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Research Paper

IMPACT OF GLOBALIZATION ON INDIAN BUSINESS ORGANIZATIONS

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Abstract

Globalization has greatly reshaped the Indian business environment and has affected the organizational strategies, operations and competitiveness. Indian businesses have been faced with both opportunities and challenges due to the liberalization of the trade policies, the level of technology and integration of the global markets. This paper looks at how globalization has changed the Indian business organizations in relation to its effects on business organization efficiency, strategic decision-making, market spreading and competitiveness. Due to globalization, Indian companies have been able to enter foreign markets, embrace new and modern technologies, increase productivity and quality which has led to growth and sustainability. At the same time, it has heightened competitive stresses where organizations have been forced to be innovative, flexible and efficient in order to survive in a global market. The researcher uses both primary and secondary sources such as survey of the managers and executives, literature review and current fashions in business in India. The results show that globalization has brought about positive effects in managerial behaviors, organizational frameworks, and in market orientation not to mention that it has brought about the need of constant skills training, technological change, and strategic flexibility. The study notes that Indian organizations that make good use of globalization are more competitive, efficient, and sustainable in the business.

Keywords: Globalization, Indian Business Organizations, Competitiveness, Operational Efficiency, Strategic Management, Market Expansion, Technology Adoption.

Introduction

Globalization has become one of the most powerful drivers that have changed the business landscape of the modern business world by setting up a new paradigm in the manner organizations conduct their business, compete, and plan. In Indian context, the process of

globalization has been gaining a lot of momentum following the policies of economic liberalization of 1991 that led to the opening of domestic markets to international trade, investment and competition. The effect of this change is that, Indian business organizations are swiftly aligning themselves with the market dynamics in the world, technology and changing customer preferences. Globalization has a complex spillover effect on business in India that affects performance of the business organization in terms of efficiency, strategic decision-making, organizational strategy patterns, and competitiveness. Globalization simplifies the access to the markets in other countries and gives firms an opportunity to increase their customer base, to diversify the source of revenue, and to spread their brands to the foreign markets.

It also promotes the embracement of superior technologies, contemporary management techniques and quality attributes that enrich productivity, lowers the operation cost, and boosts consumer satisfaction. Meanwhile, globalization puts Indian companies under the severe competition of multinational companies, which will demand constant innovation, flexibility and dynamism of business processes. Globalization has impacted organizations through organizational responses that tend to incorporate restructuring, strategic alliance, mergers and acquisitions coupled with investing the human capital in order to remain competitive and continue growing. Moreover, the globalization process has changed the way, managers are used to do things, and the executives have to include the globalization trends, market insight, and cross-cultural knowledge in their decision-making models.

The greater use of globalization is witnessed in Indian firms where they use it as an avenue to embrace the best practices in terms of supply chain management, financial planning, marketing and human resource development. Besides, the dynamic of workforce is also subject to the influence of globalization as the process exposes employees to foreign markets and practices which requires development of skills and sharing of knowledge and continuous learning to fit in the global standards. The adoption of international business practices has also led to Indian business entities adopting the culture of corporate social responsibility, sustainability and ethical governance in case they want to meet the demands of the international standards and consumerism. Although the globalization process has many opportunities, it is associated with the challenges of exposure to the effects of international economic fluctuations and stricter regulatory compliance and demands of the need to remain cost-competitive. SMEs are at a disadvantage as they lack sufficient resources to adapt to the global norms and large companies

have to invest intensively in technology, research, and development to compete with other firms.

Nevertheless, there is empirical evidence to indicate that Indian organizations that actively have welcomed globalization have recorded better levels of operational performance, better innovation ability, and better positioning in the market. The art of strategic management of opportunities and threats relating to globalization has become a formidable determinant of the long term organizational success and this may only be achieved through concerted efforts that would integrate the approaches to technological adoption, workforce development and market expansion strategies. The research paper will discuss the overall effects of globalization on the business organizations in India and the ways that this has affected operational efficiency, strategic decision making, competitiveness in the marketplace as well as organizational growth.

Through analysis of recent literature, experiences of industry surveys, the study aims at determining best practices, issues, and trends that can help the Indian firms take advantage of globalization. To sum up, globalization is not only an opportunity but also a challenge to the Indian business organizations and requires a proactive approach to adaptation, strategic innovation, and processes and practices upgrading. Companies that manage to operate successfully in the global environment may experience a sustainable growth, improved competitiveness and be able to endure in the world that is becoming more interconnected and dynamic in business environment.

Literature Review

Globalization has also been extensively cited as one of the forces that have changed economies and business organizations across the world including India. Early research papers that were conducted in the 1990s focused on highlighting the impact of the liberalization process, and the trade openness on the firms in India after the 1991 economic reforms. Khanna and Palepu (1997) argue that globalization has forced Indian companies to make them competitive through modern management practices, high operational efficiency and economies of scale. When multinational corporations (MNCs) entered India, there was exposure to superior technologies, international a marketing approach, and superior quality of products that compelled the local organizations to create new methods and modernize their operations (Dunning, 1993).

Some research studies also discussed that globalization has had a positive influence on organizational performance. Bartlett and Ghoshal (1998) opined that global integration necessitated Indian firms to strike a balance between global efficiencies and local responsiveness which brought about structural and strategic alterations in the organizations. In a similar way, Kogut and Singh (1988) pointed out that globalization strengthened strategic orientation of firms by promoting knowledge transfer across borders, cross and international partnerships as well as collaborations.

Simultaneously, Indian businesses were found to face challenges by researchers. Prasad (2005) noted that globalization exerted pressure of competition, and firms were exposed to the risks of fluctuations of the global markets, and forced to adapt quickly to global quality and cost standards. Especially SMEs were constrained by the scarcity of resources that did not help them compete favorably against the already established international competitors (Gupta, 2002). The research conducted by Jain and Prasad (2004) also highlighted the issue of talented human resources, technological advances and strategic innovation as a key to success in adopting globalization.

In general, the literature point out that globalization has significantly influenced the business organizations in India, spurring efficiency, competitiveness and strategic re-realization besides putting the issues of management of resources, adaptation to new technology and development of the workforce. These early studies help in the framework of looking at the current tendencies and gauging the way of how Indian companies still manage to overcome the opportunities and threats of globalization.

Objectives of the study

1. To analyze the impact of globalization on operational efficiency and productivity in Indian business organizations.
2. To examine the influence of globalization on strategic decision-making and competitiveness of Indian firms.
3. To evaluate the challenges and opportunities faced by Indian business organizations due to globalization.

Null Hypothesis (H₀): Globalization has no significant impact on operational efficiency and productivity in Indian business organizations.

Alternative Hypothesis (H₁): Globalization has a significant positive impact on operational efficiency and productivity in Indian business organizations.

Research Methodology

This paper will use the descriptive research design to investigate the effects of globalization on the efficiency and productivity of the business organizations in India. To have a proper picture of the phenomenon both primary and secondary sources of data are utilized. The primary data are gathered in the form of structured questionnaires that are conducted to managers, executives, and operational staff in different industries of India, with a focus on how they hear about the impact of globalization on efficiency and productivity of companies and the business practices of the companies. The information that is used to derive secondary data is based on books, journals, research articles, industry reports and past studies as early as in the year 2010 so as to create a theoretical and empirical background to the research. Sampling method used is purposive sampling which ensures the data collected is relevant and reliable as it is represented by respondents who are directly involved in the operations and strategic decision making processes. The descriptive statistics, mean scores, standard deviation, and the Pearson correlation coefficient are used to analyze quantitative data obtained in the survey in an effort to prove the correlation between globalization and operational efficiency. The methodology considers reliability, validity, as well as ethical considerations such as confidentiality of responses, informed consent in order to guarantee correct, credible and actionable results of the findings in order to comprehend the impacts of globalization on Indian business organizations.

Table 1: Descriptive Statistics – Impact of Globalization on Operational Efficiency and Productivity

Statement	N	Mean	Standard Deviation	Minimum	Maximum
Globalization has improved operational efficiency in my organization	100	4.25	0.72	3	5
Globalization has increased productivity levels in business operations	100	4.18	0.75	2	5
Exposure to global competition has encouraged process optimization	100	4.10	0.78	2	5

Statement	N	Mean	Standard Deviation	Minimum	Maximum
Adoption of international best practices has enhanced efficiency	100	4.12	0.74	3	5
Overall, globalization positively impacts operational efficiency and productivity	100	4.16	0.70	3	5

Source: Primary data collected from managers and executives (Likert scale survey, 1–5).

Analysis of Descriptive Statistics

According to the descriptive statistics, globalization has a positive effect on the operational efficiency as well as productivity in the Indian business organizations. The average score of all the statements of the survey is between 4.10 and 4.25 on a 5-point Likert scale which shows that there is a high level of agreement among the respondents that globalization has made their organizations efficient and productive. The mean score of 4.25 is the greatest, which makes the statement Globalization has enhanced operational efficiency in my organization important since the people interviewed believe that the benefits of activities of global exposure are the most important. On the same note, 4.18 on the mean score of the statement, Globalization has raised productivity levels in business operations implies that existential advances in the performance and output of business operations of Indian organizations are being realized as a result of globalization. The standard deviations vary between 0.70 and 0.78; these values reveal that there is moderate consistency in the responses and that the majority of the participants have the same opinion when it comes to the effects of globalization. On the whole, the presented descriptive statistics give some initial testimony to the alternative hypothesis (H1) that claims that the impact of globalization on operational efficiency and productivity is the significant positive one. These findings indicate that globalization is encouraging Indian organizations to embrace the best practices in the world, streamline processes, and become competitive as a way of consolidating its importance in improving performance of an organization.

Table 2: Pearson’s Correlation – Globalization and Operational Efficiency

Variables	Globalization	Operational Efficiency & Productivity
Globalization	1	0.713**

Variables	Globalization	Operational Efficiency & Productivity
Operational Efficiency & Productivity	0.713**	1

N = 100

Correlation is significant at the 0.01 level (2-tailed)

Correlation analysis shows that the trend of globalization has a strong positive relationship with operational efficiency and productivity in the business organizations in India, as the correlation coefficient of $r = 0.713$ is positive. This is an indication that the more one is exposed to globalization, the better the efficiency and productivity improvements. The shown significance level which was tested at $p < 0.01$ confirms that this relation is statistically significant, i.e., the observed correlation is not likely to have taken place by chance. As these findings are very strong evidence that supports alternative hypothesis (H 1) which is the fact that globalization is a very positive factor in the operation efficiency and productivity. The implications of the findings are as follows: Globalization compels Indian organizations to embrace international best practices, optimize their business processes, maximize resource utilization, and more competently react to the pressure posed by various competitors. Primarily, the global markets and practices that are actively followed in organizations result in better operational performance, increased productivity and competitive positioning. Considering the presented analysis strengthens the perception that globalization is not just a mere external economic condition but an imperative organizational variable that determines the degree of internal efficiency, strategic decision making, and growth in the long run.

Overall Conclusion

The results of the present study indicate that the effect of globalization on the operations efficiencies and productivity within the Indian business organizations are greatly positive. Survey data as analyzed descriptively shows that the respondents strongly agree that exposure to global markets, international best practices, and growing competition have all generated a positive effect on the organization with respect to its efficiency, optimized processes and greater productivity. The alternative hypothesis (H1) is confirmed by a statistically significant positive correlation between globalization and operational performance as indicated by Pearson associativity coefficient ($r = 0.713, p < 0.01$). The above findings reveal that globalization is

not only an external economic issue but the essential factor that makes Indian companies innovative and modern and can enable them to align their strategies and operations with the professional international world. Globalization is one of the factors that help organizations to utilize their resources, optimize processes and enhance the quality of decision making, besides enhancing competitiveness. Simultaneously, globalization demands the companies to constantly keep up with the dynamics of the global market, to invest in technologies and development of skills, to be flexible to meet the competition. Generally, the report confirms that globalization is an opportunity as well as a challenge to national business organizations in India, which promotes operation excellence, strategic development, and sustained long term performance when strategically exploited.

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