

Impact of globalization on organizational behavior essay sample

[Economics](#), [Globalization](#)



Introduction to Globalization

Globalization has become an ever-present expression in the past few years; it is defined as the integration of culture, politics and economies between different countries. It is essentially how one culture affects or impacts another on multiple levels, for example on an individual level; in the United States a person may drive a Swedish car home to watch a French movie on a Japanese television whilst eating Mexican food. This is an effect of globalization, but it also has an effect on a larger scale. Globalization can be two or more governments working together towards a common goal, such as reducing carbon emissions. Globalization has become more and more present in business, as many companies are expanding their operations to other regions and countries. Also companies from different parts of the world are working together to develop products. There are many advantages to globalization due to the various opportunities in which businesses can expand to international markets. The speed in which globalization has grown in recent years has been brought on by the advancement in technology, especially in communications and logistics.

This advancement has greatly increased the demand for different products on an international scale. (Morley) Globalization has essentially opened doors and lowered barriers to business between different countries, this has allowed many nations to become more competitive on a global scale and helping them to develop and diversify their products. The arrival of globalization has completely transformed some aspects of various organizations; it has had effects on the structure, leadership and planning

strategies that organizations adopt. All of these changes are associated with the globalization of organizations, such as the appearance of global managers, diversity in the workplace, cultural differences and the restructuring of hierarchy. One large factor of globalization is outsourcing, this is especially present in manufacturing, IT and customer service. These operations are the parts of a business that require a high amount of workers and are often the most costly part of an operation. Outsourcing abroad is popular due to significantly lower manual labor costs in countries such as China, Taiwan, Philippines and India.

Challenges of globalization

Corporate culture

The unification of corporate culture has long been the norm when companies have grown and expanded within a country, but globalization is challenging this system, it is causing organizations to readdress their organizational culture, as the relevance of global culture becomes more of an important factor. This means that companies have to incorporate a culture that fulfills the demands of a global market.

This can be challenging because organizations have to have their organizational culture aligned with global trends. Having to do so may have a negative effect on the unification of corporate culture, threatening what is unique and ultimately defines the organizations success. Thus meaning that the main challenge is to find the balance between the global trends and corporate culture, therefore it is possible to argue that globalization could

threaten the whole nature of the organization; its values, customs and direction that helped build it in the first place.

When a multinational company is expanding globally it has try to maintain its corporate culture whilst keeping up with global culture, finding the right mix can be difficult. It has overcome a headquarter-centric mindset where it avoids approaching the development of a global culture as a single process designed by corporate headquarters, whilst being careful that the core values do not fail to reflect diverse and cultural values.

It is possible to categorize global organizational cultures into three primary dimensions; firstly where core values and practices are shared throughout the company, secondly where the core values are localized and finally a multidirectional process where core values may be reconciled locally.

(Taylor, 2010) Also various patterns of global culture have been categorized in order to explain the process better; these categories are Spearhead, Outpost, Disoriented and Global. Spearhead culture is where the core values are decided and shared within company headquarters but these values aren't shared as strongly by branches abroad. This means that local values are not taken into account and changes are made by corporation headquarters. This method helps companies control the operation but it can cause frustration and may lead to problems when overseas branches try to reflect the values set forth by headquarters. Outpost culture is due to a lack of leadership on a corporate scale.

It is when corporate culture is not shared by subsidiaries and the level of culture significantly differs between them. This happens when there is no process in place to share strong culture throughout the company.

Disoriented culture is when there is a complete lack of strategic direction due to changes in the business environment, competition or restructuring.

Finally there is Global culture where the core values are shared worldwide.

These values are not only decided by company headquarters but reflect the company's operations globally. This gives subsidiaries a good model on which the base its operations on, but local differences are not ignored and are shared along side these corporate values. (Taylor, 2010) Global culture is the way forward for international companies, it requires breaking away from the headquarters mindset and interpreting the cultural needs globally without swaying to far away from the company's core values.

Cultural Diversity and Relations

Another consequence of globalization is diversity, and with that comes the challenge of managing diversity. The increase in diversity within an organization that follows globalization can cause anything from minor implications to major for the managers and the organization itself. As was mentioned earlier globalization has an effect on organizational culture, therefore when an organization becomes more diverse it becomes more of a challenge to facilitate both organizational and global culture.

There has to be an understanding of how likely some cultures are to be affected by globalization and how cultures affect each other. Despite these

challenges diversity is considered very positive as it can give a corporation the competitive advantage. Having a diverse team means each person brings something new and different to the table and if each person can contribute their full talents it can maximize the company's performance. (Phillips & Gully, 2014)

Diversity cannot be overlooked when business is being done globally, local culture, religion and traditions can have a huge impact on how business is done and whether it will be successful. One of the largest factors is to be aware of how different cultures think and not to cause offence.

When conducting business globally it is vital to know what to wear for different occasions, how to greet and what gestures and gifts are acceptable. Examples of global business etiquette are endless, for example in Iceland it is a custom to shake hands with everyone from the other party before a meeting, meetings are often informal and may take place in a restaurant or even at the hosts home. Another example is the "thumbs up" gesture is a positive sign in the western world but would cause offence in Saudi Arabia.

Cultural differences can cause problems as what is thought to be the norm and may not require any thought in one country can be a major issue in another. For example gender roles are very different in different parts of the world, in the western world it is perfectly acceptable for a woman to be higher ranked than a male. However if a woman were sent to head an operation in the Middle East with male subordinates it would be met with strong objection. Organizational relations are extremely important; they refer

to how interactions are between individuals within the organization.

Globalization has a very large affect on these relations, as different cultures view relations very differently. They have a different view on involvement, supportiveness, collaboration, teamwork and trust.

All of this makes it harder to establish a shared corporate culture. Diversity has a very large affect on how relations are in a global company, and having an understanding of how these diverse groups think and work. Relations for a global manager can be very difficult and may cause misunderstandings. Hierarchy and peoples views on hierarchy within an organization have vastly different meaning around the world. Within a global organization it is vital that managers understand how the subordinates think and work. How subordinates behave around their managers is one of the major factors regarding relations in a global company, for example in India a subordinate never challenges or corrects his manager, challenging a manager would cause offence. However in many western countries such as the US, UK and Iceland subordinates are expected to express their views even though it is to correct the manager. (Greene)

Knowing different attitudes to how teams work and how they are built is important and they are also very different globally. The factors in team building are; what do certain people bring to the team, team mentality, trust and many more. The importance of teams varies across cultures, some countries such as Japan build there whole organization on teams, its is customary in a Japanese work place to never leave before the boss leaves and if a colleague need to stay late and finish certain job the whole team

would stay until he finished even though they were not working on that job. When building a team in the UK, people with specific skills and knowledge are chosen to bring as many different views and angles on the subject. However in Russia the leaders usually make the decisions, teams are built with the same people and they find it difficult to trust new people, this approach can cause there to be a lack of fresh Ideas. Diversity and how different cultures affect relations in the work place are both results of globalization. It is vital that they are understood and if they are it can have a very positive effect on an organization, bringing fresh Ideas and helping gain an advantage globally.

Conclusion

In conclusion globalization has an immense effect on how today's world works, from an individual level to an organizational one. If a company wants to expand and grow, it has to have an understanding of globalization and how it affects its organization. With technological advancements, borders and distances are becoming less and less of an issue, opening the door to global growth.

If a company does its research and creates a good global organizational culture, it will be successful. Having a strong organizational culture that can be expressed around the world and locally adaptable will help give an edge on the competition. Ultimately with globalization, the world learns more and more everyday, as we all bring something new to the table. Different cultural backgrounds cause us to use different methods of thought, we see the world

in a different way and if we manage to bring these thoughts together who knows what can be achieved. Thus it is the role of organizations is to combine these thoughts under the same objective and in well managed environment, by doing so it is setting itself up to be very successful.

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