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GLOBALIZATION, CULTURAL DIVERSITY AND RESILIENCE OF THE ORGANIZATION

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ABSTRACT

This paper addresses the current climate of globalization and its effects on businesses. It delves into the widespread homogenization leading to some loss of cultural diversity. The paradox presented is this loss of diversity in conjunction with the necessity in going global to establish competitive advantage in today's business climate. Important to successfully engaging in globalization, is the understanding of the markets within which the host company wishes to expand into. There should occur tailored marketing and HR strategies to establish a sentiment of acceptance and openness to find common ground for business success. At the same time, a cohesive message should be developed to assure a strong brand guided by clear intentions. Different strategies can be implemented for successful international relations and are best utilized depending on the type of organization and management style characteristic of that organization. Attention should be paid to the organization characteristic of each market, as different styles of management may function better for some based on home culture. Merging different cultures can evoke conflict, so special attention should be paid to embracing and celebrating cultural diversity, with supporting employee training implemented. In the case of conflict, processes should be developed for resolution. In addition to recognition of cultural diversity internally, awareness and obedience of relevant cultural laws is essential in maintaining global success and avoidance of shutdown. Working with local employees can assist in local market understanding of both the laws and the culture. Both risks and benefits of globalization are discussed, with an emphasis on openness to adaptability.

Keywords: *globalization, homogenization, culture, cultural diversity, organization, management*

JEL classification: *F6, M14, D2, M12*

INTRODUCTION

The world is seemingly becoming smaller with accessible and evolving travel technology. This innovation has led to a decrease in travel costs and the subsequent invention of online travel booking platforms, urging consumers to explore the globe. The ability to venture to new cultures and locations has led to a homogenization of many industries as companies now seek to appeal not only to their population of origin, but to all cultures. In order to seek competitive advantage, an increasing number of organizations are shifting their practices internationally. There are three stages involved in the shift to an international organization: importing and exporting, multinational enterprises and finally, the emergence of a global organization [1]. Importing and exporting implies the initiation of buying and selling with another global market. In this stage, the sales and marketing team heads contact and logistics, with the HR department generally uninvolved. Once firms expand into multinational enterprises (MNE) though, the actual organization moves into other geographical areas. This shift often involves the inclusion of workers from that new organizational location and so necessitating the development of HR policies and regulations to assure smooth intercultural communication and recognition of differing laws. The MNE is considered an international firm; however, the different operations function independently of each other based on location. The movement to a global organization implies that the different units integrate to function as one single unit. Although the world has become homogenized in many ways, there still must occur a strong sense of compassion and understanding for how different cultures operate and think so as to assure a positive and mutually beneficial product-consumer relationship. Not only must the product being sold consider the culture sold to, but also, internally, HR and management should remain consistently aware of employee backgrounds. The culture and beliefs of a person have a massive impact on how they should be communicated with for maximum understanding, and as such, how successful, or not successful the organization can be. Globalization is significant because it is inevitable; it is happening and any organization that seeks to maintain elevated profit should remain open to mass-expansion and interconnected, cultural understanding and acceptance.

DISCUSSION

It is important to note that there exist three primary types of international organizations: inter-governmental (IGO), international non-governmental (NGO) and multinational enterprises (MNE) [2]. IGOs are made up of more than one national government, like United Nations. NGOs are non-profit organizations unaffiliated with any government, such as Save the Children and MNEs (the most common), are corporations buying and selling goods internationally, which undergo the stages listed in the above paragraph. Important to all forms of international organizations, is the establishment of a cohesive team internally. If

the individuals inside the operation operate independently, there can occur strife and subsequent decreased productivity. A successful manager will not only recognize but also seek to understand their employees and the potential differences between the staff. In working to establish respect, there must occur both an encouragement and an acceptance of difference in all ways like culture and skin colour. It is not important for everyone to agree at all times, but instead successful managers should promote the sharing of ideas for improved productivity and innovation.

One potentially useful tool for global managers is the OAR process: observe, act and then react, for efficient assessment of any situation that may arise [3].

This tool emphasizes thinking and understanding before drawing conclusions, because it is easy to assume incorrectly when considering someone of a culture that may differ from that of the managers. Employee actions may appear improper as a lack of familiarity (in culture), can elicit initial disapproval. In taking the time to better understand the situation too, there will occur communication between management and staff, creating a sentiment of respect, essential for the development of successful relationships. Important to managing differing cultures too, is for management to ‘do their homework’ – to try to understand the culture of their staff to better communicate with them and to relate to them. On the logistical side of global management, there should be a solid understanding and respect for differing time zones. Sometimes management resides in a different location than their employees, and so they should work together to assure meeting times make sense for everyone, paying attention to the distinction between work and personal life. Placing not only traditional managerial roles but also the necessity to understand and relate to another culture could be asking a lot of one person, so enlisting multiple managers: business managers, country managers, functional managers and senior executives, could prove beneficial to distribute the work more evenly [4].

In addition to the importance in managing internal international relations, it is also vital to establish a global strategy, or, a plan to find success externally via globalization. There exist different global strategies that form the structure of the organization: domestic exporter, multinational, franchiser and transnational [5].

The organizational structure that surrounds these strategies include centralized, whereby control occurs in the home county, decentralized, in which local units assume control and coordinated, in which all units are participatory.

The domestic exporter strategy is centralized in the country of organizational origin, with almost all resources occurring there (like finance, HR and marketing). The multinational strategy concentrates on decentralized production, sales and marketing teams. Franchising mixes both-design and financing are produced in the country of origin initially, and then rely on further production, design, HR and marketing in the country it provides the product to.

Transnational firms are not bound to a location but are global in nature. All strategies can produce powerful results, and a targeted approach is advised for profitable organizations.

An important piece of globalization is the recognition of cultural diversity; cultural diversity is the values that people hold based on their experiences, dictating their actions. Different locations present different perspectives on almost all things so not only does their exist diversity in personal matters, but also in how business is viewed and conducted. Diversity in the workforce is a positive thing, because it presents opportunity for innovation and the sharing of a wide range of ideas, boosting creativity. Some companies, like Johnson & Johnson, make an active effort for diversity. This organization employs the use of hiring technology in an effort to avoid bias, conscious or unconscious. When live hiring managers are used, they are trained on how to reduce their unconscious bias via a program developed with the partnership of Harvard University. [6]. Kellogg Company is another example of a push for diversity in the workplace through increased availability of paternal leave (four weeks) and an increase in paternal pay. These benefits encourage workplace appeal as well as establish a fair opportunity for both mothers and fathers. Promoting the life of the worker encourages comfortability. In order for diversity to be beneficial, communication and a sentiment of openness and appreciation is essential.

Employees should feel that their culture is welcomed and noticed. There should occur celebrations of diversity to enforce an improved and constantly improving feeling of understanding and relatability between staff, as a lack of understanding is what can lead to miscommunication and hostility. There are various forms of diversity too, including race, education, ethnicity, generations, gender, religion, sexual orientation, workers with disabilities and veterans. All modes of diversity should be recognized and appreciated. Important to note too, is that these forms of diversity manifest differently in different countries, too. In the case of education for example, it is almost necessary for employees to have attended university in many offices, however in some other European countries, this may not have been as necessary. There are different emphases placed on different facets of society and it should be well understood that none are right or wrong.

Workplace issues involving cultural diversity include conflict as a result of discrimination and racism, for example, harassment through improper touching and commentary and disregarding the needs of disabled employees. A lack of appreciation for diversity essentially elicits a feeling of tension preventing the comfortability that ultimately undermines the success of employees. In the case of diversity conflict, any complaints put forth must be recognised and amended.

In order to properly manage diversity and prevent any issues, written policies should be developed and easily accessible to all in the form of an employee handbook. These policies should outline best practices, things that are unacceptable and protocol in the case of malpractice. Employee handbooks should be reviewed with every employee upon entry into the organization, with questions encouraged. Sensitivity training should be given in conjunction with an overview of the employee handbook, too. This would aim to improve the culture of the workplace by bringing to the forefront of all staffs' minds just how

essential acceptance is. In order to understand both how management of diversity is going as well as to understand if changes need to be made to improve the situation, check-ins are useful. This could be provided in the form of an anonymous survey regarding employee happiness as well as quizzes to test handbook knowledge. Important to recognise too, is that not every form of improper behaviour regarding diversity is obvious. Micro aggressions, or “thinly veiled, everyday instances of racism, homophobia and sexism” [7], could be commonly occurring and could go unnoticed by management if they were not aware of their staff’s triggers. Comments as seemingly simple as noting how well a non-native speaker speaks English, could create a condescending tone characteristic of mockery. A zero-tolerance policy need be established for assured respect of the handbook.

The importance in recognising, encouraging and valuing the diversity of the employees cannot be understated when considering the discussion of diversity, however underscoring that importance, is the legal component of global business.

Different countries have different laws regarding how they do things and what things are permitted, or not [8]. Understanding the requirements based on location are of paramount importance, as if the established policies prove improper when taken elsewhere, consequences could prove detrimental to company success. In addition to the laws that comprise the country of business, there are also generally accepted and followed modes of organisation. In the US, reporting must comply with VETS-100 requirements, outlined by a more decentralized structure, companies in Singapore must exhibit a clear hierarchy, companies in Asia and Southern Europe follow a very centralized structure and Scandinavian countries follow an autonomous mode of organization. Although the company may be from one place, in order to find success in another, adapting to their way of organizing, or at least merging the two, could prove more comfortable for local employees that can therefore be more successful. Assuring that member of every country of origin feel recognized and as a part of the team, is necessary. This prevents the sentiment that one country is assuming total dominance over wherever it expands into, which can be discouraging. In addition to business laws, hiring laws and immigration can provide massive obstacles.

Taxation laws too, vary and are always evolving. It is almost essential for the host country to employ local legal staff to approve policies and practices. Illegal actions, even if accidental, could create financial burden so large on the organization, recovery is infeasible.

Organizations typically find either mechanistic structures, with a narrower span of control (executive down), or organic structures, with a wider span of control [9]. Even though the parent company may have found success in a style in one market, they may need to be adapting in another. Geographical divisional structure establishes its divisions based on geography and is helpful for organising in the case of globalization. This method can establish a more decentralized decision-making process, which is potentially risky as cohesiveness is key to company-wide success. It is important to have local, subject-matter

experts; however, it should remain a constantly reinforced location, it is all the same team with the same objectives. Special attention should be paid to the marketing team, as this portion of the organization puts content out into the world. If objectives differ based on location, the campaigns produced can appear in conflict with each other, which can dissuade consumers from buying into the product; presenting a strong front is necessary in order to best persuade the outside. Core business objectives, core business strategy and continuous communication amongst executives globally are required for cohesive production. This does not mean however, that the message produced must be the exact same, as this would ignore the differences in markets, but rather whatever is being produced should be communicated with the same intention, tailored to the culture in question. There should occur a balance between globalization (putting one organization in multiple places) and internationalization (appealing and adapting at the local level).

CONCLUSION

Globalization presents both massive risk and massive reward (see chart below). The climate of business is changing though and so in order to present competitive advantage, organizations benefit massively from going global. Not only does expanding allow the potential for increased demand and so increased profit, but it also provides employees the opportunity to learn from each other.

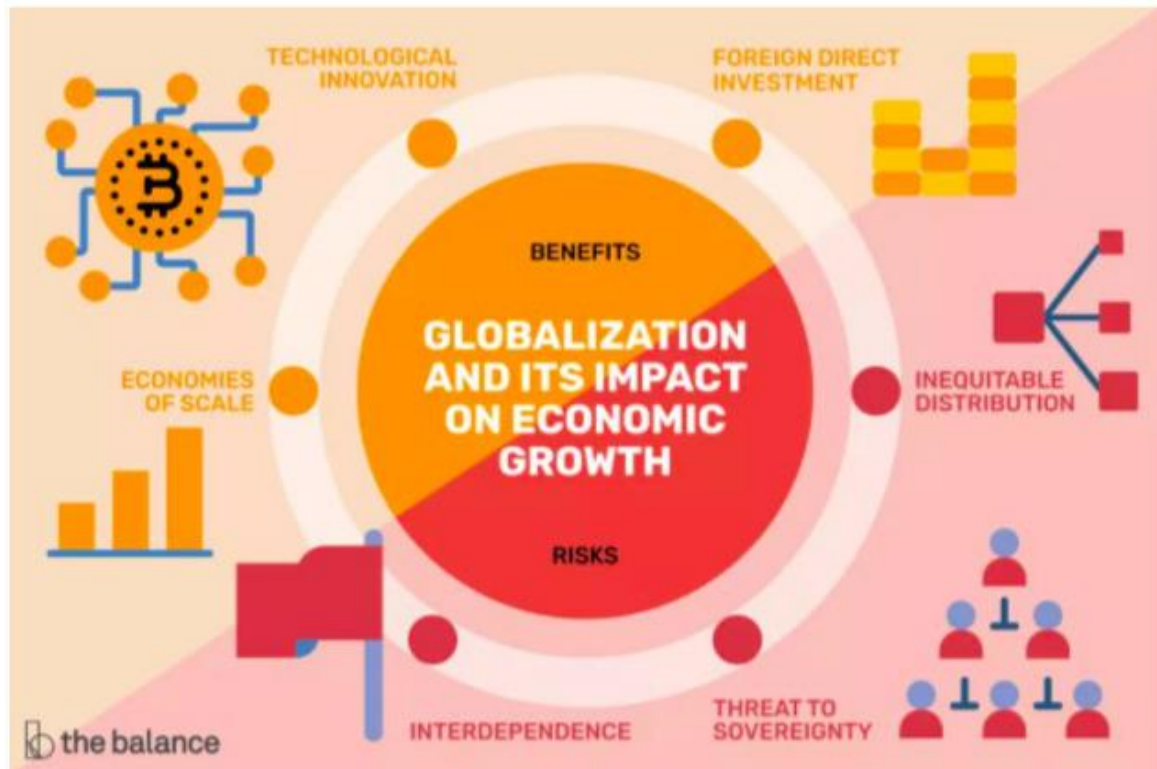
By encouraging diversity in the workplace, there will occur a more diverse range of idea generation. When combining different perspectives, the result can function ‘outside of the box’, so innovation can occur. Globalization provides both access to new markets of consumers but also of employees, allowing for international recruitment which provides access to new talent of different, potentially specialized, staff. By working with different cultures too, everyone wins: if there is a technological advancement present in one country and not in another, for example, the two can work together for the spread and likely expansion of those technological innovations. By producing in other countries too, there is opportunity for lower cost of production. Merging developing and non-developing countries in business has the potential for massive mutual benefit. Developing countries can provide lower costs of production, but at the same time, they receive a higher standard of living because of increased jobs and wages [10].

Globalization has the potential to negatively impact organizations as well though. Although listed as a benefit, international recruiting is also a risk. Often, international hiring is done online, which can present some challenges for proper vetting of candidates. There can also arise substantial conflicting views on appropriate pay and vacation; most U.S. organizations allow for 2 weeks’ vacation, with some European countries encouraging at least 6 weeks, for example. Immigration laws also provide for increased workload for HR and legal as laws differ based on location and are constantly changing. Brexit is a prime

example of an HR and legal nightmare- those employees who were not from the UK but were living there because it was part of the EU will now face sponsorship requirements. The results of Brexit on these UK organizations are vast. In addition to immigration laws, tax laws also vary and change regularly, so managing those laws specific to each country of operation is a heavy task. Just like international hiring is double-edged, so too is employing those in developing countries. Although increased jobs and wages may be beneficial as opposed to harmful, it can be seen as exploitation- the organization does not necessarily supply the same number of wages as they would for their staff locally; remaining fair in business can become blurred abroad. All of the aforementioned logistics contribute to the difficulty in successfully globalizing. There are countless semantics contributing to the day-to-day operations, making harder the host organization's ability to maintain stability guided by a clear goal and cohesive message.

Globalization is wonderful because it allows for the sharing of ideas from different countries; however, it also poses a risk of a loss of cultural identity.

Different societies are now beginning to merge, masking the individuality of each other. Maintaining the specialness of each country is important as difference breeds creativity. Successful global organizations walk a fine line in all realms of their daily operations. They must balance the ideas of varying cultures represented and yet uphold ideas determined by the host country, they must encourage communication, and yet decipher how best to communicate without easy in-person access and they must employ people in different places with different perspectives and expectations, honouring their desires and yet maintaining business goals relevant to their origin. The global marketplace is incredibly competitive and the level and type of competition differs in each market. This requires a variety of responses. Borders and online communication can lead to the convoluting of messages. Marketing and sales strategies must be tailored to the individual culture whilst also keeping in mind the primary objective of the organization as whole. The teetering nature of globalization is tricky because it forces management to expand their role even further, to work to understand people that they might not naturally and to communicate with them via platforms they might not normally. Globalization presents massive challenges internally and it creates risk externally, as well. If there is not a clear understanding of the market of the countries that organizations enter into, the perception can present very negatively, which can have a domino effect globally, impacting profits. The primary objectives of an organization should guide business practices, forms of communication, hiring choices and marketing campaigns for a clearly presented product. An underlining sentiment of openness is essential for the sharing of ideas that allow for the incredible success globalization can bring.



Source: [11]

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