

“Glocalization”: The Challenge Of Market Globalization To Human Resources Development

William B Crawford , National Dong Hwa University, Taiwan

Hsin-yi Chen , National Dong Hwa University, Taiwan

This paper constitutes a preliminary inquiry into how globalized competition in Marketing is changing Human Resources management in one particularly challenging area, that of *cultural-linguistic expertise*, expertise or skills which allow the company to interact appropriately and competitively with the cultural-linguistic environment of a target market area.

Impetus for the paper came from the authors' observations of how large multinational companies have reacted to the intensified cultural risk that accompanies the globalization of marketing. These observed reactions have all too often involved *poorly balanced risk reduction*: Top management, realizing that entering overseas markets entails high risk, selects trusted subordinates, with whom top management is comfortable but who may not fit comfortably or function effectively in the target-market environment, to establish a competitive foothold overseas. Such a decision creates a reliable link between headquarters and the overseas operation but leaves the creation of good rapport between overseas operation and host market too much to chance, since the person entrusted with the operation all too often does not possess or fails to access the appropriate cultural-linguistic expertise. Such expertise allows a company with a sound global marketing strategy to apply that strategy to a local market. That is to say it allows the company to engage effectively in what has been dubbed *glocalization*.

The Challenge of Glocalization

Recent years have seen multinationals in many industries stretching to meet different and sometimes conflicting sets of demands – the demands involving *global* competitiveness and those involving *local* competitiveness. To remain competitive they need to optimize the balance between global standardization and local responsiveness. They need to reach an

optimal level of what is referred to as *glocalization*.

Glocalization consists of a balance between *global elements*, such as global brand image or global standardization of production to achieve economies of scale, and *local elements*, such as adaptation of product and promotion design to suit local needs and preferences. The global elements generally strengthen cost control through economies of scale. They also, through such factors as global brand image, allow access to international or global market segments and facilitate penetration of new regional markets. The local adaptation of marketing strategy allows the multinational to survive in the local competitive milieu.

The need to *glocalize*, to achieve and continuously adjust the balance of global and local elements in the marketing mix, is intensifying for companies in many industries. Trends that are causing this to happen include what Kenichi Ohmae (1989) refers to as “the fixed-cost game” and “the Californization of need”. The fixed-cost game entails the shift of the costs of marketing, particularly in areas involving high-level, dynamic technology, from the variable-cost category to the fixed-cost category, that is, the bulk of the costs are incurred *prior* to commercialization, not as part of post-commercialization production. The “game”, then, becomes one of recovering these fixed costs by introducing the product into as broad a market area as possible, in many cases the *worldwide* or global market, before the product becomes obsolete or imitators draw it into price competition. The Californization of need refers to the emergence of international or global segments such as the pop-music segment or the up-scale fashion segment. Both fixed-cost and Californization elements require producers *to target a wide variety of markets but to do so without losing their responsiveness to each local market*:

Windows 95 needed to be introduced worldwide with local variations such as the

Chinese version and marketed heavily before it is superseded by the next generation of software. The same Gucci purses are marketed in Milan, Chicago and Taipei, but with critical adjustments in promotion and distribution to suit the preferences and habits of local customers and the idiosyncrasies of local marketing institutions.

The Role of Specific Cultural-Linguistic Expertise in Glocalization Strategies of US-based Transnationals

To the extent that the *local* element of a glocalization strategy – adjustment to needs, preferences and habits of customers in the local market – is critical to remaining competitive, it deserves attention, resources and careful management.

Where the local element is critical, *cultural-linguistic expertise*, here defined as in-depth knowledge of a culture that allows the possessor to read nuance accurately, respond to cues appropriately and communicate competently in a given cultural milieu, is key to keeping tuned to the needs, preferences and habits of local customers.

The need for cultural fine-tuning varies according to the level of involvement and commitment of the firm toward the environment of the target market. The more involved a firm becomes, the more the need for this fine-tuning in business operations becomes critical. Terpstra and David(1991), in their analysis of the cultural environment of international business, give a comprehensive description of the elements that make up this environment and also describe how this environment affects and even determines business practices. The elements or aspects of the cultural environment they describe consist of language; determinants of human motivation such as education, religion and values; and elements that shape social organization and behavior, such as technology, social structure and the political environment. These elements make up the cultural environment. To negotiate a particular cultural environment one needs to know what shape these elements have assumed within that particular culture: One needs a thorough familiarity with the signs, symbols and values of the culture. The values that motivate people to agree, to work hard, to honor contracts, and to prefer one product over another will vary from culture to culture. These values are most accurately represented

and most readily understood through the language of the culture being studied. If it is important to understand a culture well, it is necessary to know its language well.

Cultural-linguistic skills are becoming increasingly critical for a number of US-based transnationals. Some well publicized trends are contributing toward this. The first of these trends is the *global diffusion of scientific-technological leadership*. Whereas in decades past much of the world's superior product and production technology was concentrated in the US and Western Europe, knowledge of key technologies, particularly "brain-intensive" ones like software development, is spread over the globe and subject to intense competition. This being the case, superior technology is available from more than one source and, consequently, serves as a competitive "trump card" less often than before. Superior technology is less able than before to eclipse cultural elements – knowledge of customs and protocol, nationalistic sensitivities, etc. -- in the competition for markets. The second of these trends is *the appearance of high-risk, potentially high-return opportunities in economies that are moving from central planning to a market orientation*, such as East Europe and mainland China. These economies are characterized by dynamism and ambiguity – they are changing fast and they require an insider's knowledge to read nuance and sense trends. The third of these trends is *the shift of rapid economic growth and, possibly, economic leadership from the North Atlantic Community to the Pacific Rim*. This pulls US-based companies away from their own cultural roots into areas that are increasingly remote from the US culturally, and, consequently, higher in *cultural risk*, the risk that misreading the cultural environment will precipitate a marketing failure.

To counteract this risk, the transnational needs to have available the expertise required to read the environment accurately. It needs cultural linguistic skills coupled with an understanding of the relevant business issues. Such expertise is more critical as the cultural risk increases and the competition intensifies. Risk and competition are particularly intense in markets that are shifting from central planning to a market orientation or where products become obsolete fairly quickly. Such factors make the marketing environment both *dynamic* and *ambiguous*, characterized by information that requires expert reading and constant updating.

Expert reading, constant updating and even anticipation of what is likely to happen

next require an insider's knowledge of the target environment, an intimate knowledge of the environment that is developed only through years of sustained exposure to this environment. The long time frame required to develop such expertise contrasts rather sharply with the short time frame within which market opportunities are generally discovered and acted upon. This creates something of a Human-Resources dilemma: How can highly specialized expertise that takes years to develop be made available within months?

This dilemma is intensified by the requirement that for information to be useful it needs not only to be accurate and reasonably complete; it also needs to be properly delivered – in this case translated and given interpretative analysis – so that it can be accepted and properly used. This means it must be acquired in a timely manner and *enter the decision-making process at the appropriate stages and levels so it will have the appropriate impact*. This requires that these experts not only be expert in the target culture, but that they have intimate knowledge of their employers' corporate cultures as well.

The proper role of cultural-linguistic expertise, then, is not only to communicate competently – to acquire, evaluate and communicate information within the external environment (the target market) – it is also to interpret that information and present it within the company so that it improves decisions and enhances competitiveness. This role, then, combines both **internal and external** information-processing and communication tasks

Matching Tasks with Available Talent

Ensuring that both external and internal tasks are properly performed may prove challenging for the Human Resources function. In their efforts to optimize the match between assigned tasks and available talent, Human Resources professionals must sometimes divide or reconfigure tasks. This is particularly true when they are operating under severe constraints combined with uncertainty.

A basic constraint in the availability of individuals who can manage both internal and external information processing and communication tasks well is the rarity of truly bilingual/bicultural people, ably described by E.T. Hall in *Beyond Culture* (1989). The role described in the preceding section essentially requires an individual performing it to be

comfortable and highly competent in the language and culture of the target environment and those of the multinational itself as well. Such individuals are aptly described in Chinese as *ke yu er bu ke qiu()*, something one might happen upon but nothing of which one can be certain, and, consequently, nothing that a good planner can count on having available. Therefore, if one individual is expected to perform both tasks that expectation may represent a standard that probably cannot be met.

This constraint on the availability of individuals who possess both cultural/linguistic and business expertise is often even more pronounced in the markets of newly industrialized or newly privatizing economies. Immersion in the local cultural milieu, while it enhances responsiveness to local conditions, can preclude an understanding of some of the values of global business culture. If the market in question attracts a large number of Western firms at once, the rare individuals who are capable of both tasks will be much in demand, expensive and hard to retain.

Given constraints such as those mentioned above, the multinational risks not having the mix of skills it needs when it needs them. The required talent mix may be too rare, too much in demand, or both. How to reduce such a risk? One frequently used approach is to divide the labor implied in the role definition, to divide the role into skill mixes that are more easily developed and retained and more readily available on the human resources market. In the case of cultural/linguistic skills, one practical way to do this would be to define complementary *sub-roles* that respectively emphasize *internal* and *external* information-processing and communication tasks. We can tentatively call the sub-role that emphasizes the *externally* oriented tasks (those directly involving the target culture) the **credible cultural insider** and the sub-role that emphasizes *internally* oriented tasks (those directly involving corporate culture and decision-making) the **competent boundary spanner**.

This division of labor represents an approach that is significantly different from what might be described as the *businessperson-anthropologist*, an image of a long-term expatriate who stays in a target area long enough to become a cultural insider there. This *businessperson-anthropologist* approach is implied in some of the earlier texts on International Marketing, including Terpstra's (1991). The division-of-labor approach, though lacking the idealism of the

businessperson-anthropologist, is better in tune with current practices in transnational firms, which tend to be structured around short-term expatriation and regular international travel complemented by frequent communication between operational centers.

Insider and Spanner Profiles as a Guide for Human Resources

In order for Human Resources to recruit, manage, develop and retain people who can do a good job as Competent Boundary Spanners or Credible Cultural Insiders, it is necessary to develop a profile of these roles based on the tasks involved and traits that will lead to competent performance of those roles.

In general terms, the Credible Cultural Insider (hereafter referred to as "Insider") is someone with in-depth knowledge of the target culture, someone who can read meaning quickly, grasp nuance accurately and anticipate the actions and reactions of members of the target culture. While this person may not be a "corporate insider" as well, his or her values, working style and communication style should at least be *compatible* with the style and values of the transnational employer.

The Competent Boundary Spanner (hereafter referred to as "Spanner"), on the other hand, does not need an in-depth knowledge of a *specific* target culture. He or she *does, however, need a solid general grounding in what culture is and how it affects behavior, particularly information-processing and decision-making behavior.* The Spanner may be able to play the role of Insider with respect to a culture not currently being targeted (in fact, may have done so in the past), or might have gained knowledge of the nature of culture in another way. The Spanner also needs to be *thoroughly familiar with how information is shared and decisions are made within the multinational*, since his/her main task is to ensure that the Insider's information enters the decision-making system at the right time or phase and in the right form.

These profiles describe the general focus of the Insider and Spanner roles, but more detail is needed to develop profiles that will allow Human Resources to approach screening, selecting and evaluating those who are chosen to play the roles. Several approaches to developing these detailed profiles are described below. These approaches may be used in combination to complement each other.

One area where this profile may need to be made more specific is the area of

demographics. Members of the same culture who differ in such characteristics as gender; age; social class; ethnic, religious or regional affiliation, etc., may be socialized differently to accommodate differences in the roles they are expected to play (Terpstra & David, 1991). This means their ability to access, absorb or communicate certain information or take on certain roles related to their job may be helped or hampered by demographics. The area of culture referred to as *backstage culture* – aspects of culture that betray weakness or are embarrassing (e.g., political dissent, widespread spouse abuse, gambling, prostitution) and hence are concealed not only from outsiders but from some members of the culture as well – is one area where this is particularly true. Backstage culture, though possibly hard for the outsider to explore or even detect, can play a critical role or have a profound affect on business practices. For example, locations which appear optimal for operations may be unsuitable because of social problems or underworld activity. The Insider who is helping with the feasibility study needs to be someone with whom knowledgeable people will share this information, and this might, in some cultures, depend on being male and over thirty. In other cases being male and over thirty might be a distinct disadvantage. Such a case would be one in which the Insider was trying to monitor and anticipate trends in designer clothing for female teenagers.

A second approach to creating profiles that contain more useful detail for the Human Resources specialist is the use of Jungian personality or temperament types (Jung, 1971; Keirsey & Bates, 1978; Myers-Briggs, 1980). These types can be determined through objective testing using the Myers-Briggs Type Indicator. Once determined they can help the Human Resources specialist match personality type to job-related tasks.

Each of these personality/temperament types combines four different aspects or dimensions. Each dimension is a bipolar continuum upon which a person's temperament may be centered or tend toward one of the extremes. These dimensions may or may not be strongly developed in terms of the capabilities they represent. The dimensions themselves are divided first of all into two main *modes*, *introverted* and *extroverted*; and four *functions*, *intuitive* as opposed to *sensing*, and *thinking* as opposed to *feeling*. Two additional dimensions, *judging* as opposed to *perceiving*, constitute additions found in the Myers-Briggs Type Indicator. Each dimension represents a preferred style of approaching and dealing with

the environment. Introversion (I) as compared to Extroversion (E) measures the extent to which an individual prefers to be introspective as opposed to seeking external social stimuli. Sensing (S) refers to a preference for thinking based on input from the senses, including factual, experiential input, as opposed to relying on intuiting (I) or imagining the possibilities inherent but not yet manifest in a situation. Thinking (T) describes a preference for the objective, cognitive approach, whereas Feeling (F) describes a preference for the affective approach to understanding situations. Those who are oriented toward Perceiving (P) find understanding and appreciation of a situation satisfying in themselves, whereas those who are oriented toward Judging (J) need to evaluate the various aspects of the situation and pass judgment or make a decision concerning it before they are satisfied.

In combination these dimensions form personality types. An employee's personality type gives fairly reliable indications of what sort of work the employee will do naturally, comfortably and well. The profile named The Pedagogue, for example, is an ENFJ (extroverted, intuitive, feeling, judging) type. The Pedagogue communicates with clarity, empathy and confidence. He or she make a poor accountant but a good group leader, especially in situations where human feelings play a key role. The Pedagogue reads others' motivations and feelings well, but is sometimes drawn into feeling guilty or making unreasonable sacrifices for others. Such a person would be excellent for public relations and getting to the bottom of emotionally charged problems. This same person, however, would not be good at making the proverbial "tough decisions" that impose sacrifices and elicit hard feelings among others inside and outside the organization.

The opposite profile, ISTP (introverted, sensing, thinking, perceiving), or The Artisan, is impulsive and may consider the experience and activity involved in reaching a goal more important than the goal itself. The Artisan is not articulate and does not tend to cultivate a wide circle of friends. He or she thrives on pitting skill against challenging problems. Rather than being scholarly or analytical, The Artisan is competitive and enjoys doing battle. Such a temperament is not fitted to public relations or other jobs where the ability to communicate clearly and patiently is critical. The Artisan is best suited to meet specialized challenges, possibly technical ones, that entail a high level of competition and reliance on technical expertise. Only in exceptional

instances would this temperament lend itself to the roles of Insider and Spanner.

In most instances successful Insiders and Spanners will be oriented toward *extroversion* (E) mode. Their tasks require intense interaction with their environment, which for the extroverted type is a main source of stimulation and satisfaction, while for the *introverted* (I) type it is not. The utility of the *perception* (P) function as opposed to the *judging* (J) function will depend on whether the person's main responsibility focuses on sensing the environment or making decisions. Some sort of balance in the other functions, which involve both facts and feelings and both realities and possibilities, will generally be ideal.

In addition to demographics and personality types, *cultural-background type* -- the cultural comfort zone defined by the type of culture in which socialization originally took place and other types of culture where one has learned to be comfortable -- is a concept that can be used to make the profile better focused and more useful. Here cultures are typed using the orientations that Hofstede (1980) uses to define the dimensions of cultural difference, *power distance*, *ambiguity avoidance*, *masculine/feminine*, and *individual/collective*. It should be noted that Hofstede (1991) later added a fifth orientation, *Confucian dynamism*, which entails a long-term orientation characterized by persistence and an adherence to hierarchy and status as organizing principles for society.

Those who are comfortable with larger *power distance* -- discrepancies in power between superior and subordinate -- will read events in hierarchical or authoritarian social environments more clearly and communicate more effectively than those who are comfortable only in highly participative environments. Those who are at home in an environment in which *avoidance of ambiguity* is extremely important will better understand why customers require clear product positioning and precisely written warranties than someone who is comfortable regarding ambiguity as something that allows options and, therefore, should be preserved as long as possible. Those who were socialized in more "*feminine*" cultures will better understand why advertisements that appeal to the viewer's nurturing side are sometimes more effective than the appeals to achievement or competitive values that reflect a more "*masculine*" cultural orientation. The person who was socialized in a culture in which the *collective* or group orientation prevailed over

individual or individualistic considerations will have a better feel for why *acceptability* of a certain product to the purchaser's group may be more important than that product's *appeal* to the individual purchaser.

In the paragraph above, orientations toward one extreme of each dimension (e.g., collective as opposed to individual orientation) were used for illustrative purposes. In some cases the orientation of the manager with international responsibilities actually matches these illustrations by "tilting" toward one extreme or the other. Increasingly, however, wider cultural exposure is enabling international managers to work comfortably within a wider range of each dimension (e.g., capable of accommodating both hierarchical and participative social or organizational environments). This allows them to work effectively in a range of environments. It also allows them to work in a *dynamic environment where the culture is in transition*. An example of this is areas where the population is becoming more urban, and population mobility has caused the traditional collective orientation, which is dependent upon the existence of *multi-stranded social relationships*, to erode in favor of a more individualistic orientation.

Company-Specific Competencies

So far the discussion of cultural-linguistic expertise has been framed in terms of general principles that apply to companies in different competitive positions in a variety of industries. To make these principles applicable to the Human Resources process in a specific context -- a specific company in a specific industry -- the issue of how certain aspects of this expertise may be used to reach corporate-specific goals needs to be addressed. To do this we will use the concept of *company-defined competencies*.

The concept of *competencies* is borrowed from Human Resources literature, (Kesler, 1995) where it is currently being discussed and developed. These discussions are guided and motivated by the goal of fitting the Human Resources function more closely to the achievement of the company's strategic goals. Competencies are areas of competence that are characterized by: (1) being tied to the corporate "bottom line" in that they make a well defined contribution to corporate goals, and (2) being accepted by those whom they affect and also supported by top management.

This second characteristic may be arrived at through formal consensus-building activities. Simply put, competencies must be accepted as useful by those involved.

The focus of the discussions of competencies in Human Resources literature is primarily on activities of the Human Resources function: Human Resources must "partner" or contract with management across all the relevant functions to perform certain agreed-upon functions competently. The functions generally fall into three categories, which are (1) performance capabilities, (2) those related to technical know-how, and (3) those related to general business know-how. This focus can be re-applied to management of the Insider and Spanner job descriptions by having each company (1) define specific competencies in terms of specific corporate goals, (2) make sure the linkage between these competencies and goals is made explicit and is accepted by those who are involved in implementing it, and (3) use these competencies and not other standards to guide assignments and evaluations.

Concluding Comments

As mentioned at the beginning, this study constitutes a preliminary inquiry into how Top Management, Marketing and Human Resources can meet some of the challenges imposed upon them by new trends in the evolution of global markets.

This inquiry focuses on cultural-linguistic skills, which are vital to the "local" aspect of the *glocalization* phenomenon. It discusses in a general sense the division of labor between those who focus their cultural-linguistic expertise on *internal* (intracompany) communication tasks -- the Competent Boundary Spanners -- and those who focus on *external* (overseas market) communication tasks -- the Credible Cultural Insiders. It then describes how to develop profiles that can be used for recruiting, screening, hiring, assigning, evaluating and charting career paths for those who work as Insiders and Spanners. Once developed, these profiles must be refined to fit a cluster of specific *competencies* that support specific corporate strategies.

Further development of this topic is visualized as involving (1) studies of the appropriateness of various types of testing procedures and training programs for screening, evaluating and motivating those serving as Insiders and Spanners, and (2) the

impact of corporate commitment (in terms of strategic time-frame and dedication of resources) and market conditions (availability of appropriate cultural-linguistic talent) on Marketing and Human Resources strategies with regard to cultural-linguistic expertise.

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