Conceptions and Challenges of Globalisation

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Personal Interest

- Lived and worked in 6 Countries (Italy, USA, Australia, Hong Kong, UK, South Africa)
- Visited over 73 Countries for work and holidays
- Currently working in China, South East Asia, India, Caribbean, South Africa)

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Outline Structure

- What is globalisation?
  - Models
- Models of cultural differences
  - Single & multi-demensional
- Challenges of globalisation
  - For business in Vietnam
  - Implications for International Managers

The travels of a T-Shirt

"As I travelled from a Texas cotton farm to a Chinese factory, from Washington bureaucrats to a third generation used-clothing dealer descended from Jewish immigrants, to Muslim importers in East Africa, I kept marvelling at how well everyone got along. While bombs were dropping, these Muslims, Jews, blacks and whites stayed friends because of my T-shirt. The yarn and cloth and clothing bound them together; world trade bound them together."

Rivoli (2005)

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What is globalisation?

- A process of economic, political, social and technological integration
- A process of liberalisation of trade and commerce across national and regional boundaries
- Reduction of trade restrictions and tariffs through trading agreements and regional trading blocs
- Increased global migration of labour
- A process by which brands gain international recognition
- Outsourcing and off shoring key functions of a business

Is this globalisation?

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What about this?

Trung Nguyen

Cao Nguyen

Café Ong Tho

French Plantation

feng shui
for personal harmony
Grand Master Gary Khor

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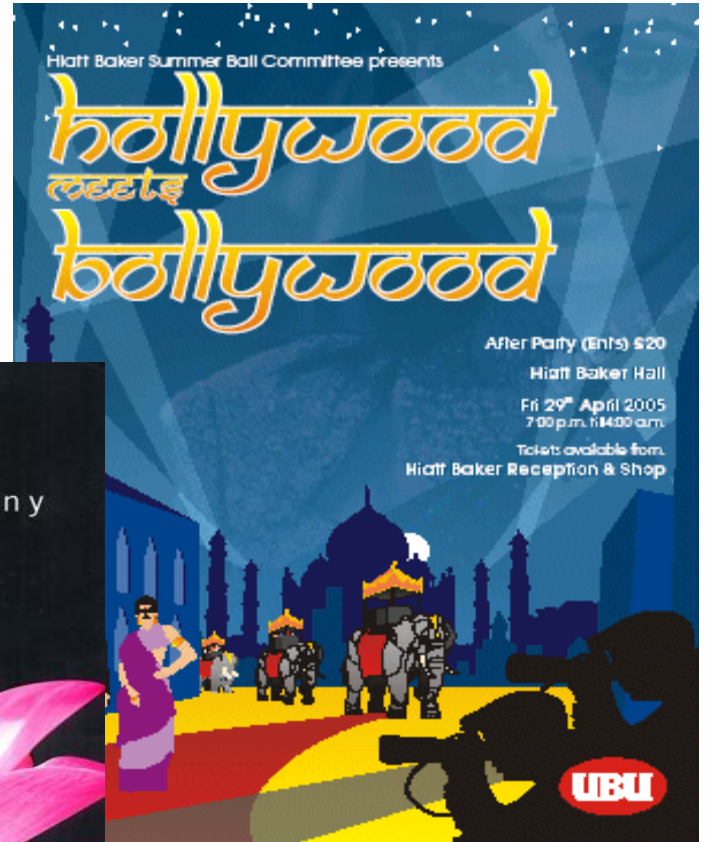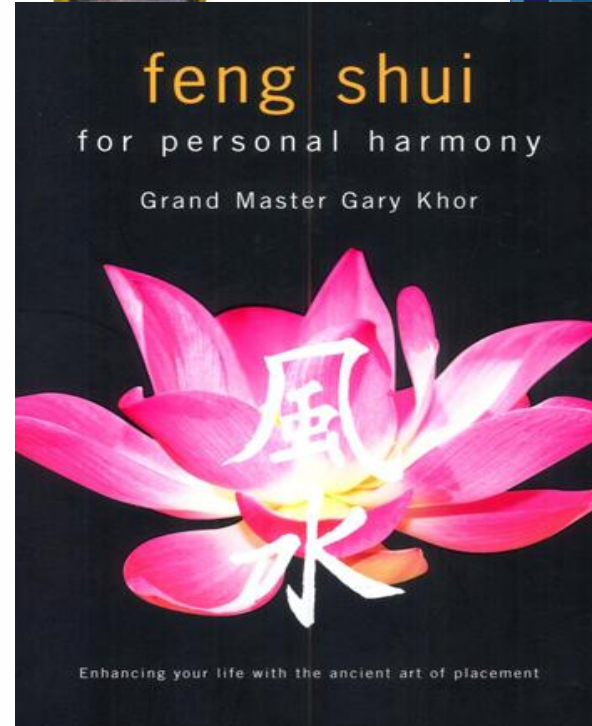
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Two Competing World Views

"Globalisation is an engine of commerce, which brings an increased standard of living, literacy and health to developing countries and further wealth to developed countries."

"Globalisation is an engine of "corporate imperialism". One which has no connection to local standards of human rights in developing countries. Negative effects include cultural assimilation, cultural imperialism and destruction of national identity."

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Seven models of global change

- Globalisation
- Liberalisation
- Americanisation
- Transnationalisation
- McDonaldisation
- Creolisation
- Balkanisation

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Models of cultural differences

- Interpretive models

- Single dimensional models

- Multidimensional models

- Regional clusters

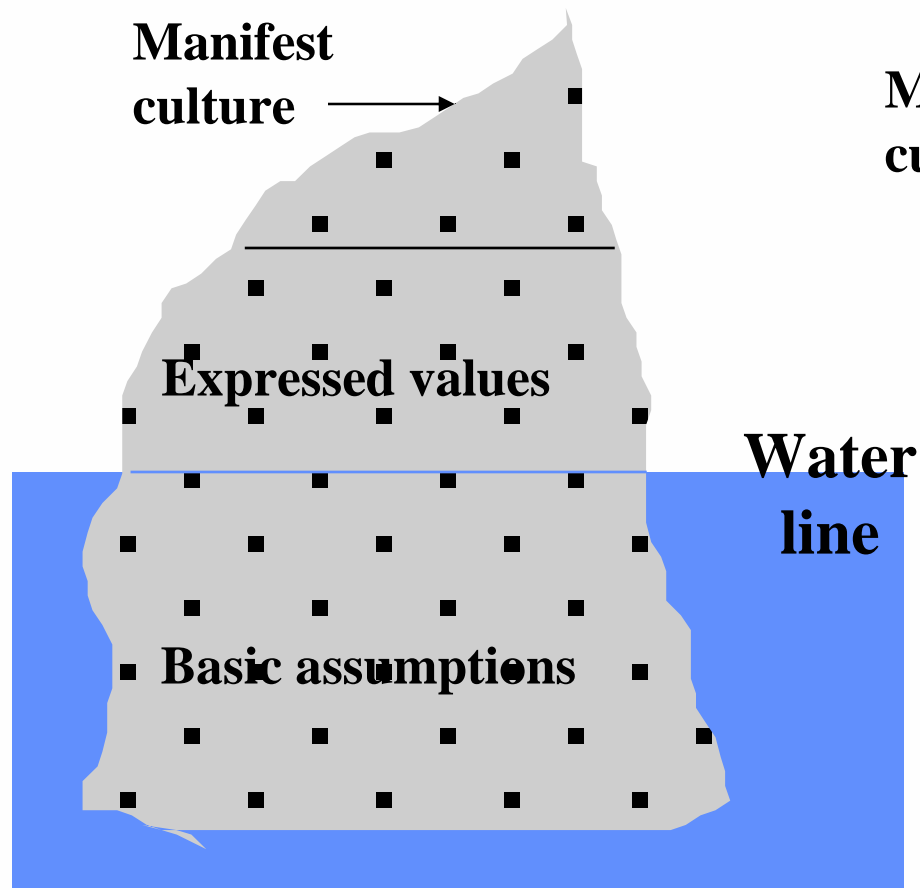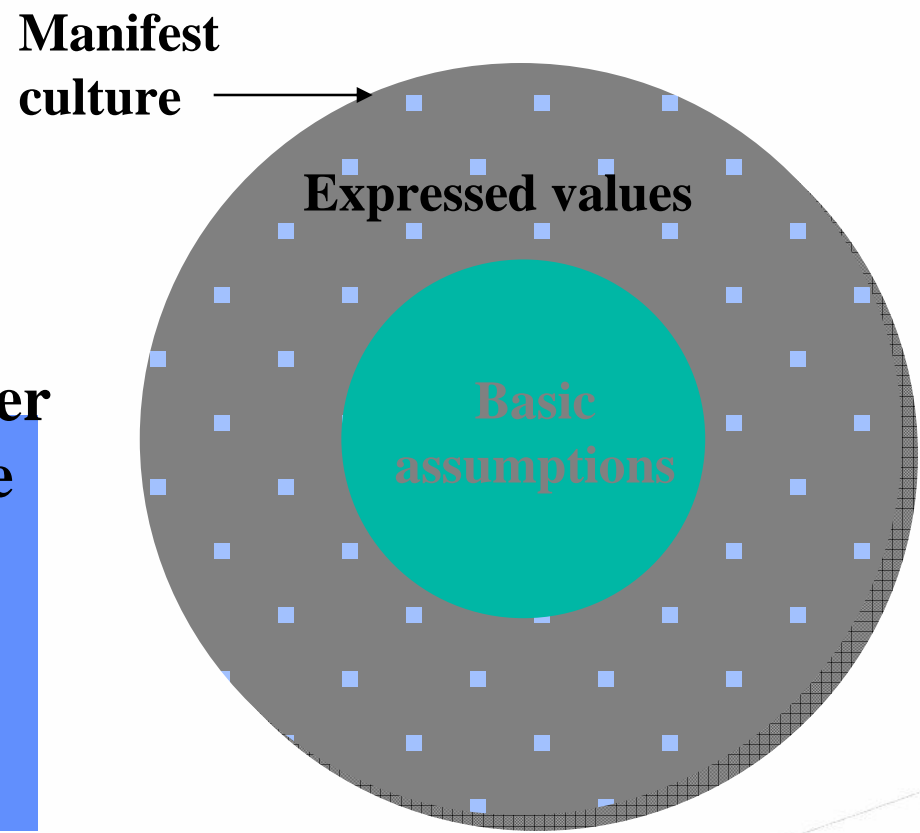FLAGS OF THE WORLD

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Interpretive Models

Sathe's Levels of Culture (1985)

Manifest culture →

Expressed values

Basic assumptions

Water line

Iceberg

Manifest culture →

Expressed values

Basic assumptions

Onion
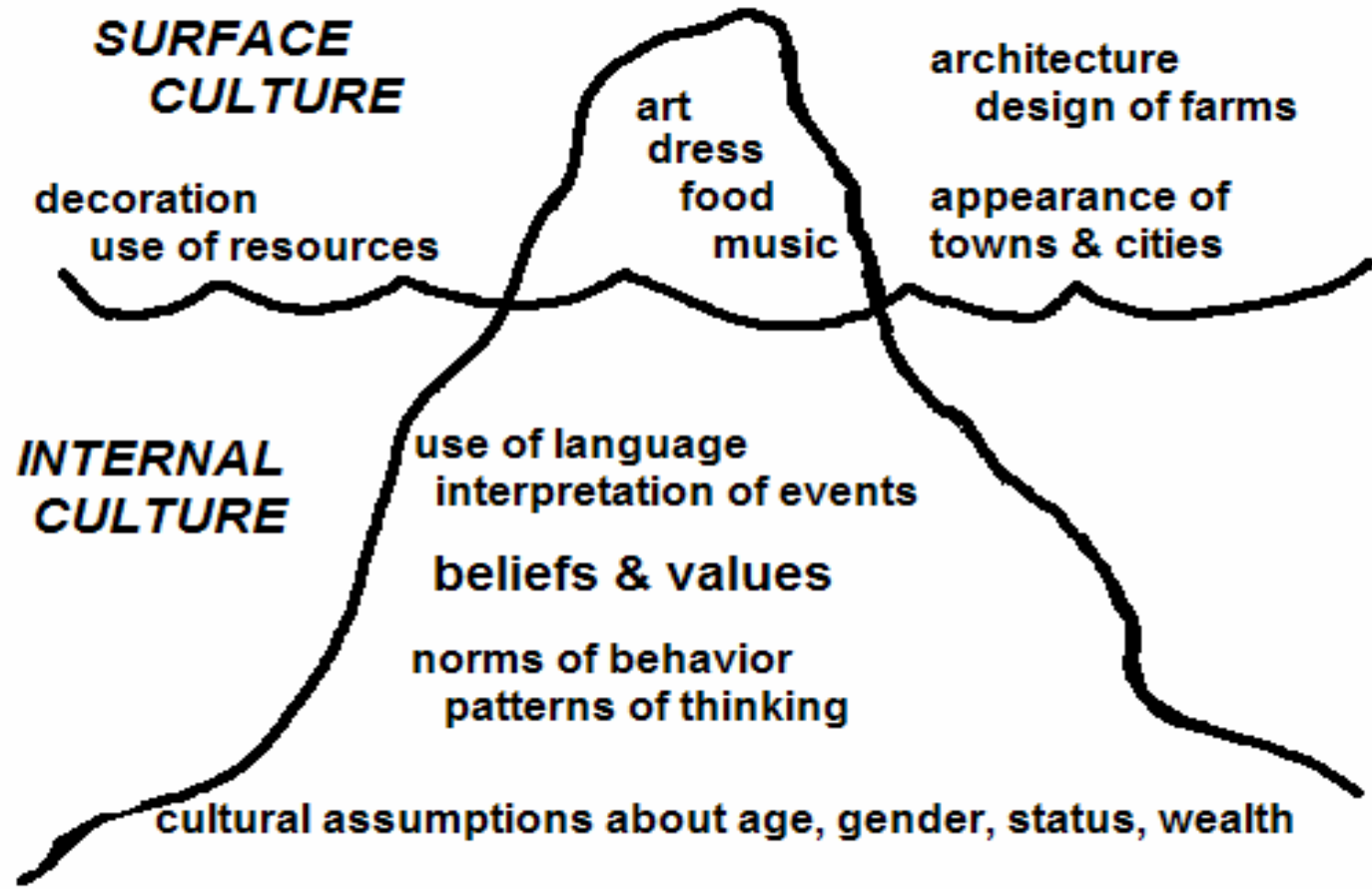
Single dimension models

Characteristics of different cultures (Hall, 1990)

High Context

- Long lasting relationships
- Communication economical, fast & efficient
- Greater use of non verbal communication
- People in authority personally responsible for employees
- Agreements spoken rather than written

Low Context

- Shorter relationships
- Communication more precise & explicit
- Less use of NVC/emotion in communication
- Authority is personal
- Agreements are written and legalistic in nature

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# Monochronic & Polychronic Cultures (Lewis, 1992)

Monochronic cultures

- Handle tasks one at a time (through scheduling)
- See time as tangible (spent, lost, made up, saved)
- Time is the ONLY natural, logical way of organising life
- Appointment times are rigid and punctuality important
- Work and personal time separate
- Tasks are measured by output (activity per hour)

Polychronic cultures

- Handle many tasks at once, including multiple conversations
- Time is relative and happens
- Time is flexible and elastic
- Appointment times are broad guidelines and flexible
- Work and personal time overlap
- Tasks are measured by levels of satisfaction

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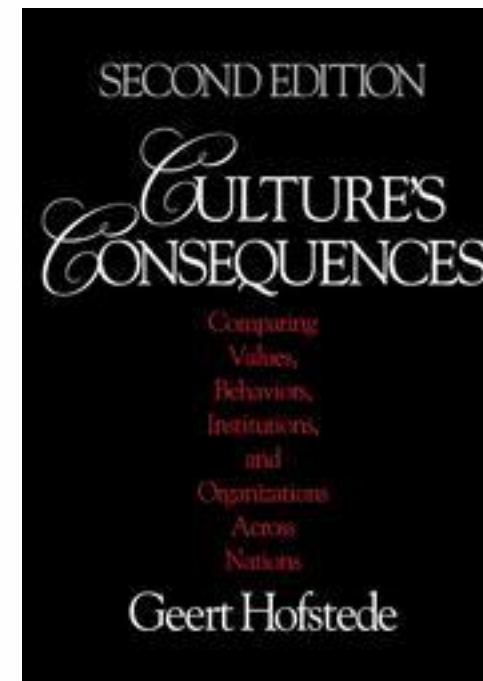
Multiple dimension models

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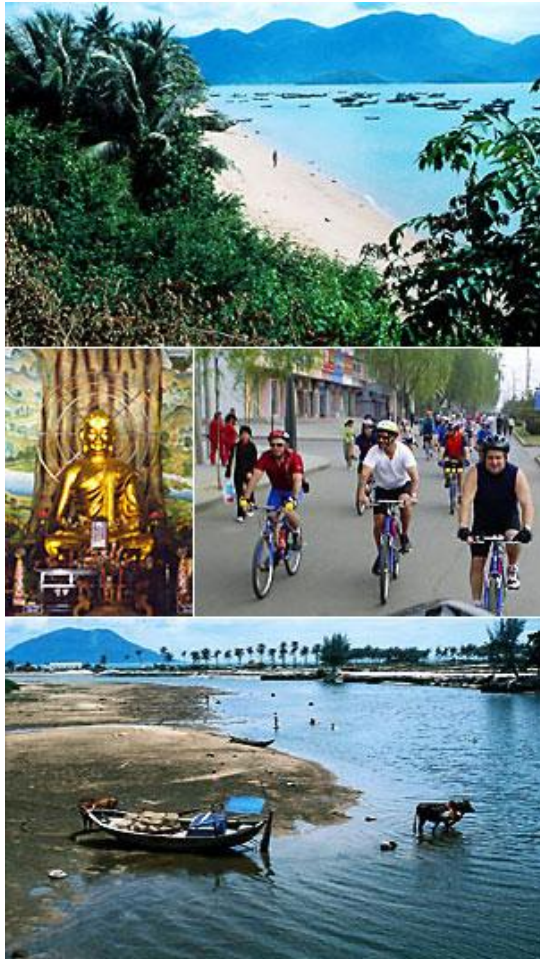
Identified 5 Key Dimensions:

- Power/Distance

- Individualism/Collectivism

- Uncertainty/Avoidance

- Masculinity/Femininity

- Long Term Orientation

SECOND EDITION

Culture's Consequences

Comparing Values, Behaviors, Institutions, and Organizations Across Nations

Geert Hofstede

**Power distance** – the extent to which power inequality is accepted

Uncertainty avoidance – the extent to which people feel threatened and respond by setting up rules

Individualism – the relative importance of self as opposed to community identification

Masculinity – the extent to which values of achievement, money power, etc are more important than nurturing and community

Time orientation– the cultural difference between Western and Eastern nations

The 5D Model of professor Geert Hofstede

Vietnam
United Kingdom
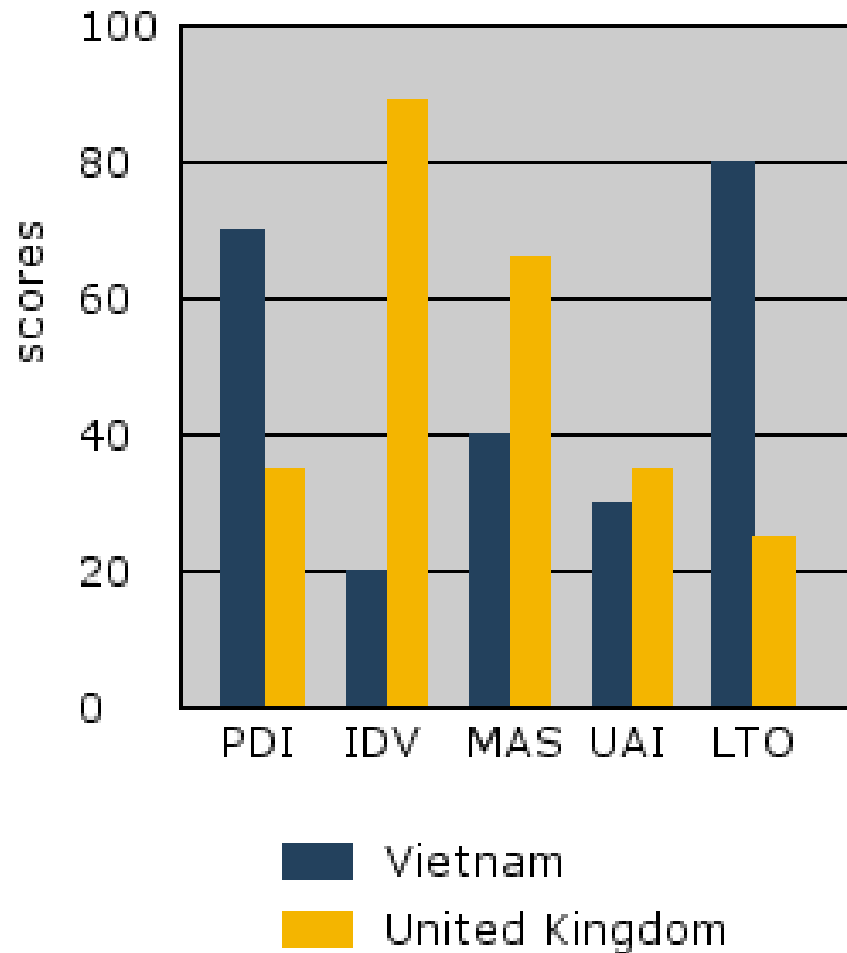
Trompenaars (1997)

- **Universalism vs. particularism** (*What is more important, rules or relationships?*)

- **Individualism vs. communitarianism** (*Do we function in a group or as individuals?*)

- **Neutral vs. affective** (*Do we display our emotions?*)

- **Specific vs. diffuse (*How far do we get involved?*)**

- **Achieved status vs. ascribed status** (*Do we have to prove ourselves to receive status or is it given to us?*)

- **Time orientation** (*Do we do things one at a time or several things at once?*)

- **Internal vs. external orientation** (*Do we control our environment or work with it?*)

Basic Dimensions of Cultural Orientation

Perception of	Dimensions		
Individual	Good	Good & Evil	Evil
World	Dominant	Harmony	Subjugation
Human Relations	Individual	Laterally extended groups	Hierarchical groups
Activity	Doing	Controlling	Being
Time	Future	Present	Past
Space	Private	Mixed	Public

Ronen & Shenkar's Country Clusters (1985)

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Turkey

Iran

Abu-Dhabi

United Arab Emirates

Arab

Bahrain

Kuwait

Oman

Saudi Arabia

Near Eastern

Greece

Finland

Norway

Nordic

Austria

Denmark

Germanic

Sweden

Switzerland

Germany

Singapore

Hong Kong

Malaysia

Columbia

Far Eastern

Peru

Philippines

Indonesia

Taiwan

Latin America

Thailand

Argentina

Venezuela

South Vietnam

Chile

Mexico

United States

Australia

France

Canada

Belgium

New Zealand

Anglo

Latin Europeans

United Kingdom

Italy

Spain

South Africa

Portugal

Ireland

Japan

India

Israel

Independent

Brazil

Challenges for Vietnam

- Moving from a supplier low cost production economy to a diversified economy
- Need for labour force that is skilled and educated to compete globally
- Development of brand identity:Internationalisation of brands e.g. Trung Nguyen Coffee
- Growing new brands that could be world-class out of culture and heritage of Vietnam
- Growing local companies in the face of competition from MNCs
- Intellectual Property Protection and Copyright

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Challenges for management

- Know how to conduct business in multiple countries
- Understand and respect the sensitivities of different customs, traditions and business practices in different cultures
- Thinking globally but acting locally – "the glocal manager"
- Managing diverse cultural groups with different attitudes to work and organisation

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Some conclusions

- We live in a world where globalisation of international trade & business is an imperative to build & sustain a global economy
- Financial markets are global so organisations must think globally and act locally
- Key challenges lie around how we trade and integrate between developing nations and developed economies
- Globalisation is driving ethical approaches to business and Corporate Social Responsibility
- Globalisation and consumerism in a business context will not destroy national or cultural identity

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