

Impact of globalization theories in managing cross cultural issues



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Introduction to the research

Globalization is a favorite catchword of politicians and journalists. It also became the key idea for business practice and theory, and enters the debates of academic. People mean the globalization often confusing and confused. Here there is a description of some key concepts about the theory of globalization and also describes the experience of globalization [Beck, 2000].

Globalization is used in a short way to describe the connectedness and spread of technologies, communication and production across the world. That spread involves the interweaving of cultural and economic activity. Globalization is also used to refer the efforts of the World Bank, the International Monetary Fund and others to create a global free market for services and goods. This political project is potential and significant for damaging the poor nations which means to exploit the large process. Globalization is the sense of connectivity in cultural and economic life across the world that was growing for centuries. Many believe that the present situation is in a different order to what has gone before. The speed of the exchange and communication, the size and complexity of the networks involved and the swerve volume of risk, interaction and trade gives the label a force for globalization [Carter F, 1996].

With the increase in economic interconnection the deep-seated changes of politics and the poor countries has become more dependent on the activities in central economies such as the United States of America where the technical and capital expertise tend to be located. There are shift in the

power which is away from the nation and argues towards MNC. It is also witness the rise and brand of the globalization. The large corporations operate in many different countries and they are marketed and developed products that could be sold in Washington. The various brands like Sony, Nike, Coca Cola and the host of others have become a part of the fabric of wide numbers of lives of people.

Globalization also involves the diffusion of technologies, practices and ideas. Globalization is something more than the universalization and internationalization. It is simply the westernization or modernization. It is also the market liberalization. The globalization describes the social relation intensification of worldwide which links the distance places in such a way that the simple occurrences are shaped by the event which occurs with many miles away. This also involves a change that understands the experience localness and geography. The globalization has powerful social, cultural, economic and political dimensions [James, 2000]. The 4 themes that appear with regularity in the literature are:

Supraterritoriality and De-localization;

The power and speed of associated growth of risk and technological innovation;

The rise of MNC; and

The extent to which the creation and the move towards the free markets to lead the division and instability.

Aims and objectives of the study

Primary Objective:

To understand the concept of globalization

To study in detail various theories of globalization.

To identify the cross cultural issues existing in various multinational corporations in India.

To analyze the impact of globalization theories on managing those cross cultural issues.

To evaluate the effectiveness of application of globalization theories in resolving cross cultural issues.

Secondary Objective:

To create awareness about globalization theories in various multinational corporations in India.

To emphasis the application of globalization theories in resolving cross cultural issues existing multinational corporations

To assist the various multinational corporations in managing cross cultural issues.

Review of literature

There are 4 theories of globalization. They are:

World Economy theory,

Third way theory,

Regional Bloc theory and

World culture theory.

World-Economy Theory:

The description of world economic theory is:

The process by which the capitalist world-system is spread across the whole globe.

The Global marketplace is becoming so integrated and advanced so that the nation-state is becoming waste.

The good thing about this theory is that the market is more rational than the governments [David S, 2000].

The bad thing about this theory is that the corporate power is less sympathetic than government.

The completion of the process begins late in the 1500s and early 1600s by the explorers of Europe.

The World-economy comprise of single labor force and mobile and single world market.

The core countries have strong armed forces. Consume high profits, high skills and capital production of intensive.

The perceived countries have weak armed forces, low-skill, extraction of raw materials, labor intensive production and weak [Anthony M, 2000].

The Semi-perceived countries have more diversified economies, less dependent on the core than peripheral areas and strong military forces than the perceived countries.

Third Way Theory:

The description of the third way theory is:

This theory seeks to find the relationship between the processes of economy occurring in the local and global scales.

This theory is also called as view of transformationalism because it looks the ways for transforming the power of nation to cope up with the pressures of globalization [Thompson P, 1999].

This theory does not focus on the global forces which reduces the powers of nation.

The challenge existing institutions are used to restructure/reform or encourage great local autonomy.

This theory is linked to agenda of politics.

This theory also maintains the diversity in the face of forces of economy that encourages the uniformity.

Regional Bloc Theory:

The description of Regional Bloc theory is:

This theory disagrees strongly with the hyper globalist.

In this theory only one world market exists.

The growth in the internationalism of investment and trade is the growth of regional economic blocs [Robert J, 1999].

The growth of the regional trading blocs has benefited some countries.

There is no single institution or government to guide the process.

This theory also inquisitions the acceptance of capitalism which is the root problem.

The financial efficiency and emphasis competition of capitalism care for the disempowered and oppressed people.

World-Culture Theory:

The description of world culture theory is:

This theory desire to celebrate and preserve the differences against the cultural homogenization.

This theory differs from all other theories because it sees more globalization broadly, to increase the uniformity of culture across the world from the perspective of economics.

This theory is also different because the previous theories view the growth of the single world culture which is possible as a consequence of globalization, while this theory view this as an important part of globalization.

This theory deep roots the traditions of Europeans [Richard G, 1998].

In this theory the progress of continuation begun from several 100 years ago, with the settlers of Europeans.

This theory has established control of politics and also brings new models for central government.

In this theory the ideas of individuality and citizenship will spread across traditional boundaries of culture by replacing the traditional priorities of communities in many cultures.

How World Culture Theory works:

Glocalization: The universal processes and ideas involved in the globalization necessarily are absorbed and interpreted differently according to the history of specific groups and vantage point. The glocalization catches the way in which the heterogenization and homogenization join [Robertson, 1992].

Relativization: Each unit in the emerging world takes the shape similar to the others that surround it. For example as the nation becomes a subject for the universal standards which are derived from the common formation of citizenship, humankind in those societies becomes relativized. Similarly, the Real politics are common in the international system becomes relativized as the principles of humanitarian who invent this concept. The relativization of

societies of the inter-state system occurs particularly in the concerns about identity of nations.

Interpenetration: Particularly the particularism and universalism are becoming a part of single nexus, united in terms of universality of the experience and, the increase in the expectation. In globalization, the universal is made concrete and specifically it becomes endlessly avoided. Hence globalization is a form of institutionalization of the 2 fold process which involves the particularization of universalism and the universalization of particularism.

Emulation: Though the globalization does not create common culture in which everyone holds the same values and beliefs so that it does create single ground in which all factors pursue their goals by comparing with others, by using at least some common standards. The early cases are Great Russia and Peter and Meiji Japan. Emulation takes the form of choosing the ideas of incorporating from the global ground [Danny M, 1992].

Contestation: The ideologies of globe-oriented advocate a tight integrated world while others define the difference. Since the religious movements and traditions are involved prominently in producing the images of world and the religion is a difficult site for these contestations.

How World Culture Theory change:

The world culture Theory can be changed by:

Permanent globalization dynamics: The theory of World culture describes the open ended and ongoing process. All the features of the theory of world

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culture require continual change. The conflict of culture is the common mechanism.

Deregionalization Movements: The globalization provokes resistance/ reaction. The globalization that produces the world equal cultures and substitutes of fundamentalism has its own vision of global. The fundamentalist defines the global fundamentals and operate in terms of global ideas [Waters M, 1995].

Multiple sources: While the theory of world culture emphasizes the role of worldviews and reflexivity in the globalization the principle change can originate anywhere. The theory of world culture is agnostic [Mary K, 2001].

Research methodology

The systematic gathering recording and analyzing of the data about the problems, which formulate the hypothesis and suggested organizing, collecting and evaluating data, reaching conclusion and making corrections by testing carefully the conclusions to determine whether they fit to formulate the hypothesis

Two forms of research are undertaken in order for the purpose of satisfying the objectives of the study:

Primary Research: Data collected through first-hand sources

Secondary Research: Second-hand data collected through different sources

Primary research- Quantitative Research

Quantitative research method will be followed in order to create a detailed analysis of consumers' perception regarding emails and direct mails as marketing medium in India. Quantitative research offers several advantages to the study: Brower et al (2000, pg. 366) assert that “ quantitative researchers pursue- and insist that they generate- value-free, unbiased data”. Similarly, McLaughlin et al (2002) highlight the following uses of quantitative approach:

- Research and establish explicit hypotheses
- Uses accurate measures of concepts
- Uses tests of statistical significance
- Uses controls for other explanatory variables
- Provides a clear theoretical context

Secondary Research

Secondary data is the information what was collected in the past for some other purpose. Usually, researchers start their investigation by studying a rich variety of already accessible data, to see if they can make a breakthrough in the study partly or wholly, without the use of expensive, time-consuming first-hand research. The following forms of secondary data will be used to research purpose:

Books

Journals and articles

Newspapers

Magazines

Online web portals

Annual Reports

Government Agencies

Independent Agencies

Government official reports

Research Design

This study will be descriptive in nature.

Sampling design

Target population:

The target population in this research refers to the top multinational corporations that have been prevailing for more than a decade in India. The respondents are employees designated at managerial level.

Sample size

This study takes into consideration ten different multinational corporations of India.

Sampling unit

The sampling units are the following ten multinational corporations and their managers.

Samsung

Reebok

Hyundai Motors

LG

Vodafone

Ford Motors

Accenture

Voltas

Panasonic

ABN Amro Bank

Sampling method

The sampling technique is taken for the study is “ Convenience Sampling”. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher [Joan Joseph Castillo, 2009].

In convenience sampling, the subjects are easy to select for the study since they are available ready. This technique is highly preferred by many because it is fast, easy and inexpensive.

Size of Sample Survey

A sample size of 10 respondents (one for each multinational corporation) will be considered for this study.

Sampling plan:

The data will be collected by mailing them the questionnaires to their workplace.

Questionnaire Design:

The questionnaire will consist of both open-ended and close-ended questions.

Data Analysis and Interpretation

The data collected from primary research will be analyzed and interpreted using statistical tools. It is suitable to the study over other tools, because:

It provides both subjective as well as objective results, of which subjective can be converted into numbers/scores

It can be used to identify and understand the hidden attributes or constructs which would otherwise (in case of direct analysis) have been unapparent

It is inexpensive and easier to implement than other tools.

Limitations of the study

This concentrates on the impact of globalization theories on managing cross cultural issues in multinational corporations and does not involve any other issue.

This study focuses exclusively on multinational corporations in India.

This study analyzes only the cultural impact created in multinational corporations by globalization theories and does not involve any other impact.

This study is applicable for multinational that have been successfully sustaining in the market for more than a decade.