An Analysis of the Standardization and Global Localization on Cross-cultural Management from Communication and Source of Conflict Point of View

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Abstract- *Cultural factor is recognized as a vital influence to communication as well as the key to success for a business. Cultural awareness helps organizational firm more efficient while behave cross-culturally to the international market. Meanwhile, the global business's environment has become excessively complex because of the continuous entry of new corporations and private entrepreneurs where they tend to expand their market-share as well as differentiate their brands in order to compete in the world marketplace. Studies have shown that multinational organizations have to emphasize on cross-cultural management while competing with other organizations for the purpose of global expansion. Hence, it is important that businesses in different countries to raise their level of sensitivity, understand and respect towards each other's cultural difference which would benefits them with the growth of their international business. This paper's provide an analytical framework and concise version of conclusion of the importance of communication and source of conflict in cross-cultural management whether marketers doing standardization or global localization.*

Keywords- *Cross-Cultural management; Standardization; Global localization; National culture*

1. INTRODUCTION

According to Lillis and Tian (2010), it is getting obvious that the cultural differences between countries, regions as well as ethnic groups are becoming stronger nowadays. In order to compete in global market, multinational company has to obtain the ability to manage knowledge to prevent financial as well as opportunity cost that caused by wrong decision. Standardization can be defines to a common approach to business throughout the world where adaptation of a business organization requires a different approach over the global market (Ang and Massingham, 2007). Standardization can be refers to the use of the similar marketing mix in as many countries across the globe as possible when a corporation operates beyond its national borders. Corporations that pursue standardization are referred to as Global Corporations and their strategies are referred to as Global or standardized strategies. On the other hand, global localization or adaptation is when a corporation modifies its marketing mix in virtually every country that it operates to suit national taste, preferences and culture. Most Multinational Corporations (MNC) practiced the global localized strategy. Cross cultural management will be a vital decision to a multinational organization; it is either a benefit to the organization or a cause of failure to the organization, the analysis of global localization or standardization to cross cultural management can be in the form of communication and source of conflict. Communication is recognized as one of the most important functions to master in any business in order to be successful because of increasingly competitive markets, particularly for organizations that doing business internationally.According to Guang, T. & Trotter, D (2012), an organization's profitability is in part determined by its business communication strategies and skills. However, many top managers in companies working internationally somehow neglect the significance of the invisible barriers cultural differences which occurs in business communication where cultural factors play an vital role, functioning as invisible barriers. In order to reduce the negative effects of language diversity, multinational companies have formulated language policy, which is a much more formal way to decide which language to be use in corporate communication as well as documentation. Moreover, language policies should be aligned with the Multinational companies strategy to maximize their effectiveness (Luo & Shenkar, 2006; Marschan, Welch, & Welch, 1997 as cited in Born, F. V. D., 2010). Manager's decision making process of global expansion must involve the cross cultural management before a final decision is made to ensure zero risk to go globally. Not to mention that with the globalization of the economic, consumption, and also product activities are as well became important factors for managers to develop their sensitivity to the cross-cultural communication and decision making. Kotler (2008) had given out clear example to show the difference of standardization and

global localization in the term of international advertising: International advertising in standardization form can be seen as utilizing the similar advertisement's messages across different countries where international advertising in adaptation form can be defined as using different advertising messages in separate markets across the countries. Moreover, the decision whether to standardize or to adapt can be occurs in many operational areas, for example: marketing strategy and human resources management. Thus, this research is to have a clear view of standardization and global localization to the cross cultural management in the communication and source of conflict point of view.

2. STANDARDIZATION & GLOBAL LOCALIZATION

The globalization of the world economies shows the importance of understanding of doing business in different countries to marketing managers. Multinational companies, in their effort to expand their global presence and market share, increase profitability and to overcome problems related to saturation of existing markets, continually seek opportunities for growth (Vrontis and Thrassou, 2007). Since the business communication is two ways interactive communications, the ability of marketers and consumers to communicate cross-culturally is very important in order to success (Guang and Trotter, 2012). Marketers will deliver information to the market, the market then collect, interpret, and put the information they gather from the markets to use. Failure to do so will lead to a loss of business. When going international, organizations have to go through and investigate the different degrees of two types of advertising strategies which are standardization and adaptation. Standardization for international advertising strategy can be defined as utilizing the similar advertising messages for an international basis, and since the international marketplace has become increasingly homogeneous, as a result the multinational company can standardized their products/services all over the world through identical advertising strategies, principally through the major influences such as TV, movies, as well as the Internet (Wang & Yang, 2011). The strong reason behind this position is that consumers in different countries are now sharing the similar wants and needs; therefore, they can be easily attracted and persuaded by universal advertising appeals. In addidtion, Backhaus and van Doorn (2007) claimed that standardization means a trade-off between the possible economic benefits of a standardized approach, and also the performance gains which attained by adapting to the needs of the local markets.On the other hand, global localization or adaptation is an international advertising strategy which suggests that each market must be considered and must not be neglected. Not to mention that adaptations must be made accordingly due to the differences in each cultural background, economic status, legal conditions, as well as the foreign market media.

According to Wang and Yang (2011), they have claimed that "academicians gradually shifted towards the contingency approach when using international advertising during the 1960s which indicating that whether to standardize or not is not a dichotomous decision, and that there are various degrees of international advertising standardization and adaptation (p.27)". The various degrees of international advertising standardization and adaption mentioned above is mainly depending on analysis of the factors which relate to the certain situation or environment at hand. In addition, Ozsomer, A. and Simonin, B. L. (2004) have claimed that customer similarity as an antecedent of marketing program standardization in both markets is a reflection of how the homogenization of markets is an important process underlying the feasibility of standardization. Czinkota and Ronkainen (1998) as cited in Vrontis, Thrassou, and Lamprianou (2009) have say that marketers are subject to a number of macro-environmental factors, for example like climate, races, occupations, law, culture, technology as well as society.

3. COMMUNICATION: MANAGERIAL PERSPECTIVE

Okoro (2013) had conducted some studies and stated that in recent developments of the globe, it shows that plenty of businesses are cultivating into global focus by producing, sourcing, importing, as well as exporting their goods and services around the world, which emphasize the intercultural communication and negotiation gain substantial to be prominence in this international business management. Not to mention that international business etiquette (the expected rules of behaviour for intercultural communication and management) has become tremendously important because of the mobility of people (Okoro, 2013). Chaney and Martin (2011) that is in charge of the analysis of the importance of a manager's self-conduct, physical appearance, and comportment have consistently stated that business etiquette is a major criterion while evaluating performances and the overall success in a global market. Etiquette consists of variety of behaviors, habits, as well as specific aspects of nonverbal communication. Furthermore, Yu and Cannella (2007) noted that with the tremendous surge in global business ventures these days, it is important to understand more about the different cultures and behaviors of each country in order to avoid managerial failure. According to Ochieng & Price (2010), communication is a metaphorical pipeline along where information can be transformed from one individual to another. Thomason (1988) as cited in Ochieng & Price (2010) has defined that ''communication as the lifeblood of any system of human interaction as without it, no meaningful or coherent activity can take place'' (p. 451). During this research, communication is seen as a professional practice from top managers where suitable tools and regulations to be applied in order to develop the utility of the data communicated, and it is also

a social process of interaction between individuals. Ochieng, E. G. and Price, A. D. F. (2010) have come out with some statement stating that that trust between different countries is fragile, intangible, and generally difficult to quantify but it is inevitably essential in order to reach the success of multicultural teamwork. It emerged trust can be cultivated where there are good interpersonal skills and mutual respect between the project leaders and also their team members. Moreover, language on the other hand is recognized as the generally agreed-on, and learned symbol system which commonly used to represent the experiences within a geographic or cultural community and acts as a carrier of cultural values (Samovar, Porter, & Jain, 1981 as cited in Born, 2010). Employees in the multinational company would also differ in terms of their native languages and level in the official corporate language which is English where there are some multinational organizations' employees do not speak English, for example the employees of the organization of Citygroup. According to a research, Luo and Shenkar (2006) have claimed that language policies at secondary level are categorized into three scenarios. Firstly, the initial native's language from product's origin will be the parent's language, for example, a Japan-based Panasonic's subsidiary is using Japanese language in the United States. Secondly, the official language also is the local language, such as with the German-based Siemens' subsidiary in the United States, which uses English. Thirdly, the official language also plays as a third language. A clear example has shown where a Mexican subsidiary of Airbus with the headquartered in France is commonly uses English as the official language. On the other hand, the official corporate language may or may not be the home country language at the corporate level. For example, several Multinational companies from small non-English-based European countries, such as Nokia, and Phillips are using English as their corporate language. In addition, a study conducted at Siemens shows that Multinational companies may use two or more languages during internal communication and leave the issue of formal corporate language ambiguous to prevent any possible negative reactions from dominant language groups (Fredriksson et al., 2006). Besides, a cultural form is one of the important ways to interpret and organize the world. For example songs, folktales, movies, and even beauty pageants are all cultural forms because they encapsulate ideas about the way people should live, look, and think (Cayla and Arnould, 2008). To put brand into cultural form is acknowledging that branding is a particular form of communication, which tells stories within the context of products or services, addressing people as consumers, and promising in fulfilling desires and needs that haven't been fulfilled. In short, branding is a particular symbolic form, a specific way of talking about the world (Cayla and Arnould, 2008).

4. CROSS CULTURAL COMMUNICATION

Gerhart (2008) had explained that national culture has received so much attention is because it is hypothesized to be a constraint on management practice and organization culture. In the past, dissimilarities among nations led multinational companies to view and design their marketing planning on a country-by-country basis which is a local marketing problem. However, this situation has been changed and the experiences of a growing number of multinational companies suggest that there are potential gains to be obtained by standardizing marketing practices (Vrontis, et al., 2009). There are several issues, challenges, and impacts of cross culture occur on the standardization and global localization. Castro, F. G., Barrera, M., Steiker, L. K. H. (2010) have mentioned that cultural adaptation involves a planned, organized, iterative, as well as collaborative process which often includes the participation of some subjects from the targeted population for whom the adaptation is being developed. The cultural' competence of the investigator and of the cultural adaptation team is also important for conducting a deep structure analysis of the needs and preferences of a targeted cultural group. Based on on the case of LENZE group, one of the Germany's leading industry innovators, Virvilaite, R., Seinauskiene, B., Sestokiene, G. (2011) stated that even though the company acts in the market of industrial products, its cultural environment also has great impact on the decisions of either standardization or adaptation in the global market. Furthermore, majority of studies indicate that pricing is the least standardized elements. Based on this statement, Samli and Jacobs (1994) as cited in Birnik, A., Bowman, C. (2007) have found out that 69% of the US Multinational companies used uniform or standardized prices. Culture also affects business behaviours, a clear example such as in cultures where a business gift is expected like Japan, a host who is presented without a gift will be insulted. Arunthanes et al. (1994) as cited in Guang, T. and Trotter, D. (2012) claimed that an important feature of business communication will work to the detriment of the company seeking business, in other cultures offering a business gift could be interpreted as a bribe, inappropriate and would offend the recipient. Nevertheless, the effect of advertisement also influence by the culture where there are strongly influenced by language which can be seen as one of the key elements in culture. Advertising budget and structure are based on consumers' buying habits as well as the purchasing style which in turn, are also influenced by the personal values and norms, the local media, as well as the state of the material culture. Thus, it is obvious that every part of culture affects advertisement, which acts as a key component of cross-cultural business communication.

5. DISCUSSION

This research tends to find out how marketers deal with issues and conflict while going global standardization as well as global localization, which also called adaptation to the cross cultural management in the communication and

source of conflict point of view. Also, the decision whether to standardize or adapt operations in international business is very important because it influences the firm's fundamental approach to business and how it competes. Based on Bhagat et al. (2002) research, it is believed that insufficient adaptation might be a possibility because in their findings they suggest that the greater the difference between cultures the greater the difficulty in making knowledge transfer across cultures. An analysis of the growth of multinational organizations in the wake of globalization has been done and Chaney & Martin (2011) have identified several factors that have been instrumental to the inability of managers to succeed in a global context. The head among these factors are ethnocentric predisposition, cultural imperialism, as well as parochialism in managing a diverse or multicultural workforce. Based on Guang and Trotter (2012), there are four global models for cross-cultural communication which commonly called "the four-dimensions of culture model, which contains power distance, uncertainty avoidance, individualism-collectivism and masculinity" (p.6461). These four models are used to help business managers to distinguish the culture differences for every country. During this research, communication is seen as a professional practice from top managers where suitable tools and regulations to be applied in order to develop the utility of the data communicated, and it is also a social process of interaction between individuals. Communication, in a more formal way is viewed as a metaphorical pipeline along where information can be transformed from one individual to another; it is also viewed as a professional practice by using suitable tools and regulations while improving the utility of the data that is communicated, and is a social process of interaction between each individual. By labeling brand into a cultural form to acknowledge that branding is a specific form of communication by telling stories within the context of products or services, targeting people as consumers, and promising to fulfill individuals' desires and needs. Based on recent studies, it suggest that in the real business world if firms want to get optimal results they will need to study and accept cultural differences as well as practice in cross-cultural skills for their business communications. Based on previous research from Bhagat et al (2002), it can tell that insufficient adaptation might be a possibility since their findings suggest that the bigger the gap of differences between cultures the greater the difficulty for knowledge to transfer across cultures. Apparently, there are many factors that affect global business, but a fundamental precondition for every successful international business is known as effective communication, which more or less involves business marketers' awareness of other cultures.

6. CONCLUSION

As business organizations are dealing with global ventures and competing with other multinational organizations, the common challenges like managing cultural differences and inter-cultural communication, as well as cross cultural negotiation and decision-making are the main key to either success or failure for the organizations. The managers of an organization plays a vital role because it emphasize on the ability of managers at all levels to communicate smoothly and effectively with partner or consumer that are from different backgrounds or nationalities, and showing respect for cultural differences. Multinational organizations like Coca-cola and Pepsi. Co had been successful using standardization strategies. However, despite the declared benefit, standardization does not always improve all organizations' performance equally (Silke, Reiman, Thomas, 2009). It has been said that a sound intercultural communication is vital for international managers and also for domestic managers from multicultural and multinational businesses. Moreover, Misunderstanding, miscommunication, and misinterpretation are more likely to take place among managers and employees that are from different ethnic backgrounds and nationalities compared to among the managers and people that are from homogenous backgrounds. In conclusion, it is very clear that international project management requires an effective process and avoids any possible conflict to ensure effective cross-cultural communication between all the countries because communication is viewed as vital role for the success or failure to a multinational organization.

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