

## **Challenges of Globalization and its Effects**

Dr. Ankeshwar Prakash,

Associate Professor of Commerce, D. A. V. College Sadhaura

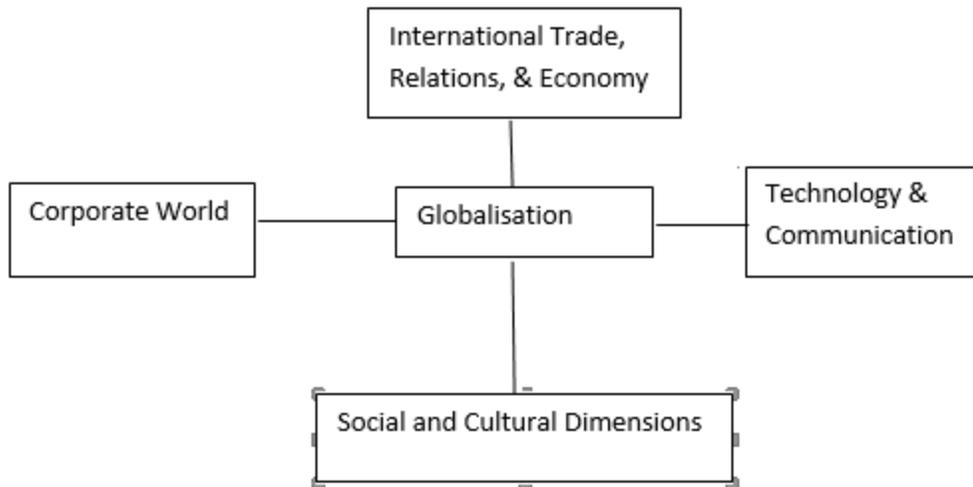
### **ABSTRACT**

After World War I and II the early trends of globalization decreased throughout the world due to many barriers which restricted the movement of goods and services. In fact, cultural and social integration are even more than economic integration. Globalization increases competitiveness at company level and national level, which leads company management and governments to embrace strategies designed to increase labour effectiveness with reference to productivity, quality and innovation. Generally, globalization involves economies that are opening up to international competition and that do not distinguish against international capital. Consequently, globalization is often accompanied by a liberalization of the markets and the privatization of productive assets. But globalization also leads to unemployment, increasing casual employment and weakening labour movements. Theoretical literature denotes that Globalization has made countries to realize that they can share their cultural values and economic exchanges to promote business and gain competitive advantage. The fervour of globalization has even enforced Governments to be tuned to the merits of a Global economy.

### **Introduction**

After World War I and II the early trends of globalization decreased throughout the world due to many barriers which restricted the movement of goods and services. In fact, cultural and social integration are even more than economic integration. Globalization increases competitiveness at company level and national level, which leads company management and governments to embrace strategies designed to increase labour effectiveness with reference to productivity, quality and innovation. Generally, globalization involves economies that are opening up to international competition and that do not distinguish against international capital. Consequently, globalization is often accompanied by a liberalization of the markets and the privatization of productive assets. But globalization also leads to unemployment, increasing casual employment and weakening labour movements. Theoretical literature denotes that Globalization has made

countries to realize that they can share their cultural values and economic exchanges to promote business and gain competitive advantage. The fervor of globalization has even enforced Governments to be tuned to the merits of a Global economy. Management studies have defined the process of globalization. Fraser (2007) explained that Globalization is a word on every commentator's lips nowadays, but is very difficult to define satisfactorily, for it arises in so many different contexts like economic, sociological, political, cultural and environmental. Akteruzzaman.Md, 2006 stated that globalization is the interconnectedness of nations and regions in economic domain, in particular, trade financial flows and multinational corporations. The concept of globalization means that the world is getting smaller as well as bigger. He further described that globalization can contribute to develop pattern of cross border activities of firms, involving international investment, trade and strategic alliances for product development, production, sourcing and marketing. These international activities help companies to enter new markets, to exploit their technological and organizational advantages and to reduce business costs and risks. Other theorists stated that globalization is a social phenomenon that defines the geographical boundary in terms of many different issues. According to Brinkman, 2002, globalization as a triumphalism light, as the penetration of capitalism into every corner of the world, bringing with it the possibility for all of the world's population to participate in the fruits of the international division of labour and market economy. ALI, 2015 explained the globalization as a process of rapid economic, cultural, and institutional integration among countries. This association is driven by the liberalization of trade, investment and capital flow, technological advances, and pressures for assimilation towards international standards. Globalization has reduced barriers between countries, thus resulting in strengthening of economic competition among nations, dissemination of advanced management practices and newer forms of work organization, and sharing of internationally accepted labour standards.



### **Challenges of Globalization and its Effects**

Many theorists asserted that changes in environment have both positive and negative aspects (Harris, 2002). These changes stimulate driving or resisting forces toward the change of the status quo. This is most obvious relative to both globalization, and the resulting spread of the global organization. There are four factors that accelerate globalization.

The market imperative: Impact on national economies of larger, transnational markets characterized by free, convertible currencies, open access to banking, and contracts enforceable by law.

The resource imperative: Growing interdependence of nations and their activities on one another, fostered by the depletion of natural resources, misdistributions of arable land, mineral resources, and wealth, as well as overpopulation. The undeveloped nations need the capital, technology, and brainpower of the wealthier countries, while the First World economies are progressively dependent on the natural and human resources of the developing nations.

The IT imperative: Modernizations in glob communications, science and technology contribute toward universalization or planarization.

The ecological imperative: Globalization does have great effect on the ecologies and environments of nations which need to safeguards that lessen the negative effects rather than exploiting without regard to such concerns.

Ever since India has opened its economy in 1991, it has been the main mover of globalization. The government of India had to make major modifications in its economic policy due to increasing financial crisis in the form of decreasing foreign exchange reserves and thereby creating a problem of making foreign payments. This change resulted in opening up of Indian economy by which it allowed direct foreign investments in the country. The liberalization of the domestic economy and enhanced incorporation of India with the global economy helped to increase gross domestic product (GDP) growth rates which improved its position global context. All this process of liberalization changed the face of Indian Industry and brought in large amounts of foreign investments into the industry especially in the BPO, pharmaceutical, petroleum, and manufacturing industries. As a result, they boosted the Indian economy quite significantly. More and more foreign companies set up industries in India, especially in the pharmaceutical, BPO, petroleum, manufacturing, and chemical sectors and this helped to offer great opportunities for employment to Indian people. Also this helped to reduce the level of unemployment and poverty in the country. It is observed that the major forces of globalization in India has been in the development of outsourced IT and business process outsourcing services. Since last many years, there is an increase of skilled professionals in India employed by both local and foreign companies to service customers in the US and Europe. These countries took advantage of India's low cost but talented and English-speaking work force and utilized global communications technologies such as voice-over IP (VOIP), email and the internet. As a result international enterprises were able to lower their cost base by establishing outsourced knowledge-worker operations in India. The foreign companies brought in highly advanced technology with them and this made the Indian Industry more technologically advanced. Researchers recommended that India has to focus on five important areas to enhance its economic status. These areas include technological entrepreneurship, new business openings for small and medium enterprises, the importance of quality management, new prospects in rural areas and privatization of financial institutions.

In terms of export and import activities, Many Indian companies have expanded their business and became famous at global level such as fast food, beverages, and sportswear and garment industries. Records indicated that Agriculture exports account for about 13 to 18% of total annual export of the country. In 2000-01, agricultural products valued at more than US\$6 million were exported from the country of which 23% was of marine products alone. Marine products in recent years have emerged as the single largest contributor to the total agricultural export from the country accounting for over one fifth of the total agricultural exports. Cereals (mostly basmati rice and non-basmati rice), oil seeds, tea and coffee are the other prominent products each of which accounts for nearly 5 to 10% of the countries' total agricultural exports. Globalization speeded export of food items in India in the form of increased consumption of meat, western fast food, sodas and cool drinks, which may result in public health crisis. The rich biodiversity of India has yielded many healthy foods prepared from locally available resources. But the marketing by MNCs with large advertisement campaigns lead the people to resort to their products (Mascarenhas, 2003).

**Figure: Indian companies going global:**

Buyer	Acquisition
Mittal Steel	Arcelor, Luxembourg
Reliance Industries	Flag telecom Bermuda
Tata Motors	Daewoo Korea
Infosys technologies	Expert Information Services, Australia
Bharat Forge	Carl Dan Peddinghuas, Germany
Ranbaxy	RPG, (Aventice) Laboratories, France
Wockhardt	CP Pharmaceuticals, UK
Cadia health	Alpharma SAS, France
Hindalco	Straits Ply, Australia
Wipro	Nervewire, Inc, USA
A ditya Birla	Dashiqiao Chem, China
United Phasphorus	Oryzalin Herbicide, USA

**Technological and Cultural impact of globalization in India**

With the process of globalization, the access to television grew from 20% of the urban population (1991) to 90% of the urban population (2009). Even in the rural areas satellite television has a grown up market. In the cities, internet facility is everywhere and it is also extending to rural areas also at a very fast pace. There is an increase of global food chain

/restaurants in the urban areas of India. More and more multiplex movie halls, big shopping malls and high rise residential are seen in almost all major cities of India. Entertainment sector in India has a global market. After economic liberalization, Bollywood expanded its horizon and became globally famous. The industry began to explore new ways to become more global and modern. In India, modernity is equated with adopting westernized life styles. Therefore, western philosophy slowly entered into our homes through Bollywood films and TV channels. As these new cultural messages began to reach the Indian population, Indian moviegoers were pushed to re-evaluate their traditional Indian cultural ideology. Bollywood movies are also distributed and accepted at international level. Big international companies (Walt Disney, 20th Century Fox, and Columbia Pictures) are investing on this sector. Famous International brands such as Armani, Gucci, Nike, and Omega are also making investment in the Indian market and changing the fashion statement of Indians.

### **Impact of Globalization on Education in India**

Education sector is also another sector which is being affected by the waves of globalization. Literacy rate has improved and foreign universities are collaborating with different Indian Universities. The Indian educational system faces challenges of globalization through information technology and it offers opportunities to evolve new paradigm shift in developmental education. The distinction between formal, non-formal and informal education is vanishing fast. Society is changing from industrial society to information society. New tools and techniques like E-learning, Flexible Learning, Distance Education Programs and Overseas training etc. are available for getting knowledge and appropriate skills.

Globalization has also resulted in providing more and more work opportunities to women and women rights are talked with greater seriousness now than before. Their empowerment has given considerable opportunities and possibilities of improving employment conditions through global solidarity and co-ordination. It is found that the growth of computer and other technologies enabled women with better wage, flexible timings and capacity to negotiate their role and status in the home and at corporate level as well.

Like everything on this earth globalization has its negatives also such as ever widening gap between rich and poor, rural and urban employment levels, growth of slum capitals and threat of

terrorist activities etc. Globalization increased competition in the Indian market between the foreign companies and domestic companies. It is also true that prior to 1991 Indian industry was treated like a baby who is provided with full protection by his/her parents. As a result this sudden increase in competition with global giants led to the downfall of Indian industries. On the other side, consumers' eyes lit up with better quality products manufactured by foreign companies and their long cherished dream of using 'imported goods' seemed fulfilled. Further big multinationals, having huge amounts of funds and better technologies at their disposal, mesmerized Indian consumers with their shiny and relentless advertising and as a both productivity and profitability of Indian manufacturers. Further as newer technologies emerged, the requirement of physical labour started declining resulting increasing unemployment especially in industries like pharmaceutical, chemical, manufacturing, and cement. The benefits of globalization have not reached to the poor and the weaker sections of the society. There is an increased gap between rich and poor which has lead to some criminal activities. Ethical responsibility of business has been reduced. Another major negative effect of globalization in India is that youngsters of India have started leaving their studies very early and joining call centers to earn fast money which ultimately has reduced their social life and as a result concern towards society. Consumerism is increasing resulting in adverse effects on cultural values of our society. The institution of marriage is breaking down at fast rate. More and more people are approaching courts for divorce instead of maintaining marital life. Globalization has considerable impact on the religious situation of India. Globalization has brought about raising a population who is agnostic and atheist. Globalization has reduced nationalism and patriotism in country.

It can be said that Globalization is motivating factor in current business environment. There are few challenges for companies due to globalization such as Migration, relocation, labour shortages, competition, and changes in skills and technology. Globalization powerfully influences the social partners' attitudes since traditional labour relations have to cope with completely new and very dynamic situations. In political field, globalization can help to eradicate poverty, malnutrition, illiteracy, ill-health and fighting cross border terrorism and global terrorism. Globalisation in context of status of women has implicated the relegation of the stereotypic pattern of duties of the women like rearing and caring the children to the back ground and taking up the various diversified occupation and thus making their living quite vibrant and alive. Globalisation has also benefitted the scheduled caste people in promoting cultural

homogeneity in the way of loosening of the ideas of pollution and purity and eradication of untouchability and so many socio-cultural and economic disabilities associated with them. Globalisation of goods has developed enthusiasm in India for western brand names. A consumerist mentality has been carefully fostered. One can say that mentality of living in present is growing and tendency to save for the future is vanishing. Disintegration of joint families have led to the poor position of both children and old aged people of the family. When both male and female members of the family are working, they have less time to look after their young children and their old aged parents. Lastly, in Indian scenario, globalization has also developed a consumer credit society. Today, people can buy goods and services even if they do not have sufficient purchasing power due to easier norms of raising loans. Credit cards have given boost to consumerism and pushed many households into indebtedness. At the same time globalization has unfavourable impact on mass-media in India. Currently, realistic coverage of events and happening doesn't receive much importance because it doesn't determine the standing of a newspaper or TV channel. Globalisation has brought violation of journalistic ethics in India.

### **Conclusion**

At the end it can be said that the process of globalization has changed the industrial pattern, social life of global people and it has immense impact on Indian trade system. The globalization of the economic, social and cultural structures happened in all ages. Previously, the pace of the process was slow. Today with the advent of the information technology, new ways of communication have made the world a very small place. With this process, there is a big market place. Globalization has resulted in increase in the production of a range of goods. MNCs have established manufacturing plants all over the world. It has positive effects and India will overcome many obstacles and adopt global policies to expand business at international scale. India is gaining international recognition and strengthening in economic and political areas.

## References

- Adger, W.N., 1999. Social vulnerability to climate change and extremes in coastal Vietnam.
- Agnew, J., Grant, R., 1997. Falling out of the world economy? Theorizing Africa' in world trade. In: Lee R., Wills, J. (Eds.), Geographies of Economies. Blackwell, London.
- Alcamo, J., Kreileman, E., Krol, M., Leemans, R., Bollen, J., van Minnen, J., Schaefer, M., Toet, S., de Vries, B., 1998. Global modelling of environmental change: an overview of IMAGE 2.11. In: Alcamo, J., Leemans, R., Kreileman, E. (Eds.), Global Change Scenarios of the 21st Century. Pergamon, Oxford.
- Globalisation and India Lecture: Prof .Sagar Jain, University of N.Carolina.
- Repositioning India in the Globalised World Lecture: V.N.Rai.
- Globalization of Indian economy by Era Sezhiyan
- Globalisation and Indias Business perspectives Lecture Ravi Kastia.
- Globalisation and Liberalisation Prospects of New World Order Dr.A.K.Ojha, Third Concept An International Journal of Ideas, Aug 2002.