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GLOBALIZATION OF MARKETS: EMERGING TRENDS, PERSPECTIVES, ISSUES ND CHALLENGES

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Abstract
The last two decades have brought dizzying change. The era of globalization, digitalization and economic turmoil has rendered the concept of "business as usual" a quaint and irrelevant concept. It is evident that the success of both individual enterprises and the private sector as a whole increasingly depends on anticipating how technology, environmental imperatives, social norms, demographic change and other developments will reshape the economy. The Changes in consumer attitudes, external forces shaping markets, technological innovation and other factors that have the potential to grow quickly from being at the margins of business to dominant drivers of the consumer economy.

These changes are of essential importance. Innovative products and business models focused on rising economies have lifted living standards for hundreds of millions of people, and there is an opportunity over the coming decade for business to contribute to improved living standards for more of the world's people than ever before. At the same time, natural resources are under extreme threat; climate change and rising economic inequality threaten to reverse the historic gains of the past quarter century and halt progress in its tracks.

The Data required for the study has been collected from the secondary sources. This paper presents the factual background of this phenomenon, the impact of the globalization of markets, emerging trends, issues and challenges that arise in the wake of high FDI flows from emerging markets.

Key Words: Globalization, Digitalization, Liberalization, Emerging Markets, Technology, Demographic Change, Development.

INTRODUCTION

> *"The rules are very clear: You can alienate me a bit from my culture, but you cannot make me a stranger to my culture. The society is much stronger than any company or product. MNCs who want to succeed in India need to remember this."*
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> **~ *Wahid Berenjian,*** Managing director of US Pizza in India,
> Business Line, July 8, 2002

Globalization is not a recent phenomenon, but it has accelerated and evolved in character in recent years increasingly affecting sectors of the economy previously sheltered from international competition. Globalization and its effects are being vigorously debated in fields ranging from cultural anthropology to comparative literature, sociology, economics, political economy, and various disciplines within the business academy. 'Globalization of Markets', views the recent emergence of global markets on a previously unimagined scale of magnitude. Technology as the most powerful force has driven the world towards converging commonality. Technological strides in telecommunication, transport, and travel have created new consumer segments in the isolated places of the world. Kenichi Ohmae also advocates the concept of a borderless world and the need for universal products for global markets.14 Standardized products are increasingly finding markets across the globe. Such globalization of markets has on one hand increased the opportunity for marketing internationally while on the other has increased the competitive intensity of global brands in the market. The simultaneous competition in markets between the numerous new competitors across the world is intensifying. This offers tremendous challenge to the existing business competitive.

The global market has undergone significant changes in recent years, with the increasingly important role played by emerging market. Economists studying international market remain optimistic about the ability of liberal market policies and integration into the global economy to encourage growth and raise people in poor countries out of poverty. Over the past fifty years economic integration between developed countries has increased, generating significant benefits for European countries. Today financial markets, industry, and politics are all internationalized. This internationalization has lead to an increased transfer of capital across borders, increased communication throughout the world, an increased importance of market in the economy, and an increase in international market policies. Globalization has had drastic effects on the economic world and has created many challenges politically. This paper defines globalization, gives a brief history, discusses recent trends, and gives several different perspectives on globalization. Recommendations for the future will be given, such

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as what regulations should be put into place, how the politics should be handled, and how to prevent globalization from going too far too quickly. Increased integration has been driven by the liberalization of rules governing internal and external markets, falling communication and transport costs, and economic reforms in emerging economies such as China and India.

There have been three main indicators of globalization:

1. increased world market;
2. Significantly increased capital flows; and
3. Relatively stable migration.

The economy is now more international with shares being marketed between citizens of different countries on a daily basis. With the internationalization of industry and the economy there is a need for increased regulation from the governments of all countries involved. It is important to understand globalization to be a good business person in the world today.

LITERATURE REVIEW

Hill, (2009) Global Market refers to the “Merging of Historically Distinct and separate National Markets into one huge global market place.” With the expansions of global markets liberalize the economic activities of exchange of goods and funds. Removal of Cross-Border Trades barriers has made formation of Global Markets more feasible.

Tisdell (2004). Research documents indicate that since the 1970s developing countries have exhibited economic growth and growing inequalities. Prior research presents two facts on income inequality prior to globalization. First, there is no proven correlation linking growth and inequality.

Heshmati(2003) the levels of income inequality in the pre-globalization phase are undeterminable However, the division between the upper and lower classes is getting wider and wider as time goes by. Literature suggests that market has played a minor role in labor inequality, but rapid technological changes are the main source for income inequality. The conditions of work for unskilled workers and skilled workers are rapidly changing with technology. The unskilled workers are unable to operate new technology and therefore are beginning to get paid less and less. New technology is creating diverging wage and salary levels, increasing job insecurity for unskilled workers, and increasing unemployment rates for low skilled employees.

Kaplinsky (2001) discusses this inequality and poverty due to globalization. He stated that as China chooses to increasingly participate in the global economy it will hurt the income of many of China's citizens. The same thing was said for India and other low wage emerging economies. This researcher believed that participating in globalization would hurt the incomes of not just the unskilled workers but also the incomes of the semiskilled and skilled workers.

Kaplinsky (2001) In the previously mentioned article Kaplinsky discussed unequal incomes in China during the 1980s and 90s. He found that when global income inequality is "measured in relation to individual incomes, rather than inter country average incomes the share of global income going to individuals has become more unequal. The average income in China did rise but large numbers of the Chinese population were excluded from gains, and are worse off than before." Currently, many reforms are taking place to bridge the gap between incomes in countries throughout the world. Often times reforms on developing nations are looked at in a negative light. However, the effect of these reforms on the poor can actually be very positive.

Graham (2001) the poor have the most difficult time protecting themselves from high rates of inflation. In the past market reforms have reoriented public spending towards benefits for the less fortunate or poor. These reforms have lead to globalization actually becoming positive for lower class society. Local socioeconomic conditions play a big part on how globalization impacts certain areas of society. Individuals no longer see themselves as part of society as a whole and continue to separate themselves from society. This leads to an "every man for himself" type culture and even furthers the gap between individuals in society.

OBJECTIVES OF THE STUDY

The major objectives of this work are.

1. To study the globalization of markets
2. To reveal the issues and challenges of the globalization of markets
3. To examine the development of globalization of markets
4. To know the impact of globalization.

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METHODOLOGY OF THE STUDY

Research Design

The study is largely based on secondary data obtained through scanning of available literature on the subject from various libraries and institutes. Various magazines, newspapers, journals etc. were consulted. The relevant data from various sources has been collected and the updated report has been compiled.

TRENDS OF GLOBALIZATION

An Increase in Technology and Transportation Globalization has been rising side by side with the increase in available technology and convenience of improved transportation. Technology has made it simpler for people to communicate across borders, and has also lead to a decline in the cost of transportation. The technological revolutions in themed 1980s lead to lowering the cost of transportation on airplanes, cars, and ships. It is now much less expensive and much easier to transport goods from one country to another. Transportation is a proactive agent of globalization and continues to receive additional benefits as transportation itself improves. Globalized transportation has become very profitable resulting in additional research and improved transportation technology. During the main growth stages of globalization between 1970 and 1993 mobilization increased nearly fifty percent throughout World. It was found that the average person went from traveling 16.5 km per day per person to 31.5 km per day per person. This travel generally takes place by automobile with automobile ownership increasing to an estimated 810 million in 2010, up from 670 million in 2003. Since the 1970s the flow of goods in world has dramatically increased. The transport of goods by road has increased by 40%, intercontinental rail shipping has increased by 17%, and waterway shipping has increased by 12% (Capineri and Leinback, 2004). Transportation is the main factor that reduces barriers to international trade and helps to market new technology globally. Business people are able to travel more easily in order to work out deals with business people in other nations. A decrease in transportation costs has triggered business' to garner greater profits by factory relocation, concentrating production in one sector, or in one location, where country inequalities exist (Heshmati, 2003). In addition, the digital revolution has also made globalization increase. Companies can now transfer files digitally over the internet, and even over handheld device. This makes it possible to have meetings without every participant of the meeting being physically present. The deregulation of the telecom market has lead to lower long distance communication costs and the exchange of information easier than ever before (Mukherjee, 2008). International businesses can now communicate with others through the ease of the email, telephone conferences, and videoconferences. It is now much less expensive for business people to pick of the telephone and ask their colleagues a quick question about a transaction that they are currently working on. The increase in telecommunications development had to do with a causeeffect relationship between technological development and the deregulation of financial market policies. New technology revealed how inefficient the financial market regulations were to begin with, and the deregulations of the financial market regulations lead to an increased investment in telecommunications, which then lead to increase technological advances (Czaputowicz, 2007). This increase in communication technology even further decreases the cost of doing business internationally.

DRIVERS OF GLOBALISATION

The main drivers of globalization have been:

- Multilateral market liberalisation, which has reduced market barriers and increased growth potential, providing a significant impetus to globalization. Successive rounds of multilateral tariff liberalisation have removed some of the barriers to market in manufacturing goods. Average tariffs fell over the last decades from over 30 per cent, to just over 10 per cent in developing countries; and from 9-10 per cent, to 4 per cent in industrialised countries, whilst substantial financial market liberalization has been a main driver of capital flows. However, significant barriers remain, including tariff peaks and non-tariff barriers;

- Successful economic reforms in emerging markets, such as China and India, have boosted world output, market and FDI flows. Per capita incomes having risen six-fold in China and two-fold in India over the past 30 years. Other Asian economies have also experienced high growth rates. This has driven Asia's increased share of world market and FDI flows. China's shares of world output, exports and FDI, have risen from 3, 1 and 2 per cent to 13, 6 and 10 per cent respectively, over the last three decades

- Technological progress, especially in the fields of ICT and transportation-very often spurred by regulatory reform - has dramatically reduced the costs of market. Prices of sea, freight and air transportation; telephone calls; and satellite charges, have fallen (by 21, 30, 95 and 88 per cent respectively) over the last 20 years. This has facilitated new modes of production and supply models for all sectors of the economy, benefiting producers and consumers, as well as encouraging more "traditional" market in goods. Manufacturing market in the EU15 (The 15 Member States are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the

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Netherlands, Portugal, Spain, Sweden and the United Kingdom) has risen from under 40 per cent to nearly 90 per cent of manufacturing GDP over the past 30 years; whilst.

- Technology has also eroded the borders between what can and cannot be marketed, providing an impetus to market in services.

THE IMPACT OF GLOBALISATION

The Benefits of Globalization

Globalization provides incentives for firms and workers to excel in what they do best while sourcing other goods and services at lower costs on a global scale, providing consumers with substantial benefits. A recent review suggests that 20 per cent of the gains in living standards in EU15 over the last 50 years can be attributed to the EU15s growing integration with the world economy and another 10 per cent may be attributable to growing market between member states. These gains are reached through a number of channels:

- **Direct Benefits for Consumers** as reduced barriers to imports increase product variety and provide lower prices;

- **Dynamic gains to EU productivity through competition.** Globalization presses firms to improve performance, forces ailing firms to improve and gives new and innovative firms a chance to enter markets. Lower market barriers and reduced costs of transportation and telecommunication have also facilitated the delivery of products and services often in areas where this has been prohibitively expensive, introducing competition into previously sheltered parts of the economy;

- **Efficiency gains for firms generating higher incomes**. Firms can optimize production through off-shoring or more in-depth vertical integration of production across borders, resulting in lower costs. Reorganizing production intelligently can result in substantial cost savings. Firms can also benefit from greater economies of scale and scope through access to larger markets;

- **Capital market integration** has fostered the allocation of world savings to more productive and diversified investments thus achieving a higher rate of return for investors;

- **inward foreign direct investment (FDI) benefits EU firms** through technology transfer, skills and managerial know-how, by stimulating competition and innovation, and by providing domestic investment that would not otherwise have been possible. Inward FDI has in particular played an important role in the recent successful economic development of Ireland and many new Member States; and

- **New opportunities for EU firms due to increased demand for EU products from the emerging economies.** Business services directly across borders are now one of the fastest growing market components, an area where the EU is very successful. Outsourcing of business services to Asia has received perhaps the greatest public attention. However, a number of EU Member States have also been very successful at exporting business and computer services as well as manufacturing goods to the rest of the world.

EFFECTS ON RETAIL INDUSTRY

Retailing is one of the pillars of the economy in India. Over the past few years, the retail sale in India is hovering around 33-35% of GDP as compare to 20% in the US. The Indian retail industry is the fifth largest in the world. Comprising of organized and unorganized sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unorganized, however with the tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. The widespread shift to global sourcing can have adverse effects on a retailer's brand image, especially as retailers shift to more private-label brands. In response, retailers are implementing programs and processes that may minimize various adverse effects and increase brand linkages to positive social responsibility practices. The increased prevalence of multichannel paths to consumers, from both suppliers and retailers, appears to affect supplier–retailer relationships negatively by increasing conflict, reducing cooperation, and changing the value chain. Many retailers respond by increasing their use of private-label products, offering more experience-based services, and generally evaluating ways to offset their dependence on suppliers. Both suppliers and retailers are investigating ways to reward retailers for uncompensated services and maintain consistency as consumers move across multichannel contact points. Retailers also recognize the need to use their overall supply chain in their innovation efforts. In many cases, technology advances (e.g., RFID) have enabled them to collect new information about consumers, which can combine with supply chain partners' capabilities to lead to radical and incremental innovations. The need to

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connect with partners to innovate increases the importance of strong and diverse relational ties with supply chain partners. . Clearly the next wave of the retail boom is upon us.

ISSUES AND THE CHANGING ROLE OF MARKETS

The role and activities of the local chambers and market associations usually seem to be concerned with issues of the local business community. They may want to be seen and heard in the policy-making processes on the basis of who they represent or the relevance of the expertise they offer in such dialogues. The interconnection of market policies, foreign affairs, and cross border mobilization of capital signifies the role and scope of national and regional market bodies. Market associations that are represented in the national chamber of commerce can electrify their industries, bringing together severely competing companies to provide a single platform to support the sector's potential. Steady routine of market and economic activities may lead to a sustainable pace of economic development. The flow of investment, mobility of labour, forms of business financing and the strength of business institutions define the economic future of a people. This premise has been certified in all parts of the world and at all times. The only difference has been created by the magnitude of investment and market activities that is required in today's global world.

In the world that sees transitional economies that are preparing themselves for challenges of globalization and free market. Now, the greater part of the responsibility of economic development lies with the private sector- a concept that is now called corporate social responsibility. In addition to this concept there are the notions of democratic approach to business and finance, corporate culture, fair market, good governance and economic freedom and participation that need to be practiced in their true spirit. Today, the issues in market and investment are closely connected to the social ills of unemployment and poverty, and the lack of good governance seen in deteriorating infrastructure and high crime rate in a country. That is why issues concerning businesses couldn't be viewed or studied in isolation; they are integrated with the socio-political dimensions of an economy. In these circumstances, market bodies will have to play important and non-traditional role and history has proven that they can be catalysts of economic development.

IMPORTANCE OF INNOVATION

Globalization is not solution to sustain in the industry. Innovations and consumer taste and perceptions are more important than any other strategy. But certain industrialists always thinking for new innovations in the industry for their footprints in global markets, such people only thinking about globalization of their brands at the same time they will adopt **"Think Global and act Local"** strategy. Means understand the local people culture, perceptions and sell the products as per the countries demand. This is giving boost to their products sales with their Parent company name. In such activities Tata, Coca Cola, Pepsi and many more MNE's are ahead in globalization race. Which I exhibited in my article, also there is a clear indication to all the industrialists that is "one brand" will not enough to sustain in the market for longer period, continues innovations and changes in the strategy according to market trends will give more sustainability and reorganization rather than expansions. Otherwise expansions are only a short time gimmick and it will backfire at any point of time sometimes it leads to the stage of bankrupt. This trend will impact on economy too.

SUMMARY AND CONCLUSIONS

The trends and frameworks presented in this paper confirm the complexity of globalization. Describing, analyzing, and predicting aspects of the world economy such as economic growth, equality, and development, is both necessary and difficult. In conclusion, over the past thirty years globalization has completely transformed how nations are conducting business in the world. The increases in technology and the liberalization or governmental policies have lead to globalization skyrocketing over the past three decades. This drastic increase in globalization has lead to an increase in inequality amongst nations, as well as an increase in the inequalities between social classes of individual countries. There are three main perspectives on globalization within literature today. Each individual perspective has different viewpoints on what causes globalization, how globalization impacts society, and the future of globalization. There are also several theories of globalization that need to be understood. It is imperative to have a clear understanding of the trends and perspectives of globalization to be able to understand how it affects the business world and society.

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