



**Role of Technology in  
Globalization with  
reference to Business  
Continuity**

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ABSTRACT

•Technology is the vital force in the modern form of business globalization. Technology has revolutionized the global economy and has become critical competitive strategy. It has globalized the world, which drive all the countries to more ethical standards. This paper attempts to show how Technology revolution is sweeping the globe and the transition from manual to electronic delivery of services both in public and private sector leads to advancement of business community throughout the world. Globalization has lead to new markets and information technology is one of the technologies fostered to the new market in this increasing competitive world. Technology has helped us in overcoming the major hurdles of globalization and international trade such as trade barrier, lack of common ethical standard, transportation cost and delay in information exchange, thereby changing the market place. Technology has enabled the software experts to work collaboratively over the network with companies from around the world. The technological advancement has helped a lot in creation and growth of global market. Multinational Corporations (MNC) can be seen as a central actor in globalization. Markets have become global at a rapid pace, as indicated by several kinds of trade extended to foreign countries. The innovation in host country is often undertaken by MNC based in one country and due to the technological advancement MNC(s) have expanded to other countries by some kinds of FDI also facilitating the movement of research and development. The researchers have analyzed that though the technology has globalized the business but economically well developed countries have been more benefited. While technology has created many opportunities for global networks of tasks it is important to look at the friction in the system to understand the limitations. The sources of friction are many and could bring the system to its knees. Companies and countries that want to thrive in this era of globalization will seek to mitigate the abuses, while dealing with the friction.

KEYWORDS

- Technology
- Globalization
- Innovation
- MNC

Technology is vital force in the modern form of business globalization. The technological advancement has helped a lot in creation and growth of global market. Multinational Corporations (MNC) can be seen as a central actor in globalization. Markets have become global at a rapid pace, as indicated by several kinds of trade extended to foreign countries. The innovation in host country is often undertaken by MNC based in one country and due to the technological advancement MNC(s) have expanded to other countries by some kinds of FDI also facilitating the movement of research and development

This paper attempts to show how Technology revolution is sweeping the globe and the transition from manual to electronic delivery of services both in public and private sector leads to advancement of business community throughout the world. Globalization has lead to new markets and information technology is one of the technologies fostered to the new market in this increasing competitive world.

In past when we used our lives to shape technology, now days our lives are actually being shaped by new technology.

Marshall Mchuhan, coined the term, “the global village” in the 1960s to express his belief that electronic communication would unite the world.

The main driving forces behind the transformation in world’s economy are:-

- Due to technological advancement distance, time and location doesn’t matter now.
- Concept of E-commerce, E-business and E-banking has been the latest trend of doing business as it allows voluminous transaction to be done speedily and easily through Internet.
- Large pools of skilled and quality human resources
- Dramatic fall in international telecommunication cost.
- Government bodies changing their mind sets and promoting privatization of various sectors especially in India

How the technology can help in the growth of MNC ?

- According to many experts the answer is simple – globalize. With careful management, company should have the knowledge of infrastructure and strategic timing
- To succeed globally, it is important to adapt to other cultures and learn.
- Survey conducted by Clark University found that localization of market is healthy and there are great market opportunities for localization service providers, which will continue to grow within next three years.
- More attention is required when using innovation process with the emergence of globalization.
- Though technological innovation process are being used, but success depends as much on social factors i.e. key roles of trust, shared values and community as on economic, scientific or engineering values.
- Technology has removed the barrier to free trade which has enabled our business to grow.
- For business to grow one has to be real active participant and need to think globally i.e. not only company have to see that their products are manufactured but should have a good supply chain with dynamic marketing teams.
- Indoor mobile network coverage should be increased.
- Telecommunications should be accessible to all – creating products that are usable by older generations and the younger generations rather

than focusing mainly on the needs of the younger generation. This will also contribute greatly to corporate social responsibility.

- Can seek help from business continuity experts to plan, design – architect and implement communication policies and solutions.
- It should be based on open standard, as it is used to build a global infrastructure that will give people and industry access to more resources world wide. Open standards are important catalyst for driving new business and innovation. Open standards are a product of independent people working together to collaboratively develop solution for addressing common requirements and goals that help business and ultimately consumers.
- The rising power of emerging market of mobile operations – cellular mobile operations in emerging markets look set for high growth in 2009 and operators in developed countries should therefore move quickly if they wish to compete in these markets.
- Should encourage business members to understand & document core business processes. The details of the business should be understood by employees and the head of Department. Employees should know the relationship with different units and their specific reliance on technology system units says” Swartz”
- “Scenario based testing” should be done, to make sure the plan covers all the necessary elements.
- Threats to business Continuity are present in 90% of companies. But with the right preparation, companies can position themselves to side step threats to this operation and can protect themselves from disaster.
- Effective planning, proper preparation, improving corporate security & business continuity.
- The information is vital assets for any organization; the safeguard for information must increase. Theft, sabotage or merely temporary disruption of information flows can wreak havoc with a business or its customers.
- Technology expansion leads to increased complexity and more potential points of failure- So one should be prepared for exposure of business to unexpected risk.

#### Reasons for Business decline

- Managers lack a solid understanding, what a business is? The basic risk is that people hadn't been aware of it.
- There is threat of terrorism looming over business and their employees.
- Increasing globalization, labour disturbances, political instability and unrest, antiglobalisation sentiment and disparate operation, all increase the risk of business disruption
- Poor planning flawed analysis and deficient communication can make a bad situation worse.
- Organizations with multiple locations are more likely to suffer, as it is difficult to manage the IT environment.
- Skilled labors are less.

#### How technology helps in removing the hurdles in the field of globalization?

Technology advancement has led to the progress and prosperity of various business firms throughout the world. Indirectly it leads to the improvement and advancement of other sectors of economy and also benefits the consumer by providing them up-to-date information when and where required. It leads to industrial growth by saving energy and time and thereby bringing improvement in productivity.

In India the concept of Software Technology Park (STP) was introduced in 1986 with objective of promoting software exports to other countries and in pursuance thereof first Technology Park was set up in 1987. The companies operating under STP exported software worth Rs16 crores upto Dec 1996 against India's total software export of Rs.675 crores at the end of 1996-97.

The technology has increased the productivity and flow of information stimulating competition within short time span across the world. Electronic Trade is one of the examples of the applications of Internet economy in the socio-economic activity. The new pressures occur and urge business enterprises to and creatively use wonderful achievement in Internet. For e.g. General Motors, Ford & Daimler – Chrysler announced to consolidate their Internet supply networks for product and materials exchange with other auto companies and sales agents.

Technological development is one of the main driving forces of globalization. It can be defined as the socialized knowledge of producing goods and services. On one hand improve the capacity to produce either goods or services. On the other hand, it has led to change in the way of conducting business e.g. E-Business, etc. Global networks help in realization, maintenance and reproduction of the system – basically the capitalist system. Electronic banking, EFT, etc has made it much easier for consumers and trading firms to send and receive financial assets among banks. Internet and especially E-commerce are the terms basically used for justifying the recent approach of technoglobalism.

\*The impact of internet on globalization has both positive and negative aspects. If we see on positive side, Internet technology has led to the modernization and improvement in business sector throughout the world. Business improves their global competitiveness and productivity with more efficient electronic transaction processing and instant access to information. It has a direct impact on the way the products and services are bought, sold and delivered, altering relationships among clients, firms and employees and speeding the globalization of the consulting industry. The relationship between the clients and the firms is also improved as up-to-date information and fast query processing technique is available.

When we talk about the negative impact, the less developed countries are being exploited and do not benefit as much as that of developed countries. There is also a risk in global environment because of the hazards linked to industrial production, for example, can quickly spread beyond the immediate context in which they are generated.

#### Positive Impact of technology on globalization

Internet has facilitated opportunities for economic development in MNCs. It has initially started off as a medium for sharing information among academics but now it has paralleled the emergence of globalization as a concept. Its positive impacts can be discussed as follows:-

- For developing countries Internet is an opportunity to gain access to knowledge and services from all around the world. A poor land line telephone system is being by passed by mobile phone with Internet access which has allowed developing countries to step forward in their development of infrastructure and business.
  - Those countries who were technological late comers have drastically improved with globalization as it provide a unique opportunity for low-income countries to raise per capita income which shows that technological upgrading is important for development.
  - Research shows that improved access to technology imports is improving the demand for skilled labor in many low income countries which will provide job opportunities for the professionals and in turn will bind to work in its own country.
  - By going global those firms whose output was significantly more limited by the size of their domestic market have chance to reap greater advantage from economies.
  - An inflow of technology can raise labor prices by increasing productivity. In general, one would expect wages across countries to equalize as technology and production techniques spread. Increased trade may contribute to innovation and the spread of technology, and thus indirectly affect wages.
  - Most invention is incremental in nature. Improvement in the technology have led to cheaper and more efficient electronics, the manufacturing cost and complexity have increased at a similar pace.
  - With invent of technology, the company has become globalize and one has not to restrict within his own country.
  - No mediator is required to run the business online.
- number of globalization indicators associated with technology related activities.
  - If we take a look on the historical primacy, we get very little that shows that widespread globalization of the generation of technology has occurred. The leading industrialized countries have been benefited by this. So mainly globalization of technology generation have been concentrating particularly in intra-European countries like North America, Europe and East Asia.
  - The earnings are invested in the financial markets throughout the world. The fate of this is ultimately determined by a series of factors out of which some are related to the economy also. Because of the complexity and unpredictability, the network in which all firms is anchored need to reform and readapt themselves in this endless variation. The organizations that do not follow the networking logic are wiped out by competition, since they are not able to cope up with the new information and business era.
  - The main role of MNC's is to maximize the profit by using the technological processes and marketing the products in international markets. This process has been so emphasizing that many analysts have defined globalization entirely in terms of technological exploitation – as the international integration of markets. SO, this has downplayed the role of technology. Often technological change is relegated to a modest, facilitating function (e.g the process by which the innovation of information and communication technologies lowers the costs of moving goods and knowledge around the world)<sup>1</sup>.
  - When we talk about manufacturing of goods abroad due to lower cost of labour we hire overseas agents and contractors. The raw material is supplied to them and they manufacture the products. These finished products again are shipped to other countries where firms can earn higher profits. This leads to higher shipment cost also. So if we leave technology aside, this could be a key source of friction in international trade. But if these manufacturing jobs are given to the contractors in the same country then it would generate more

#### Negative Impact of technology on globalization

The innovations in technology have enabled many countries and regions to spread their business across the borders, thus, widening the scope of selling of products in global market. Though MNCs have been acting as a central actor in globalization but there have been some negative impact also which can be described by a

jobs for the people of that country. SO in one sense, when we say that technology is promoting globalization, in other sense it is "eating up" certain kinds of jobs.

- The technology has reduced the communication gap between the trading firms. But, the information based products that will be clearer through personal contact do not gain popularity through electronic communication.
- The information and communication technology has modernize the production system and communication system thereby leading to the economic growth. But the economies or the countries that have not adapted this new technological system are getting retarded day by day. The more technology savvy economies are dominating the other countries thereby blocking the path of development of less tech savvy economies.
- The firms or countries using advanced business management systems attract other countries (example MNCs) leaving aside their own population who is not able to cope up with the new technology system thereby reducing their motivation level to a greater extent. So that part of population would never be able to develop and work with the pace in this tech era.
- Rich countries are generating more contents in the Internet; it becomes a form of cultural imperialism in which western values usually dominate.
- The drawback of this new technology is that it is creating new gaps between the rich and the poor. As we are moving from industrial age to information age. Poor countries are not taking part in this information revolution and are falling further behind.

#### Impact of Globalization and Technology on Indian Economy

India's economic growth has been high, exports have boomed, incidence of poverty has been reduced, employment has surged, dependence by India for economic aid has stopped, long-

term inflation rate has gone down, scarcity of goods have disappeared, the quality of products available have improved substantially and overall India has become progressively vibrant and internationally competitive. Indian companies are setting up companies abroad, India has better technological development for the benefit of the common man ( mobiles, road transport, cheap clothes, etc - only because of globalisation.

The new economic reform, popularly known as, Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy as fastest growing economy and globally competitive. The series of reforms undertaken with respect to industrial sector, trade as well as financial sector aimed at making the economy more efficient.

Now that India is in the process of restructuring her economy, with aspirations of elevating herself from her present desolate position in the world, the need to speed up her economic development is even more imperative. And having witnessed the positive role that Foreign Direct Investment (FDI) has played in the rapid economic growth of most of the Southeast Asian countries and most notably China, India has embarked on an ambitious plan to emulate the successes of her neighbors to the east and is trying to sell herself as a safe and profitable destination for FDI.

Effect of globalization on Indian industry has been very positive, though some industrial firms with the baggage of high cost, inefficient plants and processes inherited from the past because of closed economy's government dictated industrial policies and priorities had to face serious problems in the beginning. But soon most of the industries have become more and more efficient; customer focused and improved their international competitiveness in terms of costs, prices, product quality and variety. Industrial growth has been very high and strong during the past decade because of globalization. Exports have increased tremendously. Indian industries are also expanding abroad. Foreign companies have substantially increased their investments in Indian industries. Wages of industrial labour has increased substantially as they have become very productive. Lock out and strikes have declined to insignificantly low levels because industrial labor is happy. Those who cannot be

efficient and past their prime age to retrain themselves in modern methods and processes have been retired with very attractive voluntary retirement schemes. The trade unions are finding it difficult to influence industrial workers into agitation because labor has started benefiting from the positive fallout of globalization on the prosperity and growth of the industrial sector. Talented and merited labor is commanding premium compensation in the labor market. Several new type of industries have also come up. Small scale industries of the past have fast grown into medium scale companies. Incidence of industrial sickness has gone down drastically.

The survey conducted of 100 business and technology professionals indicated that while almost all of their companies have business continuity & IT contingency strategies, the majority work out pass muster in real emergency

The key resources in the new world economy are knowledge and technology spread on global scale and India is well prepared to become a key player in this global arena. The key strength of Indian Economies are:

- Presence of large Industrial base with both skilled and unskilled labour.
- Since many foreign countries are ready to invest in India due to availability of required resources so the factor of investment bottleneck is also solved to some extent.
- Presence of good quality educational institutions like IITs and IIMs. Moreover, Software Technology Parks available also help in technological development that further enhances globalization.
- Global success of Indian IT sector.
- Presence of global mindset required in the field of Research and Development.

#### Conclusion

The researchers have analyzed that though the technology has globalized the business but economically well developed countries have been more benefited. While technology has created many opportunities for global networks of tasks it is important to look at the friction in

the system to understand the limitations. The sources of friction are many and could bring the system to its knees. Companies and countries that want to thrive in this era of globalization will seek to mitigate the abuses, while dealing with the friction.

With the development and discovery in technology new dimensions are revealed and open a new world in itself as we explore the new technology and move step forward the new technology seems infinite, endless. With the passage of time the knowledge and understanding in the world of technology is expanding at a rapid pace all over the world and MNCs are taking ahead in this era.

The modern interpretation of globalization suggests that trade can be accomplished across borders with the same ease in transaction that it can be accomplished within local markets. However, globalization, unlike local trade, was created to ensure that prosperity would come to all countries participating in global trade, bolstering profits, and sending financial capital across every border. This trade, therefore, allows the world to become one single marketplace wherein all businesses have the opportunity to grow. Yet, globalization also insists on businesses aligning themselves with new technologies in order to be part of the competition.

Though business continuity planning is very crucial for the growth of business but only 25 percent of companies have invested in business continuity planning. Unfortunately, a staggering 40 percent are gone within three years. Any time a business faces a crisis, the key to its survival is to stop or minimize business interruption. When an organization is forced to shut down for any reason, typical effects include;

Loss of revenue, Liability claims, Loss of brand image, Loss of share value, Delays in accounts receivable and billing and invoicing, Tax and regular penalties, Cost of replacement assets.

Typically, the most prepaid area of business continuity is technology and computers. Information technology has become an integral component of all business operation, with increasing depending on partner system.

Clearly, the importance of business continuity planning and security protection will continue to grow. Several key trends will have an overarching effect on business continuity preparedness and potential for failure or disruption.

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