

What are the many cultural political essay



The major cultural challenges facing a global enterprise is understanding and adapting to local business customs and norms. In the Real World Case we saw how business in Africa tends to go on at a leisurely pace – a practice that undermines the principles of efficiency and expediency that multi-national enterprises thrive on. Understanding cultural sensibilities and adapting to them requires an open-mind and a flexible management approach. This can prove quite challenging if the top management is too engrained in their B-school trained approach. Often government bureaucracy or red tape can hinder expedient project execution. Red-tape can thus be considered both a cultural and political issue. Another political issue is the state of development. As emerging economies are mostly from the Third World, the available infrastructure can be quite rudimentary. This is a geo-economic challenge, for a majority of the population might be IT illiterate, as reflected in minimal usage of Internet and other IT-enabled services. As the experience of Forrester Research and Cadbury illustrate, the broadband speeds for Internet usage in Africa is practically unfit for business purposes. This is especially so because the existing global IT systems for these companies are technologically far superior (and possibly incompatible) to what is on offer in developing markets. Geo-economic challenges extend further. To illustrate, let us take the particular instance of the entry of foreign banks in China. Understandably, the international press and the analyst community have focused on the critical issues of

“ financial transparency, adequacy of capital and loan provision, as well as the levels of non-performing loans (“ NPL” s). While these remain key issues, one also has to ask whether plans are in place to address the inevitable

management challenges that face banks transitioning from a unique, planned economy to a market economy.” (Yeung & Lyngaas, 2005)

The primary task of the management team in the new market is in coming up with solutions for cultural, political and geo-economic challenges identified above. Understanding local culture is mandatory so as to establish goodwill among local vendors, suppliers and clients. At the other end of the operations, cultural sensitivity is the key for attracting, retaining and expanding the consumer base. The last thing managers trained in a Western business school ethos want to acquire is a reputation for intolerance and insensitivity for people from different cultural backgrounds. Such an outcome would not only jeopardize the prospects for the company to expand globally but also undermine career progress for the individuals involved.

Furthermore, the pace of change and ongoing weakness in the global economy mean that decision makers are looking for “real-time insights on developments in overseas markets, regardless of the language in which those developments are reported. The ability to discern meaning quickly from local-language news sources or databases can spell significant competitive advantage. One has to be ready to capitalize on what is happening in emerging markets and be tuned in to identify new opportunities quickly, even if they’re not in their native language.” (Kho, 2011)

The process of globalization present unprecedented problems for global managers due to the complex

“ interplay of individuals, social frameworks and culture: that we live in a complex, open and changing world of meanings; that the meanings we create are evanescent, that is, they can be shattered as soon as we structure them; that the result of living in a multiple and changing world is a fragmented sense of identity. That challenges are increasingly presented to the stability of particular perspectives by the overall globalization process, the cognitive compression of the world and the intensification of a global consciousness.” (Roniger, 1995)

A few potential problems could arise if a company with global ambitions fails to overcome political challenges. The foremost is loss of goodwill among the political elite. Often in Third World countries, having the right contacts is the only means to developing the business. A manager who will strictly play by the rules is bound not to make progress. In terms of geo-economics, a major problem is coming to terms with the functioning of the local economy. This entails having a fair grasp of the demographic distribution of wealth and identifying target consumer groups. Later, catering culturally appealing marketing campaigns toward the target consumer group brings its own set of challenges. The designing of price entry points for the products is a key decision. Today, economic crises cut across all continents and

“ threaten a continued domino effect as leaders transition out of office because of gridlock and lack of public confidence. Europe, the Americas, Asia, Africa - all are facing economic crises with implications for global business plans. These happenings represent change on a global scale that reflects immigration, migration, changing populations, struggling economies, and environmental challenges, health status - including nutrition issues of

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starvation and obesity – and continued technological drivers that will foster even more transitions.” (Baugher, 2012)

The implications of globalization for geo-economy go further. It also translates to “ more free markets, less protection, more labour market deregulation. In this dystopia a globalised, deindustrialised, rurally depressed society with high unemployment and high levels of foreign ownership is envisioned”. (Curthoys & Johnson, 1998, p. 97)

As far as resolving cultural issues, patience and keeping an open-mind are quite important. Expecting a through business attitude from local vendors and partners can often backfire. Savoir-faire or the acumen to mix politics with business is the requisite approach. Hence, arranging luncheons and dinners for the local business and political elite goes a long way toward achieving business goals. In the context of business in emerging economies social grace and charisma are more effective than rigorous strategic planning as taught in B-schools. These intangible qualities also help the process of understanding the cultural mindset and how they shape the consumption patterns. Thus, the solutions to geo-economic challenges are also linked to the solutions for cultural and political problems. It is fair to claim that there are no scientific methods or theoretical models one could use for successfully growing a business across the globe. The intangible qualities of good leadership such as charisma, intuition and educated risk-taking often override the systematic side of management and decision making.