

THE IMPACT OF GLOBALIZATION ON ORGANIZATIONAL CULTURE

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ABSTRACT

The organizations today exist in a variable environment that is directly affected by the process of globalization. All this leads to many social changes as well as changes in the national culture, on which, in turn, depend the organizational culture, ethical behavior and values in the organization.

The impact of globalization does not solely refer to the cultural segment; on the contrary, the impact is felt in the economy, where certain global values are created, values which are the basis for development and advancement in the business. Although globally there are many differences and even opposing value systems, globalization imposes significant impact in changing the communication process and certain transformations, especially in countries in transition, in order to facilitate communication between organizations of the same or similar activities, needing more frequent cooperation. In this regard, the process of homogenization of value systems in different fields is increasingly happening and is more noticeable, which is certainly reflected in the organizational performance. In this way, the economic globalization provides the countries in the world many development opportunities that can serve as a good example of organizations that are currently joining the process of conquering the global market.

The primary objective of this paper refers precisely to this context, which is to see the connection between the process of globalization and its impact on the cultural dimensions of organizations and therefore the impact on the microenvironment, discussed in the long-term strategic aspect.

Keywords: globalization, culture, ethics, strategy.

Introduction:

In today's setting of existence, the term globalization is visibly used and analyzed in every aspect of our life. The same happens in business operations, i.e. today the theory and practice confirm its great influence in economic terms as well, especially in the business operations of organizations that tend to perform at the international market.

If you start from the basis of the term globalization, which is the word "global", it is clear that the totality and unity of the world is the social process towards which we are headed nowadays. In fact, this is very close to holism and the holistic way of observing and solving problems and is a process that tends towards totality and unity of the world (adapted according to Turek, 1999).

The growing acceptance of this philosophy, imposes a general acceptance of "reduction" of the world on the

one hand and, on the other hand, raising awareness for the world as a whole (Milardović, 1999). This once again confirms the holistic philosophy of looking at the whole, not at the individual parts in it. In this way, it is inevitable and natural to create completely new social networks and activities, as well as initiate or accelerate many social and organizational changes. In this way, the communication network between countries, organizations and among people as individuals is becoming more pronounced and intensified, which, on the other hand, contributes the alteration of the mental model of global thinking and action in the world, which is already one big whole. In this respect, due to the rapid penetration of this philosophy, its timely involvement in the process is needed in order to keep pace with all the changes taking place, as opposed to the tendency of autonomy, which, due to the late inclusion in the contemporary

processes, could lead to a significant falling behind in each segment.

The impact of globalization on the work of organizations:

Globalization is considered to be a result from the development of knowledge. Above all, the development of technology that enabled the creation of organizations without borders, then the development of science, economics, management and the development of many other areas that have an indirect impact on the development of globalization. Today, the tendency towards the creation of a single market allows the free flow of goods and capital, better availability of information, monitoring of competition, availability of labour force and many other benefits. With such movements one can freely say that today's world is characterized not only by globalization, but by liberalization as well and a high degree of technical - technological development, which greatly influence the overall economic processes.

In this context, when a significant interaction between geographic regions is exercised, the result is a change of many previously established cultural relations, to which all those who intend to succeed in this global world need to adapt.

If viewed from a historical perspective, the influence of the European culture outside the continent starts to happen with the creation of numerous colonies. The touch of the two completely different cultures, meant the beginning of the imposition of a new European culture, which, being the more dominant one, imposed modernization of the colonized territories. (adapted according to Milardović, 1998). The change of the culture happens also in the period of the industrial revolution. Bearing in mind the fact that the economy and culture are inextricably linked, it can be safely concluded that the Industrial Revolution brought not only technical – technological and economic, but also cultural changes. Thus, under the influence of the historical development, in which major changes occurred in the field of development of science, communication and culture, the economy of today evolved triple polarization, i.e. concentration of the economy on three poles at the most: Western Europe, the USA and East Asia. The clear visibility of the existence of these three poles in the segment of the economy can be mostly seen in the production of information and communication technology, which usually takes place in these directions.

Today, the organizations that still decided to participate in the international market, communicate and compete within the frames of multiple states, so it is quite obvious that in order to maintain competitiveness in the long term, it is necessary to adapt their organizations to the culture in the market context they perform. This of course is especially pronounced in multinational organizations, which in the literature are commonly termed as supranational

organizations. This is confirmed by numerous studies on this topic, indicating that the changes occurring as a result of the inevitable interaction of organizations in the world market should be considered not only in economic terms but also from the perspective of the changes occurring in two other important spheres of social life, these being politics and culture. Moreover, according to Bek, the world society is not a mega national society that contains and dissolves all societies in itself, but a world horizon characterized by diversity and non-integration (Bek, 2003). Therefore, the organizations that are participating in the international market, need to monitor the changes occurring in all the three dimensions-economy, politics and culture-because all three are mutually conditioned and penetrate each other.

Organizational culture and globalization:

The organizational culture is a complex set of ideologies, norms of behavior, attitudes, opinions, symbols and core values shared throughout the organization, affecting the way the organization meets its objectives, and certainly helping the regulation and control of employee conduct. Forming the frames within which the organization formulates and implements its policies, the organizational culture is often a central task of organizational leaders (Govindarajan, Gupta, 2001). It usually occurs in the process of solving the problems faced by the organization during its work. These problems inevitably occur and pose questions that are associated with external adaptation and internal integration. The external adaptation arises as a result of the rapid changes occurring in the environment, thus the organization is struggling to find its place in the environment, as well as to maintain its competitiveness in the long term. Obviously, the organization needs to find mechanisms which will hold its compactness, which will provide greater operational efficiencies and achieve the set goals.

The influence of the organizational culture can be felt both with the external and the internal adaptation. Resolving the problems it faces, over time it manages to create the system of rules and norms, beliefs and values, which creates not only individual but also collective experience, which occurs as an important resource in creating organizational competitiveness. Obviously, this cannot be created in a short time, i.e. to achieve this a longer period of time is required when the employees will face the organizational challenges and solve them through mutual interaction. A number of other factors influence the shaping the organizational culture as well, among which the national culture is worth mentioning on the first place. This is so because employees do not enter into the organization as a "tabula rasa", but they enter it with specific opinions, assumptions, value systems and moral principles of their own national culture, which

are built from early childhood through family, school and society. These values form the primary layer, the backbone of the organizational culture that, by default, is created in organizations.

The activity of the organization concerned is also an influential factor. Namely, the feature of the work performed influences, above all, the staff in the organization to encounter similar situations and problems, and thus be able to develop similar assumptions, values and attitudes. In this context, research in the field suggests that organizations that perform the same or similar activities are characterized by a similar system of values, beliefs and assumptions as opposed to organizations whose business is completely different from the above mentioned organizations.

Managers also have an active role in shaping the organizational culture both with their personality and the management they apply. Their impact on organizational culture is twofold, indirectly, through their behavior and the principles of management for which they are assigned. Giving their own example, they create an internal environment that favors the development of a specific organizational culture. The influence of managers can be direct as well, conscious and deliberate, intended to influence the development of organizational culture and to support the work objectives and the strategy of the organization. In this influential factor it is particularly important to mention the personality of the leader of the organization, which is the central figure and as such is in a position to impose its views and convictions.

From all the above mentioned influential factors, the national culture is undergoing the most changes today and it is strongly influenced by globalization which somehow compels the traditional culture to coexistence and mutual tension. Nevertheless, it is believed that the creation of a "world culture" would be detrimental to the preservation of the authenticity of certain geographic regions and the existence of cultural features. Today, however, with the use of all means of communication, individuals, organizations and thus states, accept part of that world culture, which is particularly evident in the developing countries (adapted according to Jagic, 2013).

During this period, when there is a major process of writing the recent history of the Republic of Macedonia, with the desire to sketch the new contours of the future European Union, in order to realize its vision, the Republic of Macedonia should focus its efforts on reducing the weaknesses that are observed by the EU, as well as know both its national and the cultures of other member states, because in this interaction, professionals not only present their own but, at the same time, receive from other cultures.

Research Methodology:

Globalization has a serious impact on the culture of organizations in the Republic of Macedonia. That is why the research objectives of this paper are formulated based on the problems identified in the area of examination. Their foundation is based on information obtained from theory and practice. After the thorough studies of the existing literature and the consultations with experts in this area, the problem has been located in the lack of customization of organizations in global world trends in business operations as a basis for achieving and retaining competitive advantage. Hence, in fact, the main scientific objective has been derived, which refers to the recognition of the need to adjust the organizations, especially their organizational culture to the European and global cultural values and influences. The scientific justification of the research is aimed at generating new scientific knowledge that will find appropriate application not only as an intellectual publication but as a practical application, mainly to improve organizational performance and sustainable organizational competitiveness in international context. From research instruments, in order to get reliability i.e. provide genuine data, a questionnaire has been used. The questionnaire has covered 30 organizations from the Pelagonia region, which by their structure and numbers fall within the frames of MSMEs.

Results and Discussion:

The first question in the questionnaire relates to the impact globalization has on the work of organizations.



Graph1: Impact of globalization on the work of organizations

From the results, shown in graph 1, it can be noted that the influence is mostly positive or neutral. It primarily depends on the type of activity and the market in which the organization participates. However, it can be noticed that a certain percentage of the organizations believe that globalization has a negative impact on their work.

Chi – Square Test
VAR00001

	Observed N	Expected N	Residual
positively	12	10.0	2.0
neutrally	13	10.0	3.0
negatively	5	10.0	-5.0
Total	30		

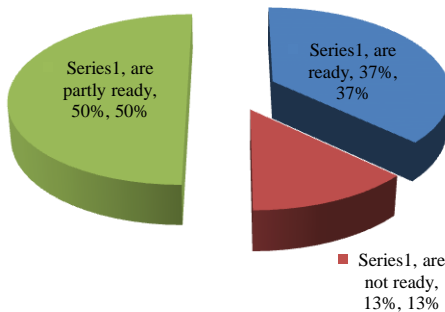
Test Statistics

	VAR00001
Chi-Square	3.800 ^a
df	2
Asymp. Sig.	.150

According to the values of the **Chi-square** test it can be concluded that **there are no** statistically significant differences between the statements in the frequencies of the respondents, which is indicated by the received results that are higher than the limit values at a level of 0,05, X^2 (df = 2, n = 30) = 3,800 p = 0,150 (Sig. = .150).

The second question relates to how prepared the organizations are to operate under the rules of today's globalized world. The results are shown in the graph below.

How prepared is your organization and employees to operate under the rules of a globalized word ?



Graph 2: Preparation of organizations and employees for the rules of the globalized world

By analyzing graph number 2, it can be noted that the majority of respondents state their organizations and employees are only partially prepared to meet the work obligations in the frames of globalization processes. A smaller proportion of respondents, i.e. 37% state they are prepared, and a small fraction of 13% of the surveyed organizations indicate they are unprepared to operate under the rules of the global world.

Chi – Square Test
VAR00001

	Observed N	Expected N	Residual
are partly ready	11	10.0	1.0
are ready	15	10.0	5.0
not ready	4	10.0	-6.0
Total	30		

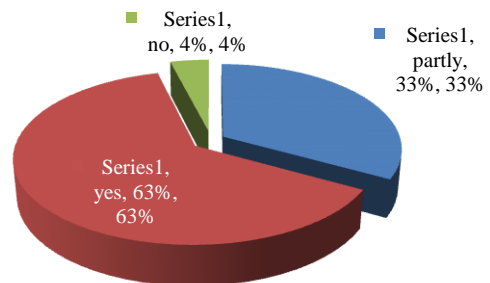
Test Statistics

	VAR00001
Chi-Square	6.200 ^a
df	2
Asymp. Sig.	.045

According to the values of the **Chi - square** test it can be concluded that **there are** statistically significant differences between the statements in the frequencies of the respondents, which is indicated by the values of X^2 (df = 2, n = 30) = 6,200 p = 0,045 (Sig. =.045).

The third question from the questionnaire concerns whether globalization as a phenomenon imposes certain organizational culture change influences which are different from our national culture. The results of the answers to this question are given below.

Does globalization impose culture change influences in your organization which are different from our national culture



Graph 3: Effects of globalization on organizational culture that are different from the national culture

From the examination of graph 3 it can be concluded that the majority of surveyed organizations, i.e. 63% believe that the process of globalization has influenced the change of organizational culture, imposing various segments which are different from our national culture. Almost a third of the organizations or 33% believe that globalization partly influences those changes, and only a small number of organizations, i.e. 4% think that there is no such influence.

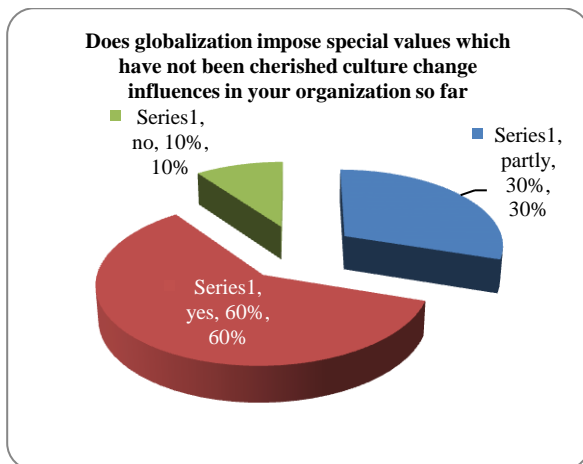
Chi – Square Test
VAR00001

	Observed N	Expected N	Residual
Yes	19	10.0	9.0
Partly	10	10.0	.0
No	1	10.0	-9.0
Total	30		

Test Statistics	
	VAR00001
Chi-Square	16.200 ^a
df	2
Asymp. Sig.	.000

According to the received values of the **Chi - square** test it can be concluded that **there are** statistically significant differences between the statements in the frequencies of the respondents, which is indicated by the received values of X^2 (df = 2, n = 30) = 16,200 p = 0,000 (Sig. = .000).

The fourth question from the questionnaire concerns whether globalization imposes special values on the organization, values which have not been cherished in organizations so far. The results of this question from the questionnaire are presented in the graph below.



Graph 4: New values in organizations encouraged by the process of globalization

When analyzing the graph 4 it can be concluded that most of the organizations, 60% of them, think that globalization really imposes fostering new values in the organization. 30% of the surveyed organizations, i.e. 9 of them, think that this phenomenon happens partly in their organizations, i.e. applies only to part of the values in the organization and only 3 organizations or 10% believe that globalization imposes no requirement for fostering new values in the organization.

Chi – Square Test
VAR00001

	Observed N	Expected N	Residual
Yes	18	10.0	8.0
Partly	9	10.0	-1.0
No	3	10.0	-7.0
Total	30		

Test Statistics	
	VAR00001
Chi-Square	11.400 ^a
df	2
Asymp. Sig.	.003

According to the received values of the **Chi – square** test it can be concluded that **there are** statistically significant differences between the statements in the frequencies of the respondents, which is indicated by the obtained values of X^2 (df = 2, n = 30) = 11,400 p = 0,003 (Sig. = .003).

Conclusion:

The results of the research which has been conducted on a sample of 30 organizations from the Pelagonia region, largely coincide with the results of other studies that were conducted on this issue, noting, above all, that globalization has its good and not so good sides. However, the fact is that its impact can not be neglected in every segment of the business operation. The flow of goods and capital, the increased market opportunities, the freedom and faster economic growth are some of the positive aspects of this phenomenon. On the other hand, however, in some segments there is reluctance of organizations and their employees to fit in the new developments, which on the other hand, according to some critics, raises the prospect of unemployment and inequality in the labor market. The process of endangering the national culture should seriously be taken into consideration and, which in our region significantly differs from the European one, which further leads to difficulties in implementing a series of organizational changes.

Today, the global economy, i.e. the globalization and the rapid technological progress, emphasize with increased importance the knowledge in human resources as a source of competitive advantage, which creates opportunities for those "closest to the events," to pass appropriate decisions and to define the activities to be undertaken in organizations in order to be more competitive in the international arena (adapted according to Pascale, Sternin, 2005). Thus we can conclude that the process of globalization can not be stopped, it will happen with out the will of the organizations, but the duty of every leader is to

prepare its organization and the staff to be competitive by constantly monitoring new trends and adapting to them. If all this was done gradually, the changes would be small steps, which, of course, would lead to their less painful acceptance.

In the process of globalization, cultural diversity should be felt as an advantage of the organizations.

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