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THE INTERNATIONALIZATION AND GLOBALIZATION OF BUSINESS MECHANISMS AND MOTIVATIONS

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Abstract:

The paper aims to analyze several tendencies of companies which operate in the global market, in the context of internationalization and globalization. The internationalization of companies involves a complex, comprehensive and urgent process, which ought to be produced at managerial level in order to adapt to the requirements of business globalization and prevent the risks that accompany this process, but especially in order to turn to advantage the benefits that internationalization can bring. The purpose of the research is to emphasize the fact that in nowadays companies, as a consequence of the paradigm shift in the management of business and in the organizational environment, a wide range of internationalization strategies can be used and the key element in the development of these strategies continues to be the competitive potential of companies, which in its turn, depends on the size and quality of available resources, the so-called technical, research or commercial "critical mass", which is the minimum dimension that must be reached in order to participate and stand to gain the competition. The current development of business caused by the economic, social and political context acquires in addition a cultural dimension, an intense and constructive international exchange of values taking place between companies which thus enhance their organizational culture in accordance not only with the national dimension but also with the international business area.

Key-words: internalization, globalization, leadership, paradigm shift

1. THE INTERNATIONALIZATION OF BUSINESS

The most pregnant trend in the economic and extra economic field is the internationalization and globalization of business. Although this trend is part of the historical evolution of human society initiated by the expansion of world trade, we can argue that internationalization is a real component of today's business environment, since the last decades were characterized by the expansion and enhancement of business at a global scale, the emergence of spectacular modifications in the hierarchy of economic powers (at company

level or even at national, macro-economic level), conducted according to the national-international approach.

The development of business in nowadays world takes place in an economic, social and political environment, being centered on one hand on a set of coordinates at a national-international level and on the other hand on the cultural dimension which leads to a progressive enlargement of the internationalization and globalization process of the socio-economic life¹.

¹ Cerchez, O. - *Eficiența economică comerțului exterior*, Editura Logos, București, 2007

Business internationalization represents an objective process of enhancing the involvement of companies in international transactions, which implies the existence of a global business environment of market economy.

The challenges of globalization are diverse, business internationalization having long exceeded the initial export-import stage of goods and services between states.² The major implications of management in business globalization leads to the internationalization of companies which occurs at management level in order to prevent the risks that come along with this phenomenon, but especially in order to benefit from the advantages that internationalization can bring.

The advantages of business internationalization are reflected in the production capacity, the expansion and improvement of markets, access to resources and information, more beneficial tax policies, the acquirement of additional profits from activities and areas which can be capitalized.³

The internationalization of companies in an inter-multicultural context derives from management implications as a consequence of company entrance in international markets characterized by cultural diversity, an environment with different company cultures and national cultures, all of them formed through time under the impact of the business environment in which they were created and developed. Thus, one of the major risks in business is not taking into account at management level the above mentioned impact. The elaboration of market strategy entrance and the development of the company on the foreign market is an important attribute of company management with an international vocation. This implies to take into consideration the development of the global framework and the potential of the company, in order to determine the objectives of internationalization and the forms of internationalization.

² Dumitru Miron - *Economia Uniunii Europene*, Editura Luceafărul, București, 2003

³ Puiu Alexandru - *Management*, Editura Independența Economică, Pitești, 2001

The objectives of internationalization can have in view several elements such as turnover growth, profitability enhancement, acceleration of company rate of growth by stimulating internal development, increased share of international activities across the company's business by exploiting economies of scale and the possibilities of production differentiation.⁴

Among proactive motivations there are the advantages in the achievement of profit, single producer status, technological advantage, exclusive information, managerial involvement, tax advantages, and economies of scale. Among reactive motivations the following aspects can be mentioned: competition pressure decreased domestic sales, excess capacity, saturation of domestic markets, approaching clients and partners.

The advantages of active exporters are, for example: expanding sales markets, increasing profit by seizing market opportunities, such as favorable comparative costs, economies of mass production, multiplying effects, better use of production capacity by expanding customers' data base, providing greater long term profitability by capitalizing on the sustainable benefits offered by the external market⁵, improvement of marketing potential by direct confrontation with international competition, the desire to strengthen credibility, the reducing of commercial risks by their dissemination in multiple markets and by diversifying types of products and operations.⁶ International scale activities inspires confidence, is a guarantee of quality and dynamism and it creates a favorable perception of the company, which is mirrored upon the activities it carries at internal level.

On the other hand, entering external markets implies a series of costs and risks which must be balanced with the estimated benefits.⁷ Costs are reflected in the production

⁴ Ioan Popa - *Tranzacții comerciale internaționale*, Editura Economica, București, 2002

⁵ Popa, I. - *Tehnica operațiunilor de comerț exterior*, Editura Economică, București, 2008

⁶ Cezar Militaru - *Management internațional*, Editura Pro Universitaria, 2009

⁷ Ioan Popa - *Tranzacții de comerț exterior*, Editura Economica, București, 2002



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plan, in the marketing plan as well as in institutional structures. The risks of the exporter are more numerous and complex, taking into consideration the intercultural area in which the transaction takes place as well as the international market increased level of variability.

2. THE PARADIGM SHIFT FROM AN ORGANIZATIONAL PERSPECTIVE IN THE CHALLENGING CONTEXT OF INTERNATIONALIZATION AND GLOBALIZATION

In the European area, changes determined by economic integration, competing with the process of globalization caused a real mutation in management. Under the pressure exercised by the working force mobility, a shift was made to the humanization of the economic area, precisely in order to achieve the stabilization of possible tensions and conflicts created by rapid changes, fluctuations in personnel, restructuring of jobs and organizational change.

The search for order, meaning and significance for the current context with the aim of grounding a coherent vision as an efficient base for action at a personal and institutional level frequently takes the form of an increasingly used formula in the institutional theory and practice: the paradigm shift.

The new European context implies a participatory management, democratic, characterized by the divide of manager's central authority with the other employees (at least at tactical or operational level). Nowadays, managers and employees are in a position in which they have to search together effective solutions for an efficient development.

The necessity and demand of valuing the creativity of employees arises precisely because they need to be motivated, productive at their work place and also to easily adapt to the new economical environment.

The new managerial paradigm moves from the model of collective action to the model of joined competences. The action of a person in the context of the new paradigm takes place by overlapping individual objectives with the objectives of the organization, simultaneously taking into account cultural diversity. The organization of the future will be a place for lifelong learning that will enable the employee to acquire the knowledge necessary for his profession, but also a range of transferable skills that he can enhance in any other organization or at another work place.

Today's organizations are likely to work with a small number of employees and under the threat of permanent changes coming from the external environment, therefore, they need both integration and employees that will learn continuously, quickly and to prove they are creative.

The new paradigms imply principles and a value system based on competence, autonomy, personal freedom, passion for excellence and creativity. There is a shift from transactional and dogmatic leadership to transformational, inspirational leadership, where the emotional leader plays an increasingly important part.

The table below captures a summary of major organizational transformations, under the new business paradigm outlined on the background of internationalization and globalization.

Characteristics	Old paradigm	New paradigm
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Strategies	Planning	Strategic architecture and the building of specific competences , entrepreneurship
Structure	Hierarchical – multi-level	Network structure; specific products and competences portfolio
Systems	Rigid	Flexible
Employees	Titles and grades	The idea to be useful and efficient at organizational level
Leadership and management style	Problem solving	Continuous style change and adaptation to the new economical and social challenges
Competences	Maintenance	„the learning organization”, continuous learning, „construction”
Shared values at organizational level	„let’s all be alike”	Synergy; the acknowledgment of differences
Focus	Institution	Individual; interdependence.
Source of power	Stability	The change at the level of values, leadership and management style
Leadership	Transactional dogmatic	Inspirational, transformational – emotional leader
Organizational aspects	traditional psychological contract	The commitment to people or "employability" paradigm

Table 1: Paradigm shift in the new global context: organizational perspective
Adapted after C.A. Huțu (2007, p.154)⁸

3. LEADERSHIP AND THE CHALLENGES OF THE INTERNATIONAL BUSINESS ENVIRONMENT

Leadership plays a crucial role in determining the success of business while gaining global dimensions, which are, among other issues the subject of a research project in intercultural management, GLOBE, led by House, which aims at studying the organizational and leadership practices, determine the extent to which actions and specific leadership behaviors are universal, and the extent to which these qualities and actions are related to cultural characteristics.

The corporate world’s endeavors to optimally face the waves of change brought about a different philosophy, and a new leadership language, a novel approach of increased diversity that spread throughout the corporate world. The new approach entails winners and losers such that every competitor must acquire its particularities in order to avoid being unsuccessful in the new millennium’s race.

The telecommunications boom considerably closed the gaps between individuals; moreover, the workforce’s ever growing diversity lead to a vast array of different values, perspectives and expectations within employees’ ranks. The public became increasingly perceptive and taxing, and began demanding more responsibility from the corporate world.⁹

Accordingly, corporations became more socially responsible, particularly in relation to their shareholders, employees, consumers as well as their business partners. The leader’s mission is to first identify the key areas which the corporation could improve and modernize and then to harmonize said areas within the corporate environment by building new partnerships. One should expect to achieve much more working with other than on his/her own.

The international business environment puts forth appropriate challenges for corporate leaders and also presents at least two growth dimensions – regional and global.¹⁰

The corporate management faces a new dilemma: what is the corporations’ suitable to

⁸ Huțu C.A., *Cultură organizațională și leadership. Fundamentarea capacității competitive a firmei*, Editura Economică, București, 2007

⁹ Rîlea Veronica, *Leadership*, Ed. Lumen, Iași, 2006

¹⁰ Tichy M. Noel, *Liderul sau arta de a conduce*, Editura Teora, București, 2000



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successfully compete against its rivals while avoiding dominating and abusing markets?

To become more efficient, leaders must think outside the box, must look beyond the corporation, and seek to expand their relationships with their peers as well as their community. The leader should keep in mind that the corporate will only move forward as long as the adjoining community supplies qualified and dynamic labor, adaptable to change which is an essential ingredient in view of the globalized corporate competition.

The ability to perceive and critically analyze the new business opportunities constitute essential traits which every corporate leader must master in order to compete in the new economic climate dominated by top technologies and innovation.¹¹

Established business environments primordially relied on the physical world, whereas the current, dynamic business environment's values turn on intangible resources.

To be successful, a leader (should master a set array of variables: intentions, interpretations, identity.

Lately, the new concept of emotional intelligence has received increased consideration. It proposes new methods, other than the traditional ones, to boost the workplace productivity and quality.¹²

Accordingly, the successful leaders of the new economic environment apply a combination of the following 10 techniques: the time invested in leadership development should be proportional with the importance he is invested with; the leader's quintessential function is to steer the employees on the right

track, the leader's vision must inspire and energizes, the leader should sell his/her vision, the leader must guide, the international business leader must delegate, confer authority and provide support to his/her employees to implement his/her vision.

The novelty of the approach rests in that it pressures leaders to assist the corporation to adapt to the new times, times that do not accept the traditional leadership patterns.

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¹¹ Rotter, John, Matsushita, *Leadership*, Ed. Publică, 2008

¹² Goleman D., R.Boyatzis, *Inteligența emoțională*, Ed. Curtea Veche, , 2005

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