

## Preface

The primary purpose of this book is that of a reference publication for business scholars that addresses the need for more culturally responsive decision-making within a global context in the executive board-rooms and managerial offices around the world. There is no doubt the globalization of the 21<sup>st</sup> century has changed economic realities far beyond anyone's expectations; the global financial meltdown of 2008 serves as a particularly poignant example. To address the most critical issues involved, this book covers a multitude of issues ranging from bilingual and Third Culture Kid (TCK) managers to strategic entrepreneurship from both cultural and global business perspectives.

This book was conceived during the mixed qualitative grounded theory and quantitative method study of the author's PhD field research in Costa Rica, Nicaragua, and Panama during the period 2004-06. The book is also based on the extensive and practical international business experience of the author in 35 countries since 1985 with Global 500 firms and smaller organizations. The content includes the very extensive work of the Dutch anthropologist, Geert Hofstede, and others in the same field. It also incorporates the work of major business theorists and practitioners such as Drucker, Ohmae, and Porter for further authoritative foundation.

The desired result of this book is to provide a foundation for business and other scholars from which to pursue further applied research in the fields discussed in the book, such as intercultural competence or workplace conflict. It is also desired the same material shall provide thought-provoking material from which business executives can work to develop responsible and sustainable corporate profitability in contemporary globalism, while simultaneously decreasing waste during an age of global warming and increasingly scarce resources available to a growing world population.

Although there are some circles of scholars and lay persons who believe we are now experiencing the demise of capitalism some 20 years after the passing of Communism when the Soviet Union collapsed in late 1991, the reality is that we are actually witnessing the modern restructuring of capitalism, with its "command center" in a different part of the world than in the past. Therefore, it is important to emphasize the concept of responsible sustainability in the economic system that has proven over the ages to be much more aligned with the true realities of long-term human behavior than any other economic foundation. Even the "Communist" regimes of China and Cuba have embraced at least some aspects of free market enterprise as a way in which to enhance the livelihoods of their citizenry, despite the financial turmoil since 2008. However, perhaps their "hybrid economic approach" is one that is worthy of more extensive research and potential application for long-term sustainability today.

The reader should bear in mind the tumultuous world events of 2008 are still being evaluated by experts to restructure global and national systems from education, finance, government, and beyond to work truly effectively today. It is hoped this book will contribute something positive as a part of that

massive effort. As mentioned earlier, today the world is witnessing a fundamental, long-term change of economic (and political) power from Europe and North America to Asia, particularly to China and India where it is forecast that up to 45% of the World Gross Domestic Product will originate by 2050. These factors will require a major paradigm shift in expectations and thinking on multiple levels in both developed and developing nations around the world. This publication provides a number of examples towards realizing this necessity.

Before his passing in 2005, Peter Drucker, who was considered the world's first authority on the field of business management, viewed contemporary globalism as one of profound transition—potentially even more influential than the structural changes triggered by the Great Depression or the Second World War (Drucker, 2002). Drucker contended there are “Five Certainties” that would shape 21<sup>st</sup> century business strategy: 1) the collapsing birthrate in the developed world; 2) major shifts in the distribution of disposable income; 3) global competitiveness; 4) the growing incongruence between economic and political reality; and, 5) a redefinition of corporate performance (Drucker, 2002). These issues are transforming the global economic and workplace landscapes very quickly in ways very few people today yet completely understand (Greenspan, 2008; Tyson, 2009).

It is important to note that although globalization has actually existed since the beginning of human-kind, what makes contemporary globalism so different from the globalization of the past is the *speed of change* due primarily to the development and use of technology (Gates & Hemingway, 1999; Nye, 2003). The current global recession is one unfortunate manifestation of that reality, and the primary lesson to be learned from the situation is that systems of all types—not only financial ones—must be updated to reflect the demands of today's globalization (Tyson, 2009). The future implications for workers around the globe are serious ones, particularly since today's economic realities require even more education, skills, and training than ever before due to the growing complexity of our world.

Many of those individuals around the world who do not grasp this reality shall most likely be subjugated to a more humble, long-term existence than desired or expected in the 21<sup>st</sup> century.

Chapter 1 concerns the foundations of cultural theory that sets much of the tone for the remainder of the book. The theory of cultural dimensions constitutes the foundation of a significant portion of comparative cross-cultural business research. From Kluckhohn and Strodtbeck (1961) to the GLOBE study (2004), researchers have refined its conceptualization and empirical methods. Even though the theory of cultural dimensions can be criticized from several points of view, it has shown its usefulness for both research and as a teaching tool. Opportunities exist both in a more rigorous application and in the further development of cultural dimensions.

Chapter 2 explores individual intercultural competence as an enacted capability developed through social interaction and experience with dominant local cultures and minority cultures. The authors employ a “knowing-as-practice” perspective to suggest that the study of intercultural experts has potential to inform this area of knowledge. From this perspective, examining practice repertoires used by expert actors can provide a useful complement to cultural intelligence (CQ) frameworks for understanding individual intercultural competence.

Chapter 3 provides another example of intercultural competence by examining the role of bicultural managers in multinational corporations in Japan. The authors provide results from a research study conducted in Japan among managers who had one Japanese and one non-Japanese parent, and who worked in a multinational corporation in the country. This arrangement was chosen because the issue at-hand is more controversial in Japan than in other industrialized countries. The main questions investigated include:

- How can or should bicultural skills be defined?
- Which aspects of bicultural skills are most important for multinational organizations?
- How can bicultural skills be identified and leveraged not only in people with a bicultural upbringing, but also in other staff?
- Are bicultural managers able to change their roles in the corporation, or are they limited to the role of cultural experts and mediators?

Chapter 4 focuses on applications of Denison's model of organizational culture and effectiveness in a variety of countries. The model and the survey conducted by the chapter's author can be applied in individual cases to illustrate the strengths and weaknesses of organizations. They can be a useful tool for managers worldwide in the continuous quest for performance.

Chapter 5 contributes to the emerging literature on cross-border inter-firm networks by providing both theoretical insights on the causal mechanisms of network-related effects on firm performance, and empirical analysis of existing cross-border partnerships in the domain of European integration and their effects on firm performance. The chapter also examines the differences in the structure of European cross-border networks and explores factors that determine network structure such as regional integration and cultural variations.

Chapter 6 concerns research in international strategy and marketing which has mainly gone from a multidomestic focus to a global focus. Reality seems to indicate that more and more multinational enterprises (MNEs) have been implementing regional strategies as opposed to either global or multi-domestic ones. Debate has been active over the last two decades on the reality of globalization and regionalization. This chapter reviews the debate, distills major themes, and offers a structured understanding of the phenomenon of regionalization vs. globalization as seen in contemporary internationalization.

Chapter 7 focuses on the resource-based internationalization of small developing countries. In contrast to their developed counterparts, small developing countries are characterized by a narrow resource base, relatively weak institutions, and a high degree of openness. Therefore, the objective of this chapter is to build a framework to explain internationalization of Small and Medium Enterprises (SMEs) from small states.

Chapter 8 provides a framework for understanding the business challenges facing Brazilian companies. Based on the symbolic school of interpretive anthropology, two lines of ethnographic research were conducted on a Brazilian banking institution to identify, connect, and analyze the characteristic traits of Brazilian culture and their impact on organizational culture and administrative practices. This view rejects the hypothesis of universal management principles. In other words, management should be coherent with the country's cultural expression, and international businesses should pay attention to the institutional and cultural realities of the countries in which they are located.

Chapter 9 discusses the entry mode choice as a means to manage home and host country differences. The entry mode defines what activities are internalized within the firm and how the firm interacts with the external environment in different host countries.

Chapter 10 highlights a dual vision of profitability and social responsibility using China and Japan as an example. Only a few studies have addressed the effects of Chinese harmonious society on the performance of Japanese corporations operating in China. This study is an attempt to fill that gap.

Chapters 11 and 12 are a joint effort to showcase the perspectives of globalism, culture, and business environment in Latin America and the Middle East. These chapters include issues such as organizational culture, leadership style, communication, motivation, and people's expectations of work design and reward.

Chapter 13 concerns performance management systems specifically in Mexico. The purpose of the chapter is to understand the strategic role performance management systems play in organizations, and to identify the evolution process and the organizational factors involved in the implementation of those systems in Mexico. The authors identify the best-known appraisal tools in Mexico, the issues related to organizational performance, and those linked to the superior-subordinate relationship.

Chapter 14 discusses Business Performance Management (BPM) from the systemic communicative and linguistic side of BPM. The chapter's author concentrates on the systemic approaches to highlight the role of communication and language in BPM. To discuss this issue in greater detail, two concepts have been created; namely, the corporate linguistic allostasis and the calibrated corporate linguistic identity. The goal is to show their implications for creating and sustaining competitive advantage today.

Chapter 15 synthesizes prior research on strategic entrepreneurship and elaborates on the subject by proposing a generalized model of the entrepreneurial strategy-making process for today's competitive landscape.

Chapter 16 provides a social capital approach to intercultural differences using the empirical evidence from the global tour operator, Globus. The authors propose a conceptual framework where the different dimensions of social capital improve the exchange and combination of resources and knowledge in different subsidiaries localized in dissimilar cultural contexts, by mitigating the inter- and intra-organizational cultural differences. The findings have important implications for research in multinational literature.

Chapter 17 provides models regarding variations of culture and their impact on manufacturing systems which stems from traditional factory-based models to inter-firm networks for effective collaboration in globalization.

Chapter 18 examines the impact of culture-specific attitudes concerning workplace conflict on business performance in the Caribbean, using examples specifically from Grenada. The author contends global managers need to better understand trans-cultural decision-making to maximize the benefits of alliances and business relationships abroad.

Chapter 19 examines the role immigrants fulfill in foreign entry plans, and how their involvement relates to the outcome of the foreign entry go/no-go decision.

Chapter 20 concentrates on Global Human Resource Management by demonstrating how the functional areas of Human Resource Management need to be fused with a higher level of strategic endeavor through cultural intelligence, systems thinking, and applications of related system archetypes. Specific areas covered include: talent acquisition, leadership capacity, training/development, and compensation/benefits.

The reader should remember the following material is meant to be a foundation for further exploration of the areas covered by scholars and business executives alike. Despite the diversity of the topics discussed, we must realize the true focus of this book is the individual contributor and consumer—the human being. It is her or him on which all business or social activity is ultimately dependent, regardless of the economic system employed or the size of the organization involved. Therefore, careful attention should be paid to the human factor in all circumstances, be they economic, organizational, political, or social. The recent “Arab Awakening” is a stark reminder to all of those who fail to recognize this reality.

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