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SCIENTIFIC REPORT

IMPACT OF GLOBALIZATION ON ORGANIZATIONAL BEHAVIOR IN BUSINESS ENVIRONMENT

Scott Nealon

CalCampus, NH, USA

E-mails: snealon42@gmail.com

ABSTRACT

Globalization is the process of international integration resulting from continuous interchange of ideas, cultural aspects, products, and world views. It has allowed for companies to continue expanding throughout the world but connecting on multiple continents. The ability for these companies to conduct business with other local countries, whether it is trade or simply working together, has allowed for growth of smaller companies within the framework. Not only are they able to work together with the distribution of goods or services, but they are able to share cultures, norms, technology, and many other things that can help improve business worldwide. The ease of the internet has allowed for businesses to connect more rapidly and more frequently sharing these ideas and norms. Expansion of business is a large responsibility of the global managers and they must have a set of skills that allow them to operate and administer this work globally, while having the ability to sift through information and make proper decisions on potential next steps for the company. They must also be aware of the necessary changes in the culture and be aware of market trends in order to be adapted. This paper aims to take a look at how impactful globalization is to a company, the pros and potential challenges that come with globalization, and how global managers are responsible for overseeing the transition of these companies as they expand internationally.

Key Words: Globalization, Global Managers, Organizational Culture

JEL classification: F6, F01, M14

INTRODUCTION

Globalization is the process of international integration resulting from continuous interchange of ideas, cultural aspects, products, and world views [4]. This has led to much advancement within organizations in order to keep up with competition. While expansion for a company can be very beneficial, it comes with many challenges adjusting to potential new markets. It is important organizations spend time to understand cultures and understanding how to make the most of expansion through globalization.

Globalization has been heavily impacted by international trade and resulting in increased productivity worldwide. Globalization provides opportunities for companies to work with suppliers, manufacturers, and the consumers of their products [5]. Trade agreements must occur to ensure proper guidelines are in place in order to promote productivity and efficiency among countries. For example, it can be seen that non-tariff barriers has led to the rapid increase in economic growth in developing countries because of the newly available markets for their products [6]. This has led to most companies to relocate to these countries because of the ability to operate at lower costs when it comes to production. Because of this, opportunities have expanded for those who may not originally have the ability to work and thus increasing job opportunities in those countries. With such a large increase in overall organizations oversees, this also leads to better structures of those companies to continue to keep up and maximize efficiency and productivity [6].

There are different types of globalization. These include financial, economic, technological, political, cultural, ecological, and sociological which can all have effects on organizations production. Political globalization refers to the cooperation among different countries and can help businesses work together to improve production. Global organizations exist to ensure fair trade and countries can remain at peace to work together to ensure flow of goods can continue as they support the entire world, not just the countries involved [7].

Social and cultural globalization refers sharing ideas, knowledge, and cultural norms between nations. The ability to share among various cultures is essential and can relate to many business ideas or trends to help the growth for underdeveloped countries. Because of this, it is said that this globalization tends to favor the bigger economies and those tend to support or work to improve those of lesser economic status. One potential threat to globalization when it comes to distribution of a good or service is the potential theft or duplication of a product. In order to prevent this intellectual property right have been established so that company's products as well as ideas are protected and can help prevent potential knockoffs [1].

Technological globalization relates countries and their ability to connect through technology. Over the years, technology advancements have allowed many countries to speed up there innovation and markets, especially with the use of the internet. This has allowed those to connect too many people from all sorts of backgrounds to work together to make necessary improvements. Companies have embraced these technological advancements as a way to lower costs of production whether it is from technological improvements or relocating to countries where labor is cheaper.

However, it seems to benefit the company but reducing costs by cutting out the middle man and improving technologies around the workplace in order to effectively reduce costs without sacrificing productivity. Many of these improvements have also led to reduced marketing and advertisement costs while improving the ability to reach more people with their products [12].

All of these can have a very big impact on organizations and their overall growth so it is important that managers work to become more aware of these areas and overcome any challenges they may face. While all these have an impact on ways organizations can operate, it is important to understand the different types of global organizations. These consist of inter-governmental organizations, international non-governmental organizations, and multinational enterprises. Inter-governmental organizations consist of only governments and are based on agreed upon terms amongst the countries involved. An example of an IGO is the United Nations. International non-governmental organizations are made up of individuals, not governments or groups of people. While they may seem not as important as the IGO's, they can have a big impact when it comes to driving global politics. For example, international non-governmental organizations can drive individual rights and freedoms. Multinational enterprises are businesses that operate in more than one country [3]. Their primary goal is production and profit and utilize expanding to countries of different economic states to take advantage in order to make a profit.

In order to effectively transition companies to be multicultural, the importance of having a manager that that accomplish this is vital. It is also important to have a manger that can have a positive impact on the culture of a company. Culture within a company is not clearly defined because of the inability to effectively measure culture. Ultimately, culture consists of core values that lie within the beliefs of the company and can be large or small scale. These values develop over time and may happen on purpose or on complete accident. Because of this complexity and the effect on internal and external factors, it is said that entrepreneurial culture can be very dynamic. Internal factors include displeasure with the work that has been done so far, group constraints, speaking clear and common language, and a desire to improve efficiency. External factors are those that happen outside of the company and tend to be uncontrollable. These include economic and technological factors such as needing proper roads for transport or more intensive agriculture [5].

Cultures differ among countries and even people. People within a company can interpret the environment in a completely different way, thus having different values or views on culture within the organization. This can be very challenging for companies to expand because of the impact it may have on culture or within a different group of people [5]. These are the challenges a global manager must face and will take a closer look at some of the qualities they possess in order to help improve culture when faced with adverse situations.

A global manager is someone who can systematically oversee all aspects of the companies and coordinate both internally and externally. These managers possess traits that allow them to thrive in the business environment [8]. Self- confidence for a

manager is important as they are more likely able to adapt to change [9]. They tend to have personal values that are seen by those working around them. They tend to be very driven and have personal goals that they look to meet consistently. They also have business competence which allows them to have perspective when it comes to new ideas and potential change. Lastly, they have the skill to analyze the environment around them and make educated decisions on product quality, structure of cost, human resources, financial reserves, and innovative abilities, just to name a few [5]. The Harvard Business Review states that there are three types of managers who fit this profile which are a business manager, country managers, and functional managers. It is also important to have quality executives to provide the necessary resources and support for these managers [10].

The goal of a business manager is to continue to expand and improve performance within the company, thus creating more profit [11]. The ability of a manager to take advantage of opportunities while also coordinating actions across barriers is important to the success of the manager as well as to the company. They are essentially responsible for adapting the company to the changes they face while maintaining the companies culture and integrity internally [5]. While they are the point people for projects, a successful manager has the ability to lean on those around him for insight. This is where coordination is necessary in order to continue with the movement of products as well as staying connected and integrated. For this, managers need to possess both administrative and interpersonal skills. Companies have transitioned into more of this collaborative style rather than an idea of a single “global leader” to keep the integrity of the company and allow multiple people to work together to execute the business plan.

While interpersonal and administrative skills are necessary for the coordination within the company there is also a need for a manager to be aware of the market. Understanding the local market is important factor to essentially assess the needs of customers. They can also keep in mind the trend of their competitors. Flexibility in these situations can allow for the company to make the necessary adjustments and flow with the market trends, thus preventing a company getting left behind. It is important that these managers take in information and have the ability to determine where they can benefit from the information. It is important for these managers to have a vision and keeping that vision strong. As the information comes in they will need to refer back to their interpersonal skills to sell their plan to those in higher positions within the company and prevent them from staying “stale” [10].

CONCLUSION

As we can see, globalization for companies has become very beneficial and important. Globalization has led to expanded markets, free flow labor, and improved infrastructure. By expanding markets, companies are able to reach these new markets in a variety of different ways, especially through the help of technology. They are also able to potentially relocate to different countries to provide job opportunities to these underdeveloped countries while reducing labor costs. It certainly is not a simple

transition as relocation requires re-structuring and understanding new markets and territories. The free flow of labor has allowed companies to expand their talent pool without many restrictions. These candidates bring value to the company as they improve efficiency and productivity within the workplace. Potential negatives of workflow labor have been workplace discrimination and improper use of child labor and slavery. Lastly, in order to keep up with globalization due to improved trading systems, local infrastructures have been created or improved to help improve the efficiency and safety of transportation among goods or products [6].

With improvements comes potential consequences and these include environmental degradation, marginalization of local firms, and unemployment. Companies that expand globally leave the potential for the current location to be acquired or even reduced, resulting in jobs lost. Natural resources have been overused thus resulting in the environment potentially degrading [6]. Though some have theorized the potential negative effects of globalization on mortality rates, one particular study looked more closely and actually found that those in more globalized countries tend to show lower mortality rates [2].

It is important to have someone in place that can continue to drive innovation and have a good feel for the market trends to drive the company forward. There are many traits of successful global leaders but they all revolve around the ability to interact with those around them while having the ability to take in information from the local market and make assessments or decisions on their needs. They have the ability to be very clear with roles and responsibilities and understanding the company's goals and mission and can hold the integrity of the company intact. They have a high level of confidence and other traits that allow them to analyze situations, adapt, and be innovative to stay current with market trends and competitors. Change within a company is inevitable. When there is a change in status quo, there is a need to adapt and this may cause a disruption in a company's routine, provide dissatisfaction with the current situation, provide a lack of trust, and have a need for efficiency, more external pressure, and often a fear of the unknown. While adaptation or change is often hard for companies, it is the manager's job to provide a sense of security for the employees and be a leader in order to prevent resistance. There are many ways an employee can be resistant towards change. These include logical resistance, psychological resistance, and sociological resistance. Logical resistance is based around ignoring factual information, rational reasoning, logic and science. This is usually at the onset of the change and can usually be expected by employees. Psychological change is based on emotions, sentiments, and attitudes. This is when there is a fear of the unknown, mistrust management's leadership, or feels their security or self-esteem threatened. Lastly, sociological resistance is also logical when it is as a disruption among the group's values, norms, and interest. It is important for managers to understand that this is normal behavior and will usually arise when change is occurring so it is important that they have a plan on handling these different types of resistance. It is the combination of these attributes that allow for manager's to build personal relationships with their employees, administer and delegate work appropriately, and take in information and utilize it to the best of their ability to push the company in the right direction.

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