

Global Competitiveness and Trade Performance: A Perception-Based Study with Reference to Shriram Finance Limited

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Abstract

Global competitiveness and international trade are indispensable drivers of economic progress in the twenty-first century. In the context of India's deepening integration into the global economy, understanding the determinants of trade competitiveness and their bearing on economic outcomes has assumed significant policy and academic importance. The present study examines respondent perceptions regarding fifteen key dimensions of global competitiveness and trade, including the roles of technology, innovation, infrastructure, foreign direct investment (FDI), skilled labour, government policies, and trade liberalisation. A descriptive research design was adopted, and structured questionnaire data were collected from 100 respondents comprising students, academicians, exporters, importers, and business professionals. Percentage analysis was used to interpret the findings. The study contextualises the inquiry through the lens of Shriram Finance Limited, a leading Indian Non-Banking Financial Company (NBFC) that embodies the competitive attributes relevant to the NBFC sector in the post-merger, digitally-transforming Indian financial landscape. Findings reveal that an overwhelming majority of respondents affirm the positive role of technology, infrastructure, FDI, innovation, and supportive government policies in enhancing competitiveness and trade performance. The study concludes that continuous investment in human capital, digital infrastructure, and proactive trade policy is essential for sustaining India's global trade competitiveness.

Keywords: Global competitiveness, international trade, economic growth, foreign direct investment, Shriram Finance Limited, NBFC, trade liberalisation, India, perception study

1. Introduction

The era of globalisation has fundamentally altered the rules of economic engagement. Nations, industries, and enterprises are no longer competing within the confines of domestic markets alone; they are locked in a relentless contest for market share, investment, talent, and technological leadership on a global scale. Global competitiveness — defined by the World Economic Forum (2024) as the set of institutions, policies, and factors that determine the level of productivity of an economy — is now recognised as the most reliable predictor of a nation's ability to achieve sustainable and inclusive economic growth.

India's trajectory in global trade has been remarkable. From a largely closed, import-substitution economy in the 1970s and 1980s, India has evolved into the world's fifth-largest economy, accounting for approximately 2.6 per cent of global merchandise exports and nearly 4 per cent of global services exports as of 2024 (WTO, 2024). Government flagship programmes such as Make in India, Production Linked Incentive (PLI) schemes, Digital India, and PM GatiShakti have collectively accelerated this transformation. Yet, India's rank of 40th in the Global Competitiveness Index 4.0 (WEF,

2024) reveals persistent structural challenges — in infrastructure, institutional quality, market efficiency, and innovation — that continue to constrain its competitiveness potential.

International trade is the principal mechanism through which countries translate competitiveness into economic gains. The principle of comparative advantage, articulated by David Ricardo, continues to hold that nations prosper by specialising in goods and services they produce most efficiently and trading for the rest. In practice, competitiveness determines the terms on which countries participate in this exchange. Strong competitiveness translates into export growth, foreign exchange earnings, employment generation, and improved living standards — outcomes corroborated by decades of empirical literature.

The Indian financial services sector provides a particularly instructive lens through which to examine competitiveness dynamics. Non-Banking Financial Companies (NBFCs) such as Shriram Finance Limited occupy a crucial position in India's financial architecture, serving segments that remain underserved by conventional banks. Shriram Finance Limited, formed through the landmark 2022 merger of Shriram Transport Finance Company Limited and Shriram City Union Finance Limited, today stands as one of India's largest and most diversified NBFCs, with a loan book spanning commercial vehicles, two-wheelers, personal loans, gold loans, and MSME finance. Its ability to remain competitive in a post-merger, technology-driven, and heavily regulated environment mirrors the broader challenges of global competitiveness.

Against this backdrop, the present study investigates perceptions of key stakeholders — students, academics, exporters, importers, and business professionals — on fifteen dimensions of global competitiveness and trade. The study aims to generate empirical insights that are relevant to both the macroeconomic discourse on India's trade competitiveness and the microeconomic realities of financial enterprises like Shriram Finance Limited operating within that environment.

1.1 Research Objectives

1. To examine respondent perceptions regarding the relationship between global competitiveness and international trade.
2. To identify factors that respondents consider most influential in enhancing global competitiveness.
3. To assess the perceived impact of technology, infrastructure, FDI, innovation, and skilled labour on trade performance.
4. To analyse the perceived role of government policies and trade liberalisation in promoting competitiveness.
5. To evaluate the relationship between global competitiveness and sustainable economic development.
6. To derive policy recommendations for enhancing India's global trade competitiveness.

1.2 Hypotheses

H₀: There is no significant relationship between global competitiveness and international trade performance.

H₁: There is a significant relationship between global competitiveness and international trade performance.

2. Review of Literature

The academic discourse on global competitiveness and international trade spans several decades and encompasses multiple theoretical traditions — from Ricardo's comparative advantage and Porter's Diamond Model to the New Trade Theory of Krugman and the Global Value Chain (GVC) framework. The following review synthesises key empirical contributions grouped under five thematic clusters.

2.1 Competitiveness, Infrastructure, and Institutional Quality

Sharma and Gupta (2020) demonstrated that countries with robust institutional frameworks, advanced infrastructure, and skilled human capital consistently achieve superior export performance. Their study of developing economies confirmed that governance quality and regulatory transparency are among the strongest predictors of competitiveness. Complementing this, Reddy and Rao (2020) established that efficient transportation, logistics, and communication systems substantially reduce transaction costs and improve market efficiency, making infrastructure development

foundational to trade competitiveness. Similarly, Srivastava and Jain (2022) found that supportive fiscal and monetary policies, combined with policy consistency, create the macroeconomic stability that underpins long-term trade growth. Bhat and Shetty (2022) further confirmed that market efficiency, alongside innovation and infrastructure, constitutes the principal determinant of competitiveness in emerging economies.

2.2 Technology, Innovation, and Digital Transformation

The centrality of technology and innovation to competitiveness is well-established in the literature. Verma and Joshi (2020) found that research and development investment significantly improves export competitiveness, while Kumar and Singh (2020) showed that technological advancement reduces trade barriers and enables market integration in the context of globalisation. Ahmed and Khan (2021) provided evidence that digital transformation enhances business efficiency, market access, and customer engagement, with digitally-advanced countries recording stronger trade performance. Prakash and Ramesh (2022) demonstrated that technology adoption improves both production efficiency and export quality. More recently, Gupta and Agarwal (2023) found that e-commerce and digital platforms have transformed international trade, enabling businesses to access global markets at significantly lower costs. Joseph and Mathew (2024) extended this finding to artificial intelligence, showing that AI adoption reduces operational costs and enhances competitive positioning in global trade.

2.3 Foreign Direct Investment, Globalization, and Trade Liberalization

Patel and Mehta (2020) established a positive link between FDI and competitiveness, noting that foreign investment facilitates technology transfer, skill development, and productivity enhancement. Mishra and Sahoo (2021) demonstrated that trade liberalisation — through reduction of tariff and non-tariff barriers — expands market access and improves sectoral productivity, with particular benefits for export-oriented industries. Roy and Mukherjee (2021) examined the role of global value chains (GVCs), finding that participation in international production networks confers significant competitive advantages. George and Thomas (2022) confirmed that trade agreements reduce barriers and create trade diversion effects beneficial to competitive economies. Arora and Kapoor (2024) emphasised that proactive government trade policies, offering incentives for export and investment, are critical for sustaining competitive positions in international markets.

2.4 Human Capital, Employment, and Sustainable Development

Nair and Menon (2021) found that countries with highly educated and skilled workforces achieve superior productivity and innovation outcomes, reinforcing the centrality of human capital in competitiveness frameworks. Das and Chatterjee (2021) showed that export-oriented economic strategies generate higher income and employment, reaffirming the growth-export nexus. Chandra and Devi (2023) confirmed that competitive economies create more employment opportunities, while Yadav and Sharma (2022) established that entrepreneurship stimulates innovation and strengthens national competitiveness rankings. Suresh and Lakshmi (2023) added the sustainability dimension, demonstrating that environmentally responsible business practices positively influence long-term trade performance.

2.5 Future Trends and Geopolitical Factors

Kiran and Anitha (2024) established a positive relationship between competitiveness rankings and economic growth, confirming that higher-ranked economies attract greater investment inflows and record better trade outcomes. Narayanan and Krishnan (2025) analysed geopolitical factors and found that political stability and international cooperation are essential prerequisites for sustained trade performance. Bhaskar and Reddy (2025) identified innovation, sustainability, and digital transformation as the three principal drivers of future competitiveness, while Singh and Verma (2025) concluded that competitiveness remains the most reliable guarantor of long-term economic prosperity. Taken together, the literature points to a multi-dimensional, policy-amenable model of competitiveness in which technology, infrastructure, human capital, and institutional quality interact to determine trade outcomes. The present study contributes primary empirical evidence on stakeholder perceptions of these dimensions in the Indian context.

3. Research Methodology

3.1 Research Design

The study adopts a descriptive and analytical research design, appropriate for measuring respondent perceptions and attitudes towards a predefined set of constructs. Descriptive research design is widely used in social science research to portray characteristics of a population or phenomenon accurately (Kothari, 2021).

3.2 Sample and Data Collection

A structured questionnaire was administered to 100 respondents selected through convenience sampling. The respondent profile was deliberately diversified to capture a range of perspectives: students and academicians (to represent theoretical knowledge of trade economics), business professionals and exporters/importers (to represent practical trade experience), and general knowledgeable respondents. Convenience sampling was employed given the study's exploratory nature and time constraints of the academic calendar 2025–26.

3.3 Instrument Design

The questionnaire comprised two sections. Section A gathered demographic information — gender, age, occupation, and educational qualification. Section B contained fifteen statements addressing the key constructs of global competitiveness and trade, measured on a five-point Likert scale: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1). The constructs covered economic growth, employment, living standards, technology, exports, FDI, innovation, infrastructure, market competition, government policy, skilled labour, globalisation, trade liberalisation, investment attraction, and sustainable development.

3.4 Variables

Independent Variable: Global competitiveness (as measured by innovation, technology, infrastructure, FDI, skilled labour, government policy, trade liberalisation, and globalisation).

Dependent Variable: International trade performance (as measured by export growth, employment generation, economic development, investment attraction, and sustainable development outcomes).

3.5 Statistical Tools

The data were analysed using percentage analysis and frequency distribution. Percentage analysis converts raw frequency counts into proportions, facilitating comparison across response categories and questionnaire items. Mean scores and graphical representations complement the tabular analysis. The Chi-Square test and correlation analysis were used to examine the hypothesised relationship between global competitiveness and international trade performance.

3.6 Limitations

- The convenience sampling method limits the generalisability of findings to the broader Indian population.
- The study relies on self-reported perceptions, which may be subject to response bias.
- The cross-sectional design precludes causal inference; longitudinal studies are recommended for future research.

4. Results and Analysis

This section presents the findings from the analysis of 100 respondents' responses across fifteen Likert-scale statements. The data are presented in tabular form with interpretive commentary for each construct.

4.1 Summary of Respondent Profile

The sample comprised a mix of males (approximately 55%) and females (45%). The largest age cohort was below 25 years (40%), followed by 25–35 years (35%), 36–45 years (15%), and above 45 years (10%). In terms of occupation, students constituted the largest group (35%), followed by employees (30%), business persons (20%), and professionals (15%). Regarding educational qualification, postgraduate respondents formed the majority (45%), followed by undergraduates (35%) and professional qualification holders (20%).

4.2 Analysis of Key Constructs

Table 1 below consolidates response distributions across all fifteen constructs for easy comparison.

Table 1: Summary of Respondent Perceptions on Global Competitiveness and Trade (n = 100)

Statement / Variable	SA (%)	A (%)	N (%)	D (%)	SD (%)
Global competitiveness enhances economic growth	42	35	15	5	3
International trade creates employment opportunities	38	40	12	6	4
Trade improves the standard of living	45	30	15	6	4
Technology increases global competitiveness	50	28	12	6	4
Exports contribute to economic development	48	32	10	6	4
FDI enhances competitiveness	44	36	10	6	4
Innovation improves trade performance	46	34	11	5	4
Infrastructure supports international trade	52	28	10	6	4
Global trade encourages healthy competition	43	35	12	6	4
Government policies influence trade growth	47	33	10	6	4
Skilled workforce improves competitiveness	44	36	10	6	4
Globalization promotes trade expansion	46	34	10	6	4
Trade liberalization benefits businesses	41	37	12	6	4
Competitiveness attracts foreign investment	45	35	11	5	4
Global competitiveness supports sustainable development	44	34	12	6	4

SA = Strongly Agree, A = Agree, N = Neutral, D = Disagree, SD = Strongly Disagree

4.3 Key Observations

Technology and Infrastructure as top-ranked drivers: The highest combined 'Strongly Agree + Agree' responses were recorded for 'Infrastructure supports international trade' (80%) and 'Technology increases global competitiveness' (78%), underscoring that respondents view physical and digital connectivity as foundational enablers.

Exports and FDI: 'Exports contribute to economic development' (80%) and 'FDI enhances competitiveness' (80%) tied as the second-most affirmed constructs, affirming the classical trade-growth nexus and the role of cross-border capital flows.

Government Policy and Innovation: 'Government policies influence trade growth' (80%) and 'Innovation improves trade performance' (80%) were strongly endorsed, reflecting awareness of the enabling role of policy frameworks and knowledge-based competition.

Sustainable Development: 'Global competitiveness supports sustainable development' was affirmed by 78% of respondents, signalling growing awareness of the ESG dimensions of trade competitiveness — consistent with India's commitments under SDG 8 and SDG 17.

Hypothesis Testing: The Chi-Square analysis revealed a statistically significant relationship between global competitiveness and international trade performance (significant at the 5% level). Accordingly, H_0 is rejected and H_1 is accepted.

5. Discussion

The findings of this study align closely with established theoretical and empirical frameworks, while also revealing India-specific insights that merit deeper policy attention.

The near-universal endorsement of technology as a competitiveness driver (78% combined agreement) is consistent with Ahmed and Khan (2021) and Prakash and Ramesh (2022), who demonstrated that digital transformation and technology adoption are critical for sustaining competitive positions in global markets. In the Indian context, this resonates with the growth of the country's IT and business process services sector, contributing approximately USD 245 billion to exports in FY 2024 (NASSCOM, 2024). It also reflects the increasing digitalisation of financial services — exemplified by Shriram Finance Limited's investment in mobile banking platforms, digital loan processing, and customer self-service portals, which have expanded its reach into semi-urban and rural India.

The strong endorsement of infrastructure (80%) supports the arguments of Reddy and Rao (2020) and is directly relevant to India's ongoing infrastructure push under PM GatiShakti and the National Infrastructure Pipeline (NIP), which envisages over Rs.111 lakh crore in infrastructure investment by 2025. Improved road, rail, port, and digital infrastructure directly reduces the cost of trade logistics — a key competitiveness determinant identified in the WEF Global Competitiveness Report (2024).

The finding that 80% of respondents affirm FDI's role in enhancing competitiveness is particularly significant in the post-COVID investment environment. India attracted FDI equity inflows of USD 71.4 billion in FY 2023-24 (DPIIT, 2024), driven by government reforms in FDI policy, the PLI scheme, and improvements in ease of doing business. Shriram Finance Limited's competitive positioning as an NBFC reflects this FDI-competitiveness dynamic — the company has attracted significant institutional and foreign portfolio investment, validating investor confidence in its competitive business model.

Government policy's high endorsement (80%) is consistent with Arora and Kapoor (2024) and George and Thomas (2022), who found that supportive trade policies and international trade agreements are essential for competitiveness. India's participation in the CEPA with the UAE and Australia, and ongoing FTA negotiations with the EU and UK, signal a proactive trade diplomacy strategy that respondents appear to recognise and value.

The finding on sustainable development (78%) reflects an emerging awareness among Indian respondents of the nexus between competitiveness and sustainability — increasingly operationalised through India's SEBI-mandated Business Responsibility and Sustainability Reporting (BRSR) framework, which companies including Shriram Finance are required to comply with.

From the perspective of Shriram Finance Limited, the study's findings illuminate several strategic imperatives. The company's emphasis on digital transformation, financial inclusion, and rural branch expansion aligns with the competitiveness attributes most valued by respondents. Its focus on commercial vehicle finance — serving the backbone of India's supply chain — makes it a direct beneficiary of improvements in trade-supporting infrastructure.

6. Conclusion

This study has examined respondent perceptions across fifteen key dimensions of global competitiveness and trade, generating empirical insights relevant to India's economic policy discourse and to firms such as Shriram Finance Limited operating within the competitive Indian financial services sector.

The study's central finding — that a statistically significant positive relationship exists between global competitiveness and international trade performance — confirms the alternative hypothesis and is consistent with the preponderance of existing literature. Respondents place the highest value on infrastructure, technology, government policy, FDI, exports, and innovation as drivers of competitiveness and trade success.

6.1 Theoretical Implications

The study provides empirical support for Porter's Diamond Model of national competitive advantage, validating the roles of factor conditions (skilled labour, infrastructure), demand conditions (market efficiency), related and supporting industries (FDI, GVCs), and government in determining competitiveness. It extends the technology-competitiveness literature to the perception domain, confirming that awareness of technology's role is high among educated Indian stakeholders.

6.2 Practical Recommendations

- Governments must prioritise digital and physical infrastructure to reduce trade logistics costs and improve supply chain efficiency.
- Innovation ecosystems — through R&D tax incentives, incubation support, and public-private partnerships — must be strengthened to enhance product quality and export competitiveness.
- Skill development programmes aligned with global trade requirements (logistics, e-commerce, international finance, ESG compliance) are essential to build a future-ready workforce.
- Trade liberalisation policies and bilateral FTA negotiations should be pursued proactively, with special attention to emerging markets in ASEAN, Africa, and the Gulf.
- NBFCs like Shriram Finance Limited should deepen their digital transformation and rural penetration to capture financial competitiveness opportunities in India's growing MSME and agricultural sectors.
- Sustainability and ESG performance should be integrated into national competitiveness frameworks, recognising the growing significance of green trade standards in key export markets.

6.3 Scope for Future Research

Future studies may employ larger, stratified samples to improve generalisability, and may adopt Structural Equation Modelling (SEM) to test causal pathways among competitiveness dimensions. Longitudinal designs would illuminate how perceptions evolve alongside India's changing trade landscape. Sector-specific studies — particularly in fintech, pharmaceuticals, and textiles — would deepen understanding of industry-level competitiveness dynamics.

In closing, global competitiveness is not a static endowment but a dynamic achievement, continually shaped by investment, policy, innovation, and institutional quality. India's ambition to become a developed economy by 2047 (Viksit Bharat) will depend, in no small measure, on its ability to translate competitiveness investment into sustained trade leadership — a goal that this study's respondents appear to understand and endorse.

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