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AN EVALUATING STUDTY OF IMPACT OF GLOBALISATION OF INDIAN BUSINESS

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Abstract

The word Globalization refers to mechanism of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. Advances in transportation and telecommunications infrastructure, including the rise of the telegraph and its posterity the Internet, are major factors in globalization, generating further interdependence of economic and cultural activities. There has been a rapid economic growth in Asia after embracing market orientation-based economic policies that encourage private property rights, free enterprise and competition. particular, in East Asian developing countries, GDP per head rose at 5.9% a year from 1975 to 2001 (according to 2003 Human Development Report of UNDP). Like this, the British economic journalist Martin Wolf says that incomes of poor developing countries, with more than half the world's population, grew substantially faster than those of the world's richest countries that remained relatively stable in its growth, leading to reduced international inequality and the incidence of poverty.

***Key Words**: Globalisation, Impact, Indian Business, supply*

Meaning and Dimensions:- Globalisation in its true sense is a way of corporate life necessitated, facilitated and nourished by the transationalisation of the world economy and developed by corporate Strategies Globalisation is an attitude of mind it is a mind-set which views the entire world as a single market so that the corporate strategy is based on the dynamics of the global business environment. Globalisation comprises of the following:-

- Doing, or planning to expand, business globally.

- Giving up the distinction between the domestic market and foreign market and developing a global outlook of the business.
- Locating the production and other physical facilities on a consideration of the global business dynamics irrespective of national consideration.
- Basing product development and production planning on the global market consideration.
- Global sourcing of factor of production i.e. raw materials components, machinery, technology, finance etc., are obtain from the best source anywhere in the world.
- Global orientation of organizational structure and management culture.

Globalisation and its impact:-

IMF defines:-Globalisation as "the growing economics interdependence of countries worldwide through increasing volume and variety of cross border transactions in goods and services and of international capital flows, and also through the more rapid and widespread diffusions of technology" Globalisation is good as well as bad, and has changed the way of world business.

Indicators of Globalisation:-

In general, Globalisation represents the increasing integration of the world economy based on five interrelated drives of change:-

- International trade (lower trade barriers and more competitions)
- Financial flows (foreign direct investment, technology transfers/ licensing, portfolio investment and debt)
- Communications (traditional media and the internet).
- Technological advances in transportation, electronics, bioengineering and related fields.
- Population mobility, especially of labor.

Each of these drives of change has accelerated in recent years and each reinforces the other.

The companies which has adopted Global Outlook act as global marketers. The top management and staff are involved in the planning of worldwide manufacturing facilities, marketing policies, financial flows and logistical systems. The global operating unites report directly to the chief executive or executive committee, not to the head of an international division. Executives are trained in worldwide operations, not just domestic or international management is recruited from many countries, components and supplies are purchased where they can be obtain at the least cost and investments are made where the anticipated returns are the greatest. A truly global corporation views the entire world as a single market- it does not differentiate between domestic market and foreign markets. We can say, there is nothing like a home market and foreign market- there is one market, the global market. In this regard we can place many examples of multinational companies. For example about two third of Toyota's total business is outside Japan. More than half of its vehicles sold overseas is manufactured overseas and remaining exported from Japan. Toyota has established integrated manufacturing systems in all three of its main markets - 1 North America, Europe and Asia.

Essential Conditions for Globalisation:-

There are some essential conditions which has to be satisfied from the part of the domestic economy as well as the firm for successful globalization of the business.

- **Business freedom:-** There should not be unnecessary Government restrictions which come in the way of globalization, like import restriction, restrictions on sourcing finance or other factors from abroad, foreign investment etc. That is why the economic liberalization is regarded as a first step towards facilitating globalisation.

- **Facilities:-** The extent to which are enterprise can develop globally from home country base depends on the facilities available like the infrastructural facilities.

- **Government support:** Government support can encourage the globalization of business whereas government interference is a hindrance to globalisation. Government of a home country can support in form of policy and procedural reforms development of common facilities like infrastructural facilities R and D support, financial market reforms etc.

- **Resources :-** Resources is one of the important factor which often decides the ability of a firm include finance, technology, R & D capabilities managerial expertise, company and brand image, human resource etc. It should, however be noted that many small firms have been very successful in international business because of one or other advantage they possess.

- **Competitiveness:-** The competitive advantage of the company is a very important determinant of success in global business. A firm may derive competitive advantage from any one or more of the factors such as low costs and price, product quality, product differentiation, technological superiority, after sales services marketing strength etc. sometime small firms may have an edge over others in certain aspects or times of business.

- **Orientation:-** A global orientation on the part of the business firms and suitable globalisation strategies are essential for globalisation.

GLOBALISATION OF INDIAN BUSINESS

Till 1991 India's economic integration with the rest of the world was very limited because of the restrictive economic policies. Indian firms confined themselves by and large, to the home market. Foreign investment by Indian firms was very insignificant.With the new economic policy introduced in 1991 globalisation has become a buzz-world with Indian firms now, and many are expanding their overseas business by different strategies. We can see different favourable and unfavourable strategies link with Indian business.

FAVOURABLE IMPACT OF GLOBALISATION ON INDIAN BUSINESS:-

Human Resource:- Apart from the low cost of labour, there are several other aspects of human resource to India's favour, India has one of the largest pool of scientific and technical manpower. The number of management graduate is also huge. It is widely recognised that given the right environment, Indian scientists and technical personal can do excellently. Similarly although the labour productivity in India is generally low, given the right environment it will be good. While several countries are facing labour shortage and may face diminishing labour supply. India presents the opposite picture cheap labour has participatory attraction for several industries.

Wide Base:- India has a very broad resource and industrial base which can support a variety of business.

Growing Entrepreneurship:- Many of the established industries are planning to go international in a big way. Added to this is the considerable growth of new and dynamic entrepreneurs who could make a significant contribution to the globalisation of Indian business.

Growing Domestic Market:- The growing domestic market enables the Indian companies to consolidate their position and to gain more strength to make foray into the foreign market or to expand their foreign business.

New opportunities for Niche markets:- There are many marketing opportunities abroad present in the form of small segment of a market ignored or not properly served by large players called niche. Such niches are particularly attractive for small companies. Several Indian companies have become very successful by niche marketing.

Expanding markets:- The growing population and disposable income and the resultant expanding internal market provides enormous business opportunities.

Transationalisation of world Economy:- Globlisation of Indian business has brought up the integration of the national economics into a single world economy as evinced by the growing interdependence and globalisation of markets is an external factor encouraging globalisation of India business.

Opportunities to NRI:- The large number of non resident Indians who are resourceful in terms of capital, skill, experience, exposure, ideas etc. is an asset which can contribute to the globalisation of Indian business.

Economics Liberalisation:- The economics liberlisation. In India is an encouraging factor of globalisation. For e.g, the delicensing of Industries, removal of restructions on growth, opening up of Industries earlier reserved for the public sector, import liberalisations, liberalisation of policy towards foreign capital and technology etc. could encourage globalisation of Indian business. Liberalisation in other countries increases the foreign business opportunities for Indian business.

Competition:- The growing competition, both from within the country and abroad, provokes many Indian companies to look to foreign markets seriously to improve their competitive position and to increase the business. Sometimes companies enter foreign market as a counter- competitive strategy.

UNFAVOURABLE IMPACT OF GLOBALISATION ON INDIAN BUSINESS:-

The Indian business suffers from a number of disadvantages in respect of globalisation of business. These are the important problems:-

Government policy and procedures:- Even after the liberlisation, the Govt. policy do not present a very conducive situation. One prerequisite for success in globalisation is swift and efficient action. Govt. policy and the bureaucratic culture in India in this respect are not that encouraging.

High cost:- High cost of many vital inputs and other factors like raw materials and intermediates, power, finance infrastructural facilities like port etc., send to reduce the international competitiveness of the Indian business

Poor Infrastructure:- Infrastructure in India is generally inadequate and inefficient and therefore very costly. This is a serious problem affecting the growth as well as competitiveness.

Obsolescence:- The technology employed, mode and style of operations etc. are in general, obsolete and these affect the competitiveness.

Resistance to change:- There are several sociopolitical factors which resist change and this comes in the way of modernization, rationalization and efficiency improvement. Technological modernisation is resisted due to fear of unemployment. The labour productivity is very low and untrained.

Poor quality Image:- Due to various reasons,the quality of many Indian products is poor. Even when the quality is good, the poor quality image India has becomes a handicap.

Supply problems:- Due to various reasons like low production capacity shortage of raw materials and infrastructure like power and port facilities. Indian companies in many instances are not able to accept large order or to keep up delivery schedules.

Small size:- Because of the small size and the low level of resources in many cases Indian firms are not able to compete with the giants of other counties. Even the largest of the Indian companies are small compared to the multinational giants.

Lack of experience:- The general lack of experience in managing international business is another important problems.

Limited R & D and marketing Research:-

In India R & D in marketing and in other areas is less than one percent of the GNP while it is 2-3 percent in most of the developed countries.

Growing competition:- The competitions is growing not only from the firms in the developed countries but also from the developing country firms. Growing competition from the developing country firm is a serious challenge to India, international business.

Trade Barriers:- Although the tariff barriers to trade have been progressively reduced thanks to GATT/ WTO. The non-tariff barriers have been increasing particularly in the developed countries.

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