

IMPACT OF GLOBALIZATION ON CONSUMER BEHAVIOUR: WITH REFERENCE TO FINANCIAL SECTOR

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ABSTRACT

Globalization process has led to economic process and social development altogether walks of life, society and business. Change is that the eternal law of nature. Everything is changing as per the requirement of the time. Change is that the need and order of today's world. Globalization has been the fundamental mantra after 1991. So, everyone thinks of being global. Liberalization, privatization and globalization (LPG) are the fundamental concepts of success and all told aspects of development. Globalization process impacts all the people on this globe in a way or other. It's an inevitable process which is that the actuation and is that the key to rapid economic process and poverty reduction in developing countries. The people on the world are standing at the "Age of Globalization". It's a phenomenon that has affected all human worldwide but during a different form and degree. Its impact is seen everywhere and thus making this phenomenon, as a crucial issue. The phenomenon of globalization has given rise to the expansion of Multinational Companies (MNCs), the key path maker for economic process. After globalization, marketing of products and services have taken a brand new dimension and it's the foremost challenging task now. The liberalization of the financial sector in India is taking Indian insurance and banking companies to a brand new competitive environment so move towards a better tomorrow. Therefore it's boldly said that liberalization and globalization have nearly changed the spirit, enthusiasm of personal players within the financial services market. Therefore this juncture compels the researcher to shortly measure the impact of globalization of the economy on the buyer behavioural aspects towards financial services.

Keywords: *Banking Sector, Competitive environment, Challenges, Possibilities, Information, Integration.*

Introduction

Modern era is the era of Globalization and it's the correct time to think globally and act locally. The notion of globalization indicates connection, integration and interdependence within the world resulting in advancements in science and technology, transmission of data with the assistance of electronic computers and communication devices. The method of globalization exhibits numerous possibilities and challenges. The method of Globalization refers to the method by which the globe is being made one place and also a world village. It's transforming and integrating societies. Daly about Globalization phenomenon. Competition is that the drive behind the challenges that everybody must face. Competition has become tough now because of globalization. Today, the world economy is named as knowledge driven economy. This entails growth in trade, investment, technology, cross border production systems, information flows and communication. The presence of globalization is realized everywhere. Globalization may be a positive force and that we can foresee a world of happiness as results of globalization. Today's globalised world may be a changing world. Everyone, be it a personal or a firm needs to compete for better success. Marketing is that the major concept behind any quite business, especially services like banking and insurance. The final word effect of globalization on the economy is development. Globalization process will bring progress through an eternal expansion of market and then it's the propulsion behind the longer term economic development of a nation. The

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liberalization and globalization of Indian economy have impacted the importance of personal sector banks which further increased their growth. They supply multi various new services to their customers and prove themselves as strong competitors to public sector banks. The changes in Information technology have made the banks to supply more customer focused services.

Objective of Study

The study is conducted with the view to attain following objectives:

- To review the socio economic profile, of monetary consumers,
- To analyse the factors influencing consumer behaviour towards banking services and insurance products,
- To analyse the link between globalization and knowledge search and repair availability perception of consumers,
- To live the influence of demographic details of consumers on globalization awareness,
- To check about the influence of globalization on consumer behaviour towards banking services and insurance products,
- To supply suggestions and suggestions to banks and insurance companies.

Review of Literature

Ashraf Imam (2012) concluded from the study that the behaviour of individuals during the acquisition is termed as "Buyer behaviour". Understanding the customer needs and satisfaction of these needs are the 2 elements of service quality which attracts the eye of markets of service products like financial products.

Sushil Kumar, NirajMisra & Seema Varshney (2012) this paper examined that because of the entry of personal players within the insurance market, the Indian Insurance Industry has seen new innovative products, improved insurance service quality, customized and versatile products, transparency in products, speed and efficient processing, availability of more information, easy and fast mode of premium payment, settlement of claims to beneficiaries and overall improved and efficient process to serve the customer in additional satisfactory ways.

Krishna A. Goyal and Vijay Joshi (2012) investigated in their research study that the overall banking scenario in India has become very dynamic now a days. The expectations of Indian Banking customers are increasing due to the emergence of knowledge technology and competition. The competition from foreign banks has forced the Indian Banks to extend the IT based services so on meet the rising customer needs.

Masood H. Siddiqui and Tripti Gosh Sharma (2010) expressed their view that life assurance Companies in India are adopting competitive marketing strategy to distribute products and services leading to increased customer satisfaction. Improved personalised services with technology oriented ones leads to speedier claim settlement, premium collection, better grievances handling, in the course of modern devices like E-mail, SMS i.e. on-line service.

Goran B.Andelic, Vladimir DaKovic (2010) in their paper expressed that globalization results in launching and developing new insurance products that are global in character but at the identical time carefully matched to individually insured clients with the aim of satisfying their needs.

Rational of Study

The Liberalisation and globalization of Indian economy have brought the potential private players in financial services. A thriving finance sector is of essential significance to each growing nation like India, because it encourages the people to save lots of, provide safety and security to the people of India. This incorporate the opening of coverage to non-public sector and is taken into account because the most welcome able one within the present economic climate. These private sector organizations exert the momentum of competition to the general public sector banks and insurance companies. Amid this heavy competition, the service qualities, customer satisfaction are found to play a predominant role. Globalization has brought global players in competition with domestic players. Global firms are very big and always provide a tough competition to the local service providers. During this Era of severe competition, every domestic firm has got to face challenges and see innovative and artistic strategies so as to survive and withstand within the market. The survival of the fittest is that the mantra of globalization

Hypothesis for Study

H₀1: There is no significant influence of globalization factors on information search of consumers of banking services and insurance products.

Research Methodology

A structured unbiased questionnaire has been accustomed to collect the facts. Efforts are also taken to gather all the published information through available references and materials. The primary construct is to reach the demographic factors of the respondents. Its queries just like the age, education, income level, occupation and area of residence of the respondent. The second construct is to spot the globalization dimensions of the respondents. It consists of knowledge per the assorted financial services including banking services, insurance product awareness, comparing skills associated with such services and products, mode of payment and distribution outlet. These are studied on (Optional questions) objective questions and also considered as independent variables, having derived out of both national and international studies. The questionnaire used for the study has been pre-tested on a sample of fifty respondents chosen randomly and eliminate ambiguous terms and directions. The desired changes are made within the light of the comments received.

Sample Selection

Simple random procedure has been used for choosing the samples from the large population of the consumers of banking services and insurance products in Chennai city. After testing its reliability, the revised questionnaire has been administered to a total of 1000 respondents

Technique Used

The primary data collected from the consumers have been analyzed, using the statistical tools using SPSS package. This includes Factor analysis, Cluster analysis, Multivariate analysis, Anova and Paired Sample test.

Results and Analysis

• Factors of Globalization and Consumer Preference towards Financial Services

This consists of 10 different set of statements regarding globalization and consumer preferences towards financial services. Hence technique of factor analysis by Principal Component method is applied on these ten variables, and the following results are obtained.

KMO and Bartlett's Test – Consumers Preferences

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.719
Bartlett's Test of Sphericity	Approx. Chi- Square	5253.381
	Df	41
	Sig.	.000

From the above table KMO and Bartlett's Test it is found that the sampling adequacy value 0.719 and the Chi-Square value for Bartlett's Test of Sphericity 5253.381 are statistically significant at 5% level.

This means that the 10 different variables for preference of consumer's towards financial services are adequate in demonstrating its concept and the sampling distribution is also normal to explain the characteristic features of the different consumers of banking services and insurance products. It also designates the existence of factors. The following Community table explains the variances of consumer's preferences towards banking services and insurance products.

Rotated Component Matrix (a) for Consumers Preferences

		Component		
		1	2	3
Service information	Economic globalization has led to avail Financial services for the whole family.	.695		
	It is more important that cost of service is low than the service provider	.716		
	Proper information is not available on kind of service that I should take	.751		
	I can choose different financial services	.749		
	I am able to decide easily and freely because of availability of many services	.733		
	Economic globalization has increased my concern for financial services	.702		
Service provider nature	Comparison of Service quality has become easy due to globalization of economy		.853	
	I avail the similar financial services as my close one use in other countries		.813	
	Service quality can be compared before the purchase		.803	
Global services	I am able to discuss about services rendered by financial services with friends and relatives.			.777

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 7 iterations.

From the above table it is clear that there are ten variable to be considered for globalization and consumers preference of financial services. It is found that the influence of globalization of consumer preference towards banking services and insurance products have an impact on the consumers availing banking and insurance services. The factor analysis revealed three predominant factors namely, Service information, Service provider nature, Global services as important factors influencing globalization of consumers preference towards banking services and insurance products.

Conclusion

The Indian Financial sectors have adopted the trail of liberalization and consequently both the positive and negative impacts of globalization on the economy are felt. The business environment for the financial sector is changing fast, bringing new opportunities likewise as posing challenges. The socio, demographic and psychographic trends within the globalized era are very favorable for the expansion of the finance sectors. The globalization has created many opportunities and challenges to the bankers and insurance companies. The primary challenge comes from market turbulence. The last challenge is that the organizational constraint. Thus, the competition while offering ample opportunities to firms to widen the horizon of the markets also are subjected to serious challenges due to increased sensitiveness of consumers to the standard of customer services. The profile of the Indian consumer is additionally revolving; they're increasingly aware and are actively managing their financial affairs. To satisfy these myriad needs of consumers, Banks and insurance products will must be customized. Banking services and insurance products today have emerged as a horny and stable investment alternative that provides total protection. The inspiration for true loyalty lies in customer satisfaction. Highly satisfied consumer is more likely to become loyal apostles of a firm, consolidate their buying with one firm and spread positive word of mouth. In contrast, dissatisfaction drives consumer away and could be a key think about switching behavior.

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