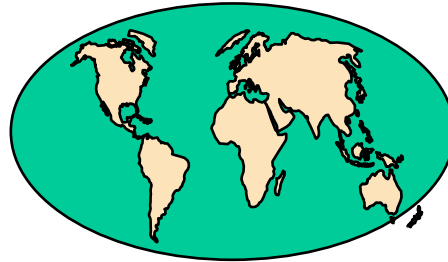
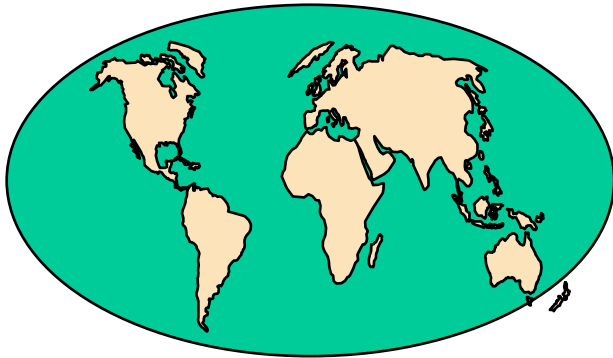


# **Globalization: Trends and Prospects**



# The Shrinking Globe



# **Internationalization and Globalization**

## **□ Internationalization Defined:**

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

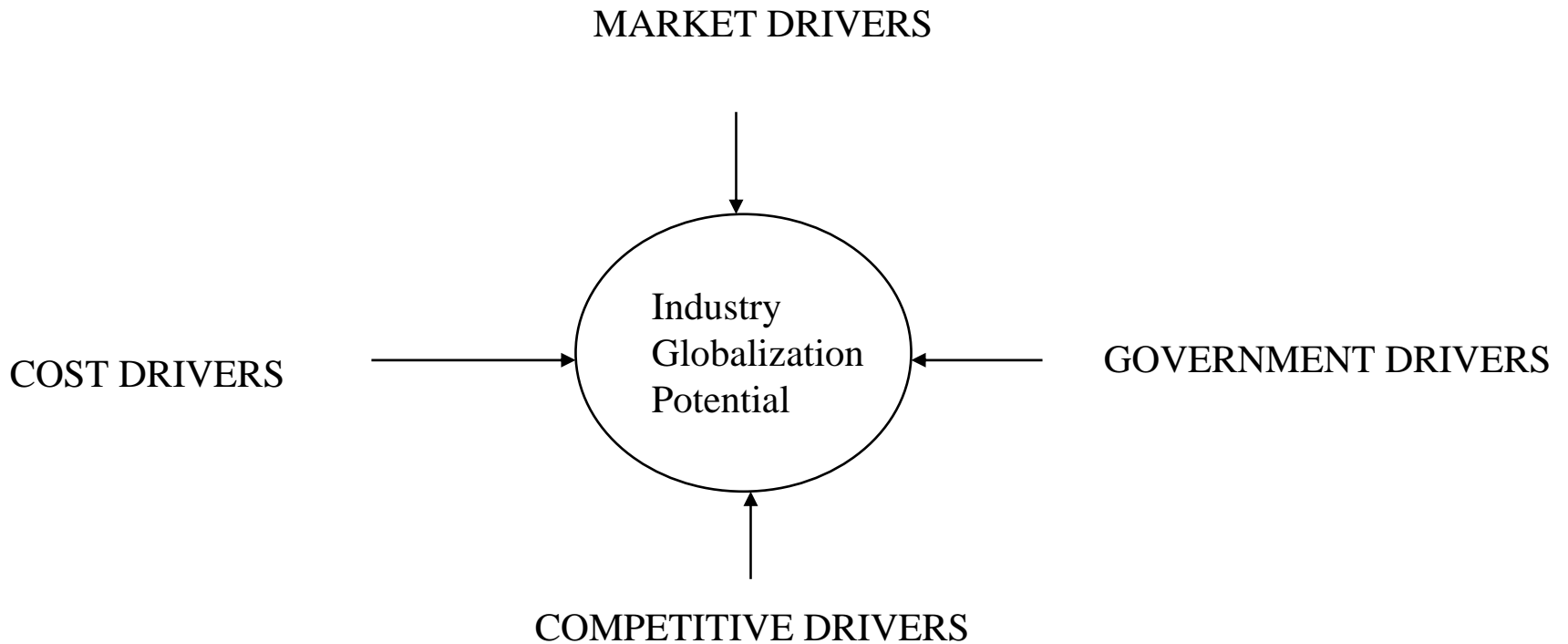
**Internationalization is the first stage in the globalization process**

# 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



# 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



# Globalization Forces: Cost Drivers

- 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





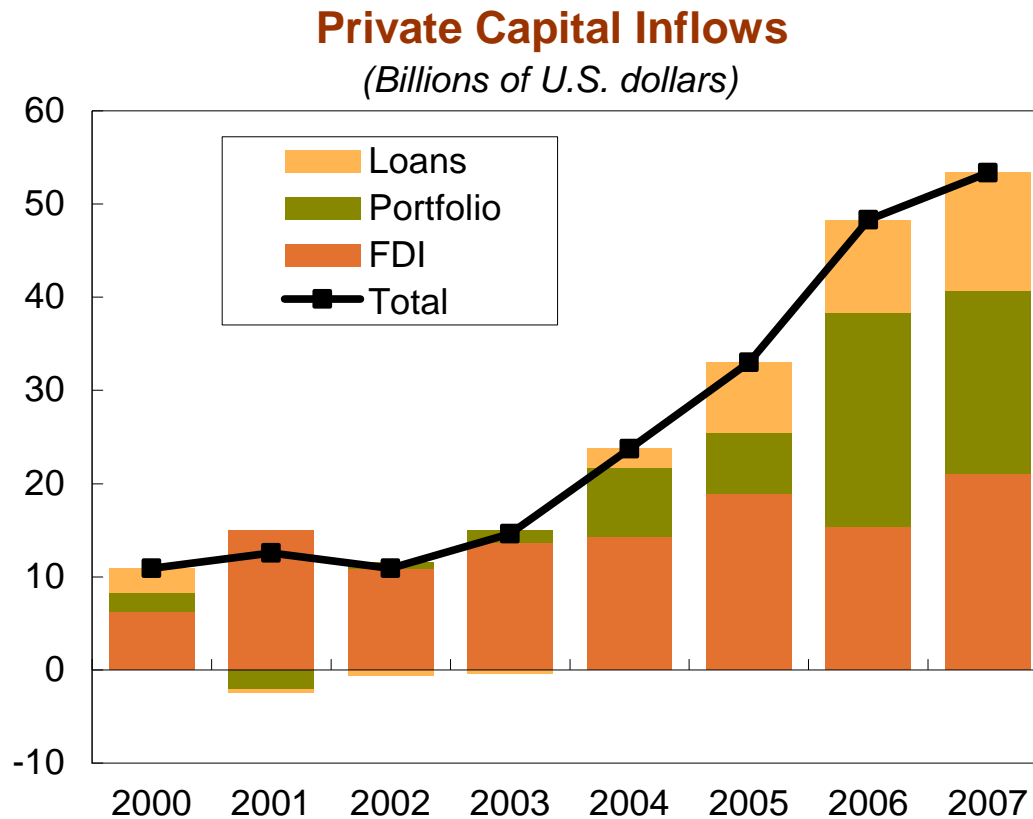
# Globalization Forces: Government Drivers

- 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

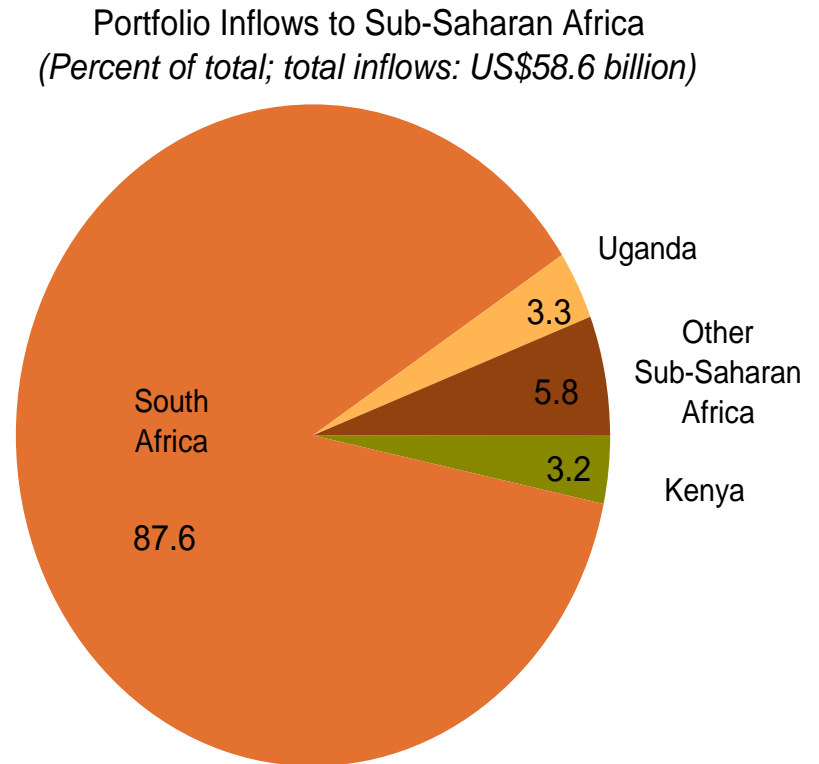
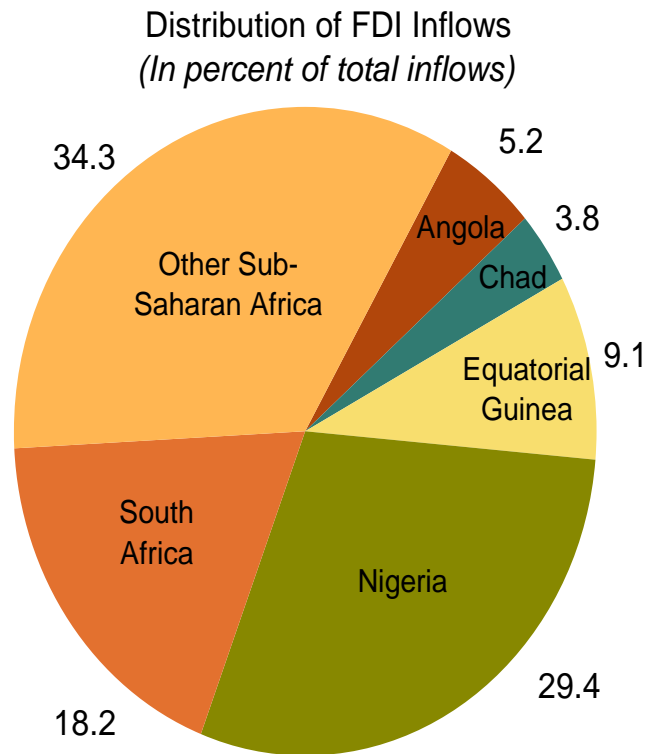


Private capital flows to SSA have increased almost five-fold since 2000

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