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-dimensional
• Challenges of globalisation
  – For business in Vietnam
  – Implications for International Managers
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)
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?

Coffee, anyone?

Starbucks Eyes India

Open Spaces  Open Minds
What about this?
“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.”
Seven models of global change

- Globalisation
- Liberalisation
- Americanisation
- Transnationalisation
- McDonaldisation
- Creolisation
- Balkanisation
Models of cultural differences

- Interpretive models
- Single dimensional models
- Multidimensional models
- Regional clusters
Sathe’s Levels of Culture (1985)

Manifest culture
Expressed values
Basic assumptions

Water line

Iceberg

Expressed values
Basic assumptions

Onion

OPEN SPACES
OPEN MINDS
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
## Monochronic & Polychronic Cultures (Lewis, 1992)

<table>
<thead>
<tr>
<th>Monochronic cultures</th>
<th>Polychronic cultures</th>
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<tbody>
<tr>
<td>Handle tasks one at a time (through scheduling)</td>
<td>Handle many tasks at once, including multiple conversations</td>
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<td>See time as tangible (spent, lost, made up, saved)</td>
<td>Time is relative and happens</td>
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<td>Time is the ONLY natural, logical way of organising life</td>
<td>Time is flexible and elastic</td>
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<tr>
<td>Appointment times are rigid and punctuality important</td>
<td>Appointment times are broad guidelines and flexible</td>
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<tr>
<td>Work and personal time separate</td>
<td>Work and personal time overlap</td>
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<td>Tasks are measured by output (activity per hour)</td>
<td>Tasks are measured by levels of satisfaction</td>
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Multiple dimension models
Hofstede (1980) identified 5 key dimensions:

- Power/Distance
- Individualism/Collectivism
- Uncertainty/Avoidance
- Masculinity/Femininity
- Long Term Orientation
**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

![Bar chart showing scores for PDI, IDV, MAS, UAI, and LTO compared between Vietnam and the United Kingdom.](chart.png)
• 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?)
<table>
<thead>
<tr>
<th>Perception of</th>
<th>Dimensions</th>
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<tbody>
<tr>
<td>Individual</td>
<td>Good</td>
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<tr>
<td></td>
<td>Good &amp; Evil</td>
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<tr>
<td></td>
<td>Evil</td>
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<td>World</td>
<td>Dominant</td>
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<td>Harmony</td>
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<td></td>
<td>Subjugation</td>
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<tr>
<td>Human Relations</td>
<td>Individual</td>
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<td></td>
<td>Laterally extended groups</td>
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<td>Hierarchical groups</td>
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<tr>
<td>Activity</td>
<td>Doing</td>
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<td>Controlling</td>
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<td>Being</td>
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<td>Time</td>
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<td>Space</td>
<td>Private</td>
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<td></td>
<td>Mixed</td>
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<td>Public</td>
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Ronen & Shenkar’s Country Clusters (1985)
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
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
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.
• Kluckhohn, F., & Strodtbeck, F.L., (1961), *Variations in Value Orientations*, Evanston, IL: Peterson
• Sathe, V., (1985), *Culture and Related Corporate Realities*, Homewood, IL: Irwin
• Trompenaars F. and Hampden-Turner C (1997) (2nd ed), *Riding the Waves of Culture*, London, Nicholas Brealey