

Internal Company Resources and Glocalization

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Abstract—This article focuses on the importance and influence of the internal resources of companies operating regionally and nationally (hereinafter regional and national companies) in relation to ongoing globalization and internationalization processes. The results of the research presented are based on a sample set of 131 companies from across different industrial sectors in the Czech Republic - 71 regional and 60 national companies. A two-choice test and Fisher's exact test were used for the analysis. The analysis revealed that for regional companies, input logistics, production processes, output logistics, marketing and sales were the most important internal resources with regards to their influence on profitability, whereas for national companies this was scientific-technological development and the management of human resources. Within this context, it can be concluded that the level of importance attached to individual internal resources by regional and national companies differs considerably. In fact, it could even be argued that there appears to be an increasing disparity in their development. Against this backdrop however, we must take into consideration that the time for the formation of regional and national centres designed to improve and strengthen the competitiveness of Czech companies and generate added value is fast approaching.

Keywords—globalization, glocalization, internal resources, regional companies, national companies

I. INTRODUCTION

At the beginning of this century, the discernible effects and processes of the international economy were usually put down to globalization and internationalization processes. Within this reasoning, the roles of scientific-technological progress and information technologies, which had undergone enormous change and become the roots and the cause of subsequent economic interconnection and integration processes, were omitted. On the one hand, this situation brought handsome profits to companies, private entrepreneurs and national economies, whilst on the other, it caused tensions between political representatives as a result of the limited opportunities they had to influence economic processes on the regional, national and international level. It also led to unresolved conflicts between social efficiency and economic effectiveness, i.e. governments had only limited influence on the development of national economies; the formation of regional and national centres was also limited, which usually results in the reduction of the competitiveness of businesses due to the disproportional rise in power of national companies. Within this context, there is often talk about slowing down or terminating such processes; no relevant studies have been carried out to support this argument. This article focuses on

the stated issue, however, it is limited in scope by the fact that the research was conducted in a period of dramatic economic growth. As a result, the integrity, essence and usefulness of some of the stated internal resources could/should be brought into question.

II. LITERARY RESERCH

It is indisputable that globalization and internationalization processes, mainly at the beginning of this century, influenced business practices both at home and abroad. These processes affected all industrial sectors and sizes of companies. It can be said with a great degree of confidence that these processes resulted in the creation of a new global economic order. More specifically, it resulted in companies having to operate in a discontinuous and turbulent environment [1], [2], [3], an environment that has been described as unpredictable, volatile and incoherent [4] with constantly changing consumer behaviour. Harris [5] argues that today's planning requires an instant recognition of changes and an immediate reaction to these changes. Drucker [3] refers to the most significant trends influencing the business environment and thereby the determination and implementation of corporate strategy. The fundamental principles of change in the business environment of companies is matched by the intensity of change in the internal environment of these companies [6], [7]. The formation of new global and regional economic centres reflects a gradual change in integration and globalization processes in terms of the form and intensity of these processes [8], [2], [5].

The changes in the behaviours of manufacturers and distributors of products and services provided on national markets is a reflection of the most significant changes effected by the aforementioned processes. To put it more precisely, they emphasize the socio-cultural differences of individual regional, national and international/global markets. From a corporate strategy point of view, these differences and disparities can be regarded as a means by which to gain competitive advantages. In professional literature, this process of change is referred to as the move from globalization to glocalization, which involves the adaptation of products and services to meet local, regional and national requirements. It can be assumed that this process is already underway in the Czech Republic because the number of potential consumers who welcome such product changes is increasing, which is another advantage of the said process. The key goal for companies is to satisfy the needs of the largest possible number of clients and to maximize profits [9], [10], [11]. The most distinctive characteristics of glocalization are the

encouragement of social diversity so that differences are not eliminated, the removal of concerns about globalization and its need to eliminate all differences, and that it does not promise a world without conflicts and tension; on the contrary, it offers a comprehensive historical interpretation thereof.

Nevertheless, it can be assumed that the globalization process will have an effect on all industrial sectors of the national economy and on all sizes of companies. As a matter of fact, the business community expects the biggest process changes in the internal environment (micro-environment) of companies. Any analysis of the micro-environment should include an analysis of the internal resources of a company – primarily financial, human, material and non-material resources (trademark, logo, etc.), an analysis of the influence of environmental changes on the structure of those resources, a system analysis, corporate culture analysis, competence analysis, etc. The ultimate outcome of such analyses is the determination of the strengths and weakness of an organisation [12], [13], [14]. Company resources may be divided into the following general categories: necessary resources (physical and financial) and unique resources (human and incorporeal), in other words material resources (tangible, corporeal) and intangible (incorporeal) [15]. The paradigm of modern management puts emphasis on the importance and strength of the value of human potential. Drucker [8] agrees and argues that people are a company's most valuable capital asset. High-quality human resources that are responsible for the success or failure of companies belong to the highest ranking resources of a company [16], [17], [13].

The optimal structure of internal resources presents the starting point for gaining a competitive advantage that enables companies to increase their efficiency and achieve long-term prosperity [18], [19], [15]. In order for business processes to be effective, they need to be carefully mapped, defined, implemented and managed. As a matter of fact, information technologies and business processes have a dominant role to play in a company's endeavours to achieve these goals [8], [20], [5]. However, common business practices in the Czech Republic show that this is not always the case. Many companies do not incorporate business processes (or modify them) into their corporate strategy or into the generation of added value on a national and global scale [21], [6], [22]. Knowledge of the internal environment of a company is an essential requirement for its sustainability and prosperity, whilst adhering to the principle that the specific internal environment of a company is always unique, exceptional and original; the integrity of its constituent parts is enabled by its uniqueness.

III. MATERIAL AND METHODS

The analysis was conducted on a sample set of 131 companies from across the Czech Republic - 71 regional and 60 national companies.

A two-choice test was used for the analysis:

$$T = \frac{\bar{z}}{s_z/\sqrt{n}} = \frac{\bar{x} - \bar{y}}{s_z/\sqrt{n}} = \frac{\bar{z}}{\text{SE}(\bar{x} - \bar{y})} \quad (1)$$

where \bar{x}, \bar{y} are applications of a random variable; $\bar{x} - \bar{y}$ are also applications of a random variable; $\text{SE}(\bar{x} - \bar{y})$ is its standard deviation:

$$T = \frac{\bar{z} - \text{konst}}{s_z/\sqrt{n}} \quad (2)$$

Zero division:

When applying $H_0: T \sim t_{n-1}$

The likelihood that T exceeds value T_0 or it is lower than $-T_0$:

$$P(-T_0 < T < T_0) = 2 \cdot (1 - F(T_0)) \quad (3)$$

Critical value:

$$t_{1-\frac{\alpha}{2}, n-1} \quad (4)$$

In addition, a Fisher's exact test was used to test the zero hypothesis that the division of objects into two criteria is different from the hypergeometric division. Only the "p-value", which tests the differences between columns and rows, was calculated. The equation for the calculation was as follows:

$$p = ((a+b)! (c+d)! (a+c)! (b+d)!)/(a! b! c! d! n!) \quad (5)$$

where p refers to the level of importance; a, b, c, d are values in the pivot table in the order SZ, SV, JZ, JV, and $n = a + b + c + d$. A huge advantage here is the possibility to use this test even if one of the values a, b, c, d is equal to zero as $0!=1$.

Fisher's exact test indicates only the p-value since in this case this value also represents the testing statistic. All tests were conducted on a standard level of significance of 0.05 and at a confidence interval of 95%. In the case of the two-choice test, the difference in relevant frequencies between the groups was considered statistically significant if the p-value was lower than the standard level of significance of 0.05 or if the interval estimate was not zero. The situation was analogical for Fisher's test. As long as the p-value was lower than the level of significance of 0.05, the difference was considered statistically significant.

IV. RESULT AND DISCUSSION

A. Regional Companies:

TABLE I. INTERNAL RESOURCES – IMPORTANCE FOR REGIONAL COMPANIES

	<i>Not profitable</i>	<i>Profitable</i>	<i>Difference – not profitable - profitable</i>
Input logistics	12.5%	40.5%	28.0%
Production processes	50.0%	73.8%	23.8%
Output logistics	18.8%	40.5%	21.7%
Marketing and sales	18.8%	42.9%	24.1%
Services and other back-up services	18.8%	21.4%	2.7%
Purchasing	25.0%	28.6%	3.6%
Scientific-technological development	0.0%	7.1%	7.1%
Management of human resources	37.5%	11.9%	-25.6%
Company infrastructure	6.3%	7.1%	0.9%

Source: Authors

The differences that are greater than 10% are marked in bold. In light of the aggregate for not profitable factors, the p-value of Fisher's exact test is considered to be an ultimate

result, whereas the results of the two-choice test on the difference in proportions and the interval estimate for that difference are used only for orientation purposes. The statistically significant differences are marked in bold in Table 1 and Table 3.

TABLE II. TESTING OF INDIVIDUAL RESOURCES FOR INFLUENCE ON PROFITABILITY – REGIONAL COMPANIES

Process	P-value Fischer's exact test	Two-choice test on difference in proportions		
		Testing statistic	P- value	Interval estimate of difference in proportions
Input logistics	0.061	2.495	0.012	(0.059; 0.499)
Marketing and sales	0.729	1.945	0.050 ₂	(-0.00023; 0.484)
Production processes	0.119	1.674	0.094	(-0.041; 0.517)
Purchasing	0.493	-0.887	0.375	(-0.483; 0.182)
Output logistics	0.215	1.759	0.078 ₆	(-0.025; 0.459)
Management of human resources	0.055	-1.954	0.051	(-0.513; 0.0007)

Source: Authors

Fisher's exact test and the two-choice test on the difference in proportions showed intermittent differences among the regional companies. Nevertheless, the level of the aggregate for not profitable factors did not meet the requirements; the results of the two-choice test on the difference in proportions must therefore only be considered to be a rough estimate. Within this context, it is necessary to rely on the results of Fisher's test. This test did not show any statistically significant differences in the proportions for any of the monitored resources. However, there were some very close results that are worth highlighting, including input logistics, production processes and the management of human resources. For all the resources, with the exception of the management of human resources, for which the situation was the reverse, the proportions for those companies that believe the resource influences profitability were greater than for those that do not.

B. National Companies:

TABLE III. INTERNAL RESOURCES – IMPORTANCE FOR NATIONAL COMPANIES

	Not profitable	Profitable	Difference Profitable – Not profitable
Input logistics	39.3%	45.8%	6.5%
Production processes	85.7%	86.1%	0.4%
Output logistics	53.6%	52.8%	-0.8%
Marketing and sales	46.4%	45.8%	-0.6%
Services and other back-up services	28.6%	34.7%	6.2%
Purchasing	42.9%	34.7%	-8.1%
Scientific-technological development	7.1%	25.0%	17.9%
Management of human resources	10.7%	30.6%	19.8%
Company infrastructure	17.9%	19.4%	1.6%

Source: Authors

The differences that are bigger than 10% are indicated in bold in the table. In light of the precision of both aggregates, the results of the two-choice test on the difference in proportions are considered to be suggestive and used only for

orientation purposes. The significant differences are again highlighted in bold.

TABLE IV. TESTING OF INDIVIDUAL PROCESSES ACCORDING TO THEIR IMPORTANCE AND INFLUENCE ON PROFITABILITY – NATIONAL COMPANIES

Process	P-value Fischer's exact test	The two-choice test on the difference in proportions		
		Testing statistics	P- value	Interval estimate of difference in proportions
Scientific-technological development	0.061	2.532	0.011	(0.040; 0.317)
Management of human resources	0.055	2.487	0.013	(0.0423; 0.355)

Source: Authors

The test results show that for both differences in proportions that were higher than 10%, that they are statistically significant for the group of national companies, even though they do not exceed the limit of 20% previously rejected many times. The principal reason is the level of both aggregates. The number of companies is much larger when compared with the previous group, both for those that believe the resource influences profitability and those that do not. Owing to this fact, it can be said that the test works with a more stable aggregate and can therefore reveal more subtle differences. Both cases show a bigger difference in proportions among companies that believe the resources influence profitability. Scientific-technological development and the management of human resources are the factors that are considered the most important.

V. CONCLUSION

The aim of the research and results presented in this article were to show the differences in the structure of the internal resources of regional and national companies across the industrial sectors of the Czech Republic. A difference of 10% was determined to be a relevant factor with regards to its influence on the profitability of a company. Although statistical tests did not reveal any dramatic differences between those factors (internal resources) that influence the profitability of regional or national companies, the research did demonstrate that input logistics, production processes, output logistics, marketing and sales were of particular importance to regional companies, whereas for national companies, scientific-technological development and the management of human resources had a greater role to play.

With respect to the obtained results, the following conclusions can be drawn:

- Regional and national companies attach different levels of importance to the factors that make up their internal resources.
- The influence of the individual internal resources on the profitability of a regional and national company is significantly different.
- There is no integration process taking place between regional and national companies. On the contrary, there appears to be an increasing disparity in their development.

It would be premature to draw a conclusion with regards to the intensity of the contemporary globalization and internationalization processes, i.e. glocalization. However, we must take into consideration that the time for the formation of regional and national centres (as indicated by the importance and influence of individual internal resources) designed to improve and strengthen the competitiveness of Czech companies and generate added value is fast approaching.

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