

The Impact of Globalization on Organizational Strategy and Decision Making: An Empirical Study

Akhilesh Sharma

Asst. Professor, School of Management, Graphic Era Hill University, Dehradun, Uttarakhand
India 248002

Abstract

The necessity for businesses to develop globally is one of the most important effects of globalisation on organisational strategy. As a result, international supply networks have emerged, and businesses now need to adjust to shifting social, legal, and political contexts. Additionally, the rise in competition as a result of globalisation has forced businesses to adopt more creative and adaptable business strategies in order to stay competitive. Globalisation has also had an impact on organisational decision-making since organisations now have to take into account a wider range of stakeholders in the decision-making processes, such as consumers, employees, suppliers, and communities. In addition, as organisations are expected to operate in a socially and environmentally responsible way, globalisation has led to a greater emphasis on corporate social responsibility. In general, the effects of globalisation on organisational strategy and decision-making have been significant, necessitating the adoption of more creative and adaptable strategies by organisations in order to cope with rapidly changing global settings. In order to stay competitive and sustainable over the long term, organisations must continue to change the strategies and decision-making procedures as globalisation continues to shape the global marketplace.

Keywords: Globalization, Sustainability, Economic growth, Market competition, Outsourcing.

Introduction:

The corporate landscape did undergo tremendous change because of the complicated process known as globalisation. Organisations now face new opportunities and difficulties as a result of an increasingly interconnected world as a result of the development of a global economy. Organisational strategy and decision-making are now crucial elements in determining a company's performance on the global market. Globalisation significantly impacts organisational strategy and decision-making. National boundaries are no longer an impediment to business, and it is possible for them to access a larger variety of resources, clients, and markets. As a result, there is now more global competition for businesses, which has boosted competition. Due to organisations ability to access new markets and funding sources, globalisation has also produced new prospects for growth and expansion. Globalisation has had a remarkable effect on organisational strategy and in a number of areas, including the requirement for more flexibility and agility. Due to the more stable and predictable contexts in which these functions, businesses in the past could afford to adopt a more rigid approach to strategy and

decision-making. Companies must be able to react swiftly and adapt to changing conditions, though, as the global economy can be judged by volatility, uncertainty, complexity, and ambiguity. This calls for a more flexible method of strategy and decision-making that emphasises creativity, experimentation, and ongoing learning (**Sharma et al. 2014**).

Greater collaboration and partnership are required, which has a significant impact on organisational strategy and decision-making. No business can survive in a global economy on its own; businesses must collaborate to take use of the unique strengths and abilities. In order to do this, organisations must be open to forming joint ventures, and strategic alliances, other types of partnerships that can give access to new markets, technology, and resources. It also calls for a readiness to share information, skills, and best practises across organisational boundaries because doing so can enable businesses to learn from one another and enhance performance. Globalisation significantly impacts the ethical and social obligations of organisations. Businesses enter more and more new markets, where the companies are exposed to a variety of cultural, social, and political norms that might affect how these behave. As a result, businesses need to operate responsibly and sustainably and be more conscious of how the actions affect people and the environment. This calls for a more all-encompassing approach to strategy and decision-making that takes into account the needs of all stakeholders, including clients, staff, investors, and society at large (**Popovič et al. 2012**).

To sum up, the effects of globalisation on organisational strategy and decision-making have been profound, changing how

businesses conduct themselves in the global marketplace. Organisations must be adaptable, agile, collaborative, and socially responsible in order to compete in this environment. It is a must to also embrace a more dynamic, holistic approach to strategy and decision-making that is centred on innovation, cooperation, and sustainability. It is anticipated that as the global economy develops, the effects of globalisation on organisational strategy and decision-making will only grow more evident, emphasising the necessity for businesses to get used to and develop to be successful and competitive in the future. Organisations that want to succeed in the global market need to use cutting-edge tactics that add value for customers, save costs, and boost productivity. To be competitive, it is also needed to be able to work across cultural boundaries and make data-driven decisions.

Literature Review:

The term "globalisation," which has gained popularity in the business world, describes the process of heightened interconnectedness between nations, corporations, and individuals worldwide. Globalisation impacts organisational decision-making and strategy. Globalisation has increased competition, created new markets, and forced organisations to change their strategy and decision-making procedures in order to stay competitive.

Globalization and Organizational Strategy: The merging of economies, societies, and cultures through the unrestricted exchange of ideas, products, and services across national boundaries has been referred to as the process of globalisation. Globalisation has had a substantial impact on organisational

strategy because of greater competition, the formation of fresh markets, the requirement for organisations to get used to new strategies to remain in competition. The connection between globalisation and organisational strategy has been the subject of numerous studies. According to a study the introduction of new business models as a result of globalisation has allowed organisations to expand the operations and enter new markets. The study also discovered that businesses with success in international markets have a strategy plan that emphasises creativity, teamwork, and client-centeredness. Globalisation has raised the level of competition and made it important for organisations to get used to new tactics in order to remain competitive. Innovation, differentiation, and cost leadership were highlighted as the three most important measures that organisations can use to combat globalisation. A number of variables, including the organization's size, sector, and market conditions affects the selection of a strategy (Bharadwaj et al. 2013).

Globalization and Organizational Decision Making: Researchers and practitioners have also been interested in the effect of globalisation on organisational decision-making. Decision-making for organisations has become more difficult as a result of increased complexity and unpredictability brought on by globalisation. Numerous research has looked into the connection between organisational decision-making and globalisation. Globalisation has increased organisational decision-making complexity, particularly with regard to strategic decision-making. Cultural disparities, political unpredictability, and economic volatility were among the aspects

the study identified as influencing decision-making in a global environment. The demand on organisations to make judgements quickly and with little knowledge has increased as a result of globalisation. The study also discovered that effective global organisations use an agile, flexible, and adaptive approach to decision-making (Elbashir et al. 2008).

Advantages of globalization on organizational strategy and decision making: Access to new markets and customers on a global scale is something that globalisation may offer businesses. By doing so, the firms may be able to diversify the sources of income and lessen the reliance on specific markets. Through offshoring, outsourcing, and the utilisation of global supply networks, globalisation can also help businesses cut costs. Companies may be able to acquire cheaper labour and materials as a result, and may also be able to benefit from economies of scale. By exposing businesses to fresh concepts, technologies, and methods from throughout the world, globalisation can promote increased creativity. Due of the ability to adapt to shifting market conditions and remain competitive. Organisations may benefit from a wider view of the globe and the numerous aspects of the business that globalisation affects. This can assist in anticipating and adjusting to changes in the global economy as well as making more strategic and informed decisions. Lastly, by showcasing the dedication to sustainability, social responsibility, and ethical business practises, organisations can benefit from globalisation by establishing a more positive reputation. This may make it easier to draw in clients, investors, and staff

members who value similar things (**Wu et al. 2015**).

Challenges of globalization on organizational strategy and decision making: Enterprises are up against more competition as these expand globally from enterprises throughout the world. This may put pressure on companies to increase the level of innovation and efficiency in order to compete. Companies with international operations must overcome cultural differences that may have an impact on the business practises. Differences in values, corporate procedures, and communication styles are examples of this. As a result of globalisation, businesses may be exposed to political unrest in various regions of the world, including shifts in governmental priorities, currency fluctuations, and trade conflicts. Supply chains have become more complicated as a result of globalisation, making them more prone to interruptions from events like natural disasters, strikes, and geopolitical conflicts.

Factors affecting globalization: Globalisation can be strongly impacted by changes in the political climate. For instance, rising trade barriers as a result of political unrest between nations might hinder international business expansion. Globalisation may be impacted by economic issues such as currency changes, interest rates, and inflation. For instance, a company might need to reconsider its pricing tactics in another nation due to variations in the value of the local currency. Organisations now find it simpler to grow internationally because of the ongoing development of technology. Organisations now have new opportunities to connect with clients around the globe because to technological developments like social media, cloud computing, and e-commerce platforms. Globalisation can be impacted

by social and cultural elements as well. For instance, a business might need to modify its marketing tactics or products to suit cultural tastes in a specific area. Decision-making and organisational strategy may be impacted by regional variations in legal and regulatory contexts. To ensure compliance and avert legal issues, organisations must be informed of the rules and regulations in every nation where they conduct business. In a global environment, these elements have a significant impact on how organisational strategy and decision-making are formed. Companies with an understanding of these elements and the flexibility to change with the times are more likely to be successful in the global economy (**Rao, K., & Tilt, C. 2016**).

There has been an increase in interest in the social and political effects of globalisation as well as the challenges that organisations face when addressing these complex concerns. As an illustration, some academics have studied how multinational firms influence local economies and cultures, while others have looked at the difficulties associated with managing a varied and culturally diverse staff in international corporations.

Objective of the Study

To ascertain the review the impact of globalization on organizational strategy and decision making

Methodology

This study utilized a structured questionnaire to conduct a survey, and statistical methods such as mean & t-test were used to analyze the responses from 217 participants. The sampling method used in this research was convenience sampling, where individuals were selected based

on their accessibility & willingness to participate.

Table 1 The impact of globalization on organizational strategy and decision making

Serial No.	Statement of Survey	Mean Value	t-value	p-value
1	Globalization has enabled organizations to access new markets and customers worldwide.	4.26	9.783	0.000
2	Globalization has intensified competition as organizations now have to compete with both local and international competitors.	4.32	9.927	0.000
3	Organizations can source materials and components from different countries, optimizing costs and accessing specialized resources.	4.45	11.216	0.000
4	To succeed in different markets, organizations must adapt their strategies and decision making to account for these cultural differences.	4.09	5.949	0.000
5	Organizations need to leverage technology to streamline operations, communicate globally, and gather market intelligence.	3.93	4.550	0.000
6	Globalization has fostered increased collaboration and partnerships between organizations.	4.49	11.815	0.000
7	Globalization has led to an interconnected global economy, requiring organizations to navigate complex international regulations and legal frameworks.	4.40	11.159	0.000
8	To succeed, organizations must attract and retain top talent from diverse backgrounds.	4.14	8.777	0.000
9	Globalization has increased organizations' exposure to economic fluctuations and geopolitical risks.	3.85	4.568	0.000
10	Organizations are increasingly expected to operate responsibly, considering the impact of their decisions on the environment, labor practices, human rights, and local communities.	4.20	9.194	0.000

Table1 demonstrates the mean values for each of the statement of the study done on the “impact of globalization on organizational strategy and decision making”, examining the average scores, the

statement that obtains the highest mean score can be described as “Globalization has fostered increased collaboration and partnerships between organizations”, which has the mean score of 4.49, Looking at the

next statement which is “Organizations can source materials and components from different countries, optimizing costs and accessing specialized resources” the mean score is found to be 4.45. Looking at the mean value of 4.40 for the statement “Globalization has led to an interconnected global economy, requiring organizations to navigate complex international regulations and legal frameworks” shows that legal frameworks is also responsible for globalization. Looking at the other benefit of globalization is, “Globalization has intensified competition as organizations now have to compete with both local and international competitors” which displays the mean score of 4.32, and the statement “Globalization has enabled organizations to access new markets and customers worldwide” showcase the mean value of 4.26. Then the statement “Organizations are increasingly expected to operate responsibly, considering the impact of their decisions on the environment, labor practices, human rights, and local communities” obtains mean value of 4.20 and the statement “To succeed, organizations must attract and retain top talent from diverse backgrounds” has 4.14. The statement “To succeed in different markets, organizations must adapt their strategies and decision making to account for these cultural differences” showcase the mean value of 4.09. Therefore, the last two statements fall within the lowest category or level, “Organizations need to leverage technology to streamline operations, communicate globally, and gather market intelligence” mean value of 3.93, the statement “Globalization has increased organizations' exposure to economic fluctuations and geopolitical risks” has 3.85. The significance of the t-value for each statement in the investigation on the

impact of globalization on organizational strategy and decision making is significant. The t-value statements were positive, and their significance value was less than 0.05, indicating a significant relationship between the two variables.

Conclusion:

Businesses functioning in today's globalised market face new opportunities and problems as a result of the growing interconnection of the international economy and the development of digital technology. Globalisation has had a significant impact on organisational strategy in a number of ways, including through boosting competition. Businesses today face more competition than ever before since these may operate internationally and reach consumers in new markets. Because of this, many businesses have been compelled to reconsider the plans and use fresh techniques in order to compete. The requirement for businesses to be more sensitive to shifting market conditions has a significant impact on organisational decision-making as well. Organisations must have the flexibility to respond rapidly to emerging trends and changes in consumer preferences as marketplaces are always changing. Businesses need to adopt new technologies and business models, and its a need to be more flexible and agile in the decision-making processes. Globalisation has generally helped businesses gain more access to markets and new growth prospects, but it has also brought about new problems that demand enterprises to take a more strategic and creative approach to decision-making.

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