



# THE IMPACT OF GLOBALIZATION ON CORPORATE CULTURE IN THE TIME OF COVID-19

Marko Pavićević<sup>1\*</sup>,  
Mohammad Razaul Karim<sup>2</sup>,  
Abdul Razaque Larik<sup>3</sup>,  
Rosa Y. Coaricona Mendoza<sup>4</sup>

<sup>1</sup>Singidunum University,  
Belgrade, Serbia

<sup>2</sup>Comilla University,  
Cumilla, Bangladesh

<sup>3</sup>Government College University  
Hyderabad,  
Sindh, Pakistan

<sup>4</sup>Changchun University,  
Jilin, China

## Abstract:

Globalization is very important for companies that want to compete in the global arena. Corporate culture is crucial for the success of companies, and accordingly, globalization is important because it affects corporate values and norms. It creates a global arena where values and norms are being intertwined. There are positive values from globalization, which are human rights, feminist values, environmental values, and negative values, which are corruption, greed, alienation and etc. Opportunities for companies, regarding globalization, is creating cooperation and long-lasting bond with companies abroad and increasing their target market. Globalization, like any other trend in history, can be used by companies as an opportunity or it can be a missed chance.

## Keywords:

global arena, values and norms, pandemic, global trends, corporate opportunity.

## 1. INTRODUCTION

The concept of *globalization* is being used when we describe countries that change their culture, society, and economy as a result of international cooperation. The analysis of global trends is very important because it has a tremendous effect on corporate culture. The aim of globalization is to create a global society that is being linked through modern technology. Nevertheless, the outcome of globalization is the global system with a conflict of interest. Furthermore, there are interest groups, countries, and corporations that fight for power and influence. It is further defined as the intensification of relations on the global level where local events can easily become globally recognized. In its simplest term, it represents a conglomeration of culture, values, ideas and etc.

The global environment, above all, increases cultural diversity, which leads to the elimination of artificial barriers and allows countries, companies, and individuals to connect in a comprehensive way. There are optimists that see the concept of the state as irrelevant and argue that freedom, coming with globalization, will create economic cooperation without barriers. There are pessimists that argue that globalization increases the power and wealth of certain individuals, countries, and international institutions. Lastly, there are those that are neither pro nor against globalization, rather they argue that globalization is a fact and there is a need for adaptation. It is yet to be seen how a situation with pandemic will affect corporate culture. The increasingly important argument is that the digitalization of business processes will increase hierarchical processes of doing business, which will, eventually, increase cultural biases (Delios, Perchthold & Capri, 2020, 5).

Correspondence:  
Marko Pavićević

e-mail:  
markopavicevic@singidunum.ac.rs



This research paper analyzes the importance of the effects of globalization on corporate culture in the time of COVID-19. Firstly, it will focus on the impact of globalization on corporate culture. Secondly, it will evaluate the effects of the global pandemic on corporate culture. Thirdly, it will analyze the effect of the global pandemic on individuals in the corporation.

## 2. THE IMPACT OF GLOBALIZATION ON CORPORATE CULTURE

Globalization creates environment where corporation in one country can have influence on corporation in another country. There is mutual influence where company in one country is changing its corporate culture as a result of cooperation. Problem exists because there is overall impression that more powerful companies are affecting smaller companies. For example, people that work in company in Serbia, think that their company should adjust its corporate culture in accordance with German companies because they are more successful. Sometime, it is very difficult to find a perfect balance between accepting what is good from other companies, but keeping the existing values that are necessary. Serbian companies strive toward German model, but German identity and values are different from those of Serbian. Globalization is changing the world economy and companies need to satisfy customers from different background (Zaitseva et al. 2016, 7182) and that means that no matter how powerful one company is, it has to change its corporate culture in order to be more successful.

Globalization leads to a situation where one company is trying to impose values on the other company. Problem arises when values and norms in one company are completely consolidated. Changing values within the company is challenging, changing values from outside is very difficult! Values and norms are altered, only when company sees goals and interest. Direct communication and practical cooperation can lead to the change in values and norms. Success of one company can, definitely, have impact of other company accepting the values. Globalization has its own ways of altering corporate values in a more subtle way. Since the opening of the world is one the values of globalization, people go abroad and work in different companies. When they come back home, they bring new corporate values with them, which they spread further in the company they work in. Interest is what makes people and companies accept new values and compared to political values, economic values are much easier to spread (Seita 1997, 448).

Changing the structure of company and methodology of doing business is another outcome of globalization, where employees are forced to accept new values if they want to stay employed. Global trends that, eventually becomes values, can spread to different companies around the world. For example, awareness of global warming can lead to values of companies being environmentally friendly or feminist values that argue for better treatment of women in companies. Imposing values is another aspect where company in one country will not cooperate with company in another country if human rights are not being respected. Undoubtedly, globalization has brought both positive and negative aspects. Nevertheless, it is a fact, that is not going away and situation with pandemic brought new values on global arena, which are affecting companies around the world. Digitalization of all business operations will be future that all companies need to take advantage of.

## 2. THE EFFECTS OF THE GLOBAL PANDEMIC ON CORPORATE CULTURE

Global events affect corporations and corporate values around the world. For example, political changes, such as free trade agreements and the eurozone affect the everyday businesses of corporations and, most importantly, their values. The ability for offshore operations allows companies to move abroad and avoid paying taxes, which is considered unethical in some parts of the world. Furthermore, technological trends brought a complete digitalization of business operation, which brought values such as working online, the lack of face-to-face communication, etc. The increase of competition brought values that require companies to be successful at any cost, sometimes at the cost of human dignity.

COVID-19 brought challenging tasks for companies and it had an effect on corporate values. If there are strong cultural norms in a company, its executives will make long-term plans, if there are weak and immoral cultural norms, companies will make short-term plans (Li et al. 2021, 8). In other words, if there is a strong sense of integrity in companies, their workers will collectively try to organize business that will bring benefits in long term. If there are weak cultural values, such as corruption and greed, companies will be oriented toward a short-term profit. Furthermore, the pandemic created such a situation where companies have to reevaluate their perspectives on human health and human life. COVID-19 created the interconnection between health, social welfare, and economy (Lorenzo & Sibillo 2020, 4). The company by its nature cares for profit, achievement, and long-term goals. It is expected of workers to contribute as much as they can. They are unable to do that if their health is not good.



The new corporate culture in the time of the pandemic will require investing more in workers' health and well-being. Interestingly enough, the pandemic will reassess values, more in individualist countries than in collectivistic countries (Kaczmarek et al. 2021, 2). In individualist countries, people care more about themselves, they value freedom, while in collectivistic countries, people care more for collective harmony. COVID-19 will alter values in companies with individualistic values in a way that workers will have to develop more ethical standards regarding the care and the well-being of others.

The pandemic brought uncertainty and companies will have to adjust very fast to new threats and opportunities, which means that cultural values will change in a way that it will be expected from workers to be even more flexible and adjustable to changes and challenges. Furthermore, employees will have to be more innovative when it comes to finding better ways of dealing with problems and challenges. There is a chance that the pandemic will increase sympathy and create an environment where corporate values will be respected, and care for each other present (Dhaliwal, 2020). As with any other global trend, the pandemic crisis can provide companies with the opportunity to create values that are humane and values that will care for human dignity.

### 3. THE EFFECT OF THE GLOBAL PANDEMIC ON AN INDIVIDUAL IN A CORPORATION

A global pandemic will affect communication between employees. Management will have a challenging task to create an environment where employees can effectively communicate. There will be digitalization in communication, which means there will be fewer emotions involved. This can lead to a lack of understanding and empathy when it comes to communication between employees. The new corporate values will include remote-working hours, where employees expect their employers to allow them to organize their time in completing the tasks. Employees' awareness regarding health will rise and the employees will expect their employers to create a safe working environment for them. The pandemic created fear in employees of losing the job. The new norm within organizations will be a tendency to comprehend the psychology of fear, caused by the pandemic. The digitalization of business operations will further increase the awareness of rules and norms. If employees work from home and there is a complete digitalization of business processes, more rules and norms will be necessary in order for businesses to operate more efficiently. Since employees are the most important assets of the company, the management will have to carefully plan its business operations.

Socioeconomic risks caused by the pandemic crisis can include unemployment and unpredictable financial situations. Furthermore, there can be a sense of loneliness and psychological issues as a result of the loss of loved ones (Garcia-Sanchez & Garcia-Sanchez 2020, 3). Financial instability creates tension in people and the tension reduces productivity and innovation. Companies will have to take into consideration, very seriously, how they treat their workers and in which way they will help them overcome those problems. Every company is money-oriented, but the tension with the pandemic will create uncertainty and fear among people, which can negatively affect production, and by that, the financial situation. There will be an increase in conservation values among workers in a company (Daniel et al. 2021, 2). Those values are the ones that are necessary for survival. This means that other values can suffer, such as human rights values, feminist values, and other liberal and modern values. An individual in a company will be affected as a result of the pandemic crisis, in a way that he will have to find ways to cooperate with a stressful and unpredictable environment.

### 4. CONCLUSION

Every global trend radically transforms businesses and their corporate values, which have to be adjusted in order to deal with new challenges. In the short-term and medium-term periods, companies would have to adjust to trends of a global pandemic in order to be successful. In the long term, companies should adjust their corporate values in a way to embrace digital trends that became more relevant in the time of the pandemic. COVID-19 created an opportunity for companies to impose values of internationalization through digitalization on their employees. It will impact companies in a way that they will have to embrace human values such as caring for the health and well-being of their workers. Furthermore, corporate values will be changed in a way that companies will have to allow workers to do their job from home and to believe that they will responsibly finish their work. In regard to individual values, employees will be more afraid for their health, well-being, and financial situation as a result of the unpredictable future cause by the pandemic, which can reduce the productivity and efficiency of workers. In order for a business to function successfully, there will be a necessity for companies and their employees to nurture values such as understanding, empathy, and tolerance so that the business can be more successful.



## 5. LITERATURE

- Daniel, E., Bardi, A., Fischer, R., Benish-Weisman, M., & Lee, A. J. (2021). Changes in Personal Values in Pandemic Times. *Social Psychological and Personality Science* XX(X), 1-11.
- Delios, A., Perchthold, G., & Capri, A. (2021). Cohesion, COVID-19 and contemporary challenges to globalization. *Journal of World Business* 56(3), 1-8. <https://doi.org/10.1016/j.jwb.2021.101197>
- Dhaliwal, G. (2020). How The Pandemic is Transforming Company culture. Accessed 16.09.2021. <https://www.forbes.com/sites/forbestechcouncil/2020/12/04/how-the-pandemic-is-transforming-company-culture/?sh=6926e5567b10>
- Garcia-Sanchez, M. I., & Garcia-Sanchez, A. (2020). Corporate Social Responsibility during COVID-19 Pandemic. *Journal of Open Innovation: Technology, Market and Complexity* 6(4), 1-21.
- Kaczmarek, T., Perez, K., Demir, E., & Zaremba, A. (2021). How to survive a pandemic: The Corporate resiliency of travel and leisure companies to the COVID-19 outbreak. *Tourism Management*, Forthcoming, 84, 1-11.
- Li, K., Liu, X., Mai, F., & Zhang, T. (2021). The Role of Corporate Culture in Bad Times: Evidence from the COVID-19 Pandemic. *Journal of Financial and Quantitative Analysis*, Forthcoming, European Corporate Governance Institute-Finance Working Paper No. 726/2021, 1-89.
- Lorzno, D. E., & Sibillo, M. (2020). Economic Paradigms and Corporate Culture after the Great COVID-19 Pandemic: Towards a New Role of Welfare Organizations and Insurers. *Sustainability* 12(19), 1-14.
- Seita, Y. A. (1997). Globalization and the Convergence of Values. *Cornell International Law Journal* 30(2).
- Zaitseva, A. N., Larionova, A. A., Yumatov, V. K., Korsunova, M.N., & Dmitrieva, V. N. (2016). Assessment of the Impact of Globalization on the Introduction of Innovative Technology Companies in the Hospitality Industry. *International Journal of Environmental & Science Education*, 11(14), 7176-7185.