



## INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS AND MANAGEMENT

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**Contributions to books**

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

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- Chandel K.S. (2009): "Ethics in Commerce Education." Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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- Kelkar V. (2009): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on February 17, 2011 <http://epw.in/epw/user/viewabstract.jsp>

## GLOBAL INTEGRATION OF ORGANISATION IS EFFECTIVE THROUGH LEGISLATION: A PERSPECTIVE ON THE CURRENT ECONOMIC ENVIRONMENT

**DR. S. P. RATH**

**PROFESSOR, MANAGEMENT STUDIES  
INSTITUTE OF HOTEL MANAGEMENT  
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### ABSTRACT

*Global integration of organization is possible through enactment of legislations conducive for the environment. In the age of Internet, global integration can interlink organizations for horning opportunities and enabling proper distribution to the end-user. Global bodies like GATT, UNO and IMF have been responsible for standardizing the strategic objective of different countries across the globe for a common meeting place. It has created avenues for the organizations to carve out processes and adopt linkages as per their needs. Globalization has created a level playing ground for all the countries to assimilate ideas irrespective of the differences in the socio-cultural, ethical and moral values that affect the global stakeholder. Recent economic downturn has made the world believe that the global environment has been prevalent in the economies of scale worldwide. European Union has a bastion of definitions for co-operating the process of globalization.*

### KEYWORDS

Globalisation, New-world economy, Multilateral agreement, Stakeholders' benefit

### GLOBAL INTEGRATION IN WIDER ENVIRONMENT

 Global integration can happen through different methods ensured by the League of Nations coming under certain agreements for mutual benefits (Bartlett, 1986). Like-minded countries with reciprocal interest and mutual agreement join together for common interest and forge ahead in creating values, capital and resources for the society to harvest. Implications of cross-country relationship have wider ramifications and are translated mostly through organizations involved in the process of making change happen. The US being a forerunner of economic development and having the strength of riches have been heard by nations in the international forum like that of WTO, IMF, UNO and other world bodies; which matter.

Countries are strengthened and countries are being ruined by the prowess of consortium hegemony. But, in the European context, it has been a rollercoaster journey of governance in the scattered parts of the globe which has unfolded the reminiscence of values left in the soil. Bitter-sweet taste of people on the European region has been a lamenting experience and enriching for the new thinkers of the new countries to develop upon a bastion of initiation made by the European nations.

Mutual agreement can happen for the country wherein it can relate to the resources which can benefit the nation; and its people to elevate their economic level (Doz and Prahalad, 1991). It essentially should raise the per capita income, GDP and create wealth for the nation at large. Creating inclusive capital, creating opportunities for people to involve is ultimately important for the nation to develop in the race for economic growth. Globalization has been effective for many countries over the past years who all have imbibed the free market economy (Keegan, 2006). Countries like Czechoslovakia, Poland, Hungary, Taiwan and China revolutionized their economy by espousing free market economy. Singapore, Thailand, Malaysia and Indonesia had foreign direct investments (FDIs) and made the country rise to certain occasions.

### LEGISLATION AND LAISSEZ-FAIRE ECONOMY

The countries who all have realized the importance of laissez-faire economy being enforced by the governance, by virtue of the legislations being enacted and enforced, those countries have grown in shape and size and have created value for the nation. Certain countries who all have limited resources like Japan, Singapore and countries in the Oceania resorted to going global by establishing alliances (Bartlett et al, 2004).

They established multinational companies abroad, manufactured and assembled components shipment from different networked points and created finished goods which have a cost leadership and a presence in the market. They went in by lowering the costs and making profit by virtue of competitive advantage and ensured capital earnings through perfecting return on investment. They sought for countries which have better purchasing power parity and currency conversions comparatively profitable for the organization to drive through collaborations and alliances. Effects of globalization can make or mar the national economies which exist. In order to protect the country's economy it has to identify its plus points which are responsible for earning revenue for the nation and identify negative aspects which can be converted to a profit center by outsourcing.

### NEW GLOBAL CULTURE

If we take the case of 200 countries which are conspicuous, certain patterns of thought will emerge. Based on the assessment, all the global bodies have been working out with their plans, programs, agendas and budget allocation to eradicate issues of concern. Trade agreements between different countries symbiotically help assist each other across the social texture of the cultures, be it high or low context cultures. It has been striving hard to make the cultures become universal and anthropologically untraceable. Incidentally, the social behaviors of people are changing due to adoption of new culture (Luo, 2003). Internationalization of the aspects of influence cut across the Maslow's need hierarchy theory and changed the factors of need and want. It impacts the Hofstede's cultural typology by virtue of the cross-cultural forces randomizing the texture of the places and people. Eventually, self-reference criteria and perception of people are fast changing drifting away from genetic inheritance being influenced by the force of the contemporaneous environment. Socio-cultural environment also influences the international relations for bridging amicable relationships for hostile angularities. Consumers become the butt of all aspects of the economy and pay a price for the product, services, events and places (Taggart, 1997).

### EUROPEAN TRADE GROUPS AND ECONOMIC ENVIRONMENT

The macro dimensions characteristic traits which influence the global marketing environment and dimensions of economy. Free trade is one of the greatest blessings which a government can confer on the people. Economic integration stood at 10% at the beginning of the 20<sup>th</sup> century; but today, it is approximately of the environment like economic, social and cultural, political, legal and technological are the 60%. Integration has been effective in two regions particularly. It is conspicuous in the European Union (formerly the European community) and in the North American Free trade area. It was seen that fifty years ago, the world was less integrated and cohesive. Today, due to the spurt of trade and commerce, companies with great products and great differentiation have penetrated into countries into the mind's eye of the customers for striking a purchase.

### GLOBAL PRODUCTS

European nameplates like Renault, Citroen, Peugeot, Morris, Volvo and others were radically different from the American Chevrolet, Ford or Plymouth or Japanese models like Toyota or Nissan. But astoundingly, global integration has made global cars a reality for Toyota, Nissan, Honda and Ford (Rugman, 2007).

### FISCAL IMPLICATIONS AND PARITY IN COUNTRIES

Today, capital movements rather than trade have become the driving force of the world economy. The dollar value of world trade is greater than ever before. But the London Euro dollar market turns over 400 billion pounds each working day. Foreign exchange transactions are happening worldwide and are critical to analyze. The UK's blue collar employment model in manufacturing has become a myth. Many countries under the European economy have adopted democratic allocation system, command allocation system and mixed allocation system.

It has given birth to an economic democracy in the triad markets by promoting consumer protection. Command control economy of China, the former USSR and India has undergone devolution and reforms except perhaps Cuba. Incidentally, in the 24 member countries for the organization of economic cooperation and development (OECD), the proportion ranges from 32% of GDP for US to 64% in Sweden. It has a global proposition and is an offshoot of the collision of objectives of countries to united stand together in solidarity for common interest (Wang and Ye, 2007).

### EFFECTS OF ENVIRONMENTAL LEGISLATION AND POLICY DIRECTIVES

Environmental legislations can effectively drive the business of a country and policies can enforce through the government into the ground realities. Countries change their strategies for greater benefits. It is seen that concentration of income in the triad- European Union, US & Canada and Japan, accounts for the 73% of the global income with only 13% of the global population in 2000 AD.

In Western Europe, the four countries- Germany, France, the UK and Italy account for almost 73% of Western Europe's GNP. The European economic area in the free trade zone includes the 15-nation European Union, Norway and Iceland. The WTO and GATT marked the treaty among 123 nations over a period of 60 years whose government agreed for multilateral global initiative and handled trade with disputes (Taggart and Hood, 1999).

### GATT AND DSB

The successor to GATT, the WTO came into existence on January 1, 1995 from its base in Geneva, creating a forum for trade-related negotiations through dispute settlement body (DSB) with a three-member panel to pass ruling within nine months. This panel's recommendations provide options for the losing party to turn to a seven-member appellate body. It is well known that WTO can authorize trade sanctions against the loser. The trade ministers representing the WTO member nations meet annually to improve the world trade environment. In 2000, zero tariffs were slated for 500 products which include calculators, fax machines and so on. WTO's motto is simple- 'If you can decide it tomorrow, why not decide it today?'

### MULTILATERAL INITIATIVES AND ORIGINS OF EU

These multilateral initiatives of the WTO have been lowering the barriers in trade between regions; creating regional economic cooperation and bonhomie amongst the trade groups. The European Union (EU) earlier known as (EC) was established by the treaty of Rome in 1958. The six original members were Belgium, France, Poland, Italy, Luxembourg and West Germany. In 1973, Britain, Denmark and Ireland were admitted. In 1981 and 1986, Greece and Spain & Portugal joined respectively. In 1995, Finland, Sweden and Austria joined. These 15 nations of European Union represent approximately 400 million people with a combined GNP of approximately \$8.9 trillion and approximately 30% of the world GNP. In 1992, the council of ministers accepted 262 pieces of legislations to make the marketing regulations a reality and today 15 countries are able to freely cross borders in the EU (Wang and Ye, 2007).

As per the provisions of Maastricht treaty, the European Union is working to create a economy and monetary Union (EMU) that will include a Central European Bank and a single European currency. Countries sharing a currency need to coordinate taxes and budget; yet eliminate costs associated with currency conversion and exchange rate uncertainty. Britain, Denmark, Greece and Sweden are not participating in the single currency. It is estimated that Hungary, Poland and Cyprus may become full members followed by Estonia, Malta, Czech Republic and Latvia; then, subsequently Slovenia, Lithuania and Slovakia; then Bulgaria and Romania and then Turkey in 2011. In theory, it is believed that economic development should be the chief criteria for enlisting; but many political influences are also involved for taking decision for admittance into European Union. EU has accord with 70 countries in Africa, the Caribbean and the Pacific (ACP) (Hill, 2006).

### HEALTH AND SAFETY OF WORKERS IN EU

EU risk assessment campaign has been a pious endeavor of the governments who all are associated for ensuring better living conditions for the workmen of different categories. Multinational invasion into the domain of business has uprooted the benefits entitled for the employees and workmen contributing to the productivity. Though technological automation has been instrumental in replacing the raw manpower in the high-skilled, skilled and semi-skilled categories, yet certain business is bound to engage workmen in the arduous process of productivity.

### RISK ASSESSMENT

Recently, like previous years; these risk assessment campaigns of EU have been taken up again by the 30 multinational organizations and companies. This was organized by the European agencies for safety and health at work, wherein all the above companies are to support propaganda for the health workers. New official partners are joining the movement and more pan-European organizations and multinationals are joining the team as a healthy practice to be inculcated.

The vital aim of the campaign is to reduce work-related accidents and ailments by promoting risk-assessment as a tool to prevent that. Risk assessment is first in the process to ensure a sustainable preventive culture. This process is in its nascent stage and improvement is warranted.

It is estimated that each year, in the EU, approximately 170,000 people die from work-related situations and causes. This has been a common concern for the employers and worker's federation, non-governmental organizations and business organizations spanning across industry. It is seen that some of the ethical organizations in the top-most bracket with corporate social responsibility are investing a lot of time and money.

### DIRECTOR EU-OSHA, JUKKA TAKALA

Director EU-OSHA, Jukka Takala has been coordinating to reduce the causes of accident relating to work-places and is striving hard to reach the place of occurrences with the help of well-known organizations. They realize that the first and foremost issue is to make risk assessment. Through risk assessment accidents can be prevented along with ill health at workstations in spite of the size of the organization. Big enterprises, SMEs and Micro-enterprises are doing a kind of risk assessment as a key to eradicate accidents. Yet, improvement is ardent in all spheres of activities relating to business (UNCTAD, 2005).

Risk assessment being a legal obligation on the part of the European companies, there are certain companies who do not make assessment of the risks at requisite periodic intervals and this is more conspicuous in the SMEs. Some organizations have come up as official partners with a commitment to organize campaign measures to disseminate the importance of risk assessment. They are in the process of organizing workshops, seminars, press conferences, video display and photo competitions. They are trying to educate the clients, partners and contractors involved in the process of business. And in doing that, organizations involved in the process of risk assessment campaign are rewarded with partner certificates.

### SOCIO-CULTURAL AND MORAL ISSUES AFFECTING ORGANISATIONS

Global organizations rely on outsourcing competencies from across the globe and deploy them in need-based firms. Socio-cultural inheritance of the employees matters in building interpersonal relations for developing amicable HR atmosphere. Employee branding over a period of last one decade has become an in-thing in accelerating productivity and by creating pro-active workforce. In the absence of the welfare of the workers and employees, organizations cannot thrive in the cut-throat competitions. Customer value and value equations of organizations are correlated and mutually reciprocal.

Though ethno-centric, politico-centric and region-centric orientations exist in the management of different multi-nationals, it is slowly becoming a global platform to seamlessly accommodate employees from different cultural contexts into the mainstream of organizational global identity. Certain factors of this kind drive and restrain as a force and affect global integration. Yet, global markets are inevitable and are becoming free of any social and cultural inhibitions. Management of organizations are working hard to refine themselves to leave in diversity in order to achieve organizational goals. Positive policies, legislations and directives of government organizations essentially enable to create a global market place in a universal discipline (Yu, 2005).

### ELECTRONIC INTERDEPENDENCE

"The new electronic interdependence has recreated the world in the image of a global village" quotes M. H. McLuhan. Globalization should be taken for granted. The one standard for corporate success is international market share. Winning corporations can only win by finding markets all over the world. Jack Welch is affirmatively of the similar opinion which corresponds to the obstacles in the difference in culture and social border amongst people working across the globe (Keegan, 2006).

Free market economy is possible through e-Bay and other net-based organizations with the click of a mouse. We can read a book sitting in a chair imported from Germany and desk imported from Brazil with a computer manufactured in Japan. We might wear a suit made in Italy, sipping coffee from India listening to the Mayan songs. In the advanced technological arena, culture and societal hues do not have any place. Yesterday's fancy has become today's reality.

### STARATEGIC PARTENERSHIP AND ALLIANCE

Strategic partnerships cutting across cultures and ethics have explored the environmental opportunities and needs. Irrespective of the reference to the country of origin, things are moving in a uni-dimensional mode. Strategic alliances have shifted the focus of marketing from the customer in the context of broader external environment and have brought to the extent of competition government policies, regulations and broadly to the context of economy, social, political and macro forces. The pivotal aspect of consumer interest has become price-sensitive and quality-oriented and has believed in stakeholders' benefit. It is important to deliver value by creating stakeholders' benefit for customers, employees and society. Strategic partnership in the value chain has become of utmost importance and made the world of business a borderless market place (Cai, 1999).

Professor Theodore Levitt's seminal article in the Harvard Business Review titled Globalization of Markets, advised the organizations to develop standardized high-quality world products and market them across the globe using standardized advertising, pricing and distribution. Kenichi Ohmae in his book 'The Borderless World' speaks about the global localization as an important point.

### CURRENT ECONOMIC ENVIRONMENT

Corporations are emerging from the local to regional to national and going global through multilateral relationships and alliances between corporations. The major driving force affecting global integration has been technology and is instrumental in making decisions become transnational breaking the cultural boundaries. Technology is a universal factor and is stateless. It doesn't limit the boundaries for its applications. Communication revolution has become a driving force.

Regional economic agreements have accelerated the pace of global integration. The General Agreement on Tariffs and Trade (GATT) has promoted the process of globalization across cultural differences. The major leveraging factors to the global economic trends have experienced transfers, scale economies, resource utilization and global strategy (White and Poynter, 1990). Currently if we see empirically, the European multinational integration has been possible through strategic business concepts of alliances and through principle of competition and value work in building brands to avoid products falling into commodity-like traps through positioning and marketing mix. Global integration is the essence of the progress of nations and is important for creating a value system for the global players to adopt and deliver to the people of the planet's civilization.

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