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Globalization: Managing Cross-Cultural Diversity in Finance

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Abstract: ***One notices an emerging trend among companies with global operations to seek culturally competent employees. Global competitive environments dictate the need for dynamic managerial capabilities relevant to multicultural working environments that will give an employer the much needed competitive edge over rival companies. Managers, including finance managers need the ability to negotiate and work within two or more cultures with equal ease in a multicultural environment. Managers with tactic cultural knowledge and competencies are pivotal to the global expansion plans of any company. Universities are taking up the task of creating internshipopportunities that offer such multicultural experiences to their students. This paper is based on the author's learning experience and personal reflection of an internship in Vietnam analyzed through a lens of Australian university and had the opportunity to work with Vietnam's largest insurance company (and seventh largest by market capitalization).***

I. INTRODUCTION

In the last ten years, finance has witnessed major changes in the labour market, fostered by the rise of global education, travel opportunities, and technological development. Pools of qualifiedlocal talent in finance and management have emerged across the globe.

It is estimated that 30% of US companies are impacted in their growth and expansion by the lackof culturally competent managers (Ghemawat, 2012) while a PWC report from 2012 notes that CEO's of multinational companies shelve global expansion plans due to lack of culturally competent talent (Caliguiri et al.2018). Managers with the ability to negotiate and work within two or more cultures with equal ease in a multicultural environment are valued as their tacit cultural knowledge and competencies are pivotal to the global expansion plans of any company.

Managerial cultural competencies are thus an institutional asset for a company and a bank oftacit knowledge for a manager aspiring to work with multinational companies. The ability tonegotiate informal institutions of culture and context on part of a manager provides a strong competitive advantage to his/her employer. Companies with global operations, therefore are designing their recruitment programs to attract talented managers who are competent in theirsubject knowledge as well as possess the mindset and ability of a dual expat. (Neeley, 2017).

II. OBJECTIVE & SCOPE OF THE STUDY

Digital native generations seek purpose and show different career and life aspirations, cognitive approaches, and attitudes toward relationships and work. A cross-generational gap driven by technology and education is growing, challenging but not yet replacing traditional social and management codes.

Factoring in cultural values and beliefs is crucial to properly addressing these multiple culturalshifts. Cultural values help connect transformation to local environments and are the compass helping people to navigate the new environment. This is especially precious when everything else is perceived as unstable.

Robotic process automation, blockchain, artificial intelligence, the evolution of enterprise resource planning (ERP), and digitisation have all helped improve team efficiency and effectiveness and provided new horizons in all finance functions. But team reorganisations andthe redefinitions of roles, set-ups, and careers have created individual and collective identity questions.

Task offshoring, the subcontracting of ERP/IT, and remote working have increased agility and standardisation and lowered cost baselines. But they have also opened up greater cross-cultural interaction. Role handover to these new structures may become more complex if cultural factors are neglected, and operational efficiency between teams can be affected. Interactions outside of the company — with customers, suppliers, etc. — are increased in all directions, creating more potential cross-cultural volatility.

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III. 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 theglobal 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 notleave 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.

IV. 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 standardadvertising 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 stateownership 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 andcommunications and therefore a greater pressure on managers to develop greater cross-cultural awareness and sensibility.

V. 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 develophomogeneity, 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 Samuel Jesuorobo Osifo and Ogbeide Harrison Eromosele

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, rationalism 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)

A. In Working Culture

Lack of coordination and communication introduces another risk factor that can seriously impactfinance deliverables, because there is now very limited slack in processes and deadlines to react for instance, in reporting.

B. Dual Expat Mindset

Neeley (2017) in a Harvard Business Review article mentions that there will be a shortage of skilled employees who will be capable of working across different cultures. Based on a five yearstudy of a Rakuten, a Japanese e-commerce company, Neeley (2017, p. 1) has concluded that wewill need "new skills, attitudes, and behavior That helps us work across cultures. Our ways of thinking about careers, colleagues, andcollaboration will need to become more flexible and adaptable. "This view is apparent when one studies the employment advertisements whether on LinkedIn,various social media or print media. One notices that progressive employers and in particular major multinational companies are seeking management trainees with mindset's that are multicultural any global with an ability to negotiate and work within different cultures. his expectation of a culturally competent employee or managers who are not only understand the subject matter but has the intercultural competence to work anywhere globally is a new reality. However, one cannot really learn how to negotiate and work in different cultural contexts without prior exposure. The author's internship experience in Vietnam confirms that without the opportunity to get the exposure and experience, the interest or the ability to work in a culturally diverse environment would remain dormant. In addition, social support from a team, a mentor, a home university and a host institution matter as much. On ground training and exposure by way of working on internship opportunities that take someone out of their comfort zone is an highly relevant way to develop a dual experience.

C. In Generational Culture

Digital native generations seek purpose and show different career and life aspirations, cognitive approaches, and attitudes toward relationships and work. A cross-generational gap driven by technology and education is growing, challenging but not yet replacing traditional social and management codes. Factoring in cultural values and beliefs is crucial to properly addressing these multiple culturalshifts. Cultural values help connect transformation to local environments and are the compass helping people to navigate the new environment. This is especially precious when everything else is perceived as unstable.

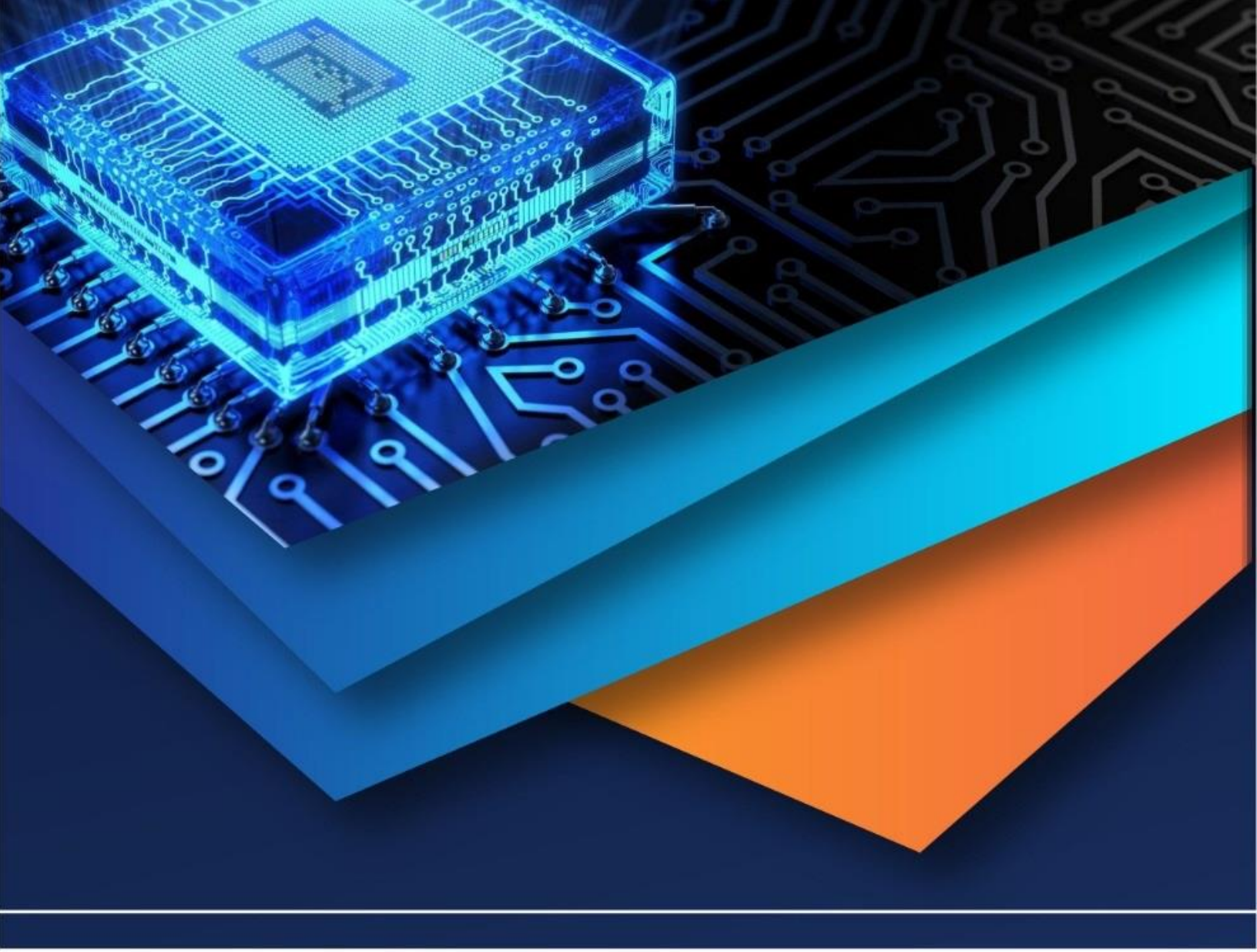
VI. LITERATURE REVIEW

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