

GLOBALIZATION OF BUSINESS AND INTERNATIONALIZATION OF COMPANIES AND THEIR IMPACT ON COMPANY MANAGEMENT

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Abstract: Over the past few years, globalization has become increasingly popular. In addition to having a theoretical significance, it is also a political and ideological slogan that mobilizes supporters and opponents for certain actions, not just in the sphere of politics, economics, or sociology. A key characteristic of the late 20th and early 21st century world economy is globalization. Despite having been slowed down or blocked in various ways, it has also been strengthened by global institutions that regulate economic activity in various ways. This activity gradually takes on the characteristics of a global strategy, first through regionalization, then more broadly. Several economic factors had an impact on the process of adaptation, including a change in the structure of the world market, the division of labor, and a change in the way “center” and “periphery” were defined. These factors gave birth to a global process that encompassed most countries, giving it a global character.

JEL classification: F15, F23, F63, M21, O19

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1. INTRODUCTION

Globalization was initiated and stimulated by the economically most developed countries (the USA, Western European countries, and Japan). However, it is carried out with the full testing of other participants in international relations, despite the degree of their involvement and awareness of the depth of transformations being very different. The significance and dynamics of current changes in each country are automatically reflected in their significance. In one sense, globalization is based on the interdependence of countries and regions, while in another sense, it is based on their uneven economic development. The internal and external liberalization of the economies is a necessary condition for its success. Stabilizing a country's national economy, harmonizing the principles of its operation with international standards, which reduces the risks associated with investments, and facilitating foreign capital inflows are the first steps. The competitiveness of producers and goods is declining in countries lagging behind in liberalizing their economies, which is especially important in light of increased competition. The second

aspect is the exchange of goods, capital, services, and people, which facilitates the importation of modern technologies.

There is a wide range of perceptions and evaluations of the role and consequences of globalization. It is considered by some to be the engine of technological and economic development, a catalyst for civilizational progress on a global scale, the guarantee of open markets and free movement of people, ideas, and goods. As a dark, soulless force that erodes the sovereignties of states and leads to a thoughtless unification of cultures, many others view it as a process that destroys jobs and hopes for a fair distribution of what humanity produces. Each of these extreme perspectives sees only one side of the process, either light or dark. But globalization is a complex, multifaceted phenomenon that has its positives and negatives. Like almost every objective phenomenon, it is associated with threats, and with many chances and useful opportunities, therefore only a comprehensive, ideologically unbiased analysis can help to understand it better and more fully.

Based on the above reasoning, we can offer the following understanding of the phenomenon under consideration. Globalization is an objective process of consolidation of heterogeneous connections and influences on a global scale, which consists in the fact that: firstly, the global movement of capital, goods, people and information is becoming more and more intense; secondly, as a result of this, the susceptibility of individual states and peoples to various conditions and influences of the international environment is radically increasing.

Globalization of business happens when a business operates in multiple countries and caters to the international market.

The impact of globalization on business can be placed into two broad categories: market globalization and production globalization.

2. LITERATURE REVIEW

Market globalization is the decline in barriers to selling in countries other than the home country. This change will make it easier for your company to begin selling products internationally, since lower tariffs keep consumer prices lower and fewer restrictions when crossing borders makes it easier for a company to enter a foreign market. It also means that companies must consider other cultures when developing their business strategies and potentially adjust the product and marketing messages if they aren't appropriate in the target country. This may not be an issue in the camera industry, but a hamburger company entering India would definitely need to revisit their product and strategies to be successful!

Production globalization is the sourcing of materials and services from other countries to gain advantage from price differences in different nations. For example, you might purchase materials and components for your cameras from multiple countries and then assemble the product in yet another international location to reduce your costs of production. This change should lead to lower prices for consumers since products cost less to produce. It also impacts jobs, since production may shift from one country to another, usually from more developed countries to less developed countries with lower average wage rates.

Internationalization describes the process of designing products to meet the needs of users in many countries or designing them so they can be easily modified, to achieve this goal.

The global corporate trend toward internationalization has helped push the world economy into a state of globalization, in which economies throughout the world become highly interconnected due to cross-border commerce and finance. As such, they are greatly impacted by each others' national activities and economic well-being.

When a company produces goods for a wide range of customers in different countries, the products that are internationalized often must be localized to fit the needs of a given country's consumers.

For example, an internationalized software program must be localized so that it displays the date convention as "November 14" in the United States, but as "14 November" in England. Likewise, units in America are measured in feet or miles, while in Europe and Canada they use the metric system. This means that cars sold across these markets must be able to quickly interchange between miles and kilometers.

Companies that are involved in the process of internationalization are called multinational companies. It is these companies that make direct investments abroad. For example, the company Zara, headquartered in Spain, has an extensive network of stores around the world (more than 2000), and the British-Dutch company Unilever has offices in more than 100 countries.

TNCs are characterized by a strategy based on the search for so-called strategic assets. These firms primarily try to use the achievements of technological progress in the fields of transport and information transfer. It is they, who have the most up-to-date means in these areas, who have the possibility of understanding the global markets for knowledge, factors of production, and sales that have not been noted earlier in history. For them, the global market is becoming increasingly transparent, which is a fundamental factor that determines the quality of the mechanism of market localization and behavior in relation to supply and distribution. This leads to the fact that TNCs have qualitatively new opportunities to search for market niches, the favorable location of foreign branches, the organization of production based on foreign technologies, production capacities and cheap labor.

The strategic organizers of these corporations increase elasticity by limiting fixed costs, using network systems that enable the sale of more and more products based on orders in other countries of the world. These networked systems are becoming too elastic to be embraced by a strategy of constant change.

There is an unusually rapid development of informing technology at the present time. A modern enterprise is forced to function in a situation where the life cycle of technologies and goods is becoming shorter and shorter; the functioning of the market "outside the borders" of countries changes the conditions for choosing factors of production and places of sale; strengthening of external competition destroys the existing barriers to entry into this sector; the transformation of intellectual capital into the most important factor in the struggle for future competitive advantage destroys the old hierarchy and values.

As a result of external and internal revaluation of values, new requirements for enterprises are born. In summary, we can say that they are required to:

- to carry out a qualitative leap in the field of efficiency and competitiveness requirements, caused by the leadership of TNCs, whose share in the global market is growing;
- learn to act in the international market, at least to comply with the conditions of competition that the global market creates;
- to adapt to the qualitative changes that have already taken place, and at the same time learn to function in much more volatile and turbulent conditions.

Qualitative changes lead to the fact that any traditional extrapolation of past experience for the future does not help, as before, but hinders enterprises. At the same time, it is becoming increasingly difficult to predict the development of events and changes in the conditions of functioning.

One of the paradoxes of modernity is that those enterprises that have been improving their organization, structure and functioning for a long time are more difficult to adapt to new conditions. They have everything provided for, controlled, ordered, but this is what makes it difficult to adapt to the inconstancy of external factors. In an increasingly volatile environment, businesses must learn to be as resilient as necessary and manage change. Therefore, an important task for them today is, on the one hand, the creation of such an organization, the products and services of which will allow it to respond flexibly to the needs of local customers, and, on the other hand, the simultaneous development of a global organizational culture and a global scope of activity.

3. METHODOLOGY

To solve this problem, it is necessary to transform many elements of the enterprise management system. Today, enterprise managers face a number of fundamental questions that require immediate answers.

1. Learning to adapt: how can an enterprise effectively cope with constant multidimensional change, how can it strengthen its ability to learn and adapt to them?
2. Structure: how should an enterprise be organized to respond as quickly as possible to often unforeseen market changes, what should be its links with a network of customers and suppliers?
3. Skills: what qualities will managers need to manage tomorrow's enterprise, what skills will be essential to achieve success at all levels of an organization operating in such a dynamic environment?
4. Management style: what happens when the command-and-control style of management conflicts with the current actions to unite employees, how to make decisions in business when more and more employees have wide access to a huge amount of information?
5. The influence of information technology: what will happen to industrial structures when "electronic markets" and "information highways" enable buyers and sellers to find each other in any part of the world without the mediation of people?
6. New ways of working: how will people work in groups with a significant increase in communication and coordination, how will their work be evaluated, will the

number of large offices and factories decrease, will more people work from home, communicating with the enterprise using computers?

7. Innovation: how can an enterprise create an environment that generates relentless innovation in a competitive world where enterprises that are the first to find and implement a new idea have a greater chance of winning?
8. Means of success: if intellectual capital and other intangible resources will play a major role in achieving success, then how to adapt traditional accounting tools to better represent the true resources, debts and long-term prospects of the enterprise?

There are also some barriers of internationalization on management's processes:

- lack of capital requirements and other firm resources;
- limited access to key infrastructure;
- limited information to locate/analyse markets;
- Inadequate knowledge of overseas market;
- lack of managerial time, skills and knowledge;
- difficulties arising from limited managerial knowledge base.

The task of the management in such conditions is to find solutions that would be optimal to meet all of these needs in a global society, but also to provide profit to the company they manage.

4. DISCUSSIONS

Within their core functions as complex decision makers, managers should find solutions for multiculturalism, multinationality, habits and lifestyles of their employees, and develop strategies which would reconcile these differences to successfully accomplish their goal. Professional literature leads to similar findings and conclusions: the author E. G. C. Collins, in his *Management of the 21st Century*, describes globalization as a finding for organizations that business must be directed towards the international environment, not only towards the local. Organizations and their management should take into account the changes that occur outside the organization and the problems of defining their business environment. Environment is defined as a complex area consisting of institutions that affect the performance of the organization and over which the organization has little control. Environment of the organization can be seen as macro and micro environment. The task of the management is to act on these two segments in their decisions.

The macro environment does not directly interact with the organization, but the management tends to affect it through strategic planning decisions, taking into account the previously described differences. The micro environment is in close interaction with the organization and affects the organization itself. Policy making and internal organizational structure are tools through which the management affects this environment. Furthermore, according to some authors, the environment is split into static and dynamic environment. The static environment creates significantly less uncertainty for managers in comparison to the dynamic one. Uncertainty poses a threat to the effectiveness of the organization and the management seeks to minimize it, and one way to achieve that is to adjust the organizational structure.

Management plays a key role in the globalization process because their decisions contribute to the creation of a global image because consumer habits transcend national boundaries.

Today, without understanding the essence of globalization, it is difficult to be an effective manager, make strategic decisions, and look for schemes for rational personnel management. The globalization of economic activity has a direct impact on the business sector, where there is currently a complex process of interweaving business cultures and preparing specialists for work in international companies. Companies must take into account the approach, values, expectations, perceptions and typical behaviors of employees from different cultures. The success (or failure) of companies operating in the global market is increasingly determined by whether they managed to create an effective personnel management system, eliminate friction in relations between employees (managers and subordinates) of different nationalities, with different cultural traditions.

Globalization suggests that the boundaries between different cultures should gradually be erased, they should adapt to one another. In practice, everything turns out to be far from being so simple: there are serious obstacles on this path, associated with the peculiarities of legislation, traditions, customs and, finally, climatic conditions. The manager of the 21st century must have significantly more international experience than managers had after the Second World War.

Cultural diversity will require managers to have a deeper understanding of ethnic and religious characteristics, family values and national subcultural phenomena. New requirements for managers are associated with global strategies and approaches to managing a diverse workforce. The evolution of a business from predominantly domestically oriented to globally granular will require new thinking and management skills.

Management in different cultures involves the study of the behavior of individuals in organizations around the world. The new global manager should think more globally. This will require a change in the mindset of the manager. Managers working in a globally changing environment need to have a proper knowledge of international relations and foreign markets. But more importantly, it is not only the acquisition of language skills, but also the study of cultures and cultural differences.

On a global scale, there is a constant increase in the total knowledge and professional skills of workers. Thus, the number of skilled workers in countries such as India and China is constantly growing. This trend is taking place against the backdrop of increasing migration flows: the mobility of the labor force is becoming higher on average. However, the intensity of population movements increases the risk of the emergence and spread of epidemics (for example, influenza viruses). Which ultimately leads to an increase in the costs of maintaining the health of employees, which become quite burdensome for both state (through social insurance systems) and corporate budgets (through voluntary medical insurance systems).

There is a proliferation of various types of labor contracts, in particular contracts that provide for a certain flexibility in the labor function of an employee, so that an employee with a wide range of knowledge, skills and abilities is no longer tied to the performance of any one specific function. The use of this practice ultimately allows the employer to minimize the costs associated with absenteeism and make the whole range of work more attractive in terms of the content of labor.

As for compensation management, modern reward systems are becoming more individualized and innovative. Thus, market leaders are already offering their employees such benefits as caring for the elderly members of the employee's family, caring for employees' pets, and concierge services for employees. The compensation packages offered are becoming more and more varied and rich in order to meet the needs of workers and attract a more and more diverse workforce.

As leading experts in personnel management note, today they are faced not only with such problems as the changing demographic characteristics of the workforce and changes in the socio-psychological sphere: issues of attitude to work, value orientations of modern youth entering the labor market (generation "Y"), but also with how the company's HR function must transform and self-organize to meet the changing needs of the business environment and the modern business world.

In the legislative aspect, the modern human resource management system operates in a more regulated legal field. This is especially true for legislation in the field of environmental protection, discrimination, sexual and other harassment, and the composition of the board of the organization. From a practical point of view, the organization's HR function has traditionally been one of the most dependent on government regulation. So, she has to appear in court for violations of the company's labor laws, so the clarity of work in a legal context is very important to maintain the competitiveness of the organization.

5. RESULTS

Management in different cultures involves the study of the behavior of individuals in organizations around the world. The new global manager should think more globally. This will require a change in the mindset of the manager. Managers working in a globally changing environment need to have a proper knowledge of international relations and foreign markets. But more importantly, it is not only the acquisition of language skills, but also the study of cultures and cultural differences.

In addition to the above trends, there is a reduction in the supply of labor in advanced industrial countries, especially in the supply of skilled labor. One of the direct reactions of employers around the world to this fact was the widespread use of flexible forms of regulation of social and labor relations and employment, which in turn gives organizations the opportunity to more quickly adapt to changes in market conditions. The following flexible forms in social and labor relations can be distinguished:

- flexible working hours;
- part-time work;
- flexible labor contracts (in terms of flexibility of the labor function);
- flexible wage systems;
- long unpaid leave at the initiative of the employee (the so-called "sub-baticle") and regulated career breaks (the so-called "career break").

6. CONCLUSIONS

Recently, the company's compliance with ethical business standards has become a central issue. The Enron Corporation case demonstrated the risks of conflict of interest, employee abuse of office and raised issues of professional ethics. Strict public demands to reform the business sector were caused by scandals around WorldCom, Global Crossing Ltd., Tyco International Ltd.

When analyzing the role of trade unions and such an aspect of social and labor relations as their collective regulation, in my opinion, it should be noted that globalization will further weaken the role of national trade union associations for the following reasons:

- in large TNCs, which play a leading role in the process of globalization, jobs and production tasks are located all over the world;
- Population growth in low-income countries provides a stable influx of labor, while at the same time, the growth of labor productivity as a result of the use of new technologies leads to a decrease in demand for labor in highly developed countries;
- in highly developed countries there is a shift from the manufacturing sector, where trade unions are traditionally quite strong, to the service sector, which is characterized by a weak influence of trade unions;
- in most of the underdeveloped countries that are now entering the world labor market, the trade union movement has never been developed.

Thus, modern global trends have a significant impact on the practice of personnel management of organizations around the world, however, this influence is most comprehensive and profound in international companies, which, being the largest players in the modern global economy, are forced not only to maintain the achieved levels of performance, but also seek further ways to increase competitiveness. Personnel management is a critical subsystem of organization management in this aspect, since, as the leading American researchers of problems of international business and economics Teegarden, Vaughn Gnelow, Bartlett and Ghoshal note, the personnel management system of an international company acts as an internal mechanism for coordinating and controlling the company's international operations. Whereas the ability of an international company to organize an effective personnel management system on a global scale becomes one of its main competitive advantages.

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