

## THE IMPACT OF GLOBALIZATION TO MODERN MANAGEMENT

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*Need of understanding of essence of globalization process for the adoption of strategic decisions and effective management of the entity is shown in article. The new requirements to the entities based on the internal and external revaluation of the values connected with globalization are provided. A number of the fundamental questions facing managers of the entities and connected with global rivalry is considered. Requirements to an enterprise management system for effective work of heads and staff of the entity and the successful competition in the international market are determined.*

Nowadays we can see the international integration of economies, law, cultures and information space. Globalization isn't just about economics. It has an impact on all main public spheres – politics, ideology and culture.

For the first time the concept of globalization was used in article in 'Harold business of the review' T. Levitte for designation of merge of the markets of the separate goods made by multinational corporation. This concept of the book K. Ome (Harvard) was widely operated. However as one of their main conceptual creations the term 'globalization' was used only in 1981 by the American sociologist J. McLean, in 1985 – R. Robertson took out it in the name of the article in which he gave detailed interpretation [1].

The French political scientist F. Moro-Defarzh determines 'globalization' as a process which 'covers actions' all international actors – the states, the organizations, the entities, individuals, – 'who are forced to argue at the global level, that is at the level of all planet' [2].

From the point of view of the domestic scientist A.B. Weber, globalization means 'retraction of the whole world in the open system of financial and economic, social and political and cultural ties on the basis of the latest communication and information technologies. It is an objective process which is prepared by all course of prior development and now entered qualitatively new stage' [3].

There are very different opinions about globalization. While it has both positive and negative effects, one can't but agree that globalization is an objective fact and it can't be avoided.

Today it is impossible to be an effective manager, make strategic decisions and provide rational management if you don't understand the nature of globalization. A manager of the twenty-first century needs a broader international experience.

Economic globalization directly influences the business. The modern trend in this sphere is a complex interaction of business cultures and training of specialists for international companies. Companies need to pay attention to the approaches, values, expectations, as well as perception and typical behavior of employees from different cultures. The success of a company on the global market depends on the effective management system, ability to resolve conflicts among employees of different nationalities and cultural traditions.

Globalization means that boundaries between cultures gradually disappear and they adapt to one another. In practice it is not that easy. There are serious challenges connected with peculiarities of law, traditions, customs and even climate.

Because of cultural diversity, managers have to deeply understand ethnic and religious specifics, family values and national subcultures. In the context of different cultures, managers need to study individual behavior in companies all over the world.

A new global manager should think in more global categories. It means that managers should change the way of their thinking. The knowledge of international relations and foreign markets is necessary in a changing global environment. Another important thing is to study not only languages, but also cultures and cultural differences.

Globalization is the result and the reason for development of information and communication technologies. Today the international information market is growing just as fast as IT market. Information is a valuable and expensive product, which must be always updated. Access to information often has strategic importance for solving very different tasks.

Information technology plays such an important role now that it is often described as the fifth factor of production. However, a huge amount of information leads to some problems. The controversy between sources of information makes the information itself controversial. It is hard to make sense of such information. There is a

phenomenon called information noise [4]. It means that large amount of inaccurate information make it hard to take rational decisions. As a result production efficiency goes down. It is difficult not to get information, but to process it.

Globalization gives an opportunity to use benchmarking and it is present in all business processes and management. Almost every business decision is made by using comparison of company's indicators and results with local and global companies.

Today the technologies of information exchange are developing very fast. It changes traditional rules of market game. The global environment of the company is becoming more active and reacting faster. Not only big companies on international market need to adapt to such changes. Small and medium companies also have to consider that stronger business opponents from foreign countries may appear.

Modern companies now deal with shorter life cycle of technologies and products. Global market changes the factors of production and the choice of sale point. Because of foreign competition, there aren't past barriers for entering the market anymore. Intellectual capital gives the biggest competitive advantage and destroys old hierarchy and values.

As a result of new values, there are new requirements for the companies. In general companies need to:

- 1) make a quality change in the requirements for efficiency and competitive performance. This results from the leading positions of transnational corporations on the global market.
- 2) learn how to operate on the international market. At least meet the demands of the global market.
- 3) adapt to quality changes. Learn how to function in always changing conditions.

A growing number of companies want to be on the global market now. They have to find new ways of management and administration. Competitive advantages are gained in tough competition. The global market is highly competitive, it is characterized by innovative products, global technological competition, development of international companies, such as conglomerates, groups of companies, holdings, network and virtual enterprises.

In such conditions companies have to closely follow the development of the market and technology, predict the actions of clients and opponents. Their aim is to develop and implement expensive programs and strategic events using their own funds and external capital. It means that company's competitive performance depends on the ability to generate new product and sell them on the global market. Another important aspect is conditions that are created by the company, as well as local and central state bodies.

Today company's managers have to answer a number of important questions.

1. *Adaptation*. How can a company manage constant changes and learn how to adapt to them?
2. *Structure*. How should be a company organized in order to react to market changes as fast as possible? Which relations with clients and suppliers should be like?
3. *Competence*. Which qualities will managers need in future? Which competencies are important for success of the company in such dynamic environment?
4. Another question is *management style*. How shall business decisions be made, considering that employees have a wide access to a large amount of information?
5. The *influence of information technologies*. What will happen to production, if electronic market and information flows allow buyers and sellers to find each other across the world without any agents?
6. *New methods of work*. What will teamwork be like with the new opportunities of communication and coordination? How will work be evaluated? Will there be fewer large offices and factories? Will more people work at home via computers?
7. IT'S important to mention *innovation*. How can a company constantly create innovations on a competitive market, where only those companies succeed that find and implement new ideas?
8. And finally, *means of success*. Since intellectual capital and human resources play the most important role in company's success, how can traditional accounting tools be adapted to better reflect company's resources, debts and long-term perspectives?

When answering such questions, managers from different parts of the world rely on their national experience, traditions, norms and rules. Only those companies that can adapt to changes, use flexible means of production and distribution, can be competitive on the international market.

However, the main factor of competitive advantage is a team of highly-educated, motivated managers and innovators, who can implement the plans and strategic programs. For effective work of managers and employees, a company should develop an effective management system. Such system should be [6]:

- First: innovative. It means that such system innovates not only products and processes, but also its structures, systems of human resources, supplies, stock control, marketing, and services.

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– Second: adaptable. That is to be able to adapt to changes in behavior of employees, wishes of clients, expectations of investors, laws, availability of resources on the global market and strategies of opponents.

– Third: flexible. It should be able to increase and decrease the size of the company, change its actions and strategies, create coalitions, eliminate inefficient or less efficient structures.

– And finally, management system should be efficient, which means that it can remain competitive in the sphere of production, performance, employee satisfaction, as well as client loyalty, quality and availability of service.

In conclusion, we would like to note that educational institutions play an important role in building competencies of a global manager. To achieve better results, it is necessary to include the study of intercultural differences in educational standards and also to develop international educational programs.

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