

## How Local Acting Overtake/Influence Global Thinking

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**Abstract:** “The increasing globalization of business has heightened the importance of understanding national cultural influences in interorganizational relationships from both a cross-cultural and an intercultural perspective.” Although, it is inevitable that business happens in local cultures. Therefore, this paper focuses on how global thinking is overtaken or influenced by local acting. The institutionally oriented theory asks why and how local communities continue to matter for organizations in the global age. Globalization in both practice and academic circles has shifted away from understanding the effects of the factors of localisation. The following research is based on a counter approach that suggests that globalization is influenced by a homogeneity-producing process, which transfers from particularism to universalism and attempts to answer the question as to why people choose to go their separate ways instead of committing to cooperation.

**Key words:** local proximity; globalization; global thinking; influence

**JEL codes:** A10, F00, F61, F62, M16

### 1. Introduction

Culture is based on mental programming and people inherit these inner patterns of feeling, thinking and behavior (Hofstede, 2005, p. 2). Cultural relativism describes other cultures as better or worse (Hofstede, 2005, p. 6) and cultural practices are changing, whereas cultural values remain steady (Hofstede, 2005, p. 13).

Locality cannot be easily classified as there exist non-equivalent approaches of locality. Locality can be defined as the “impossibility of instantaneous communication” or the “impossibility of action-at-a-distance” or the “impossibility of faster-than-light travel” (Di Lorenzo, 2011, p. 1). Therefore, the term locality can be used geographically, politically, socially or timely. In addition, there are a number of existing common problems, the thinking is both different and international. Confrontations between peoples, groups and countries are based on different cognitions, feelings and behaviors (Hofstede, Hofstede, 2009, p. 1). Knowledge, the provision of information and best practices are distributed all over the world due to advances in telecommunication thus, there exists a global diffusion of ideas and policy transfers. This phenomenon contributes significantly to global convergence and leads to increasing similarity in economic, social and political organizations and are driven by industrialization, globalization and regionalization.

“One important mode of policy transfer is through the elite networking of transnational policy communities or global public policy networks. These communities of experts and professionals share their expertise and information and form common patterns of understanding regarding policy through regular interaction such as through international conferences,

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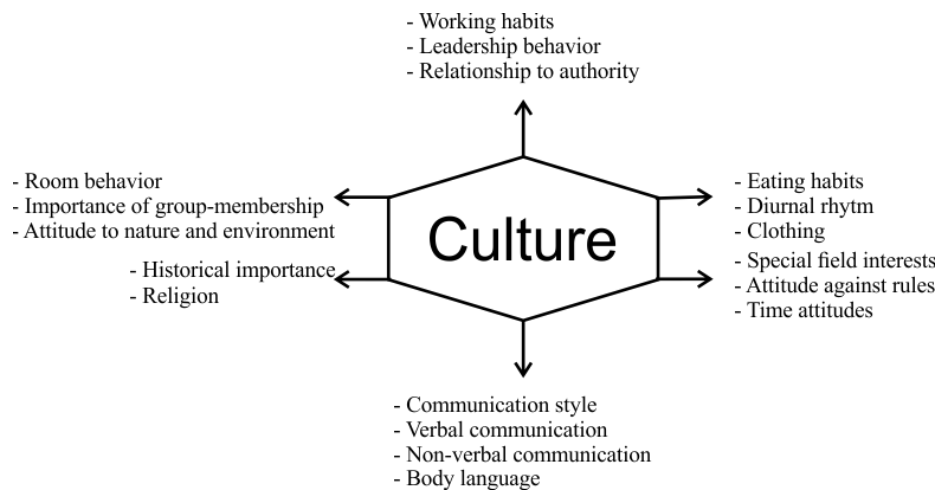
government delegations, web-sites and sustained email communication” (Bennett, 1991, pp. 224-225).

## 2. Theoretical Framework

“As is apparent from the previous section, knowledge production and utilization does not take place simply within the confines of a nation-state. Instead knowledge is diffused, ideas are spread, international lessons are drawn, and policies are transferred beyond territorial boundaries and legal jurisdictions.” (Stone, 2001, p. 7).

### 2.1 Local Behavior and Cultural Implications

Cognitions, feelings and behaviors are directly connected to cultural factors such as the relationships between men and nature, people to people, time-orientation, and activities orientations (Kutschker, Schmid, 2011, p. 702). Furthermore, it is essential if people live in high-context-cultures or low-context cultures (Kutschker, Schmid, 2011, p. 713). The following figure illustrates the cultural differences of managers:



**Figure 1 Typical Cultural Differences of Managers**

(Source: own illustration based on Eismann, 2009, p. 8)

International capital movements present continuous long-term development and the main-drivers of this internationalization are based on interrelated factors, like limited market size, over boarding markets, risk-diversification, different market cycles, higher performance, developing transparency and adjustment of institutional markets. Moreover, technical drivers, and political, and economic drivers including liberalization of markets, reduction of market-entry-barriers, locally deregulations, globally integrations, legal and fiscal frame conditions, and the globalization of users and consumers, shift the horizons from local proximity to globalization (Scharmanski, 2006, p. 5). According to Granovetter (1985, p. 287) the economic behavior of distant isolated actors is based on continuous social behaviors and institutional structures. Storper (2002, p. 57) states that, “*Knowledge in this context, has to be understood not as “information”, but as institutionalized, embedded social practices, conventions and rules or memes.*” Local input and the re-fashioning of global knowledge are both positive and progressive aspects (Stone, 2001, p. 2). National cultures are not homogenous and therefore different organizational and managerial cultures exist (Hofstede, 2005, p. 23-25). Moreover, there are cultural differences in consideration of region, religion, gender, generation, and social class (Hofstede, 2005, p. 43). According to these factors, it is necessary to analyze how local acting influences or overtakes global thinking. In food industries, local proximity is an essential part of marketing and sales (DLG, 2013, p. 2). A framework for alternative global

marketing strategies were developed by Schiffman/Kanuk (2009, p. 472) and is presented in Table 1:

**Table 1 A Framework for Alternative Global Marketing Strategies**

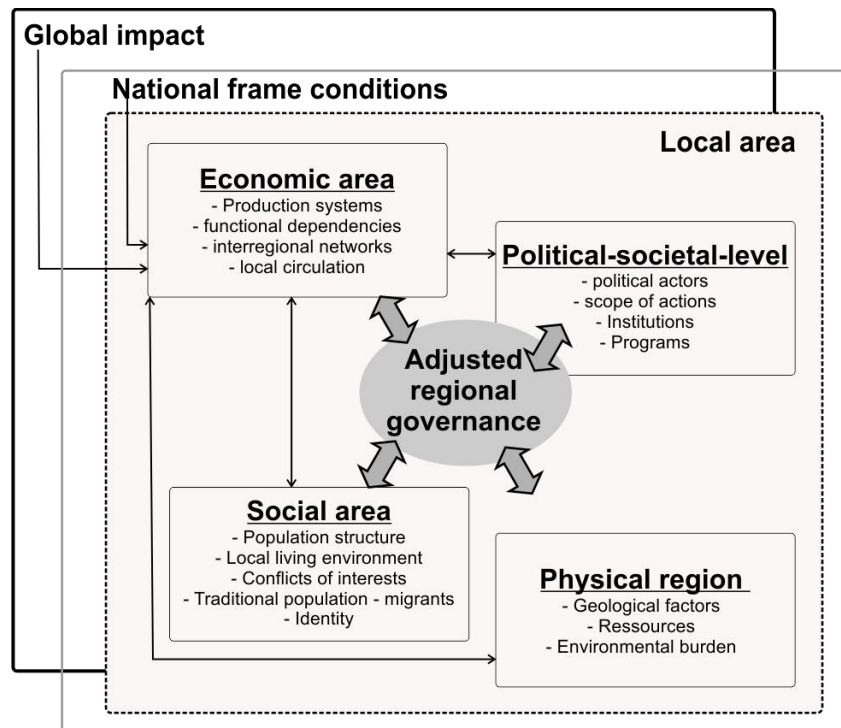
Product strategy	Communication strategy	
	Standardized communications	Localized communications
<b>Standardized product</b>	<u>Global strategy:</u> <ul style="list-style-type: none"> <li>• Uniform product</li> <li>• Uniform message</li> </ul>	<u>Glocal strategy:</u> <ul style="list-style-type: none"> <li>• Uniform product</li> <li>• Customized Message</li> </ul>
<b>Localized product</b>	<u>Glocal strategy:</u> <ul style="list-style-type: none"> <li>• Customized Product</li> <li>• Uniform Message</li> </ul>	<u>Local strategy:</u> <ul style="list-style-type: none"> <li>• Customized product</li> <li>• Customized Message</li> </ul>
	<u>Glocal strategy:</u> <ul style="list-style-type: none"> <li>• Customized product</li> <li>• Customized message</li> </ul>	

Source: own illustration based on Schiffman, Lazar Kanuk, 2009, p. 472.

Local acting and global appearance is based on the fact that we all live in a local community, which is the place where we can create our future (Müller, 2016, p. 4). Worldwide communities are faced with comparable challenges and by their individual search for problem solutions, so that they can be their best consultants, interchangeably. Therefore, specific practices and knowhow should be distributed without barriers based on networking (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, 2016, p. 9). Breidenbach, Zukrigl (2000, pp. 173-180) argue that the way in which societal products and services are demanded and used is connected to the appearance of social relationships and identities. Furthermore, consumer behavior is determined by social relationships and the specific handling of goods and services characterizes consuming-behavior. As people are not seen to be under the tutelage of an external factor but are instead viewed as creators of their world, it can be concluded that socio-economic behavior is imbedded within society. Production and consummation of products and services are uncoupled so that locally produced goods are also sold in other regions, and this leads to the conclusion that all actors along the value-added chain are relevant (Moschitz, Frick & Oehen, 2018 p. 188).

Localization is described as a process which adapts products and or services particular to culture or language and develops a local appeal. Whereas glocalization provides a global offer (of a brand, product, idea, service) which takes local related issues into account. Globalization is the tendency to integrate goods, technology, information, labour or capital (Dumitrescu, Vinerean, 2010, p. 151). Schirm (1996, p. 11) relates his explanation of regional cooperation in the requirement of identification of causal factors, that “*lead states to develop simultaneously convergent preferences for a binding regulation of policy areas at a regional level.*” Moreover, established transnational globalization does not directly lead to regional cooperation but it enables the stimulation of change (Schirm, 1996, p. 13). Thus, political and economic development progresses across the world such as the globalization of production and finance. Furthermore, worldwide competition, private global players and international organizations are increasingly reducing territoriality and sovereignty (Schirm, 1996, p. 14).

“The new quality of “Globalization” lies in the assumption that the (economic) activities of private actors, which are not constrained by political boundaries, follow a functional logic that is hardly compatible with the welfare- and security-intentions of individual states [...]” (Kohler-Koch, 1996, p. 3).



**Figure 2 Determinants of Regional Development**

(Source: own illustration based on Coy, 2017, p. 17)

“Globalization is a complex and controversial process of building of the world as a whole by creation of global institutional structures (...) and global cultural forms, i.e. the forms that have been produced or transformed by global available objects. It is declared as: a) free market-economic unification of the world with uniform patterns of production and consumption; b) democratic integration of the world based on common interests of mankind such as equity, human rights protection, rule of law, pluralism, peace and security; c) moral integration of the World concerning some central humanistic values, important for sustainable development of humanity.” (Spajic-Vrkas, Kukoc & Basic, 2001, pp. 178-179).

In contrast to the culture of globalization, identity building is more regionalized, because each human life in its own world, is personal and unique (Michels, 2008, 10). Wrobel (2008, p. 85) linked regional political actors with cluster- and network-concepts which impacts economic growth and the positive forthcoming of local economical situations.

### 3. Conclusion

Globalization and local proximity are extreme counterparts, but these two extremes are discussed in social and economic sciences as local and global interdependences. Globalization and local proximity are regionally significant dynamical factors, so that events and decision-making on geographically distant places are influenced like the two-sides of one coin. “In fact, the interactions are two-way: the *local and the global intermesh, running into one another in all manner of ways.*” (Dicken, 2004, p. 19). Hahne (2014, p. 11) argues that actual challenges relate to local proximity where towns and regions are future-laboratories, which are problem solving significant questions like climate change, energy transition, economic-, demographic, and social changes. Robertson (1998, p. 193) emanates that between local proximity and globalization, there exist complex interactive cause-effect

relationships. Locality expresses processes which override regional barriers, but this interpretation neglects that locality is based on outside advancement (Robertson, 1998, p. 193). Strategies of glocalization refrain from worldwide standardized commercialization of one and the same product or service and are focused on a micro-form of appearance based on the construction that consumers are different (Hepp, 2004, p. 177). Internationally active organizations do not react based on existing cultural differentiations; thus, they are creating it to achieve a positive image for their products to strengthen sales (Robertson, 1998, p. 198). Therefore, the neologism of glocalization is a connection between economic and cultural patterns (Robertson, 1998, p. 201). Today, people can independently from time and space, from speed and distance, communicate in real-time. People are aware that global trading enables local availability but otherwise, they are aware that this local availability of global goods must be paid with high transportation costs which relates to high levels of pollution, which must be paid for by their progeny (Weissberg & Harenberg, 2011, p. 2).

“If space is a product of practices, trajectories, interrelations, if we make space through interactions at all levels, from the (so-called) local to the (so called) global, then those spatial identities such as places, regions, nations, and the local and the global, must be forged in this relational way too, as internally complex, essentially unbound able in any absolute sense, and inevitably historically changing” (Massey, 2004, p. 5).

Global changes demand local decision-making based on global understandings and relates to more efficient forms of production, changes of health awareness and personalization for future-oriented consumer behavior, and higher transparency and traceability. Challenges and solutions must consider individualization through standardization, changes of organizational culture, processes and technologies (GS1, 2018, p. 3).

Based on the theoretical research, it can be concluded that local acting overtakes and influences global thinking, but that also, global thinking exerts an influence on local acting.

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