M13 – GLOBAL BUSINESS ENVIRONMENT

Globalisation and International Business Strategy

Critical Strategic Analysis Report

Student Name	Mukta Khanam
Student ID	PMB26017
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Abstract

Globalisation has reshaped the competitive environment by connecting markets, production networks, finance, technology and consumers across national borders. It creates opportunities for firms to access new customers, diversify revenue, acquire capabilities and achieve scale, while exposing them to political risk, cultural distance, regulatory fragmentation, supply-chain disruption and changing public expectations. This report critically evaluates how globalisation influences international business strategy, using established internationalisation frameworks and documented examples from Apple, Toyota, McDonald's and Unilever. The analysis applies the Uppsala internationalisation model, Dunning's eclectic paradigm, the CAGE distance framework and the integration–responsiveness perspective to assess how firms select markets, entry modes and operating models. The report finds that no single entry strategy is universally superior: exporting limits initial commitment but may restrict local responsiveness; licensing and franchising accelerate expansion but create quality and control risks; joint ventures provide local knowledge while increasing coordination and governance complexity; and wholly owned foreign investment provides control but requires greater capital and exposes the firm directly to local risk. Case studies illustrate the strategic importance of supply-chain capabilities, local adaptation, partner selection and institutional trust. The report recommends a portfolio-based approach to international expansion, supported by country screening, scenario planning, staged investment, resilient sourcing, cultural intelligence, regulatory due diligence and measurable sustainability standards. It concludes that global competitiveness depends not on maximising geographic reach at any cost, but on aligning market selection and entry mode with the firm's capabilities, risk tolerance, stakeholder responsibilities and long-term strategic purpose.

1. Introduction

Globalisation refers to the intensification of cross-border flows of goods, services, capital, people, information and ideas. For businesses, this process has expanded potential markets and enabled geographically dispersed value chains, while increasing exposure to international competition and external shocks. Digital platforms and communications technologies allow firms to coordinate activities across borders more efficiently, but differences in regulation, infrastructure, purchasing power, culture and political institutions continue to shape the practical conditions of competition.

International expansion can create economies of scale, learning opportunities, access to specialised labour and resources, and diversification across markets. However, global presence is not automatically a source of competitive advantage. Firms may encounter unfamiliar consumer preferences, weak infrastructure, changing trade rules, currency volatility, corruption risks, data restrictions, labour concerns and reputational exposure from distant suppliers. A strategy that succeeds in one country may fail elsewhere if managers assume that products, marketing messages or organisational routines can be transferred without adaptation.

This report addresses Option 1 of the M13 Global Business Environment assignment: Globalisation and International Business Strategy. It examines how globalisation influences business operations, competitiveness and international expansion; analyses drivers such as technology, trade liberalisation, economic integration and consumer change; evaluates market-entry approaches; and considers challenges linked to political risk, cultural differences, regulation and economic uncertainty. Real-world cases are used to connect theory with strategic decisions.

The central argument is that successful internationalisation requires a balance between global efficiency and local legitimacy. Firms need enough integration to capture scale and transfer capabilities, but enough responsiveness to meet local customer needs and institutional requirements. The appropriate balance varies by industry, market and stage of

internationalisation. The report therefore uses multiple frameworks rather than treating global expansion as a uniform process.

The report is organised into a literature review, methodology, findings and analysis, discussion, strategic recommendations, conclusion, references and appendices. It evaluates the strengths and limitations of common international business models and develops recommendations for firms seeking sustainable global competitiveness.

2. Literature Review

2.1 Globalisation and the modern business environment

Globalisation is multidimensional. Economic globalisation involves trade, investment and production networks; technological globalisation accelerates the movement of information and enables digital services; and social-cultural globalisation spreads ideas, lifestyles and consumer expectations. These dimensions interact. Digital infrastructure can enable a small firm to reach foreign customers, while cross-border data rules may constrain how it delivers services. International supply chains may reduce unit costs, yet make production vulnerable to disruption at a single port, supplier or geopolitical chokepoint.

The benefits of globalisation are unevenly distributed. Firms and consumers may gain from lower costs, greater choice and innovation, while some workers and regions face adjustment costs or pressure on wages. International business strategy should therefore consider not only market opportunity but also the distribution of risk and value across employees, suppliers, consumers and host communities. Responsible expansion requires attention to labour standards, environmental impacts, tax compliance and the legitimacy of the firm’s presence in the host country.

2.2 Drivers of globalisation

Technology reduces the cost of coordinating activities across distance. Cloud computing, digital payments, analytics, automation and logistics systems support international operations and enable rapid feedback from customers. Yet technology does not eliminate institutional

distance: privacy law, cybersecurity requirements, digital infrastructure and digital literacy vary substantially across markets.

Trade liberalisation and regional integration can reduce tariffs and simplify market access. Agreements such as the European Union's single market facilitate cross-border trade and investment among members, although firms still face product standards, tax requirements and other rules. The World Trade Organization (WTO) provides a multilateral framework for trade rules, but disputes, protectionist policies and national-security measures can create uncertainty. Global businesses must monitor both formal trade agreements and the possibility that policy priorities will change.

Economic development and rising incomes create new consumer segments, while demographic change and urbanisation reshape demand. At the same time, consumers increasingly expect convenience, digital access and credible environmental and social commitments. These trends are not uniform: price sensitivity, brand preferences, family structures and attitudes to risk differ across countries and within them. Market research must therefore avoid treating a national culture as homogeneous.

2.3 Internationalisation theories

The Uppsala model explains internationalisation as a gradual learning process in which firms often begin with lower-commitment activities and increase investment as they gain market knowledge (Johanson & Vahlne, 1977). Its strength is recognising uncertainty and experiential learning. Its limitation is that it may understate the speed of modern digital internationalisation and the ability of "born global" firms to use platforms, networks and specialised capabilities to enter several markets quickly. It is best understood as one pathway rather than a universal sequence.

Dunning's eclectic paradigm, or OLI framework, argues that foreign direct investment is likely when firms possess ownership advantages, find location advantages abroad, and benefit from internalising activities rather than contracting them to external parties (Dunning, 1988). Ownership advantages may include technology, brands or managerial know-how; location advantages may include market size, skills or proximity to customers; and internalisation

advantages arise when controlling an activity is preferable to licensing or outsourcing. The framework helps compare entry modes, but it can be difficult to operationalise because the relative value of each advantage changes over time and across industries.

The CAGE framework examines cultural, administrative, geographic and economic distance between countries (Ghemawat, 2001). It highlights why countries that appear attractive by market size may still be difficult to serve. Cultural distance can affect communication and consumption; administrative distance can arise from different legal systems or political relationships; geographic distance affects transport and coordination; and economic distance affects purchasing power, labour costs and infrastructure. CAGE is a useful screening tool, but national-level indicators can conceal important regional differences and should not replace local research.

The integration–responsiveness framework distinguishes pressures for global integration from pressures for local responsiveness (Bartlett & Ghoshal, 1989). A global strategy standardises products and operations to capture scale, while a multidomestic strategy adapts strongly to local markets. A transnational approach seeks both efficiency and responsiveness, but it is organisationally demanding because knowledge, authority and resources must move across units. Firms should select a configuration that fits customer needs and cost structures rather than assume that either standardisation or localisation is always best.

2.4 Market-entry strategies

Exporting allows firms to serve foreign markets without immediately building production facilities abroad. It can be appropriate when demand is uncertain, the product is transportable and trade barriers are manageable. However, freight costs, tariffs, exchange-rate movements and limited local market knowledge can reduce competitiveness. Direct exporting provides greater customer access and control than indirect exporting but requires more internal capability.

Licensing and franchising enable expansion through local partners. Licensing grants rights to use intellectual property, while franchising typically combines a brand with a more extensive operating model. These modes can reduce capital requirements and speed expansion, but they

introduce risks around quality control, intellectual property leakage, inconsistent customer experience and partner conduct. Strong contracts, training, auditing and clear exit provisions are essential.

Strategic alliances and joint ventures allow firms to combine capabilities, share risk and access local networks. They can be especially useful where local knowledge, distribution or regulatory relationships matter. However, partners may disagree over reinvestment, control, technology transfer or long-term goals. Careful due diligence, governance arrangements, dispute-resolution mechanisms and shared performance measures help manage these risks.

Foreign direct investment (FDI), including wholly owned subsidiaries and acquisitions, gives firms more control over operations, brand, technology and customer experience. It may be necessary where proximity to customers, local production, sensitive intellectual property or regulatory conditions are important. Its disadvantages include high capital exposure, political risk, integration complexity and the possibility of overestimating demand. Greenfield investment offers greater design control but takes time; acquisition offers faster access but may bring legacy systems, cultural conflict and hidden liabilities.

2.5 Global strategy, culture and competitiveness

Porter (1990) argues that national conditions can influence the development of internationally competitive industries through factors such as skills, demand conditions, related industries and firm rivalry. The framework reminds managers that competitive advantage is partly shaped by the home-country ecosystem, although global value chains and digital markets complicate a purely national view. Firms also compete through resources and capabilities that are valuable, difficult to imitate and organisationally supported (Barney, 1991). International expansion should transfer genuine strengths, not simply replicate domestic routines.

Cultural differences affect negotiation, leadership, marketing and service expectations. Cultural frameworks can help generate questions, but they should not be used as stereotypes about individuals. Managers should combine country-level insight with direct customer research and local employee input. A standardised brand may create recognition, while

product ingredients, packaging, pricing, advertising and service practices may require adaptation.

2.6 Risk, resilience and responsible international business

Global supply chains can improve efficiency but also create concentrated dependencies. Events such as pandemics, natural disasters, conflict, sanctions, cyberattacks and port congestion may interrupt supply. Resilience strategies include multiple qualified suppliers, inventory buffers for critical components, visibility beyond first-tier suppliers, scenario planning and clear crisis responsibilities. These measures may increase short-term cost, so firms should identify which products and inputs justify redundancy rather than duplicate every activity.

Political risk includes expropriation, abrupt regulatory changes, trade restrictions, civil unrest and restrictions on capital movement. Firms can reduce exposure through country diversification, local partnerships, political-risk insurance where appropriate, compliance systems and staged investment. Currency risk can be managed through natural hedging, forward contracts and pricing policies, although financial hedges cannot eliminate changes in demand or the long-term competitiveness of a market.

Responsible internationalisation is increasingly important. The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct address human rights, labour, environment, bribery, consumer interests, disclosure and supply-chain due diligence (OECD, 2023). Firms that outsource production remain exposed to labour and environmental harms in their supply chains. Responsible management requires mapping risks, assessing suppliers, engaging affected stakeholders, taking corrective action and reporting credibly. Compliance and sustainability should be integrated into strategic decisions rather than treated as separate public-relations activities.

3. Methodology

This report uses qualitative secondary research and comparative case analysis. The theoretical foundation is drawn from established international business literature, including the Uppsala model, the OLI paradigm, CAGE distance and integration–responsiveness. Peer-reviewed academic work is used to explain the mechanisms behind internationalisation and competitive advantage. Institutional publications from the WTO, OECD and company reports provide context on trade, responsible business conduct and corporate strategy.

Four cases—Apple, Toyota, McDonald's and Unilever—were selected because they illustrate different dimensions of global business. Apple demonstrates a globally integrated product ecosystem supported by an international supplier network. Toyota illustrates international production, localisation and operational learning. McDonald's shows the strategic importance of franchising and local adaptation. Unilever provides an example of managing a broad portfolio across diverse markets while responding to sustainability expectations. The cases are not intended to be statistically representative; they are used to examine how strategic choices operate in different business models.

The analysis followed three stages. First, relevant theories were grouped around drivers of globalisation, entry modes, competitive advantage, cultural and institutional distance, and risk. Second, the cases were compared against these themes, identifying the benefits, constraints and trade-offs of their international strategies. Third, the findings were translated into recommendations for market selection, entry-mode choice, risk management and responsible growth.

Secondary research has limitations. Company reports are useful for understanding declared strategies but may emphasise positive outcomes. Publicly available information may not reveal internal deliberations or all supplier-level impacts. The report therefore distinguishes company-reported commitments from independent theoretical interpretation and avoids treating corporate claims as proof of performance. It does not conduct original interviews, financial modelling or a country-specific legal review. Recommendations should be adapted to the sector, size, target market and risk profile of any firm applying them.

4. Findings and Analysis

4.1 Globalisation as both opportunity and exposure

The analysis finds that globalisation expands the strategic option set for firms but also increases interdependence. International markets can provide revenue growth, scale economies and access to specialised resources. Geographic diversification may reduce dependence on a single economy, but only if markets are not exposed to the same shocks and the firm can manage additional complexity. A business that expands too quickly may dilute managerial attention, stretch cash flow and weaken quality control.

The strategic question is therefore not simply whether to internationalise, but where, when and how. Attractive markets should be assessed using demand, competitive intensity, purchasing power, logistics, regulation, cultural distance, political stability and the firm's ability to deliver value. A large market may be unattractive if customer acquisition costs are high, regulation is uncertain or local competitors possess strong distribution. Conversely, a smaller market may be strategically valuable as a learning base or regional hub.

4.2 Case study: Apple and globally coordinated value chains

Apple operates a global business model in which product design, software, brand management and ecosystem development are coordinated centrally while manufacturing and component sourcing involve a broad international supplier network. This structure supports scale, specialist capabilities and consistent product positioning. It also illustrates the difference between global coordination and owning every production activity. A company can retain control over key intellectual property and customer experience while relying on external manufacturing partners.

The model creates risks. A concentrated supplier base or dependence on particular production locations can expose the firm to geopolitical tensions, export controls, natural disasters, labour concerns and logistics disruptions. Outsourcing does not eliminate responsibility for supplier conditions or environmental impacts. A firm with significant purchasing power can influence supplier standards, but it must verify compliance rather than rely only on contractual declarations. Apple's supplier responsibility reporting describes its standards and audit

processes, but company-reported material should be read critically and compared with independent evidence where available.

Strategically, Apple’s experience suggests three lessons. First, global sourcing should be based on capability and resilience, not unit cost alone. Second, firms need visibility beyond immediate suppliers because problems can originate deeper in the chain. Third, diversification is most effective when it develops alternative capabilities rather than merely shifting concentration from one location to another. However, duplicating advanced manufacturing ecosystems is costly and slow, so resilience must be balanced against efficiency.

4.3 Case study: Toyota and localisation with operational learning

Toyota’s international strategy demonstrates the value of combining a common production philosophy with adaptation to local markets. The Toyota Production System emphasises continuous improvement, waste reduction and problem-solving. International production can reduce transport costs, respond to regional demand and create closer relationships with local suppliers and employees. Local manufacturing may also improve responsiveness to regulatory requirements and customer preferences.

However, transferring a production system across borders is not a mechanical exercise. It depends on workforce training, supplier capabilities, communication, management practice and institutional conditions. A system that relies on employee participation and rapid problem escalation may perform poorly if workers fear reporting defects or if local suppliers lack technical capacity. International operations therefore require investment in skills and culture, not just replication of factory layouts and procedures.

Toyota’s experience also shows that global standardisation and local responsiveness can reinforce each other when learning flows across the network. Local plants can adapt processes to local conditions while contributing improvements to the wider organisation. The challenge is to prevent local units from becoming isolated or to avoid imposing a central standard that ignores valuable local knowledge. Managers should define which elements are non-negotiable—such as safety and quality—and which can be adapted to meet market conditions.

4.4 Case study: McDonald’s, franchising and cultural adaptation

McDonald’s uses franchising and company-operated restaurants to build a recognisable global brand while adjusting aspects of its offering to local markets. The franchise model enables expansion with local capital and knowledge, while common standards support consistency in food safety, service and brand presentation. Local adaptation can include menu choices, ingredients, promotions and delivery partnerships that reflect local tastes and purchasing habits.

The case illustrates the trade-off between control and speed. Franchising can grow a network faster than wholly owned expansion, but performance depends on franchisee selection, training, monitoring and incentives. If franchisees cut corners or apply standards inconsistently, the brand owner may suffer reputational damage even where it does not directly operate the restaurant. Contracts alone are insufficient: quality assurance, supplier controls, transparent performance metrics and clear consequences for violations are required.

Cultural adaptation should be evidence-based. Managers should not assume that every consumer in a country shares the same preferences or that a product associated with one culture will be rejected in another. Local research, experimentation and customer feedback can identify which elements should be adapted. At the same time, excessive variation may increase complexity and weaken economies of scale. The strongest approach standardises the core promise and adapts the aspects that materially affect relevance, compliance and customer experience.

4.5 Case study: Unilever and responsible international growth

Unilever operates across numerous markets and product categories, making it a useful example of the interaction between global brands, local consumer needs and sustainability expectations. Its portfolio includes everyday consumer goods, often sold through complex distribution and supplier networks. Scale can support research, marketing, procurement and product development, while local teams can adjust packaging, price points, distribution and communications to different market conditions.

The case also highlights the scrutiny faced by multinational firms on environmental claims, packaging, agricultural sourcing, labour conditions and the credibility of sustainability targets. Public commitments can help coordinate internal action, but claims must be measurable, transparent and supported by evidence. A company should disclose boundaries, baselines, progress and limitations, and avoid presenting isolated initiatives as proof that its entire value chain is sustainable. Independent verification and clear accountability strengthen credibility.

For global businesses, sustainability is not only a reputational issue. Resource scarcity, climate impacts, waste regulation and changing consumer expectations can affect costs and market access. Nevertheless, sustainability programmes may face trade-offs between affordability, supplier livelihoods, product performance and environmental ambition. Responsible strategy requires prioritising material impacts, consulting affected stakeholders and reporting both progress and setbacks.

4.6 Comparing international entry modes

The cases and literature suggest that entry-mode selection should follow the firm’s objectives and capabilities rather than a universal hierarchy. Exporting is suitable when demand is uncertain, the product travels well and local presence is not essential. Licensing and franchising suit replicable intellectual property or business formats, but require strong partner governance. Alliances and joint ventures are useful where local knowledge or shared assets are important, but they create coordination and control challenges. Wholly owned investment is most appropriate when control, proximity or protection of core capabilities justifies the capital commitment.

A staged approach can reduce uncertainty. Firms may begin with exporting or a local distributor, learn about customers and regulation, then increase commitment through a local office, partnership or subsidiary. This resembles the Uppsala model, although digital businesses may move faster. The critical principle is to match commitment to evidence: expand when demand, economics, partner quality and operating capability have been validated, not simply because early sales are promising.

4.7 Cultural and institutional distance

Cultural misunderstandings can affect advertising, negotiation, leadership, feedback and customer service. Institutional differences can be equally important: licensing rules, product standards, tax systems, labour regulation, data protection and enforcement practices may shape the cost and feasibility of entry. CAGE analysis provides a useful early warning system, but it should be supplemented by local legal advice, customer research and engagement with employees and partners.

Localisation does not mean abandoning global standards. Firms should maintain consistent principles on safety, anti-bribery, human rights, data protection and product integrity while adapting delivery to local contexts. Where local practices conflict with the company's ethical commitments or legal obligations, managers need escalation routes and clear guidance. Short-term access should not be purchased through corrupt payments or tolerance of severe labour abuses.

4.8 Geopolitical and supply-chain risk

The global business environment is increasingly shaped by trade restrictions, sanctions, industrial policy, conflict, technology controls and competition over critical resources. Such developments can alter market access or make an otherwise efficient supply chain commercially or legally unviable. Companies should monitor geopolitical scenarios and map dependencies in products, suppliers, logistics routes, technology and financing.

Resilience does not require withdrawing from globalisation. It may require diversifying production, maintaining alternative suppliers, holding strategic inventory, redesigning products to use more widely available inputs and creating contingency plans. The cost of redundancy should be compared with the expected cost of disruption and the strategic importance of the input. Firms should also avoid assuming that geographic diversification alone eliminates risk: suppliers in different countries may rely on the same upstream materials or transport corridors.

5. Discussion

The findings support the view that globalisation is neither an automatic route to success nor an inherently harmful process. Its value depends on how firms organise cross-border activities and distribute risk. Global integration can reduce costs, build scale and spread knowledge, but it may also create fragility through concentrated production, distant oversight and complex accountability. The strategic objective should be to capture the benefits of international networks while maintaining sufficient visibility, flexibility and legitimacy.

The internationalisation theories offer different but complementary insights. The Uppsala model emphasises learning and gradual commitment, which is particularly relevant when market uncertainty is high. The OLI paradigm helps explain why a firm may choose foreign investment rather than contracting with an external partner. CAGE highlights the friction created by distance, while integration–responsiveness explains the organisational challenge of balancing standardisation and adaptation. None is sufficient alone. Managers should use them as diagnostic tools and test their conclusions against market data, operating capabilities and scenario analysis.

The cases show that successful international strategy is contingent. Apple's globally coordinated value chain depends on specialist suppliers and strong control over design and ecosystem assets, but it is vulnerable to concentration and geopolitical disruption. Toyota's international production illustrates the value of transferring operating principles while learning locally. McDonald's demonstrates how franchising can combine scale with adaptation, while also making partner governance essential. Unilever shows that a broad global portfolio must address local affordability and distribution alongside supply-chain and sustainability expectations. These cases should not be read as unqualified success stories: each business model creates tensions that require ongoing management.

A major strategic tension is efficiency versus resilience. Lean systems and concentrated sourcing may reduce costs during stable periods, but they can amplify disruption. Maintaining alternative suppliers, inventories or production sites introduces expense and complexity. The appropriate solution is selective resilience: identify critical inputs, estimate the impact of

disruption, and invest in redundancy where the consequences justify it. This is more disciplined than either maximising efficiency at all times or duplicating every part of the supply chain.

Another tension is global consistency versus local adaptation. Standardisation protects brand identity and quality, but may reduce relevance when customer needs and institutions differ. Excessive adaptation, however, raises costs and fragments the organisation. Firms should distinguish between core elements that protect safety, ethics, technology and brand promise, and adjustable elements such as distribution, service, packaging or selected product features. Decisions should be evidence-led and reviewed as local conditions change.

Responsible business conduct is central to long-term international legitimacy. Multinationals can influence suppliers and host economies, but their size does not guarantee responsible behaviour. Due diligence should identify adverse impacts, prioritise severe risks, engage affected stakeholders, track corrective actions and provide remedy where the company causes or contributes to harm. Sustainability reporting must be credible and comparable; vague claims create greenwashing risk and can undermine trust. Ethical commitments should shape purchasing terms and operational decisions, not only communications.

Finally, global expansion should be governed as a portfolio of investments rather than a single ambition to enter as many markets as possible. Each market should have a clear strategic rationale, defined learning objectives, realistic resource requirements and exit criteria. A firm may rationally decline a market where the expected return does not justify legal, ethical or operational exposure. Selective internationalisation can create more durable value than rapid expansion that exceeds managerial capacity.

6. Strategic Recommendations

6.1 Establish a disciplined market-screening process

Before entering a country, evaluate market size and growth, customer segments, competitive intensity, purchasing power, distribution access, infrastructure, political stability, regulatory requirements, currency exposure and cultural distance. Use PESTLE to structure

macro-environmental analysis and CAGE to identify cross-border friction. Score criteria transparently, but do not allow a numerical score to conceal non-negotiable risks such as sanctions, severe human-rights concerns or inability to meet safety requirements. Validate desk research through local customer interviews, partner due diligence and small-scale pilots.

6.2 Match entry mode to strategic purpose and risk tolerance

Use exporting when testing demand or serving markets without the need for local production. Consider licensing or franchising when the business format is replicable and quality can be monitored. Use alliances or joint ventures where local knowledge, distribution or shared investment is essential, with clear governance, intellectual-property protections and dispute-resolution provisions. Choose wholly owned investment when control and proximity justify capital exposure. Define the conditions under which the firm will scale, pause or exit.

6.3 Build resilient and transparent supply chains

Map suppliers beyond the first tier for strategically critical products. Identify single-source dependencies, geographic concentration, long lead times and exposure to political or climate-related disruption. Qualify alternative suppliers where economically justified, create contingency inventory for critical inputs and conduct scenario exercises. Integrate supplier due diligence on labour, human rights, environmental performance and anti-bribery controls. Audits should be risk-based and supplemented by worker feedback and corrective-action verification.

6.4 Invest in cultural intelligence and local capability

Appoint local managers where their knowledge improves customer insight, regulatory understanding and stakeholder relationships. Train international teams in cross-cultural communication and inclusive leadership. Avoid relying on stereotypes; use customer research and feedback to understand differences within a market. Create channels through which local units can share innovations with the global organisation, while defining which standards remain mandatory across all locations.

6.5 Strengthen regulatory and geopolitical monitoring

Maintain a country-risk register covering changes in tariffs, sanctions, export controls, data protection, product standards, tax, labour rules and political conditions. Assign responsibility for monitoring each material risk and define escalation thresholds. Develop scenarios for currency shocks, border delays, supplier loss, conflict and abrupt regulatory change. Use financial hedging where appropriate, but recognise that hedges cannot substitute for operational flexibility or a viable long-term market strategy.

6.6 Make sustainability and responsible conduct operational

Set measurable targets for material environmental and social impacts, disclose baselines and progress, and use credible assurance where feasible. Align procurement contracts and incentives with labour and environmental standards so that suppliers are not simultaneously pressured to reduce prices and meet unrealistic compliance demands. Assess impacts on host communities and engage stakeholders before decisions with significant local consequences. Ensure marketing claims are specific, verifiable and proportionate to the evidence.

6.7 Use staged investment and measurable review gates

Treat internationalisation as a sequence of learning and investment decisions. Establish a pilot phase with defined measures such as customer retention, contribution margin, service quality, compliance performance, supplier reliability and employee turnover. Expand only when the operating model is viable and risks are understood. Review assumptions at regular intervals and establish pre-agreed triggers for changing partners, redesigning the model or exiting. This reduces the danger of continuing an underperforming strategy because of sunk costs.

6.8 Create a global-local governance model

Define global responsibilities for brand, safety, ethics, data security and risk standards, while giving local units authority over adaptation within those boundaries. Make accountability explicit for compliance, supply-chain due diligence, crisis response and stakeholder engagement. Boards should receive integrated reports on financial performance, operational resilience and sustainability risk. This structure supports consistency without suppressing local learning.

7. Conclusion

Globalisation has created major opportunities for international growth, economies of scale, innovation and access to new capabilities, but it also increases exposure to political, cultural, regulatory, economic and supply-chain risks. The report has shown that firms cannot rely on market size or low costs alone when selecting international opportunities. They must consider institutional and cultural distance, their own capabilities, the desired level of control and the demands of responsible business conduct.

The Uppsala model, OLI paradigm, CAGE framework and integration–responsiveness perspective provide complementary tools for evaluating internationalisation. The case studies show that global success depends on matching the business model to the market: Apple's coordination and supplier network create scale but require resilience; Toyota's operating principles depend on local learning; McDonald's franchising requires partner governance and cultural adaptation; and Unilever's global reach increases the importance of credible sustainability management.

The report recommends disciplined market screening, entry modes aligned with strategic purpose, resilient supply chains, cultural intelligence, geopolitical monitoring, measurable sustainability standards and staged investment. Firms should preserve global standards for safety, integrity and responsible conduct while adapting customer-facing activities to local needs. They should also treat international expansion as a portfolio of choices, with explicit criteria for scaling, pausing or exiting.

In conclusion, durable global competitiveness comes from combining efficiency with adaptability and growth with responsibility. Firms that understand local conditions, manage dependencies and earn stakeholder trust are better positioned to navigate uncertainty than firms that pursue geographic expansion without adequate capability or governance.

Appendix A: International market-entry decision matrix

Use the following qualitative matrix as a starting point. The final decision should reflect sector-specific conditions and verified local evidence.

Exporting: lower initial investment; moderate control; useful for testing demand; exposed to tariffs, logistics costs and limited local presence.

Licensing/franchising: lower capital commitment and potentially rapid reach; control depends on contracts, training and monitoring; suitable for replicable intellectual property or business formats; exposed to quality and reputation risk.

Strategic alliance/joint venture: shared resources and local knowledge; shared control and potentially complex governance; useful where local access or capabilities are important; exposed to partner conflict and knowledge leakage.

Wholly owned subsidiary: high control and stronger protection of proprietary capabilities; high capital commitment and direct exposure to local risks; useful where proximity, regulation or strategic assets justify ownership; exposed to integration and political risk.

Decision questions: What must the firm control? What local knowledge is essential? How uncertain is demand? What are the costs of failure or exit? Which risks can be shared, insured, diversified or mitigated? What evidence must be obtained before committing further capital?

Appendix B: First 90-day implementation roadmap

Days 1–30: Define strategic objectives and non-negotiable standards. Build a shortlist of target markets using PESTLE, CAGE and customer-demand evidence. Map regulatory requirements, critical suppliers, likely competitors and stakeholder risks. Assign executive ownership for each target market.

Days 31–60: Conduct customer and partner validation. Complete legal, tax, sanctions, anti-bribery, data-protection and supply-chain due diligence. Compare entry modes using capital needs, control, speed, local knowledge and exit costs. Build base, upside and downside scenarios, including currency and supply-chain shocks.

Days 61–90: Approve a pilot only if minimum commercial, operational and responsible-business thresholds are met. Define measures for customer acquisition, retention, margin, service quality, compliance, supplier reliability and environmental or social impacts. Establish reporting lines, crisis protocols, review dates and stop/go criteria. Use pilot findings to revise the strategy before committing to full-scale expansion.

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