



## “A STUDY OF STRATEGIC PROCESSES OF GLOBALIZATION IN SELECT SMES FROM INDIA, CHINA & GERMANY”

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### ABSTRACT—

*Globalization strategy can be defined as a process of expanding and competing in globalized markets. At some point of the life cycle of SMEs, firms will go global with few products or services in a limited number of countries. At some point of the life cycle of SMEs, firms will go global with few products or services in a limited number of countries. When a company becomes a multinational company, there will be different a number of variations of their product across multiple countries. This paper will look into the strategic processes of Globalization of select SMEs from India, China and Germany.*

**KEYWORDS—** Globalization, Globalization strategy, Strategic processes of Globalization, Globalization strategies in SMEs.

### 1. INTRODUCTION

Gupta et al (2004) define Globalization as “Globalization refers to growing economic interdependence among countries as reflected in increasing cross-border flows of three types of entities: goods, services and know-how”. He further goes to mention that the Globalization could be at related to different levels such as , the whole world, a particular country, a specific industry , a specific line of business or functional activity of a company.

### 2. RESEARCH METHODOLOGY

The primary data was collected through interviews using pre-designed questionnaires. The secondary data was collected through literature review, from the documents published and also through academic papers, text books, journal articles, published thesis, etc., and as well as from documents in the public domain.

### 3. SAMPLE SIZE

The sample size for this study was 450 SMEs from India, China and Germany representing three sectors, Electronics, Information Technology and Manufacturing.

### 4. STRATEGIC PROCESSES OF GLOBALIZATION IN SELECT SMES FROM INDIA, CHINA AND GERMANY

#### Formulation of Globalization Strategy

For the question, “How do you formulate your globalization strategy?” The responses from the companies were:

	China		Germany		India	
Setting Organizations' objectives						
Evaluating the Organizational Environment						
Setting Quantitative Targets						
Aiming in context with the divisional plans						
Performance Analysis						
Modify the strategy						
Partner with other companies						
	150	100.00%	150	100.00%	150	100.00%

**Table 1: formulating Global Strategy**

The results does not reveal any differences between the three countries.

To determine how do companies formulate their globalization strategy, from Table 1, we find that there is no significant association on how do companies formulate their globalization strategy and the countries. All the companies mentioned the seven steps mentioned in table 1 as the steps they follow to formulate their globalization strategy.

**Integration of Globalization Strategy**

For the question "How do you integrate global strategy into your company strategy, do you divide the global strategy into international strategy, multinational strategy, global strategy?" The responses were

To determine How do companies integrate global strategy into their company strategy,we find that a significant association between How do companies integrate global strategy into their company strategy and the countries as evidenced by the significant chi-square value.There are differences between countries. The results reveal that:

40% Chinese firms, 53% Indian and German firms mentioned yes.

30% Chinese firms, 26% German firms and 27% Indian firms mentioned no.

30% Chinese companies, 21% German companies and 20% Indian companies mentioned maybe.

This clearly shows that companies from the three countries differed in the ways they integrated their globalization strategy with their company strategy.

## **FIRMS ORGANIZATION**

For the question, "Please indicate which ownership best describes your firm's organization?" The company's responses were:

To determine which ownership best describes the firm's organization we find that a significant association between which ownership best describes the firm's organization and the country as evidenced by the significant chi-square value. There are differences between countries. The results reveal that:  
 40% Chinese firms, 33% German firms and 37% Indian firms mentioned Sole Proprietorship.  
 27% Chinese firms, 23% German firms and 33% Indian firms mentioned Partnership.  
 20% Chinese firms, 33% German firms and 20% Indian firms mentioned Corporation,  
 13% Chinese firms, 10% German firms and 10% Indian firms mentioned Co-operative.  
 This shows that the companies from the three countries differed in their organization.

### **Percentage of total profit to total sales (Total profit divided by total sales)**

To determine the Percentage of total profit to total sales we find a significant association between Percentage of total profit to total sales and the countries as evidenced by the significant chi-square value. There are differences between countries. The results reveal that:  
 13% Chinese firms, 17% German firms, 17% Indian firms mentioned between 5-10%.  
 23% Chinese firms, 13% German firms and 17% Indian firms mentioned between 11-20%.  
 17% Chinese firms, 23% German firms and 20% Indian firms mentioned between 21-30%  
 17% Chinese firms, 20% German firms and 17% Indian firms mentioned between 31-40%  
 13% Chinese firms, 23% German firms and 17% Indian firms mentioned between 41-50%  
 17% Chinese firms, 10% German firms and 13% Indian firms mentioned above 50%.

### **Percentage of total profit to total assets (Total profit divided by total assets)**

To determine the Percentage of total profit to total assets we find a significant association between Percentage of total profit to total sales and the countries as evidenced by the significant chi-square value. There are differences between countries. The results reveal that:  
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### **Percentage of sales in foreign markets to total sale (International sales divided by total sales)**

To determine the Percentage of sales in foreign markets to total sale, we find a significant association between Percentage of sales in foreign markets to total sale and the countries as evidenced by the significant chi-square value. There are differences between countries. The results reveal that:  
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### Percentage of profit in foreign markets to total profit

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17% Chinese firms, 10% German firms and 10% Indian firms mentioned above 50%.

### Percentage of sales growth in foreign markets

To determine the Percentage of sales growth in foreign markets, we find a significant association between Percentage of sales growth in foreign markets and the countries as evidenced by the significant chi-square value. There are differences between countries. The results reveal that:

13% Chinese firms, 17% German firms, 17% Indian firms mentioned between 5-10%.

23% Chinese firms, 13% German firms and 13% Indian firms mentioned between 11-20%.

17% Chinese firms, 23% German firms and 23% Indian firms mentioned between 21-30%

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13% Chinese firms, 23% German firms and 23% Indian firms mentioned between 41-50%

17% Chinese firms, 10% German firms and 10% Indian firms mentioned above 50%.

## 5. CONCLUSION

We can conclude by saying that the business environment would continue to become more complex in the coming days and a lot more companies would attempt to globalize. The business environment would also change as we know change is the only thing that is constant. The companies would therefore have to continuously amend or introduce new provisions in their globalization strategies in response to these changes. Moreover, as intra-country trade increases, many more problems would also show up. The firms would also have to take these into account when formulating newer strategies.

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