


## The World is Flat?

- ⌘ Playing golf in Bangalore, told to aim between the Microsoft and IBM buildings
- ⌘ CEO of Infosys gave him the idea of a “flat economic world”



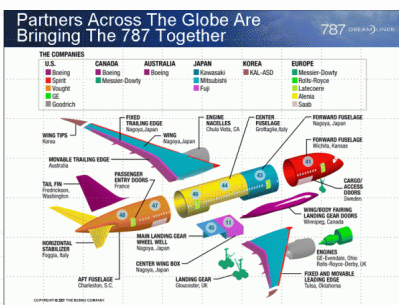
## Off-shoring



## Off-shoring

- ⌘ Jobs are relocated to another country to take advantage of lower costs and labor benefits.
- ⌘ Can be low or high skilled positions

## Off-shoring

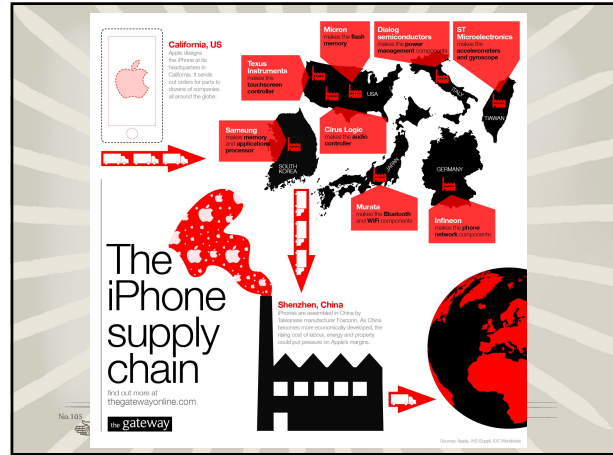
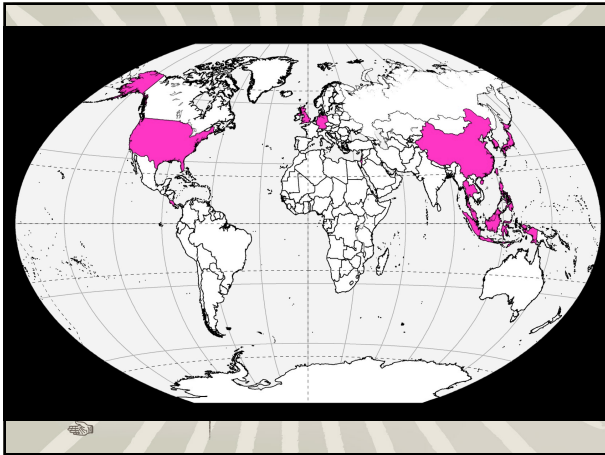


## Dell Theory of Conflict Prevention

"The Dell Theory of Conflict Prevention argues that no two countries that are both part of the same global supply chain will ever fight a war as long as they are each part of that supply chain."

-The World is Flat





**Apple Manufacturer Foxconn Is Under Fire Again**  
 By Rick Aristotele Munarriz, The Motley Fool  
 Posted 1:01 PM 02/23/12 | AOL, Original  
 Posted under: Company News, Technology, Apple, Wall Street

In response to supplies, Foxconn's production workers at one of its assembly plants in China.

**US-Mexico Borderlands**

- ‡ Mexican Maquila Program, 1965
- ‡ North American Free Trade Agreement, 1994
- ‡ "Export Processing Zones"

Principal Regulatory Centers



**Maquiladoras**

- ‡ Majority women
- ‡ Changing roles
- ‡ Safety





### Technopoles

Geographic concentration of high-tech manufacturers

- ◆ Some cost more to live in than others

### Outsourcing

### Infosys

*Bangalore Campus*

- ‡ Huge Indian company specializing in outsourcing
- ‡ Took advantage of major investments in tech during tech bubble (late 1990s, 2000)
- ‡ Can work on software projects, service industry, while we are sleeping in US

### Supply Chains

- ‡ Globalization means these don't have to be in the same country
- ‡ Software, images, digital information can be instantly "shipped"

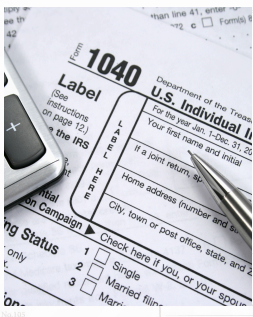
### The World is Flat

"... what the flattening of the world means is that we are now connecting all the knowledge centers on the planet together into a single global network, which - if politics and terrorism do not get in the way - could usher in an amazing era of prosperity, innovation, and collaboration, by companies, communities, and individuals."





### Tax Preparation



**Tax outsourcing**


- Servers in US to comply with law
- Indian preparers not able to print anything out
- US companies save money, have basic preparation done
- 400,000 returns done in 2005, 1.6 mil. In 2011

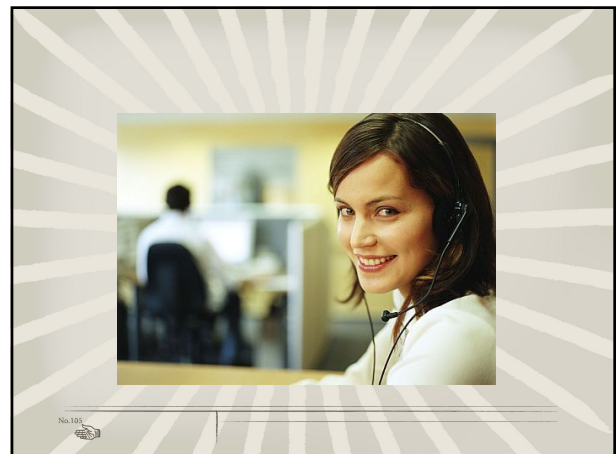
### The World is Flat

“When I was growing up, my parents told me, “Finish your dinner. People in China and India are starving.” I tell my daughters, “Finish your homework. People in India and China are starving for your job.”

### Bangalore cost of living

- ‡ Monthly rent 900 sq ft furnished apartment in nice area - \$371
- ‡ Utilities for 1 month - \$35
- ‡ Bangalore is 68% cheaper than Los Angeles (Housing 82% cheaper)







### Which future?

