

## 23. A STUDY ON IMPACT OF GLOBALIZATION ON BUSINESS

**M. SIVANYA**, Ph.D. *Research Scholar, Department of Economics, Mannar Thirumalai Naicker College, Madurai. EMail Id - sivanya77@gmail.com*  
*Mobile No : 9360359513, 9092121400*

### ABSTRACT

The contemporary generous, capitalistic and economic action becomes a conglomerate of things and reasons, analysis, information, means, mediums, skills and predispositions. In terms of minimized barriers and openness of the world, the inevitable process of the globalization and thus the business actions represent projects that face success potentials, also as risk and failure potentials. The indisputable accent on these aspects is certainly and thus success and therefore the reliability of the business ventures that the last word goal is that the economic satisfaction, minimizing the risks as well because the establishment of long-term experiences so as to take care of a specific enterprise during a particular environment. The participation on the world's global markets, the internationalization and therefore the transfer of the business activities on all geographic meridians, encountering different and sometimes uncertain environments may be a constant business story of the international economic activity for a minimum of three centuries ago. The global economic interaction is as old because it is old the society in its more or less organized form. From the economic revolution until today, there's ongoing irreversible global economic integration. The reasons are simple, business and profits don't recognize borders, national and cultural

unsurpassed characteristics, where more or less a mutual advantage of certain cooperation is recognized, a business connection is immediately established.

### KEYWORDS

Globalization, Internationalization, business, global markets, economic integration

### INTRODUCTION

The global changes in the world, changes in political, economic and business activities as well as the development of technology, transport and communications, impose the need for enterprises in its struggle for survival, to change their strategies and go out from the borders of their own country. Limited market, competitive pressure, demand for cheaper resources and the dynamics of the postmodern era, forcing business leaders to change their focus from traditional targets to alternative measures for successful business and the entrance on global markets, with the purpose of making competitive advantage.

### THE IMPACT OF GLOBALIZATION ON THE BUSINESS

The globalization of markets refers to the growing economic integration and the growing interdependence of countries worldwide. Internationalization of the companies refers to the tendency of the companies to systematically

increase the international scope of their business activities, while globalization refers to a market trend intensive economic relations between the countries in the world. Globalization encourages companies to internationalize and to substantially increase the volume and types of cross-border transactions in goods, services and capital. Also, the globalization leads to rapid dissemination and diffusion of products, technology and knowledge in the world, regardless of the origin.

The process of globalization is a natural process that is a result of the growing and accelerated process of generalizing of the character and process of production. The development of science, engineering and technology and the expansion of markets for goods, worldwide, lead to internationalization of economic and financial developments and their global deployment. If globalization is understood as a process that leads to greater economic integration of national economies, as a process of fragmentation of the world economy and the international economy, than the globalization is a process of opening of national economies through the removal of economic and financial boundaries of national economies and thus their transformation into an international economic and financial market.

Globalization is a worldwide trend, through which economies in the world lose their borders and connect to each other. The companies are no longer imprisoned in their borders and can implement a wide range of business activities around the world. Many companies are present in markets around the world, procured their raw produce or conduct research and development worldwide. Trade barriers fall and global trade between countries in goods and services is growing faster than domestic production.

Globalization, developed from economic

aspect, has two main components: the globalization of markets and globalization of production. The globalization of markets refers to the merging of historically different and separate national markets into one big global market. In recent years, constantly is discussed that the tastes and preferences of consumers in different countries and nations begin to resemble on a global level and the way that they help in the creating of a global market. The companies that offer standardized products worldwide, help in the creation of a global market. The most common global markets are not the markets for mass consumer products, because there are still differences between countries in terms of tastes and preferences, which still have great meaning and a sort of brake on globalization, but these are the markets for industrial goods and materials that have universal need the world. The globalization of production refers to the tendency of the companies to find suppliers of goods and services from locations around the world, in order to realize the advantage of national differences in price and quality of the factors of production.

### **POLITICAL CHANGES**

The globalization trend of unifying and socializing the global community, as well as, forming preferential trade agreements and groupings such as NAFTA and the European Union, which united more nations in a single market, allow the companies significant market opportunities. Two aspects of this trend, which contribute to the globalization of business operations are: progressive reduction of barriers for trade and foreign investment by most governments, which leads to intense opening new markets by international companies, which also exported them and build production facilities in them, and the privatization of most of the industry in the former communist countries, as well as opening up their economies to global competition.

## **DEVELOPMENT OF TECHNOLOGY**

The development of computing and communication technologies has enabled increased flow of ideas and information across the borders of the countries, providing introduction of the consumers with the goods worldwide. Internet and networking have enabled smaller companies to compete globally, as a result of the rapid flow of information, regardless of the physical location of the seller or buyer. Also, allows international companies to hold corporate meetings among managers from headquarters and branches, without wasting unnecessary time for travel.

## **INTERNATIONAL BUSINESS CLIMATE**

The development of communication and information technologies have contributed to the process of globalization, but also provided instruments that facilitated the processes of globalization. Newly emerging markets also recognize the economic benefits, technological development and growth opportunities that globalization provides them.

## **DEVELOPMENT OF MARKETS**

Information and communication technologies, the rapid development of international tourism, widespread cultural exchange and improved the living standards, in many developing countries have contributed to the emergence of a group of consumers in different countries and regions of the world with similar educational profiles, lifestyle, purchasing power and for good products, as well as, aspirations for high quality. This scenario, in combination with the liberalization of international trade and the availability of global distribution channels, opens great opportunities for companies that want to offer their products to global markets. Large market potential exist outside of the domestic market, that is why the companies go out on the foreign markets, generate sales and have opportunities for profit that

cannot be achieved at home.

## **EXPENSES**

The liberalization of trade and investment flows, which emerged in the 80s of the last century, which inexorably moved forward, is a stimulus for globalization of the businesses. Trade liberalization, global consumer habits, rising development costs and the need for economies of scale, pressure from foreign competitors in the domestic market as well as the development of information and communication technologies, are considered drivers of the globalization. Because of the need to introduce new products and investment in research, development and innovation, achieving economies of scale, reduce costs and access to cheaper raw materials; companies are forced to plan activities, taking into consideration the global market. Economies of scale and cost reduction are the main goal of management. That is why companies decide to locate production in countries where the cost of developing and producing are smaller.

## **CONCLUSION**

Today, the word international company is quite a common phenomenon, which reflects actual business transactions and large expanses between a number of people from different cultures and with different approaches. What unites them in the complex network of relationships is the need of development, rapid exchange of resources and tools and integrated cooperation, which should contribute to ensuring cooperation and ensure the transfer of capital. Can be concluded that today's decisions for crossing domestic borders and internationalize the business is a prerequisite for serious growth and development of a business entity. As such, he is always searching and analysis of potential areas where the company from small or medium business entity would become

a corporate organization striving to constantly expanding and increasing its own portfolio. To make a decision to invest outside of the own borders is a complex and comprehensive process. This process is achieved through several stages and approaches that contain a long-term comprehensive analysis and scanning newly elected investment location.

## REFERENCES

1. Ansoff, H. I. 1984. *Implementing Strategic Management*. Prentice-Hall International, Englewood Cliffs, NJ.
2. Ball, A. D., Wendell, H., McCulloch, Jr., Frantz, L. P., Geringer, J. M., Minor, S. M. 2001. *International Business – The Challenge of Global Competition*. International Edition, McGraw-Hill.
3. Bartels, L. F., Buckley P., Mariano G. 2009. *Multinational Enterprises' Foreign Direct Investment Location Decisions within The Global Factory*. UNIDO, Vienna.
4. Cavusgil, T. S., Yeniyurt, S., Townsend, J. 2004. "The Framework of a Global Company: A Conceptualization and Preliminary Validation". *Industrial Marketing Management*, 33.
5. Cavusgil, T., Knight, G., Riesenberger, J. 2008. *International Business: Strategy, Management and the New Realities*. Prentice Hall.
6. Cullen, B. J., Parboteeah, K. P. 2010. *International Business, Strategy And The Multinational Company*. Taylor & Francis.
6. Daniels, D.J., Radebaugh, H.L., Sullivan, P.D. 2007. *International Business: environment and operations*. Prentice Hall.