

## Chapter 5.26

# Global Enterprise Transitions

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In this chapter we discuss:

- The background reasoning for global enterprise transitions (GET).
- The meaning of globalization.
- The four eras of global market evolution.
- The organizational transition scopes.
- The global enterprise transitions roadmap.

### **GLOBALIZATION: BASIC REASONING**

Globalization, especially in the business world of the 21<sup>st</sup> century, is inevitable. Today, almost all businesses face intense competition all around the globe. The rapid changes in the global environment force enterprises to seek suitable business strategies to sustain them. This leads enterprises to change the way they conduct and operate businesses, and transform themselves in a way that will enable them to cope with the global challenges, compete globally and eventually grow. The win-

ners in this phenomenon are the companies that implement their business operations in the most creative and innovative manner possible. Needless to say, this is done through the incorporation of information and communication technology (ICT) into business strategies and goals. In the past few years, IT has been recognized as an imperative factor that drives companies towards global operations (Palvia et al., 2002).

Globalization is an all-pervasive phenomena in today's world, with the business providing a significant context to the overall process. As former U.S. President Bill Clinton (2002) stated in his address at the University of California, Berkeley:

*"A world characterized not just by a global economy, but by a global information society. When I took the oath of office as President on January the 20<sup>th</sup>, 1993, there were only 50 sites on the World Wide Web. When I left office, there were over 350 million and rising. Today, they're*

*probably somewhere around 500 million. There's never been anything like it."*

It has evidently indicated that the globalization process will not thrive without judicious exploitation of information technology. Consequently, the key words that emerge in performing innovative business operations are "globalization" and "information technology."

Consider how this globalization has evolved from the non-globalized business environment of the past. The report released by the Intergovernmental Panel on Climate Change — IPCC (2002) — described that "a per capita GDP growth rate of 2.5% per annum was achieved after World War II." This could be attributed primarily to the increasing closeness of the world community in terms of communication, interaction and dependency on each other. Subsequently, this closeness also drove many organizations to start expanding their business activities across borders with the aim of gaining more business opportunities and advantages. However, during that period in time, cross-border business activities were only limited to traditional trading of goods (for example, export and import of materials). The organizations undertaking this trade were still individually located in their home countries. Later, the world's day-to-day business operations were further transformed due to the invention of personal computers. The organizations' information flows (various presentations such as text, image, and voice) could be easily exchanged via an inconspicuous electronic cable (Blake, 1985). Finally the rapid evolution of computing technology to the Internet and the World Wide Web has brought organizations and countries together into a global village like never before. Consequently, the development of computers and the Internet have forced many organizations to reorganize their structure and business processes that would better enable them to handle the challenge of globalization, and capitalize on the opportunities. Thus, an acute need is felt to understand how the

organizations can transition themselves to a global entity. This book undertakes the discussion on the reasons for and the process of Global Enterprise Transitions (GET).

In reviewing the literature for this book, the authors found little in the way of papers, articles or books that comprehensively discussed the overall management of issues in enterprise globalization. Although many researchers have addressed globalization issues, they appeared to be restricted to very specific areas. Culture, information technology and business strategy are some prevalent areas that appear as examples of "narrow" research. None of the literature provided organizations with a suitable abstract or high-level view of issues for the entire transition of an organization. Amalgamating the various global transition issues and constructing an abstract yet documented approach to the globalization process is the preliminary intention of this book. Additionally, there appears to be *lacunae* in discussing the relationship between the organizational structures and IT issues in the globalization process. Finally, there also appeared a lack of discussion on the probable impact of the organizational structure in global transformation. Without a clear understanding of these correlations between the organizational structure and the transformation vision, enterprises have no idea on how to even initialize the global transition process. Consequently, organizational structures, information technology, and socio-cultural impacts are issues that deserve detailed study in the context of global transition, as discussed in this book.

## **UNDERSTANDING GLOBALIZATION**

Globalization is the conducting and the coordination of business structure, functions, activities, units, and employees together with the incorporation of appropriate strategies across geo-political borders. There are numerous factors required by enterprises to succeed in globalization. Firstly,

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