



Global Business Determinants & Their Changing Impact

Dr. JAGDISH M. MULCHANDANI

Assistant Professor, Department of B.B.A.Gyanyagna College of Science & Management (Atmiya Group of Institutions) RAJKOT

ABSTRACT

Global/International trade has become inevitable of any economy of the world today. As we all know that no country in this world is totally self reliant, in one or other way each country has be dependent on other country. The needs of today's customers have increased, number of customers at world level have increased so the boost up is provided to the global trade at world level. All aspects of business have acquired global status, i.e., global market, global demand, and global supply. Cultural diversities tend to reduce considerably. Customers have become cosmopolitan. Nowadays, to export or import is not as difficult as it was. Instead of restricting, most of nations encourage Global marketing or trade. Countries of the world are nearing to participate in the global market opportunities. Customer's needs and wants are not limited to the products produced and marketed within the boundary of country

KEYWORDS

Global Trade, Technology, International Business, Natural Resources, Globalization, Stability

Introduction:

All aspects of business have acquired global status, i.e., global market, global demand, and global supply. Cultural diversities tend to reduce considerably. Customers have become cosmopolitan. Nowadays, to export or import is not as difficult as it was. Instead of restricting, most of nations encourage Global marketing or trade. Countries of the world are nearing to participate in the global market opportunities. Customer's needs and wants are not limited to the products produced and marketed within the boundary of country. Availability of the advanced communication and transportation facilities has reduced the physical distance among the nations of the world, and has made the world as a global village. Today's buyers can access goods or services produced and marketed by the foreign companies. Similarly, producers' products are not meant for domestic market only. In relation to need or importance of global market, views of Philip Kotler are worth noted. According to him, two forces attracted the global market, are Pull forces and Push forces. Push forces lead to force the nation to sell its goods and services in other nations.

The push forces include lower national income, low per capita income, low domestic demand, unfavorable approach of government, high rates of tax and duties, government force to export to earn foreign exchange, tough local market, etc. These forces force the marketer to opt for global market. Another set of forces is pull forces. The pull forces pull (attract) businessmen to sell their products in the foreign market to exploits attractive opportunities in the foreign countries. To take benefits of more profitable opportunities, they are pulled to business in other nations. The variable lead to global market may fall either in pull forces or push forces or both. Development of computer network (Internet), e-commerce, e-business, network marketing, rapid means of transportation and other similar advancements have made it possible to access or avail products of any company throughout the world.

Global business determinants & their changing impact:

1. Globalization:

Globalization in today's business world has become inevitable and without being global a business can't survive today. As we know today the world has become global village and everything in terms of business has become global i.e. Global product, Global demand, Global quality, Global business and Global customer. A business running on a huge scale even can't think of running without being global. The tremendous growth of international trade over the past several decades

has been both a primary cause and effect of globalization. The volume of world trade increased twenty-seven fold from \$296 billion in 1950 to \$8 trillion in 2005 (WTO, 2007). This is a result of the struggling economies of Europe and doubt over the Euro (WTO, 2013). The continued decline of world trade was evidenced by a decrease of 0.3 percent in May, 2013 with forecasters cutting their prediction for global growth (Hannon, 2013).

2. Consumer behavior:

Consumer behavior has become vital factor in changing pattern of global business. As discussed earlier without being global, a business can't survive today & that's because today consumer has become global. Consumer behavior plays very important factor in success of global business. As we have just seen, many factors, specificities and characteristics influence the individual in what he is and the consumer in his decision making process, shopping habits, purchasing behavior, the brands he buys or the retailers he goes. A purchase decision is the result of each and every one of these factors. An individual and a consumer is led by his culture, his subculture, his social class, his membership groups, his family, his personality, his psychological factors etc. and is influenced by cultural trends as well as his social and environmental factors. By identifying and understanding the factors that influence their customers, brands have the opportunity to develop a strategy, a marketing message and advertising campaigns more efficient and more in line with the needs and ways of thinking of their target consumers.

3. Demographics:

Demographic factors such as Sex, Income, Purchasing power, Likes, Dislikes, Tastes, Preferences, Level of education also have the drastic effect on global business. The latter half of the 20th century was one of the most dynamic periods of population change in human history. Advances in health care and nutrition helped people live longer and sharply reduced infant mortality around the world. As a result, the world's population doubled from 3 billion in 1950 to 6 billion in 1999. Although global population growth rates slowed after the mid-1960s, the world's population continues to grow. One result of these trends: A world bifurcated between low-growth (or negative growth), aging developed nations, where most of the world's wealth and jobs are concentrated, and high-growth, youthful developing nations, where most of the world's population is concentrated. What these trends imply and how they will play out provides the central focus of our work on global demographic trends.

4. Regulation & Activism:

In the context of globalization, transnational social regulation is increasingly the product of private interventions into the sphere of global trade. In recognition of the widespread failure of corporations to sufficiently address the socio-economic externalities borne by workers, various non-governmental organizations have begun to design and implement systems of rules intended to influence corporations and bring to an end a transnational "race to the bottom." A question whether consumer behavior alone can have conditions in which workers will be absolutely free to use their rights provided both domestic law and International Labor Organization. Activists and civil society should focus on improving legal, political, and social conditions for workers in the host countries too.

5. Economic & non-economic environment:

The global or international trade is influenced by many factors and one of the factors is economic and non-economic environmental factors. The economic environment like monetary policy, fiscal policy, EXIM policy and so on also affect the international trade. The economic environment of a country also affects the businessmen or manufacturers of other nations. Economic conditions of customers is one the determinant and other non economic factors like Social, Political, Legal or Technological factors also affect the amount of international trade. International trade transactions of a country are also affected by the governmental policy decided by that economy. Favorable policies will boost up the exporters of the country to export more and more & stabilize the economic growth of the nation.

6. Natural resources:

One of the most important factor which affect the global trade today is availability of natural resources to a country which is indulged in international business because availability of natural resources like Fertile land, Suitable climate, Rivers, Oceans, Seas, Forests, Deserts and sufficient minerals also affect the volume of international business. The countries having rich natural resources like India can export more in terms of those goods and services which are not possible for other developed and developing countries too. For example, because of wide range of forests India can export HONEY and Herbs which have quite sharp demand in international trade but because of one or other way India is not able to export it. The increasing demand of herbal products now-a-days indicates that how great opportunities are available for the Indian exporters. This makes India a rich country in terms of international trade than any other nation.

7. Technology:

Today, anyone can't even imagine international or global trade without use of technology. The use of computer, internet and various sources of telecommunication and e-communication has become inevitable for the business today whether we talk about domestic or international trade. The use of technology has immense importance in production too. The use of modern and ultra modern technology used in production is the evidence or success of international trade. Countries like china, U.S.A., Japan marching in the large level or production can't even expect existence of international business. Technology gives the benefits like lower production cost, speedier production, homogeneous production and wide acceptability of products by customers at global level.

8. Sustainability:

Sustainability in global trade takes care of next coming generations which can be benefited along with the current generations. It is said that if the benefit is to be availed then it should be for everyone. In the era of globalization and global trade, if countries only think of profit of their own and if they do not take care of natural resources and other countries then that business can't survive for long. Sustainable development is one which is not only beneficial for current generation but which is beneficial for next generations too. Now-a-days business corporations are taking care of the issue to produce those goods which are useful to current generation as well as

the benefit should be received by next generations to come. Business corporations should take care of natural resources, minerals, wild life and so on.

9. International relations:

Congenial relations between the countries can also have its effect on international trade. Good relations are also vital for the country's exports in those nations where they want to create its market. United nations also declare those nations as 'Friendly Countries' between whom the relations are not good and since long the trade has not been possible between those nations. If relations are not good among the nations then not only the industries but the customers of the respective nations have to suffer also. These bad relations also spoil the development of nations. The countries which are not able to produce by themselves have to be dependent on other countries and that can be possible by only having good international relations. The good relations among the nations could also affect in many ways, the development of concerned nations.

Conclusion:

At conclusion, we can say that global trade of a nation or at world level is not affected by one factor. There are many factors today which can have their solid impact on international or global trade. In recent years, there are so many factors which affect the global trade at most, which can be considered as determinants of global trade & those are discussed in this research paper.

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