Globalization: Trends and Prospects
The Shrinking Globe

- Horse-drawn coaches and sailing ships: 10 mph
- Steam locomotives: 65 mph
- Steamships: 36 mph
- Propeller aircraft: 300 - 400 mph
- Jet passenger aircraft: 500 - 700 mph
Internationalization and Globalization

- Internationalization Defined:

  Internationalization: firms extend products and services in overseas markets, usually from their home country.

  Internationalization is the first stage in the globalization process
Internationalization and Globalization

Globalization Defined

- **Globalization**: the process by which businesses create value by leveraging their resources and capabilities across borders, and includes the coordination of cross-border manufacturing and marketing strategies.
Industry Globalization Drivers

MARKET DRIVERS

COST DRIVERS

Industry Globalization Potential

GOVERNMENT DRIVERS

COMPETITIVE DRIVERS
Globalization Forces: Market Drivers

• Convergence of per capita income, lifestyles and tastes??

• Global Customers due to increased travel and organizational buying

• Growing global and regional channels

• Increasing number of world brands and global advertising
• Continuing push for economies of scale (but offset by flexible manufacturing)
• Accelerating technological innovation
• Increasing cost of product development relative to market life
• Advances in transportation
• Emergence of newly industrialized countries with productive capability and low labor costs
Globalization Forces: Competitive Drivers

- More countries becoming key competitive battlegrounds
- Rise of new competitors intent on becoming global
- Growth of global networks making countries interdependent in particular industries
- More companies becoming internationally oriented rather than nationally centered
- New global alliances
Globalization Forces: Government Drivers

- Reduction of tariff barriers
- Reduction of non-tariff barriers
- Creation of new trading blocs
- Decline in the role of government as producers and consumers
- Market liberalization and privatization
- Adoption of common standards
Private capital flows to SSA have increased almost five-fold since 2000

- For the first time in 2006 they overtook official aid flows.
South Africa and Nigeria were the main recipients of private inflows.
AFRICA AND GLOBALIZATION

• Trained human capital will equip Africa with:
  Core competence in various industries
  Comparative advantage for international competition
  Capacity to absorb the benefits of high end FDI
    – Rogue FDI versus high quality FDI

• But for this to happen, the training must include financial literacy, entrepreneurial, business, and management kills

• RISE networks will produce trained human capital.
• BUT WILL THIS TRAINING HELP AFRICA TO BENEFIT FROM GLOBAL TRADE?