SOME INTER-/CULTURAL IMPLICATIONS OF GLOBAL ENTERPRISES[1]

Abstract: *This paper attempts to demonstrate that national culture should remain a factor to be considered in the climate of large multinational organizations, although the global business environment induced by globalization has become so standardized and homogenous that the influence of cultural differences has diminished. Existing academic literature on the matter seems to be 'divided'; some studies indicate that the influence of national culture on business relations is subtle, while others argue that nationally cultural differences can become a source of potential barriers/problems, and therefore they still are an important factor to consider.*
Keywords: *multiculturalism, globalisation, cultural diversity/differences.*

MOTTO: "Oh, yes globalization. Globalization.
It is a great excuse for a lot of things"
(Robert M. Solow, 1997, Nobel laureate)

The latest cultural experience of globalization with the ensuing blending of world cultures can be seen as a distinctive feature of the postmodern condition; there have been registered globalization process flows (and processes) which have increasingly overpassed national borders in the last two decades of the twentieth century. These two decades witnessed significant changes in terms of national cultures' influence and historical boundaries; nowadays more and more nations face the realities of international, global integration. The outcome is a new distinctive global cultural space that acts both in the sense of erosion and of destabilization of the old forms (of existing cultures and national identities). They are replaced by a global-local ('*glocal*', as some analysts have called it) dimension: daily, local cultures have been saturated, giving way to some global changes.

In his book *The Post-Corporate World*, David Korten deals with the connection between local and global communities arguing that "a combination between autonomous local communities, strongly welded with global communications, will support the cultural diversity and differentiation, leading to the formation of a mutual community sense, a sense of common destiny. This way is encouraged the emergence of an autonomous planetary intelligence"(D. Korten, 1999: 27).

It is a well known fact that businesses and the use of human and material resources are influenced and moulded by certain types of economic growth and are dependent on economic and social policies as promoted in each country. Economic imbalances, resulting in damage in the conditions of activity of the human factor, are not desirable. Correlatively, deprived of cultural roots, economic growth is characterized by the fact that while it is gradually taking place in the economic field, in a totally different field, that of cultural identity, erosion or loss of specificity is simultaneously taking place. Types of cultures, with their distinctiveness and traditions, are more or less obviously reflected in the economic behavior of people and their ways of organizing economic activities. As a consequence of economic imbalance**, f**rom the multitude of cultures existing in the world, many are being threatened by the danger of being marginalized or of disappearing.

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More than in any other case, in multinational companies, there has been a recent trend in the personnel policy, known as multiculturalism[1]. Firms can be multicultural if their employees or consumers belong to different cultures. For example, many companies from Quebec have both Anglophone and Francophone employees, or many companies from California work with employees from different cultures: Spanish, European, Asian, Anglo-Saxon.

Multiculturalism increases the complexity of the global companies by adding new perspectives, approaches and business methods. As economic activities become more widespread, geographically speaking, multinationals tend to promote people in their leadership structures as distinct from the nationality of the parent company. For instance, L'Oreal - French cosmetics company - is run by a British manager, Lindsday Owen-Jones, Ford by a Scottish, Alex Trotman, Schering, a German chemical company, has an Italian director, Giuseppe Vita, and Nestle, the Swiss company, is run by a German, Helmut Maucher. Shares-ownership of transnational firms equally belongs to a more extensive geographical area.

From a cultural point of view, a manager is a descendant of its predecessors: he must correspond to the cultural background of his subordinates. Nevertheless, there is freedom of choice in managerial behavior but without any strong cultural constraints.

Good prior preparation of local managers in multinational companies proves to be necessary and is performed when a new branch/subsidiary is set up and when major changes take place within the company, when the managers are given new or increased responsibilities deriving from the status of the enterprises they run; there are cases when a unit from one country is entrusted with the mandate of "leading producer" of the company's product (D. Korten, 1999: 125). Thus in 1992, for example, a large U.S. company, AT & T, has transferred all its production of cord cell phones to its subsidiary in France; the same year Du Pont transferred its business in the field of electronics to Japan, Siemens has moved from Germany to U.S. businesses on medicine nuclear and ultrasounds, and in the UK, its air traffic management, Hyundai has transferred its personal computers production management from Japan to the U.S. Some companies have changed their management models, which are not focused on profit, but on client, starting from the premise that the basis of business profitability is the best service for the customer.

Transformations in the car manufacturing industry clearly illustrate the amazing pace of global integration, so much so that redundancies in the number of employees owing to transnational interdependencies are one of the global major concerns. "What is still German at Hoechst?" wonder the authors[2] of the book *The Traps of Globalization*. They assert that German cars still exist only in the affluent or luxury classes. Volkswagen's new Polo, although assembled in Wolfsburg, is more than a half manufactured abroad. The list of suppliers includes companies from the Czech Republic, Italy, Spain and France and Mexico and the U.S as well. Toyota produces more abroad than in Japan, while the U.S. automobile industry would collapse if it were to stop the Japanese imports. 'At an international level, one method has currently been resorted to: the substitution of the 'mark of origin' "Made in Germany" by "Made by Mercedes" or "Made by Ford." The borders no longer seem to matter in this industry: Volvo uses Audi's diesel engines produced in Hungary. Mercedes buys the six-cylinder

[1] The company's global world means that more than one culture regularly interacts in business.
[2] Hans-Peter Martin si Harald Schumann, *Capcana globalizarii-Atac la democratie si bunastare*, Editura Economica, 1996, pag. 25

engine for the new Viano Minivan from Volkswagen, and even Rolls Royce, the famous car make, has BMW engines mounted on traditional cars.

In order to increase efficiency, more and more transnational corporations set up alliances, joint ventures and mergers; this fact has become a wide-spreading phenomenon. Volkswagen has acquired, besides Audi, Seat and Skoda as well. BMW bought Rover, Britain's largest corporation, whereas Ford took control of Mazda, the fourth in the hierarchy of the leading Japanese manufacturers. Volkswagen and Ford have a common factory of limousines in the south of Portugal, which have different names on the market. .In the case of Ford, the car is called Galaxy, and in the case of the German company, (the car is called) Sharan. The same type of strategies have been adopted by companies such as Fiat and Peugeot. Another example of the same type is that of the Chrysler company, which produces its small cars at Mitsubishi in Thailand, cars which are then sold in the U.S. under American 'label'; in Holland, Mitsubishi manufactures together with Volvo.

It is obvious that the automobile industry has created a complex, global, mobile and flexible network, in an organized global society.

In this respect, on the other hand, Mircea Malița states that when an American buys a Pontiac car from the General Motors at a price of 20,000 dollars, "he is not aware of the fact that 6.000 USD goes to South Korea for routine operations and the assembly, 3,500 USD goes to Japan for major components (motor engines and electronic components), 1,500 USD goes to Germany for design, 800 USD to Taiwan, Singapore and Japan for small components, 500 goes to the UK for advertising and marketing services, and about 100 USD to Ireland and Barbados for data processing". The same analyst specifies that the rest - less than 8,000 USD – goes back to those dealing with the development strategies in Detroit, to the lawyers and bankers in New York, to the members of pressure groups in Washington, workers in the field of insurance and social assistance throughout the country and shareholders from the General Motors, most of them living in the United States, but a growing number of them being foreign citizens. (M. Malița, 2001: 27)

After the Volkswagen company has acquired the majority share capital of the Czech car manufacturer Skoda, they began extensive training business courses, included in programs for foreign managers in the subsidiaries abroad. At the same time, the practice of joint management has become common, situation in which the two managers work together, one Czech and one foreigner, being on a single position in the organisation chart of the multinational company sharing the major objective of ensuring the transfer of expertise.

The joint-management system has been practiced in Romania, too by Colgate-Palmolive, a company which has really invested in training programs for the staff in the field of market research, financial management, human resource development, etc. The Coca-Cola Company has also run a training department for the study of trade and distribution techniques, open to all the Romanian entrepreneurs.

They say that the role of the national manager in the 21st century will be greatly diminished. There are many factors that minimize the importance of the role played by the national local managers.[1] On the other hand, correlatively, the emergence of global teams has been motivated by several factors[2].

One aspect which is worth being mentioned here is the fact that the syndrome "we and they" in the corporate environment should be eliminated, thus creating a new transparent framework favourable to the collaboration between employees.

We share M Malița's view about the importance to be attached to socio-cultural elements, as some of the major factors which, along with some others[3], affect the decision-making and the choice-making capacity of the organizational body of an international corporation; some of these socio-cultural factors are generally acknowledged to consist of: business philosophy, leadership style, the parent company's culture, the demographic structure, the level of staff training, the employees' mentality, their creativity, the motivational system, the personal responsibility, the sense of religious belonging, the history of the company (Malița, 1999: 326)

All these factors work together and have a greater or minor influence on the company's organizational structure, as well as on its economic interests. One fact that should not be neglected is that the nationality of the parent company influences the degree of delegation of responsibilities within the firm.

In the bibliography on this field, the influence of cultural factors on the organizational structure is dealt with in terms of two conflicting theories: the theory of cultural independence, and the cultural dependency theory. The former supposes that most environmental factors share some if not the same features while a long-term influence is the same for different cultures, which leads to the emergence and development of similar organizational structures. The theory of culture dependency highlights the existence of important links between an organizational structure and its culture. Successful companies primarily focus their activities mainly on environmental needs responding flexibly to the changes ensuing in their structure. (G. Holfstede, 1996/2010: 230)

The greater the distance between local culture and the culture in the country of origin of the parent company is, the more it reduces the operating space of a centralized management style of leadership and dominance of the parent company. In such a case there emerges an increase in the company's power of decision-making and of settling major issues in its foreign subsidiaries as well as its increasing freedom of action and decision making in contract agreements. It should be noted that if the firm operates in a culturally complex environment, the trend of decentralization becomes manifest.

The key to business success of multinational firms is rapid communication; thus, despite large geographical distances, firms succeed in being 'present' where problems appear so as to solve them quickly.

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[1] The rise of global competitors that turns the world market into a global 'chess game', the growth in the number of the company's global customers, who, according to their supply strategies, take decisions with global effects.

[2]- the need to develop, implement and coordinate a global strategy;
- their contribution to the transfer of technology or know-how to the subsidiaries;
- the reduction of the gap that occurs between the extension of local responsibility and global integration, especially by improving the communication between branches or between the subsidiaries and the parent company.

[3] technical, economic, political and legislative.

As more and more businesses are expanding nowadays through mergers and takeovers, cross-cultural relationships are of paramount importance, relationships in which not only national cultures are involved, but also organizational ones[1].

Multinational companies are undeniably dependent on human beings; this is why the best structure depends on the availability of the right people. In this respect, there are two particularly important roles: on the one hand, the manager of the unit in that particular country is acting in two cultures: the culture of the unit and the corporate culture (which is usually strongly affected by the nationality of the origin of the corporation); on the other hand, "the diplomats of the corporation" - as Hofstede calls them -, who are either natives or of another nationality (who have assimilated the corporate culture); they are, in G. Hofstede's opinion, multilinguals from different occupational backgrounds and with different life experience and practice in various foreign cultures. They can develop business activities in multinational structures, for instance as middlemen in different management offices or as temporary managers for new joint ventures.

The regular recruitment of people with future managerial skills belonging to different nationalities, the change of careers through planned transfers designed to integrate in the company methods and the specialization of the business experts who will conduct activities in foreign countries, are a must that bears out the notion that measures should be taken so as to ensure that there will be the right persons to the right jobs.

Linguistically speaking, on the occasion of the preparatory stage for my PhD thesis, as I won't ever forget my status as a language teacher, there is a nexus between the topic tackled here and my field of expertise. The process of globalisation and transnationalisation of firms' result in the issuing of new entries in the dictionary and corporate English implicitly, and my findings after doing a research work was that are there could be two aspects on the matter; firstly, the new semantic "entries" in the organisation chart of the transnational corporations 'coming from' English; secondly, neologisms or international words "borrowed" from English and used worldwide: *Barter, Clearing House, charter, dumping, franchising, hedging* (as a way of covering the price risk); *jobber, dealer, know how, leasing,* including *time sharing,* (a form of leasing operation), *over-night, public relations, spreading* (a speculative transaction at the Stock Exchange), *SWAP(*the exchange of national currencies done between central banks), *SWITCH(*a foreign trade transaction), etc.

As far as the former is concerned, the following "entries" are worth being mentioned at this preliminary stage: *handler*- a machine worker at a storehouse, *merchandiser, Sales Manager, webmaster*-the specialist subordinated to the network engineer, *Personal assistant, Purchasing Manager etc and the list is* far from being exhaustive.

In my opinion, the elements of danger and of uncertainty that have consequently appeared along with it can hardly be avoided. Not so long ago, countries used to be considered as distinctive entities linked through trade relationships; nowadays, transnational corporations ignore national borders when they make decisions regarding their production, marketing and investment. That is why globalisation is to be a debatable concept, leaving room to worries, more and more difficult to cope with,

[1] **Merger-** when two companies go together in order to make profit
Takeover or acquisition- when one company accumulates enough number of shares of some other company, so that it finally takes it over.

regarding its side effects. We are living in a globalising and globalised world, in a global village, and as global villagers we learn how to adjust to a rapidly changing environment.

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