

Globalization

Meaning

Globalization is the phenomenon which has brought the world together at one flat platform where there is an apparent blurring of all differences in all aspects of contemporary life ranging from social, cultural, economic, political, life-styles etc. It is a remarkable phenomenon by which many geographical and cultural barriers have come down gradually and the entire world has become a global village. It is the rapid expansion of communication and transportation which has reduced distances and generated an everlasting interdependence among people and nations at all levels.

Definition

Tom G. Palmer of Cato Institute has defined it as “the diminution or elimination of state-enforced restrictions on exchange across borders and the increasingly integrated and complex global system of production and exchange that has resulted.”

Indian Scenario

India brought down its Berlin Wall way back in 1991 when she opened her economy to the world. This brought in the much needed freshness in its economic health of the country. It helped boost its economic growth and brought many international players to tap the huge and the then nascent Indian market. Along with the economy, people also opened to the new avenues of growth and unexplored realities of life. The western onslaught however, could not uproot the deep seated traditions and values which are a hallmark of our society, the basic thread which has held the diversities together over the ages. India has so far smartly embraced the West within limits of its ethos and stands tall as the fastest growing economy of the world. Indian society which has been labeled as intolerant by some analysts has not only given way to Western values but is also home to diverse languages, religion and traditions. People although are less mobile in terms of their cultures yet have immense tolerance for others.

Internationalization of Business

Let's try to explore the reasons why a business would like to go global. It is important to note that there are many challenges in the path of internationalization, but we'll focus on the positive attributes of the process for the time-being.

There are five major reasons why a business may want to go global –

- **First-mover Advantage**– It refers to getting into a new market and enjoy the advantages of being first. It is easy to quickly start doing business and get early adopters by being first.
- **Opportunity for Growth**– Potential for growth is a very common reason of internationalization. Your market may saturate in your home country and therefore you may set out on exploring new markets.
- **Small Local Markets**– Start-ups in Finland and Nordics have always looked at internationalization as a major strategy from the very beginning because their local market is small.
- **Increase of Customers**– If customers are in short supply, it may hit a company's potential for growth. In such a case, companies may look for internationalization.
- **Discourage Local Competitors**– Acquiring a new market may mean discouraging other players from getting into the same business-space as one company is in.

Factors Causing Globalization of Businesses

There are many factors related to the change of technology, international policies, and cultural assimilation that initiated the process of globalization. The following are the most important factors that helped globalization take shape and spread it drastically.

1. The Reduction and Removal of Trade Barriers

After World War II, the General Agreement on Tariffs and Trade (GATT) and the WTO have reduced tariffs and various non-tariff barriers to trade. It enabled more countries to explore their comparative advantage. It has a direct impact on globalization.

2. Trade Negotiations

The Uruguay Round of negotiations (1986–94) can be considered as the real boon for globalization. It is considerably a large set of measures which was agreed upon exclusively for liberalized trade. As a result, the world trade volume increased by 50% in the following 6 years of the Uruguay Round, paving the way for businesses to span their offerings at an international level.

3. Transport Costs

Over the last 25 years, sea transport costs have plunged 70%, and the airfreight costs have nosedived 3–4% annually. The result is a boost in international and multi-continental trade flows that led to Globalization.

4. Growth of the Internet

Expansion of e-commerce due to the growth of the Internet has enabled businesses to compete globally. Essentially, due to the availability of the Internet, consumers are interested to buy products online at a low price after reviewing best deals from multiple vendors. At the same time, online suppliers are saving a lot of marketing costs.

5. Growth of Multinational Corporations

Multinational Corporations (MNCs) have characterized the global interdependence. They encompass a number of countries. Their sales, profits, and the flow of production is reliant on several countries at once.

6. The Development of Trading Blocs

The ‘regional trade agreement’ (RTA) abolished internal barriers to trade and replaced them with a common external tariff against non-members. Trading blocs actually promote globalization and interdependence of economies via trade creation.

Impacts of Globalization in India

❖ Economic Impact:

1. **Greater Number of Jobs:** The advent of foreign companies and growth in economy has led to job creation. However, these jobs are concentrated more in the services sector and this has led to rapid growth of service sector creating problems for individuals with low level of education. The last decade came to be known for its jobless growth as job creation was not proportionate to the level of economic growth.
 2. **More choice to consumers:** Globalization has led to a boom in consumer products market. We have a range of choice in selecting goods unlike the times where there were just a couple of manufacturers.
 3. **Higher Disposable Incomes:** People in cities working in high paying jobs have greater income to spend on lifestyle goods. There has been an increase in the demand of products like meat, egg, pulses, organic food as a result. It has also led to protein inflation.
- ❖ **Protein food inflation** contributes a large part to the food inflation in India. It is evident from the rising prices of pulses and animal proteins in the form of eggs, milk and meat.

With an improvement in standard of living and rising income level, the food habits of people change. People tend toward taking more protein intensive foods. This shift in dietary pattern, along with rising population results in an overwhelming demand for protein rich food, which the supply side could not meet. Thus resulting in a demand supply mismatch thereby, causing inflation.

In India, the Green Revolution and other technological advancements have primarily focused on enhancing cereals productivity and pulses and oilseeds have traditionally been neglected.

1. **Shrinking Agricultural Sector:** Agriculture now contributes only about 15% to GDP. The international norms imposed by WTO and other multilateral organizations have reduced government support to agriculture. Greater integration of global commodities markets leads to constant fluctuation in prices.
2. This has increased the vulnerability of Indian farmers. Farmers are also increasingly dependent on seeds and fertilizers sold by the MNCs.

3. Globalization does not have any positive impact on agriculture. On the contrary, it has few detrimental effects as government is always willing to import food grains, sugar etc. Whenever there is a price increase of these commodities.
4. Government never thinks to pay more to farmers so that they produce more food grains but resorts to imports. On the other hand, subsidies are declining so cost of production is increasing. Even farms producing fertilizers have to suffer due to imports. There are also threats like introduction of GM crops, herbicide resistant crops etc.
5. **Increasing Health-Care costs:** Greater interconnections of the world has also led to the increasing susceptibility to diseases. Whether it is the bird-flu virus or Ebola, the diseases have taken a global turn, spreading far and wide. This results in greater investment in healthcare system to fight such diseases.
6. **Child Labour:** Despite prohibition of child labor by the Indian constitution, over 60 to a 115 million children in India work. While most rural child workers are agricultural laborers, urban children work in manufacturing, processing, servicing and repairs. Globalization most directly exploits an estimated 300,000 Indian children who work in India's hand-knotted carpet industry, which exports over \$300 million worth of goods a year.

❖ **Socio-Cultural Impact on Indian Society**

Nuclear families are emerging. Divorce rates are rising day by day. Men and women are gaining equal right to education, to earn, and to speak. 'Hi', 'Hello' is used to greet people in spite of Namaskar and Namaste. American festivals like Valentines' day, Friendship day etc. are spreading across India.

1. **Access to education:** On one hand globalisation has aided in the explosion of information on the web that has helped in greater awareness among people. It has also led to greater need for specialisation and promotion of higher education in the country.
2. On the flip side the advent of private education, coaching classes and paid study material has created a gap between the haves and have-nots. It has become increasingly difficult for an individual to obtain higher education.

3. **Growth of cities:** It has been estimated that by 2050 more than 50% of India's population will live in cities. The boom of services sector and city centric job creation has led to increasing rural to urban migration.
4. **Indian cuisine:** is one of the most popular cuisines across the globe. Historically, Indian spices and herbs were one of the most sought after trade commodities. Pizzas, burgers, Chinese foods and other Western foods have become quite popular.
5. **Clothing:** Traditional Indian clothes for women are the saris, suits, etc. and for men, traditional clothes are the dhoti, kurta. Hindu married women also adorned the red bindi and sindhur, but now, it is no more a compulsion. Rather, Indo-western clothing, the fusion of Western and Sub continental fashion is in trend. Wearing jeans, t-shirts, mini skirts have become common among Indian girls.
6. **Indian Performing Arts:** The music of India includes multiples varieties of religious, folk, popular, pop, and classical music. India's classical music includes two distinct styles: Carnatic and Hindustani music. It remains instrumental to the religious inspiration, cultural expression and pure entertainment. Indian dance too has diverse folk and classical forms.
7. Bharatanatyam, Kathak, Kathakali, Mohiniattam, Kuchipudi, Odissi are popular dance forms in India. Kalarippayattu or Kalari for short is considered one of the world's oldest martial art. There have been many great practitioners of Indian Martial Arts including Bodhidharma who supposedly brought Indian martial arts to China.
8. The Indian Classical music has gained worldwide recognition but recently, western music is too becoming very popular in our country. Fusing Indian music along with western music is encouraged among musicians. More Indian dance shows are held globally. The number of foreigners who are eager to learn Bharatanatyam is rising. Western dance forms such as Jazz, Hip hop, Salsa, Ballet have become common among Indian youngsters.
9. **Nuclear Families:** The increasing migration coupled with financial independence has led to the breaking of joint families into nuclear ones. The western influence of individualism has led to an aspirational generation of youth. Concepts of national identity, family, job and tradition are changing rapidly and significantly.

- 10. Old Age Vulnerability:** The rise of nuclear families has reduced the social security that the joint family provided. This has led to greater economic, health and emotional vulnerability of old age individuals.
- 11. Pervasive Media:** There is greater access to news, music, movies, videos from around the world. Foreign media houses have increased their presence in India. India is part of the global launch of Hollywood movies which is very well received here. It has a psychological, social and cultural influence on our society.
- 12. McDonaldization:** A term denoting the increasing rationalization of the routine tasks of everyday life. It becomes manifested when a culture adopts the characteristics of a fast-food restaurant. McDonaldization is a reconceptualization of rationalization, or moving from traditional to rational modes of thought, and scientific management.
- 13. Walmartization:** A term referring to profound transformations in regional and global economies through the sheer size, influence, and power of the big-box department store WalMart. It can be seen with the rise of big businesses which have nearly killed the small traditional businesses in our society.

❖ **Psychological Impact on Indian Society**

- 1. Development of Bicultural Identity:** The first is the development of a bicultural identity or perhaps a hybrid identity, which means that part of one's identity is rooted in the local culture while another part stems from an awareness of one's relation to the global world.
- 2.** The development of global identities is no longer just a part of immigrants and ethnic minorities. People today especially the young develop an identity that gives them a sense of belonging to a worldwide culture, which includes an awareness of events, practices, styles and information that are a part of the global culture. Media such as television and especially the Internet, which allows for instant communication with any place in the world, play an important part in developing a global identity.

A good example of bicultural identity is among the educated youth in India who despite being integrated into the global fast paced technological world, may continue to have deep rooted

traditional Indian values with respect to their personal lives and choices such as preference for an arranged marriage, caring for parents in their old age.

- a) **Growth of Self-Selected Culture:** means people choose to form groups with like-minded persons who wish to have an identity that is untainted by the global culture and its values. The values of the global culture, which are based on individualism, free market economics, and democracy and include freedom, of choice, individual rights, openness to change, and tolerance of differences are part of western values. For most people worldwide, what the global culture has to offer is appealing. One of the most vehement criticisms of globalization is that it threatens to create one homogeneous worldwide culture in which all children grow up wanting to be like the latest pop music star, eat Big Macs, vacation at Disney World, and wear blue jeans, and Nikes.
- b) **Emerging Adulthood:** The timing of transitions to adult roles such as work, marriage and parenthood are occurring at later stages in most parts of the world as the need for preparing for jobs in an economy that is highly technological and information based is slowly extending from the late teens to the mid-twenties. Additionally, as the traditional hierarchies of authority weaken and break down under the pressure of globalization, the youth are forced to develop control over their own lives including marriage and parenthood. The spread of emerging adulthood is related to issues of identity.
- c) **Consumerism:** Consumerism has permeated and changed the fabric of contemporary Indian society. Western fashions are coming to India: the traditional Indian dress is increasingly being displaced by western dresses especially in urban areas. Media- movies and serials- set a stage for patterns of behavior, dress codes and jargon. There is a changing need to consume more and more of everything.

Globalization is an age old phenomenon which has been taking place for centuries now. We can experience it so profoundly these days because of its increased pace. The penetration of technology and new economic structures are leading to an increased interaction between people. As with other things there have been both positive and negative impacts on India due to it.