Evolving Global Business Trends and India's Challenges

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Abstract

Purpose: The present paper examined the approaches and strategies that are needed to tackle future global businesses.

Design/Methodology/Approach: The paper used a number of real life learning experiences that have happened in the global and in Indian contexts.

Findings: Globalization is creating a major influence on culture, and slowly, a global culture is emerging, which reflects merging of tastes and preferences across the globe. Future global businesses require a non-traditional style and creative approach and accordingly orient strategic decisions of businesses. Firms need to possess the ability to foresee future trends and have the ability to initiate actions in advance keeping in mind the emerging trends of customers' preferences and by working along with them or co-creating with them. IT is a major tool used to get a competitive advantage. Subsequent to liberalization of trade in India in 1990-91, India's international trade has grown many folds, and the product range has also got diversified. It is not that only exports have improved, but even the volume of imports has increased, which indicates that India as a nation is developing. India as an economy has moved far away from the "mercantilism" theory days. India has now realized the importance of the free trade environment for the country's economic growth. Government policies also were designed to incentivize international trade. Of course, in recent years, there has been an impact on our trade on account of domestic inflation and recession at the global level. Nevertheless, emerging economies like China and India have been able to sustain their momentum better than others, but they have their own unique challenges to overcome. This article attempted to interpret the export performance of India in the last few years and identify the factors that help in improving performance or act as impediments.

Key words: standardization, customization, emerging economies, co creation, convergence

JEL Classification: F1, F18, F64, F200

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It has been long since business enterprises have started focusing on customers and not on products. Entire strategies revolve around the customer. The needs of customers are plenty and are greatly influenced by their environment. With globalization, even the customers' needs and tastes are getting standardized or are moving in that direction. Coke and Pepsi have been able to get global acceptance. Pizza is no longer an alien food variety in India. Microsoft's MS office is used the world over. This clearly indicates that customer needs are shifting from a heterogeneous variety to a homogenous one. If tastes are getting homogenized, it implies that the global market is evolving towards a similar culture. Technology has facilitated information flow and is able to initiate mingling of culture and, thereby, cultural interaction and then cultural integration. Modern communications and transport technologies have created conditions for convergence of tastes and preferences of customers from different nations. Consumers have started experimenting and are fast adopting each other's views and are adopting newer habits, which were earlier considered taboo.

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This has created an opportunity and challenge for business enterprises world over. Opportunity because the market has become bigger in size and provides volume for economy of scale. The challenge is in reaching the customer wherever he is with the right price tag. Standardization is to be extended, and customization is to be minimized or used as a last resort. This necessitates thinking differently and doing things differently. Innovation is the key to success. International trade allows us to expand our markets for both goods and services that otherwise may not have been available in the country. Services have been a major source of contribution to our export growth, especially in IT. This also makes an interesting comparison with China, whose major focus is on manufacturing and not on services.

Things are going to be different in the global market in the next few decades if the trends are any indication. There are going to be significant changes in the international business environment, and these changes can influence the domestic environment in India that can result in change of direction of exports, rules of game, and competitiveness of Indian exports. It is quite possible that many of the established beliefs might get eliminated, and some important international marketing strategies will have to be adopted to gain advantage in a globalized market that is slowly, but surely emerging.

Indian Vision

The Ministry of Commerce, Government of India, which is responsible for India's export growth has set for itself an ambitious strategic vision and has drawn a strategic plan which is reflected in its Foreign Trade Policy 2015-20 (Department of Commerce, Ministry of Commerce & Industry, Government of India, 2015). The long term vision of this ministry is to make India a major player in world trade by 2020 and assume a role of leadership in international trade organizations.

(1) Services and Exports : A comparison of trend of services from 1980 to 2005 is given in the Table 1. The updated details of services, as indicated in the Ministry of Commerce and Industry's *Annual Report of 2014-15*, indicates the following trends:

(i) In 2013-14, India had a surplus in services trade with service exports at USD 151.47 billion and imports at USD 78.5 billion. India's services trade surplus covered about 53% of the deficit in merchandise trade. Services contributed 57% to GDP, 28.1 % to employment, and 25% to trade.

(ii) India ranked 6th among leading world exporters of commercial services in 2012 with a value of USD 148 billion and a share of 3.24% and growth of 8%.

(iii) The goal of Ministry of Commerce and Industry is to increase India's exports of merchandise and services from the level of 465.9 billion USD (2013-14) to approximately 900 billion USD by 2019-20 and to raise India's share in world exports from the level of 2% to 3.5%.

Table 1. Comparison of Trends of 'Services' since 1980 to 2005

Region /country	1980	2005
World	56	68
High income economies	59	72
Low & middle income economies	42	52
India	39	54

Source: Adapted from Cherunilam (2008) Note : Contribution of services to value added as % of GDP

Table 2. India's Share (%) in World Exports

Category	2008	2009	2010	2011	2012	2013	2014
Services	2.7	2.6	3.1	3.2	3.3	3.2	3.2
Merchandize	1.2	1.3	1.5	1.7	1.6	1.7	1.7

Source: Department of Commerce, Ministry of Commerce & Industry, Government of India (2015)

The services sector contributed a lot to India's growth as revealed in the Table 2. It contributed 60% to GDP, 35% to employment, 25% to total trade, about 40% to exports, 20% to imports, and accounted for more than 50% of FDI into the country. Till 2014-15 (April to Dec 2014), India's services exports were USD 115.6 billion and imports were USD 59.20 billion, resulting in a net surplus in services.

(2) Why India Should Focus on International Trade? : The following points show the need and importance of international trade :

- ✦ Foreign trade leads to division of labor and specialization at the global level.
- ✦ It enables optimum allocation and utilization of resources as unproductive lines of production are eliminated and wastage of resources avoided.
- ✦ Prices get established by international trade and this enables stable demand and supply.
- ✦ International trade also enables availability of multiple choices, good quality, and standard goods.
- ✦ With the improved economic growth, it improves the general standards of living of the people.
- ✦ It creates employment opportunities and facilitates economic development.
- ✦ Even high imports enable Indian industries to advance technologically, and thereby make Indian goods globally competitive which, in turn, improve our export opportunities.
- ✦ The efforts of the government in signing free trade agreements with many neighboring countries as well as major countries across the globe also help improve our trade competitive at the global level.
- ✦ There is a quantum jump in foreign trade in general, especially after 1990-91 (after liberalization).
- ✦ Exports have expanded after 1990-91.
- ✦ Imports also have increased, which indicates that there is an increasing trend towards technology transfer, enabling India to become cost competitive in the global market, which indirectly helps India to improve its exports.

Studies conducted by the United Nations, International Monetary Fund, and the World Bank revealed that the world was expected to grow between 3.2 % and 3.9% from 2013 to 2015 (refer Table 4), and developed and developing economies were expected to grow as well.

(3) The Challenges are Listed Below:

- ✦ The liberalized global environment is posing a very competitive global market, and India has to be very competitive under such circumstances to be able to sustain growth.
- ✦ Many unorganized sectors have to be provided with a lot of information, the government has to coordinate, create awareness, and continuously provide market assistance for such sectors. Technology can play a vital role in this aspect.
- ✦ Training needs pose a great challenge and it calls for strengthening of the industry -institutional interface.

Table 3. India's International Trade Trends

Year	Exports-oil	Exports-non-oil	Total	Imports-oil	Imports-non-oil	Total	Trade Balance-Oil	Trade balance-Non-Oil	Total
1972-73	29.0	1942.5	1971.5	204.0	1663.4	1867.4	- 175.1	279.1	104
1973-74	12.3	2511.2	2523.4	560.3	2395.1	2955.4	-548.0	116.1	-432.0
1974-75	13.6	3315.2	3328.8	1157.0	3361.8	4518.8	-1143.3	-46.6	-1190.0
1975-76	18.9	4017.4	4036.3	1225.7	4039.1	5264.8	-1206.8	-21.7	-1228.5
1976-77	18.7	5124.1	5142.7	1413.4	3660.4	5073.8	-1394.7	1463.6	68.9
1977-78	15.7	5392.2	5407.9	1551.0	4469.3	6020.2	-1535.3	922.9	-612.4
1978-79	14.2	5711.9	5726.1	1676.8	5133.9	6810.6	-1662.6	578.0	-1084.6
1979-80	18.9	6399.6	6418.4	3267.1	5875.5	9142.6	-3248.2	524.1	-2724.2
1980-81	24.9	6685.8	6710.7	5263.5	7285.7	12549.2	-5238.6	-599.9	-5838.4
1981-82	220.9	7585.0	7805.9	5189.3	8418.3	13607.6	-4968.3	-833.3	-5801.7
1982-83	1235.3	7568.1	8803.4	5621.9	8670.8	14292.7	-4386.7	-1102.7	-5489.4
1983-84	1588.1	8182.7	9770.7	4832.0	10999.5	15831.5	-3243.9	-2816.8	-6060.8
1984-85	1818.2	9925.5	11743.7	5409.1	11725.2	17134.2	-3590.9	-1799.7	-5390.5
1985-86	644.7	10249.9	10894.6	4989.4	14668.3	19657.7	-4344.7	-4418.4	-8763.1
1986-87	411.2	12040.7	12452.0	2810.6	17285.2	20095.8	-2399.4	-5244.5	-7643.8
1987-88	648.8	15024.9	15673.7	4042.9	18200.8	22243.7	-3394.2	-3175.9	-6570.1
1988-89	505.0	19726.5	20231.5	4357.6	23877.6	28235.2	-3852.7	-4151.1	-8003.7
1989-90	696.7	26961.8	27658.4	6272.5	29055.8	35328.4	-5575.9	-2094.1	-7669.9
1990-91	937.8	31619.8	32557.6	10816.1	32376.8	43192.9	-9878.3	-756.9	-10635.2
1991-92	1022.3	43019.5	44041.8	13126.7	34724.1	47850.8	-12104.5	8295.4	-3809.0
1992-93	1379.3	52309.0	53688.3	17141.7	46232.8	63374.5	-15762.5	6076.2	-9686.3
1993-94	1247.8	68503.6	69751.4	18046.2	55054.8	73101.0	-16798.4	13448.8	-3349.6
1994-95	1309.0	81365.1	82674.1	18612.6	71358.1	89970.7	-17303.6	10007.0	-7296.6
1995-96	1517.8	104835.6	106353.3	25173.6	97504.5	122678.1	-23655.9	7331.1	-16324.8
1996-97	1710.4	117106.7	118817.1	35628.5	103291.2	138919.7	-33918.2	13815.6	-20102.6
1997-98	1311.0	128789.7	130100.6	30341.2	123835.1	154176.3	-29030.2	4954.5	-24075.7
1998-99	376.2	139376.9	139753.1	26919.3	151412.6	178331.9	-26543.1	-12035.7	-38578.7
1999-2000	168.5	159392.9	159561.4	54648.6	160587.9	215236.5	-54480.2	-1194.9	-55675.1
2000-2001	8541.7	195029.3	203571.0	71496.5	159376.2	230872.8	-62954.9	35653.1	-27301.8
2001-02	10106.6	198911.4	209018.0	66769.9	178429.9	245199.7	-56663.3	20481.5	-36181.8
2002-03	12469.2	242668.1	255137.3	85367.0	211838.9	297205.9	-72897.8	30829.2	-42068.6
2003-04	16397.4	276969.3	293366.8	94520.0	264587.7	359107.7	-78122.6	12381.7	-65740.9
2004-05	31404.2	343935.4	375339.5	134094.0	366970.5	501064.5	-102689.9	-23035.2	-125725.0
2005-06	51532.8	404885.1	456417.9	194640.0	465768.9	660408.9	-143107.2	-60883.8	-203991.0
2006-07	84520.2	487259.1	571779.3	258571.8	581934.6	840506.3	-174051.6	-94675.4	-268727.0
2007-08	114191.7	541671.8	655863.5	320654.5	691657.2	1012311.7	-206462.8	-149985.4	-356448.2
2008-09	123397.9	717357.2	840755.1	419967.6	954468.0	1374435.6	-296569.7	-237110.8	-533680.5
2009-10	132899.0	712635.0	845534.0	411649.1	952086.9	1363736.0	-278750.0	-239452.0	-518202.0
2010-11	188779.0	954143.0	1142922.0	482282.0	1201185.0	1683467.0	-293503.0	-247042.0	-540545.0
2011-12	267915.0	1198045.0	1465959.0	743075.0	1602388.0	2345463.0	-475160.0	-404344.0	-879504.0
2012-13	330819.0	1303500.0	1634318.0	891871.0	1777291.0	2669162.0	-561052.0	-473792.0	-1034844.0
2013-14	383248.0	1521763.0	1905011.0	997885.0	1717548.0	2715434.0	-614638.0	-195785.0	-810423.0
2014-15	346082.0	1550266	1896348.0	842874.0	1894212.0	2737087.0	-496792.0	-343946.0	-840738.0

Source: Reserve Bank of India (2015)

Table 4. Growth Projections for the World by Various Agencies

Category	UN-2013	2014-f	UN-2015f	IMF-2013	IMF-2014 -P	IMF 2015-P	World Bank 2013-e	World Bank-2014f	World Bank-2015 f
World	2.2	2.8	3.2	3	3.6	3.9	2.4	2.8	3.4
Developed Economies/High income	1.1	2.0	2.4	1.3	2.2	2.3	1.3	1.9	2.4
Euro Area	-0.4	1.2	1.6	-0.5	1.2	1.5	-0.4	1.1	1.8
US	1.9	2.5	3.2	1.9	2.8	3.0	1.9	2.1	3.0
Japan	1.5	1.4	0.9	1.5	1.4	1.0	1.5	1.3	1.3
Developing Countries/EMDE's	4.6	4.7	5.1	4.7	4.9	5.3	4.8	4.8	5.4
Latin America and Caribbean (LAC)	2.7	2.6	3.4	2.7	2.5	3.0	2.4	1.9	2.9
Brazil	2.3	1.7	2.8	2.3	1.8	2.7	2.3	1.5	2.7
Russia	1.3	1.0	1.5	1.3	1.3	2.3	-	-	-
India	4.8	5.0	5.5	4.4	5.4	6.4	4.7	5.5	6.3
China	7.7	7.3	7.1	7.7	7.5	7.3	7.7	7.6	7.5

Note : e-estimates; p-projections; f - forecast

✦ Getting foreign investments and retaining investors in India is a big challenge. Foreign investors must be able to visualize a big market in India for their products. The policies of the government should show consistency to attract and retain foreign investments.

✦ Outsourcing will be the watch word for many global firms. India, as a major service provider to the entire globe, should grab these opportunities and the challenge here will be to sustain on a long term basis. China has captured the title of "Factory Floor of the World" mainly on account of cost advantage in manufacturing, but it lacks the ability to build a brand image (Khera, 2011). India, with its knowledgeable workforce, can leverage not only on cost, but also on providing quality services.

✦ Indian firms need to attain functional efficiencies in their operations with improved supply chain business models to suit their business needs and to be competitive in a global environment. This involves overcoming cost barriers on account of bottlenecks in infrastructure and also improving functional efficiencies not only in operational value adding activities, but also in logistics/channels of distribution.

✦ Indian firms need to find ways to reach the end customer directly for their produce instead of availing the services of middlemen to make their products competitive.

(4) Opportunities and Suggestions : India is already keen on getting FDI so that such investments help India improve trade. MNCs also are keen to take advantage of low factors of production in India. After a decade or so, such firms will try to enter export markets and operate from India. In such a situation, it will not matter whether such products are made by Indian companies or MNCs from India. In such a scenario, it is to be noted that labor productivity is much more relevant than lower wages. Of late, China has shown symptoms of losing on this count as their labor force is ageing. They have now realized this aspect and are now liberalizing the one-child norm and have opted for two children as the new norm.

(i) Sectoral Approach: Firms in India also have to identify the products or product ranges that reflect our heritage and culture and which are valued more by buyers. Once such a stance is taken, they can explore the possibilities of mass production, and achieve reduction in cost of production. An apt example is the cluster approach initiated by the Government of India for handicrafts, wherein a group of artisans are engaged in production of large varieties of items in a geographical area. Examples of such clusters are Moradabad in Uttar Pradesh and Narasapur in

Andhra Pradesh where more than 20,000 artisans are engaged in producing a variety of handicrafts. Such locations get proactive assistance from the government in terms of infrastructure spending, latest technology, adequate training facilities, and so forth (Ministry of Textiles, Government of India, 2014).

(ii) Stop Looking at the Government : Future business firms need to develop adequate confidence in themselves, stand on their own feet, instead of looking for sops from the government. The government should limit itself to creating a conducive environment through sound policies.

(iii) Global Value Chain : The future market will be dictated by MNCs who will look for opportunities to outsource labor, raw material, logistics, and so forth as part of their global value chain. They will also focus on process innovation to improve their operational efficiencies, product innovation to differentiate their products, and functional innovation in areas such as supply chain aimed at improving their efficiencies and, thereby, getting a competitive advantage.

Additionally, exporters need to get their products /services accepted by end customers, for which they need to decide to go for product customization or for standardization. Staying in touch with end users is very critical not only to understand their needs properly, but also to establish a lasting business relationship. Uses of information technology tools like Internet, emails, websites, and so forth are some options that are to be explored to achieve this objective.

The Global Scenario

From what we have seen above, the trend is moving towards evolution of a global culture which encompasses homogenous tastes and preferences of end users. There is also a counter view prevailing that firms that are unable to adopt their products to the local needs are not able to taste success. It is evident that while the latter may be true now, but the trends are reversing. It will take a little longer time when we talk of achieving a change at the global level, but the trend increasingly observed is that business firms are engaged in bringing about global acceptance for their products by way of standardization rather than customization. Technologies like Internet, information flow, and so forth are making these things happen quicker. If we look at the current global environment, we can see the emergence of a new world order radically different from the past.

(1) Shift Towards Emerging Economies

✦ The developed countries are no longer having a hold on the market. Emerging economies like China, India, Brazil, and Russia are fast becoming suppliers for the needs of the world. Investments are moving towards emerging economies.

✦ Developed nations to developing nations are now reversed to developing nations to developed nations.

✦ Firm to consumer has reversed to consumers to firm in the sense that firms have to involve the consumers and co-create products by working together for co-creation of value as perceived by the consumer. Dell Computers is doing exactly this. Its customers can design their computer according to their needs and Dell ensures that the product supplied is exactly the same as specified by the customer. Enterprises can no longer use past data and make linear projections as needs have changed. Firms now have to listen, feel the pulse, see weak signals, connect the dots, and create future as predicted by Prahalad (2005).

✦ Many credit card organizations follow the pattern of usage of the credit card holders and accordingly provide them with opportunities for spending after understanding their spending preferences over a period of time. It is a small step, but many such initiatives have to be evolved in understanding the needs of customers spread across a vast geographical territory. The relationship of the buyer and seller is fast becoming intrinsic, and strategies need to revolve around such relationships. Digital marketing has started using technology in a big way with use of apps, especially in mobile phones.

(2) Euro Zone Crisis & U.S. Sovereign Debt Crisis : The crisis in euro zone, and more specifically in Greece, is slowly settling down with Greece agreeing to the euro team's guidelines. At least, they have not precipitated the issue by walking out of euro as was originally feared. After victory in the recent election, the British Prime Minister indicated going in for a referendum sometime during 2017 on whether UK should remain with EU or not, and this has created uncertainty over euro (Koplowitz, 2015). The debt crisis in U.S. immediately led to the downgrade of U.S. debts to AA grading from the original AAA rating by S&P rating agency, which eventually had a huge impact on all the stock exchanges across the globe. Business firms having high exposure or dependency on U.S. markets, especially IT firms, are worried over this development and are reviewing their strategies.

(3) Climate Change – Emerging Focal Point : Climate change is another area of concern in the environment and its impact on businesses is also critical. Business organizations need to go green and promote green. Here again, business firms believe that developing "green" products involves additional costs and do not see it as sustainable. They see this more as a corporate social responsibility rather than as a business objective. But many other firms look at this as an opportunity and are creating green products, are spreading the message, and they consider it as a competitive edge for them. You see the market the way you look at it. For some firms, it is an obligation, corporate social responsibility, and cost ; while for some others, it is an opportunity which they can convert into competitive advantage. Firms which initiate steps ahead of others in green consumerism will find this as an opportunity, grab it, and create a competitive edge for themselves. Late entrants will be at a disadvantage.

Also, there are enough signals already emanating from the market that crude oil prices, which hovered around $66 per barrel in 2015 may touch $ 110 per barrel in about 2 years time (Austin, 2015). This will definitely impact the lifestyles of many across the globe. Mass transportation needs may emerge or newer fuels may emerge. "Reva" has already tied up with Mahindra for development of electricity based vehicles (Mahindra Reva, 2015). CNG, which is already there as a fuel for many automotives, is also seeing a huge revision in prices. The emission norms for automotives are getting tightened statutorily. The people's car in India, Maruti 800 is already out of metro cities.

(4) Global Food Security

✦ The fall in agricultural production and rise of services is always considered as an indicator of the economic development of an economy.

✦ Services export ranked 11th in India ("Services Sector, Chapter 7, n.d.) and its contribution to GDP was about 57%. Agriculture's contribution to GDP declined to around 13.7 % in 2013.

✦ Though the official scheme to ensure food security by the earlier UPA regime was dropped, the spending towards subsidy on food will continue to increase in India, and such similar trends are common in other emerging economies as well.

(5) Worrying Factors: Services was 78.6 % and 46.1 % of the GDP of U.S and China, respectively in 2013 and these were the top two rankings in the world. In contrast, India's service sector contributed 72 % to the GDP and ranked 11th in the world (Union Budget, 2014 as cited in Statistics Times, 2015). While it brings cheer to note the upward trend of contribution of services to economic development in line with the symptoms of development, the declining trend of agriculture's contribution to growth is likely to generate serious consequences in the very near future, especially for a country like India, with a large population for which achieving self sufficiency in food security is critical.

Symptoms are already visible about the sensitivity of this sector and its powerful impact on various aspects of the economy. India has already experienced this when sugar output in India got affected due to monsoon failure ; while in Brazil, sugar output got affected due to floods. With two of the world's largest producers of sugar failing to achieve their targets due to reasons beyond their control, the result was immediately felt in the form of severe and unprecedented increase in prices for the same. We have seen acquisition of sugar factories in Brazil by Indian firms such as Shree Renuka Sugars (Shree Renuka Sugars Limited, n.d.).

Pulses production also got impacted and abnormal price increase was the consequence. It is very difficult to brush away such happenings as supply side issues in view of their high sensitivity. These are just symptoms from markets and countries. Business firms have to take cue and review their business strategies and develop business models radically different from the current ones. For example, reliance on rice and wheat may not be good in the long run not only because of nutrient factors, but also because of economic factors like price of such items and availability if everyone forms their eating habits around these two items. The current thinking is to look into the possibility of producing items using other cereals like barleys, oats, and millets or a combination of these using extrusion processing, thereby, saving fuels, protecting the environment, and also earning carbon credits (Sonna, Joshi, Sebastian, & Sharma, 2014). Rightly, the Reserve Bank of India has identified this as a very sensitive issue (as food inflation was around 11% in 2010) and commenced a research study to find out about the relationship between food price increase to change in consumption pattern among the society in view of their increase in income in India. Finally, the study concluded that the gap between supply and demand has to be bridged with improved productivity in agriculture as it found that the cause of food inflation is due to increase in rural wages (Sonna et al., 2014).

The earlier plan of having a Food Security Bill by Government of India would have resulted in making it obligatory for the government to provide food as it becomes a statutory obligation for it to provide food to atleast 70% of the India's population, which invariably would have necessitated an element of subsidy. This aspect was vehemently opposed by the developed countries in forums like WTO (Department of Commerce, Ministry of Commerce and Industry, Government of India, 2014).

(6) Recovering After Recession: Many economies are now trying to limp back to normalcy. While some are able to make a faster recovery, like India & China, others are slowly emerging out of their woes. There are some exceptions like Greece and to some extent Portugal and Spain which have impacted the entire Euro zone as well. The U.S. debt crisis is again putting brakes on the growth of global economies. All this has affected businesses one way or the other.

(7) Current Challenges : Issues such as shifting of focus from developed to “emerging economies,” crisis in euro zones, climate change, shortfall in agricultural production , and recession have thrown up challenges that need to be met by businesses.

Suggestions

(1) Convergence of Technology and Market : In addition to working with consumers, firms also need to work with other technological leaders and form strategic alliances as the current products have become multi-technology dependent. In the past, a single industry was able to meet the needs of the customers ; whereas, now, customer needs are met by the joint efforts of more than one industry. An automobile car needs the technology of mechanical engineering and electronics. Telecommunication and information technology have to work together. In an industry like photography, chemical engineering and digital technology have to contribute together. The industry focus has now shifted from cross functional within the organization to multi-technology across industry sectors. Sources of innovation need not be from within the industry alone, but cutting across different sectors of industries - like electronics working with communication.

Even marketing strategies have to undergo drastic change and organizations have to develop and adopt the right business models in order to identify and reach the customer in time.

(2) Innovations : Both product and process oriented innovations are needed in the right balance and also in alignment with a product's lifecycle. It makes a lot of difference to success and failure. It is believed that the U.S. spends 70% of its effort/cost/time on product innovations and 30% on processes ; while Japan spends 30% on products and 70% on process innovation. While emphasis on products enables firms for product differentiation, the emphasis on processes brings about cost leadership chances. Concepts like flexible manufacturing and lean manufacturing are outcomes of process innovations.

Similarly, timing has to be perfect. When the current technology matures (and no longer provides a competitive edge), shift to newer technology is required as even technology has its own lifecycle. All these factors have to be factored into while formulating the business strategy of organizations and also to develop appropriate designs for the business model. The strategies that are deployed currently may not fetch success in the future as we are now entering an era of radical changes happening in the global business environment. It is even otherwise normal to adopt the conventional system to formulate strategies based on the outcome of environmental scanning together with organizations' capabilities and resources to identify and finalize the appropriate strategy. Such conventional approach is no longer appropriate now as the changes happening in the environment are radical and call for a paradigm shift in approach. Moreover, strategies are to be in place in advance to have the first-mover advantage. Any delay will result in losing the opportunity forever.

Managerial Implications

This study helps to understand the preparedness expected of a manager engaged in international business. The strategies are required to be reviewed and changed periodically in line with market changes. It is also expected that the business manager is expected to have foresight based on continuous learning he/she makes by studying the international business environment closely and is not taken by surprise at any point of time. Some of the qualities expected of future business leaders are discussed below:

✦ What is relevant today need not be a priority for tomorrow. Many Japanese managers predicted that creating new products and businesses is the need of the future ; while managers in the U.S felt that the need is for quality. While U.S. managers focused on quality for the future, Japanese managers were creating newer products. However, it does not mean that quality is ignored by the Japanese, but their emphasis is on future priorities.

✦ Firms should have the ability to position their products early and take the first mover advantage. If it is a new market or a new differentiated market, it is an ideal situation as it gives a market similar to what the Blue ocean strategy emphasizes. Dabur as a brand started off as an Ayurvedic product, but is now going global with a variety of products and is spreading Indian taste to the rest of the world.

✦ Future markets will have products with a shorter lifecycle as the preferences of customers are changing fast. Firms try to obtain a temporary monopoly status, and by the time they try to stabilize, new products replace their products. Firms have to make the best use of their earnings when the market is fresh and even before business rules are set. This is the phase in which maximum profitability is possible. If they miss out such an opportunity, they not only vacate the space for their competitors, but also vacate their market leadership forever.

✦ Future market is at the bottom of the pyramid, and organizations that develop appropriate business models and strategies will get the first mover advantage. Many firms believe that doing business with the bottom of the pyramid is equated with corporate social responsibility. It is not seen as a business of profitability, but many organizations ranging from 'Dabbawala' to telecommunication companies have already proved to the world that there exists a business opportunity waiting to be tapped that is a win-win for both. Numerous case studies have emerged covering various geographical locations across the globe. The success of Grameen bank in microfinance, enrolment of lakhs of new membership every month in mobile services in India are other examples which prove that the size of the market not only provides comfortable margins for a business, but also improves the standard of living for the people at the bottom of the pyramid.

Conclusion

While the strategic plans at the macro level can be initiated by the government, the implementation part of it largely lies with the exporters themselves who eventually make it possible for successful realization of the vision. Exporters should see the profit potential and come out with adequate investment in the form of capital, labour, and technology to taste success for themselves and for the country as a whole. They should also ensure that their value chain is constantly analyzed and the end customers' needs are met satisfactorily, be it a cost factor, or a differentiation need, or a customization.

Many firms (that have been successful in recent times) have revealed that the current success rate was more due to their exploiting current opportunities and converting them to their advantage by developing a unique competitive advantage. Culture is now getting greatly influenced due to globalization. Business firms now understand this, and they try to standardize the products to get a scale advantage. This creates convergence of tastes across the globe. In fact, firms go to the extent of working along with customers and co-creating. Technologies, especially the Internet and telecommunications, play a crucial role in facilitating this process.

Limitations of the study and Scope for Further Research

The study is mostly based in the Indian context. Though the study highlights the emergence of global convergence in the tastes and preferences, and many of the learnings are relevant for Indian businesses, in the global context, these are relevant for other businesses elsewhere in the globe also. There can be unique variations that are specific in certain cases in other countries.

This study has brought out the emergence of common principles of managing international businesses and there is a lot of scope for further study in establishing this concept by studying patterns that have emerged in the past, crystallizing these, and understanding them better for the future of global business growth.

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