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Responses to Globalization: Indian Perspectives

India has a long tradition in influencing and participating to the globalization processes. Three phases can be distinguished in India’s history:

1) Colonial period up to 1947,
2) Nation building through government policies from 1947 to 1990, and
3) The era of liberalization since 1991.

Like any ancient civilization, India has responded to the forces of globalization and has experienced both continuity and change. In the current phase, globalization is experiences a two-way scheme: while multinational companies are entering India, many Indian companies have a clear ambition to “take India to the world”. Given the number and diversity of Indian organizations, all approaches and interventions of OD have been already used. Family enterprises and the government have played a central role in shaping the Indian answer to globalization. Developing a global mindset is India’s major challenge for the future.

In spite of various definitions, approaches and interventions, organization development essentially refers to the processes of developing an organization’s capability to cope with the emerging challenges of its environment. Since the context influences the content achieving and maintaining a good fit between the organization and its environment provides focus for OD efforts. Globalization, like technology, has been a major force demanding appropriate responses from organizations everywhere. Like many other countries, India also encountered different facets of globalization over the last several centuries. In fact, even in ancient times, India played an active role in globalization, when it exported its culture and religion (especially Buddhism) beyond its national boundaries. Later, during the colonial period, from 1600 to 1947 A.D., it became the victim of globalization when trade and church followed the imperial flag. Independence from the British rule offered challenges of nation building which had significant implications for developing organizations in business, government and non-profit sectors.
Three Phases

Thus, putting the evolution of organization development in the historical context, we can identify three distinct phases (see Maheshwari 1985, 1986, 1994):

1) Colonial period up to 1947
2) Nation building through government policies 1947 – 1990
3) Era of liberalization, since 1991.

During the colonial period, trade with India was the major thrust of the imperial powers. It is worth remembering that the East India Company entered India essentially for exploiting trade opportunities, but in due course, it also captured political power, which was subsequently transferred to the British crown. Encouraged and protected by the colonial powers, subsidiaries of British companies established themselves in India and controlled all major industries like tea, jute, tyres, tobacco, paints, petroleum and consumer products. During this period, Indian family businesses also entered trade and some industries. During the period between the two world wars, Indian entrepreneurs established a number of industrial enterprises, including three steel plants, a few drug companies and several textile mills. Some of them also collaborated with the multinational companies as their managing agents. Since the subsidiaries of multinationals relied on expatriate managers and the family businesses had little room for professional managers, there was no significant effort to develop people. The systems and practices of corporate governance were brought from the parent companies. Moreover, the protected market offered little incentives for innovation or development of any kind.

India gained independence from the colonial masters in 1947. Rulers changed, but the rules continued. Many British owners sold their businesses to Indians giving rise to a number of prominent families like Birlas and Bangurs in the east, Chethars in the south, Shrirams and Thapars in the north and Tatas, Lalbhais and Sarabhais in the West. The years immediately after independence witnessed significant churning in ownership and management of organizations.

Moreover, the government initiated policies and programmes for national development. Five-year plans were evolved from 1951. An industrial policy was enacted in 1956, which aimed to establish public sector enterprises with a view to capture the commanding heights of the economy. The government also adopted the role of entrepreneur by establishing enterprises in steel and heavy engineering. The emphasis in government policies was on self-reliance and import substitution. Private sector was also encouraged by providing financial and promotional support from the development banking institutions. At the same time, there was genuine fear of multinational companies (MNCs). So, the government policies were designed to reduce the importance of MNCs in the Indian economy. A legislation called the Foreign Exchange Regulation Act (FERA) was enacted in 1974, with a view to curb and control the MNCs. Two major American MNCs, IBM and Coca Cola, had to leave India because they were not willing to dilute the foreign equity holding as required by the policy framework. During this period, the mixed economy model was also to function under a regime of controls and licenses. Emergence of Indian enterprises to prominent positions and more specifically the rise of public sector created the felt need for management education. The first institution to train experienced managers was established in 1957 with the help of the