THE IMPACT OF CULTURE AND GLOBALIZATION ON MANAGEMENT IN NIGERIA

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ABSTRACT

Globalization is reviewed in the light of managing a global company. It is seen that global integration and interdependence have influenced management of firms operating in different countries. Impact of globalization on management, cross-cultural issues in management, organizational culture, cultural globalization, competitive advantages of the global management specialist and the implication of culture and globalization for management in Nigeria are reviewed, using relevant literatures. It seems that culture is helping to change the ethnocentric orientation of managers to a geocentric one that is more predictable as a result of globalization. Globalization is also seen to increase the level of cultural diffusion of management practice.
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Globalization has emerged as a potent force owing to global integration, the internationalization of economic linkages among nations and the internationalization of market, trade, finance, technology, labor, communication, transportation and the economic institution (Kasmi, 2004). Globalization reflects the growing interdependency and integration among the economies of the world (Prokopenko, 2000) and the multinational nature of sourcing manufacturing, trading and investment activity (Alli, 2007). The global integration process opens up with foreign trade liberalization (Pearce 2006; Zapietalova, 2009). Globalization in management may be looked at as a process by which business managers create value by leveraging their resources and capabilities across borders and includes the coordination of cross-border manufacturing and marketing strategies. Pressures from emerging markets, converging markets, technology advances, customer demands, product sourcing options, and resource availability have stimulated globalization as a means to improve business results. (Stegar, 2003; Friedman, 2006; Cohen, 2007).

Globalization has led to the growth and dominance of global brands that are marketed internationally (Agbonifoh & Inegbenebor,2005). As globalization is headed towards placing an extraordinary amount of power in the hands of large corporations, international management became a major concern not only to business firms and their managers, but also to governments and other institutions (Boddewyn *et al*, 2004). These corporations have a tendency of spreading their management culture to new localities through this global integration and movements.

Impact of Globalization on Management.

It takes a synergic collective team separated by distance, time and culture to drive global teams to success. Agbonifoh & Inegbenebor (2005), noted that business managers have to cope with more intense local and global competition to the disadvantage of businesses in poor countries. Globalization's impacts on management practices may come via two-way flows: from multinational firms operations and foreign direct investment into local or host markets or from engagement of indigenous firms in global businesses. Agbonifoh & Inegbenebor (2005) reflect that globalization means that firms have to achieve and maintain higher standards in terms of quality of goods and services, customer services and management practice. Operating on the global arena provides organizations the opportunities to create competences that may provide competitive edge over domestic firms. These competitive advantages may arise from the exposure to a diversity of markets, resources and regulatory regimes which the domestic or relatively less exposed firm may lack (Meyer 2009).

Quickmba, (2010) also stated that to create a successful global strategy managers first must understand the nature of global industries and the dynamics of global competition. This does not leave out the cultural diversity of the various markets. Globalization can lead to wider cultural diversity in management composition and management style which may contribute to the competitive advantage if well harnessed (Cunningham *et al* 2008). It can also affect the contextual development of cross-national organizations and has profound effects no corporate values, attitudes and individual identity which some cultures would want to protect (Giddens, 1998). This in turn has an implication on the cross-cultural issues related to globalization.

Cross Cultural Issues To Globalization

Despite widespread globalization Hill, (2005) noted that there are still many big and enduring differences between countries. Managing United States workers might require different skill than managing Japanese workers where lifetime employment and consensus decision making are common. (Welherich *et al* 2008). Yucel *et al* (2009) report that maintaining close relationship with a particular level of government may be very important in Republic of China and irrelevant in Germany, where the law according to Welherich *et al* (2008) provides for codetermination. As a global firm, according to Cateora & Graham (2005), it is impossible to advertise a standard advertising message in different countries because of different legal, political and cultural environments. Cateora & Graham (2005) add that comparative advertisement is illegal in Germany while government controls advertisements in many countries like Kuwait and Libya as a result of state ownership of the media. Welherich *et al* (2008) report that *theory* Z which involves selected Japanese managerial practices has been adopted by some U.S companies. This shows that globalization has been able to move managerial practice and customs across nations.

Abgonifor & Inegbenebor (2005) conclude that globalization has meant more cross-cultural interaction and communications and therefore a greater pressure on managers to develop greater cross-cultural awareness and sensibility.

Organizational Culture

Corporate culture has been described by Osifo & Osifo (2011) as a system of shared values in private firms that guide actions and behaviors. Organizations have an innate tendency to develop homogeneity, in the sense of shared beliefs and shared values, through two main mechanisms. On the one hand, people prefer to work with others who have similar beliefs, as such others will make "the right" decisions in their selection processes hiring people with similar values. On the other hand, people of the same organization share experiences, which also lead to greater shared beliefs. Culture has helped to solve problems of external adaptation and internal integration as members are taught the correct way to perceive, think and feel in relation to those problems (Park *et al* 2004). Cooperate culture strength is generally influenced by firms age, firm size, past mergers and acquisitions, socialization process/experiences, managerial style and the screening process available for recruitment and promotion .

Cultural Globalization

Globalization has created room for higher levels of cultural diffusion (Kazmi, 2004). The issue of cultural globalization relates to the debate of 'culture-free' and 'culture-specific', which is the extent that localities retain power to influence management practices or are overridden by transferred practices. There are two main models. One model stresses that organizational dissimilarities are entrenched in the idiosyncratic national and institutional regimes surrounding companies (Hofstede, 2001). Culture can act as an 'informal constraint' on institutions and play a role on decision-making, managers' judgments and knowledge management, making transferability of management models difficult (Cunningham, *et al*, 2008). The second model emphasizes that companies may gradually be losing their national characteristics (Pauly & Reich, 1997) and making the various forces and vectors of cultural globalization eradicate the uniqueness of individual national culture and create a culturally homogenized world. Hence, management practices will become universal across countries independent of the country of origin (Crookell, 1986). Some regional common cultural values, like those often called 'Asian or African values' seem to be shared across the people. For instance, high power distance is acceptable in most Asian and African societies. In Korea, sharp distinctions between owners, managers and workers can be observed (Rowley, 2005). Many believe such traditional management practices deep-rooted in Asian social values, Confucianism ideology, relationalism and '*guanxi*' practices (Farh *et al* 2000) and other cultures like the age issue in the African traditional system are not found in Euro-American contexts. Hence the degree to which culture would facilitate or hinder the adoption of Western practices brought by globalization is questionable. It should be noted that most of the theories, concepts and discourse on globalization have emerged from Western contexts (Cunningham, *et al*, 2008).

Competitive Advantages of the Global Management Specialist

Operating on the global arena provides organizations the opportunities to create competences that may provide competitive edge over domestic firms. These competitive advantages may arise from the exposure to a diversity of markets, resources and regulatory regimes which the domestic or relatively less exposed firm may lack or could be linked to the ability to positively harness diversity of personnel and cultures. Some competitive advantages of global organization can be found below.

1. Global Opportunities. Werihrich, *et al* (2008) stated that global organizations and firms can take advantage of business opportunities in many different countries. They could also exploit comparative cost advantages across locations by disaggregating production and sourcing operations across different locations. This allows them to arbitrage even small differences in costs, especially for labour and raw materials. Lu (2009) stated that, they may utilize the global resources ability to bring the pressure to the local competitor. Their opportunities could also extend to gaining access to natural resources and materials that may not be available to domestic firms.

2. Global Scale. Greater economies of scale can be attained by supplying multiple national markets from one site, thus reducing costs of, for instance, product development, production and distribution networks. Global scale moreover enhances bargaining power vis-à-vis suppliers and other business partners. Weihrich *et al* (2008) add that they are able to establish production facilities in countries where their products can be made most cost-effective and efficient.

3. **Global Research & Development.** Integration of research and development (R&D) sites round the world allows access to a diversity of talents and knowledge clusters, and interaction with the most innovative customers, suppliers and researchers.

4. Global Recruitment and Knowledge Management. Businesses may be able to recruit managers and other personnel from a world wide labour pool. The exchange of operational knowledge, experience and competence linkages across operations and locations are a potential source for innovations and new competencies and by creating and sharing databases and human capital across operations firms thus create a global knowledge pool that can support each individual operation.

5. Global Customers. Businesses serving other businesses often work with customers that themselves have a global scope of operation, and expect delivery of the same product or service at multiple sites. Firms with global distribution networks and production sites in many business hubs are often better positioned to supply these key account customers, for example in the automotive sector (Meyer, 2009). Lu (2007) reflects that a multinational corporation that carries on transnational operations, may also provide the service for other multinational corporation customers.

6. Global Finance. A global firm has a greater capacity to raise funds for its operations throughout the world. It could also mobilize funds even within the organization from an area of surplus in another country to an area of necessity, creating a more efficient form of management of resources.
As local companies increasingly engage in cross-border trade and investment Yucel, *et al* (2009) argue that managers need to recognize that the task of managing an international business differs from

that of managing a purely domestic business in many ways. This is because the external considerations in doing business and managing across national boundaries are different and often more complex with national environment. They have to interact with employees who have different educational and cultural backgrounds and value system. They also must cope with different legal, political and economic factors (Weihrich *et al* 2008). These environments understandably influence the way managerial and enterprise functions are carried out within these localities and the international strategies that are adopted (Zapretalova, 2009)

Implication of Culture and Globalization For Management in Nigeria

Culture is the shared values, beliefs, and preferences about right behavior. Osifo & Osifo (2011) stated that understanding of a firm's corporate culture could also aid management in facilitating joint venture and mergers, recruitment and promotion of the right staff. Culture may also influence hiring of staff in case of succession, policy and response to the market, increase of profitability and growth through non-economic factors like internal cohesion and corporate perception. Some argue that advertising messages are helping to break down distinct cultural differences and traditional values, causing the world to become increasingly homogeneous (Robbs, 2008). Many of these advertisements and cultural influences have become a common place in Nigeria, influencing dressing, speech patterns and general behaviors. Management style has also been influenced by various multinational companies present in Nigeria and host of Nigerians relocating to Nigeria from different parts of the world that have studied and/or worked under different systems. This is gradually changing the landscape of management in Nigeria into a more westernized pattern. Managers must now need more than ever before to be knowledgeable of world wide development and treads in management, business, world economy and politics (Agbonifoh & Inegbenebor, 2005). Nigerian business managers stand to gain a lot by becoming global management specialists. Prest (2005) has concluded that global trends represent best practice in leading edge organization.

Summary

It is believed that where there is a strong corporate culture, it could aid coordination of activity and aims to create homogeneity in the shared belief and value by influencing the firm through the various screening and socialization processes to make the firm more predictable.

Globalization has led to the growth and dominance of global brands that are marketed internationally due to enhanced technology, communication and fall in barriers between countries (Agbonifoh & Inegbenebor, 2005). Managing these global enterprises requires a lot of strategies both at the local and the international levels due to globalization, that has created a cultural diversity that is changing the ethnocentric orientation of managers to a geocentric one whereby the whole organization is viewed as an independent system operating in different countries. Nigerian companies need to be aware of global best practice and culture if they are to be successful in going global.

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