



A look inside to the new Global Business Trends and the importance of Innovation

Abstract:

Global business comprises the commercial transactions between the two or more regions, countries and nations beyond the political boundaries. In the global business, the transactions involve of goods, services and resources between two or more nations. But the individual is living in a complex, ever-changing world, with multiple opportunities and dangers. The global economy is so interconnected that any trends or events in one region can give substantial effects to the opposite side of globe- may be for better or for worse. To survive in this changing world, the industries need to focus on revolutionizing the economic structure from within. This can be done through with innovating better and effective processes and products.

Indexed Terms: business, globalization, trends, competition, innovation, success.

Introduction:

During the period of 1820s, the China accounts more than a third of world's trade output whereas India and the major European economies hold another 33 percent. The U.S contributes just 2 percent of the global gross domestic product (GDP). Worldwide economies was functioned in the hands of political and economical empires dictating their terms and conditions. For the past 150 years, the world's economic power was with the America, Europe and Japan. But today, 95 percent of world's customers, formulating two-thirds of its purchasing power, dwell outside the United States. The 21 century is no longer in the hands of empires or economic superpowers. One is witnessing a new era of economic interconnectedness. Numbers of the developing economies now enjoy the economic power. The Accenture's *The Rise of the Multi-Polar World* report (2008) indicates that the developing economies account 49 percent of global GDP and within two decades it will surpass the combined GDP of developed world. With the globalization, the emerging economies are changing from passive recipients to active shapers.

Tremendous change provokes antipathy and diehard defensiveness. Those with such attitude to influence policies deserve the destiny that waits for them. For example, America has great economic, cultural and political influence where as many still perceive globalization as threats to their well-being. As a global economy, it is a critical moment. One should move toward freedom of trade, possibilities of new technologies, promotion of education and skills training. To mitigate the future economic risks, the best way is to invest in emerging markets. The leaders need to adapt and participate in new cultures to tap new sources of talents as well as to open new markets for their services. The leader is the one who have courage to take the responsibility of making change. Mark Foster, the group chief executive of Accenture's management had a great insight that will drive high performance both in the businesses and governments in the multi-polar world. The following trends will shake the world for the new future:

Business and Technology:

According to Alan Greenspan, Former Federal Reserve Chairman the future of business will be directed by technology also the root of business today is determined by technology and its application. This is why technology is the number one force that is changing the business landscape. The business processes and tools are changing due to the latest technology such as mobiles, cloud computing and wearable. Every business accepts credit cards and the individual is getting savvy about transferring money via PayPal, even Apple pay, Google pay and other litany are flooding in the market for the mobile payment solutions. The trend is to make payments as easy as the click of smart phone button. The security is often an afterthought when one embraces the latest technology. The liability on it is the big question for the consumers as well as for the businesses because the Email is not usually secure, the mobile devices are unprotected in many cases and the websites have loop holes. Because of the technologies, the entire industries can be created or can disappear. To illustrate, what happened to the recorded music industry. The dominant technology has changed from records, to eight track tapes, cassette tapes and CDs. May be CDs will be obsolete within ten years. Similarly, with the digital cameras, the Polaroid's products obsolete.

Human Capital:

Until recently, the global companies have limited tactics in emerging markets focusing on labor arbitrage, lashing mature products and locating established business processes in the BRIC countries. Today the situation has changed. The BRIC countries and the new emerging markets are befalling the new hubs of gravity for the global economy. With this the competition for talent is becoming fiercer. Many traditional manufacturing leaders such as the U.S, Japan and Germany are giving the access to the talented workers. As the consumers of emerging market demand for the products and solution according to their values and priorities, the global companies are recruiting to the local workforce that respond with sophistication. The global talent market is incredibly complicate and changing all the time, the global companies need to revise their existing global talent frameworks to allow for local customization.

Innovation:

Cultivating creativity is essential for managing innovation. According to Ian Mitroff, the management theorist one should solve the right problem incorrectly than to correct the wrong problem. General Electric profits rise by 24 percent under the new CEO Jeffy Immelt. Similarly, China holds 12 percent of world's nanotechnology patents. The right innovation is the mixture of production and service. The innovation should continually cultivate in a culture that is flexible, collaborative, and deeply well-versed about the consumer's environment. The speed of innovation is increasing as many firms develop new products and corrected versions of traditional items

Tight Competition:

The companies will see the increased competition with the emerging international markets. Due to the companies based in developing markets, there will be low labor costs. So the challenge for the firms is to move faster and with effective innovation as well as automation.

Clean Technology:

The west as well the world is highly influenced by the environmental factors. Businesses must strive to market environmentally friendly technologies. They must go through the environmental impact. The advantage of this market is that it grows more rapidly than overall economy. The firms such as GE, Toyota and Sharp are making multi-billion dollar from this technology. After all, this technology will help to reduce the deadly health issues and will spread the message of humanity worldwide.

Redefining the social contract:

The citizens from both developed and developing countries are more demanding from their governments and meeting their needs the government is facing the challenge. They counterfeited with the rising debt, changing global governance models and a talent shortage. This is why the wholesale reassessment of the social contract is taking place. The businesses will see the changes in terms of direct services, tax preferences, support, benefits received from the government. The profit climate will be challenging as the costs will rise with the higher taxes.

The leaders who are interconnected with the world will definitely get the tremendous success. Consider the example of GE, Caterpillar Inc. Both the large public corporations are seizing the opportunities away from the traditional borders. Such entrepreneurs get the advantages from international consumers as well as from their home country. The business guru, Peter Drucker describes such company as 'transnational company' where the leaders look ahead to world than just single nation and its market. The transnational company is not totally beyond the control of national governments. It must adapt to them. But these adaptations are exceptions to policies and practices decided on for worldwide markets and technologies. Successful transnational companies see themselves as separate, non national entities. This self-perception is evidenced by something unthinkable a few years ago: A transnational top management. (The Daily Drucker, P. 42).

Innovation: The Way to Success:

Innovation is simply the application for better solutions to meet new requirements and market needs. This is executed with the new technology, products or processes. By encouraging creativity and with the team work in various disciplines, the firms can create new technology. It is a catalyst to growth in business. According to the economist Joseph Schumpeter the firms must transfigure the economic structure from within with effective processes and products. The organization need to create and nurture proper atmosphere of innovation. The leaders need to break away the traditional thinking and accept change for their betterment. Though it's the time of risk but it brings the greater opportunity. To remain in competition, the companies will have to rationalize and re-engineer their operations. The consumers have multi options to buy products so innovation is needed more than ever before For Example, Haier Electronics Group is the fourth largest home appliance manufacturer in the world. The company manufactures washing machines and water heaters with the same basic and boxy design but the company is leading in the global market for washing machines by depending on innovation to adjust with its products in different markets. The Haier Company has more than 7,000 patents in technology (December, 2014) as well as 15,100 product models in 96 categories and 589 software intellectual property rights. To aid in the development of products and demand of local consumers, Haier has established 24 Industrial Parks, 5 Research & Development centers and 66 trading companies around the world (Source:Haier.com/in)

Sources of Innovation

The innovation has several sources. It can happen as a result of sincere effort, by chance or major system failure. The market is an area where one look for the opportunities. But it is better to study the market constantly regarding the products, services and demands. The company needs to identify its weak spots and should re correct or redesign them. The source of innovation comes from existing capabilities and how one is doing the business. The business and market continually flux. Some products expand and some shrink. The firms should have continual watch on this. With the time, people change their perception, their view of life, their feeling about the things. So smart companies need to modify and must be attentive in order to take advantage of. Also the new knowledge using the internet helps in doing things and improving processes. For example, Intel, the leading processor manufacturer constantly paying attention on academic research as well as investing heavily in its own R&D. The company has already found the source of innovation which drives the company to success.

Steps to Innovation Planning Process:

When the organization has recognized the various facets of the development, following steps need to be practiced in the planning process:

Strategic Vision:

As soon as the organization affirms to pursue innovation as a policy, the firm's vision is the preliminary step. Generally, it is done by the key leaders and the board of directors of the organization. A vision elaborates where to take the business and how the technology supports to the firm's vision. With this, the firm focuses to efforts more clearly to accomplish the innovation planning. For Example, Federal Express's vision is to provide speedy package delivery. The statement of the firm mentions their vision: "When a package positively, absolutely has to be there overnight." This means they have the capability of delivery within overnight. This is the company's radical innovation process.

Set the Mission:

Once the vision is figured out by the company, the firm needs to develop the mission. The mission is more specific than vision. It tells about what the company does and how it implements the work. The mission required their positive involvement of the employees. They should not only understand the mission of the firm but also to fulfill the mission. The implementation of 'how' leads to innovation to the company and it is reflected in their mission statement. The mission statement of IBM is:

"Information Technology is one of the most dynamic, fast changing and fiercely competitive industries in the world, characterized by relentless cycles of innovation and commoditization. Our choice is clear: we pursue a model of high-value innovation, rather than commodity technology, products and services. Our commitment to this model compels us to reinvent businesses continually; grow new ones organically and through acquisitions; and occasionally divest businesses that do not fit our profile". (IBM Annual Report 2014, p.3)

Implant Goals and Objectives:

The firm establishes the goals and objectives after the mission. This step is very important for the innovation strategy because it specify what innovations the firm wishes to implant for long and short term. So, if the firm wants to develop new products or processes, they should specify their goals and

objectives. The goals and objectives ensure the organization that they constantly working toward the success. The allocation of resources is planned from the goals and objectives. According to Barney and Griffin in their book “The Management of Organizations”, the goals provide four basic purposes: it gives direction and guidance, aid planning, motivates the employees, help organizations to evaluate performance.

Set Strategy:

To achieve the goals and objectives, it needs a strategy. The specific goals and objectives are there for the different levels of organization which is already mentioned above. The corporate strategy should be based on these goals and objectives. The individual business has the business level strategy and it becomes more specific as plans developed for the operational level as the process cascades.

Tactics and Actions:

Without a plan of action, the best set of goals and objectives are in vein. The individuals have to work in such a way that the firm reach to its goal, goal fulfill the mission, and mission support the vision. Relevant tactics draw the specific ways to achieve the measurable objectives. The tactics is also known as Key Performance Indicators (KPIs). The action is what one put on to do list that one has to do. For example, specific deadlines are given to the employees to finish the task. Tactics breakdown the bigger picture goals into the narrower, actionable tasks.

Components that aid Innovation Planning:

Innovation process involves extensive range of issues inside any firm. The processes should be in place as they examined in depth during the execution of innovation plans review. The three broad areas need to be addressed during the Innovation Planning: Creativity, firm issues, political issues.

Creativity:

Creativity is not simply to create new ideas. It can occur in individual as well in teams. Strategically, it is vital that individual should be creative and the creativity should be translated to the foundation of the firm. Organizations should utilize certain mechanisms to encourage creativity that it is continuous not sporadic. The individuals in the organization should explore the areas by avoiding their comfort zones. To avoid uncertainty, there should be the generation of new ideas. Experimentation with introspection and scenario making are the methods to look new ideas. The confrontation also helps in encouraging innovation. The employees should be given debates conceptually or contextually. The conceptual technique is ‘what if’ questioning. The contextual technique is the work with ‘deadline’ where the employees are more focused and creative. The creative employees should be asked to stretch themselves from the ordinary boundaries to learn new skills. Many firms take their employees to the various disciplines and places to explore the new domains. The team member brings new set of perspectives and can gain fresh insights in the favor of organization.

Organization-wide Issues:

There are the situations when the brilliant individuals develop noteworthy new innovations. These issues bring together individual cognitive efforts of other people in the organization. But it is critical for the organization when it encourages making connections among these individuals. Good communication gives direction to perform innovation planning. If the organization wants needs and opportunities, the

company should spread knowledge. The firm should ensure that everyone in the firm receives the adequate information. The individuals should be encouraged to build rich networks. And unnecessary information should be avoided by them. The firm should periodically evaluate that the right information is reached to the right people at right time. The individuals in the firm should be rewarded for the desired innovation. The implementation of innovation strategy is developed when the individuals are rewarded properly. Also the organizational assumptions need to be monitored periodically in order to make sure that the base assumptions are correct.

Political Issues:

The political nature of innovation also impacts the innovation planning. But innovation indicates change. This change is frightening to the social infrastructure of the firm. Any information is a tool to power within an organization. And intelligence brings new trends and technological challenges and thus power is created. The innovation draws to changes in power structures. The organization is moved to the new direction with the help of power and politics. It benefits the organization. For example, Jack Welch-GE, John Reed-Citibank, Lee Iacocca- Chrysler made the radical changes with their power and political clout.

Implementation:

The firm must implement plans after the strategic planning. As soon as the firm gathered the information, the gap in the market should be identified and mission, vision and goals should be developed to remain successful in the market. It is the requirement to implement the strategy. Activities should be connected with each other in the firm. They should not be at all isolated. The activities should be conducted with the given strategy. And the true impact of strategy is possible when the direction and actions are consistent with the strategy. For implementation, the common critical issues includes: leadership, engagement, extension, alignment. The organization can only achieve the innovation when the issues are interrelated and coordinated with each other. All the four issues are crucial for product or process innovation. The new product development needs engagement and extension whereas the process innovation needs leadership and alignment skills.

Leadership:

The leadership is one of the key concerns in technology-focused firms. Basically, it is the team of key leaders who guide and play pivotal role in the success of the firm. The greater credence occurs on these key leaders because the firms rapidly change and evolve in the competitive environment. In successful innovative companies, the leaders ensure for cooperative behavior of employees, a collaboration culture and cross functional initiatives. Innovation cannot be accomplished by an individual but can be accomplished by team of individuals having various skills in them. For example, Microsoft is one of the top leading companies in the world. And it is impossible to think without Bill Gates as a leader. But founding team's involvement in Microsoft was more than Bill Gates. Paul Allen's contribution was higher in the firm's development. Bill Gates was associated with the external marketing while Allen was the internal technologist. Many others also contributed in making the firm's successful. Leaders can only be successful when they complete the given tasks and goals not just by giving verbal and written directives. But leaders need to encourage in achieving the goals. The leaders need to create supportive environment in the organization. The leaders should clearly indicate the firm's direction to encourage innovation.

Engagement:

In implementation, the engagement is the second key issue. The central issue is how to get the different entities moving in the same track in an organization. Culture is the crucial factor in shaping the level of engagement. The leaders should create such kind of environment in the organization that the individuals believe they are part of organism and they are actively engaged in innovation. In this tough competition, the firm needs to remain adaptable and flexible otherwise they will fail to compete. The same adaptability and flexibility requires in active engagement of employees. The firms should build knowledge based culture for the individuals. The employees should be given training and management in order to ensure that they have the proper resources in the organization. Such training and development helps employees to grow them professionals as well as individuals. The mentoring is another medium to connect the employees to the firm. The firms that are successful in innovation tend to persuade mentoring among the wide diverse individuals. It helps individuals to share the lessons learned.

Extension:

Extension is another implementation issue that concern with the firm sufficient knowledge for products and market competencies. By ensuring the product and market competencies, the actions lead to innovation can be taken. New product development, product improvements and new market entry depends on the extension process. To aid in the extension of the firm's current products, the culture of knowledge sharing should be created within the employees. The smaller changes can allow maintaining or improving competitive positioning of organization. This can give major impact on the organization. The firm must be aware of what the competencies does it possesses. To identify the competencies, many firms perform a skill inventory. The skill inventory includes different training, understanding and certifications the employee has. Also the firm should look for the other opportunities for the same technology which lead to the new market or to unexpected innovation. The firm should have the willingness to act on the opportunities.

Alignment:

The alignment is the last critical issue in implementation of innovation. There should be an alignment among the different systems. It represents the system is fit within the firm and fit with the external environment. The systems must be aligned with each other as well as the different internal groups must support each other. With the achievement of goals, the individuals must be rewarded and with incentives by leaders. Innovation happens due to the employee's awareness what the firm expects. Also the structure of the organization must be flexible and with openness for the innovation. The firms that allow new ideas in the structure enjoy long term success and continued leadership.

Evaluation and Control:

Once the goals are implemented, the firm should determine whether the firm is making progress in toward the goals (evaluation) and if not then necessary changes should be allowed to move in correct direction (control). Both tests whether the goals are being met and if not then indicate the changes to achieve or amend the goals. The organization cannot make an assumption that its goals and actions will lead to success or will remain relevant overtime. In the strategic management, both of them play a central role. They critically assess the things how they are going at every phase of the strategic management process and to improve performance it take whatever action is necessary. It enables management that

the organization is heading through the right direction and the curative action is taken where needed. It also gives the guidance about what is happening, about performance, how to improve the performance within the organization. So, by getting the information regarding the performance, it boosts the confidence in workers. Thus, they are likely to be motivated to maintain and achieve better performance to keep up the track records.

Conclusion:

Thus, in this competitive edge, it is not the organizations, products and services that needs to change but all that requires is speed and efficiency that can adapt to the changing environment. Any innovation often faces the challenges but it is through which the pragmatic solutions can be delivered.

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