

1.15: Points to Remember

1. Although we often speak of global markets and a “flat” world, in reality, the world’s competitive structure is best described as semiglobal. Bilateral and regional trade and investment patterns continue to dominate global ones.
 2. The center of gravity of global competition is shifting to the East, with China and India taking center stage. Russia and Brazil, the other two BRIC countries, are not far behind.
 3. Global competition is rapidly becoming a two-way street, with new competitors from developing countries taking on traditional companies from developed nations everywhere in every industry.
 4. Companies have several major reasons to consider going global: to pursue growth, efficiency, and knowledge; to better meet customer needs; and to preempt or counter competition.
 5. Global companies are those that have a global market presence, supply-chain infrastructure, capital base, and corporate mind-set.
 6. Although we live in a “global” world, distance still very much matters, and companies must explicitly and thoroughly account for it when they make decisions about global expansion.
 7. Distance between countries or regions is usefully analyzed in terms of four dimensions: *cultural*, *administrative*, *geographic*, and *economic*, each of which influences business in different ways.
 8. Even with the best planning, globalization carries substantial risks. Globalization risks can be of a *political*, *legal*, *financial-economic*, or *sociocultural nature*.
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