

## **Globalization Wave in Four Major Iranian Ministries: Turning the Compass on to Save the Ship**

<sup>1</sup>Sayed Ali Akbar Ahmadi, <sup>1</sup>Mohammad Reza Daraei, <sup>1</sup>Yashar Salamzadeh and <sup>2</sup>Fatemeh Sharafi Farzad  
<sup>1</sup>Higher Education Center, Department of Management, Payam Noor University, Tehran, Iran  
<sup>2</sup>Department of Management, Farabi Institute of Higher Education, Tehran, Iran

---

**Abstract:** We have to remember that if we do not ride the globalization wave, we will find ourselves beneath it. Now-a-days, globalization plays an important role in the way service organizations act. All organizations should pay enough attention to this phenomena and it becomes more important when we talk about different ministries which have the responsibility of policy making in their field for a country. Ministries have limited resources and have to plan to allocate them in the most proper way. Here is the point which ignoring the globalization will result to great problems for all sub-organizations of these ministries and will impose great costs in national level. This study is the second part of a macro level research which studies four major ministries of Iran in order to recognize and rank the mentioned challenges. Here, researchers used factor analysis in order to categorize the found challenges which were exerted from the literature review and some interviews with experts. In the next step, researchers ranked the globalization challenges in four Iranian Ministries using fuzzy TOPSIS approach and all the remarkable results are presented in some tables in this study. At the end, present some practical implications for studied organizations and researchers show their possibility using fuzzy analysis on experts' view and these results are presented in this study too. This research fills the gap between theoretical and empirical issues about globalization in Iran and makes policy makers aware about its practical challenges for public organizations.

**Key words:** Globalization challenges, Iran, Ministry of Science-Research and Technology, Ministry of Culture, Ministry of Industry-Mining and Trade, Ministry of Sports and Youth, fuzzy analysis

---

### **INTRODUCTION**

Globalization is much more than the worldwide production and consumption of products or communication style. It is not just an economic or cultural trend but a movement of ideas, lifestyles and developments that could affect our families, our employment, our living conditions and the future of the world.

Unfortunately, in our country many people with low information about different aspects of globalization, start to fight on it. Globalization is not a final cure for all the pains and nor the plan of more powerful countries for a new age of slavery. Globalization is on its way to the future and accepting or not accepting, we have to learn how to involve in it and benefit from its opportunities and also negate its threats.

Here, researchers are about to study the globalization challenges of some Iranian decision maker organization in order to get them familiar with their own situation facing the globalization wave.

We have to know that globalization is not only an external phenomenon but also, it makes some newer thinking patterns which influences decision making in organizations.

Now-a-days, Iranian public organizations face the globalization wave and this study, using a systematic and scientific approach, is going to recognize and rank mentioned challenges for four studied ministries.

**Literature review:** Fraser and Oppenheim (1997) mentioned that globalization is the process by which the world's economy is transformed from a set of national and regional markets into a set of markets that operate without regard to national boundaries. According to this definition, we can understand that public and governmental organizations influence largely from the globalization wind.

Globalization occurs largely as a result of conscious decisions to liberalize cross-border transactions in money, goods, services, people and information (Grunberg, 1998; Shahabudin, 2004). In other words, it is a concept of free

flow of capital and trade in goods and services without regulation barriers among countries (Foong, 2002; Mohamed, 2002).

Some researchers believe that globalization will continue as long as people are driven to look across borders for resources, ideas, efficiencies and services (AACSB International, 2011).

Also, some researchers think that globalization should be analyzed only in private organizations and in governmental level, government intervention is criticized as opening the way for the unbecoming behavior of national governments and the abuse of power (Rosnan *et al.*, 2010) but it can be right when we imagine the governmental organizations separately but in reality public and governmental organizations also influence from the globalization.

Peng (2009) defines globalization as the close integration of countries and peoples of the world and Rundh (2007) views it as the shift toward a more integrated and interdependent world economy.

According to Salamzadeh *et al.* (2009), various factors that drive increasing globalization can be grouped under four broad categories:

- Macro-economic factors
- Political factors
- Technological factors
- Organizational factors

Macro-economic factors include, for example, an acceleration of technology transfer among countries and a rapid increase in populations in emerging economies (Salamzadeh *et al.*, 2009). Political factors refer to privatization, deregulation and trade liberalization of many nations in favor of free flows of trade and investments (Eden and Lenway, 2001; Hafsi, 2002). Technological forces such as advance development in communication and transportation technologies which promote growth in international business transactions are also key drivers of rapid globalization (Graham, 1999; Knight, 2000).

**MATERIALS AND METHODS**

As mentioned before, researchers did the study on four ministries including: Ministry of Science, Research and Technology, Ministry of Culture, Ministry of Industry, Mining and Trade and Ministry of Sports and Youth. The first two ministries are old ministries in Iran and the next two ones are newly constructed ministries in Iran.

According, to sample size formula, researchers needed about 384 samples from experts and managers working in four cases of the study which researchers

Table 1: Distribution of samples in four ministries

Sample size	Organization
108	Ministry of Industry, Mining and Trade
114	Ministry of Science, Research and Technology
99	Ministry of Culture
99	Ministry of Sports and Youth

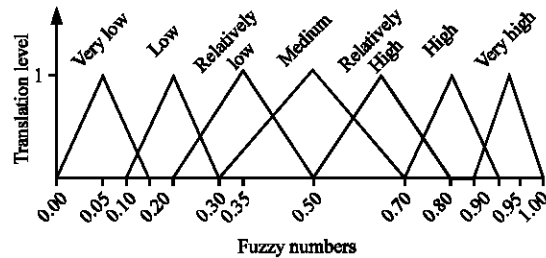


Fig. 1: Translation of fuzzy numbers to linguistic terms

gathered more questionnaires and the final sum of the samples became 440. So, researchers can easily extend the results to similar organizations in Iran. Here, is the distribution of samples in four ministries presented in Table 1.

Here, researchers used the questionnaire of a similar research about globalization in Iranian industry by Salamzadeh *et al.* (2009) and researchers did a confirmatory factor analysis on it to decide on the final research questionnaire.

Validity and reliability of the questionnaire is also confirmed using experts' view and a Cronbach alpha of 0.922.

In the first step of the analysis, researchers ranked the challenges for four mentioned ministries using fuzzy TOPSIS technique.

After analysis of the results of gathered questionnaires, researchers proposed some suggestions for studied organizations and after some interviews with experts and using next diagram which is a translation of fuzzy numbers to linguistic terms (Fig. 1), assessed the feasibility of each suggestion.

**RESULTS**

Here, first researchers present the eight categories of the globalization challenges which belonged to Salamzadeh *et al.* (2009) and researchers also did a confirmatory factor analysis on it which it confirmed all eight dimensions. Of course before it, researchers did a KMO test to evaluate whether it is possible to do the factor analysis or not which as shown in Table 2, it was accepted and then researchers did the confirmatory factor analysis:

- Business and trade challenges
- Systems and infrastructure challenges

- Research and development challenges
- Governmental challenges
- Managerial and organizational challenges
- Cultural challenges
- Legal challenges
- Human resource management challenges

In the next step, researchers ranked the challenges using fuzzy TOPSIS. In Table 3-10, researchers presented the ranks of different challenges for four mentioned ministries.

As shown in Table 3, the most important challenges in an overall view are: Using multi-nationality organizations in public services, development of international NGOs, moving from mechanical to organic organizational structures and using long term plans such as strategic planning.

As shown in Table 4, the most important challenges in an overall view are: Managing the social capital in organizations, paying attention to intellectual properties and management of brain drain phenomenon in public organizations.

It is important to say that in this dimension, challenges are categorized in two major categories; namely, social capital and knowledge management which

these two categories play an important role in empowerment of human resources.

As shown in Table 5, the most important challenges in an overall view are: Development of new ways of international interactions in public organizations, stability of political environment of the country, joint goal setting with other countries and improvement of justice oriented approach of government.

It is clear that challenges in government dimension are also categorized in two dimensions: Internal execution approach of the government and international interactions.

As shown in Table 6, the most important challenges in an overall view are: Increasing the openness in different fields, complexity of international rules and laws, wise selection of economic policies and giving attention to political economics in international environment.

As shown in Table 7, the most important challenges in an overall view are: Pervasiveness of electronic trade,

Table 2: KMO and Bartlett's test

Tests	Values
Kaiser-Meyer-Olkin measure of sampling adequacy	0.895
Bartlett's test of sphericity	
Approx. Chi-square	2873.225
df	1275.000
Sig.	0.000

Table 3: Rankings of managerial and organizational challenges in different ministries

Challenges	Ministry of Science Research and Technology	Ministry of Culture	Ministry of Industry, Mining and Trade	Ministry of Sports and Youth
Using multi-nationality organizations in public services	1	1	1	1
Development of international NGOs	4	2	3	2
Moving from mechanical to organic organizational structures	2	3	2	3
Using long term plans such as strategic planning	3	4	4	4
Using National NGOs in other countries	6	5	6	5
Impact of virtual media and virtual social networks on organizations	8	6	7	6
Restructuring the administration style of public services	7	8	8	7
Using managerial systems to increase productivity	5	7	5	8

Table 4: Ranking of human resource management challenges in different ministries

Challenges	Ministry of Science Research and Technology	Ministry of Culture	Ministry of Industry, Mining and Trade	Ministry of Sports and Youth
Managing the social capital in organizations	1	1	1	1
Paying attention to intellectual properties	2	2	4	2
Holding seminars and meetings with global experts	6	4	6	3
Management of brain drain phenomenon in public organizations	4	3	2	4
Improving the knowledge of managers in directing sustainable international relations	3	5	3	5
Empowerment of personnel (continuous learning)	5	6	5	6

Table 5: Ranking of governmental challenges in different ministries

Challenges	Ministry of Science Research and Technology	Ministry of Culture	Ministry of Industry, Mining and Trade	Ministry of Sports and Youth
Development of new ways of international interactions in public organizations	1	1	1	1
Joint goal setting with other countries	4	3	4	2
Stability of political environment of the country	2	2	3	3
Membership in important international organizations and conventions	6	6	5	4
Improvement of justice oriented approach of government	3	4	2	5
Decreasing the role of government in execution of public services	5	5	6	6
Partnership in international plans	8	8	8	7
Get access to mechanisms for decreasing the impacts of crisis in other countries on our country	7	7	7	8

development of instruments for confronting rapid changes in the environment and development of transportation infrastructures.

Researchers recognize that challenges in this dimension are greatly expanded. They start with transportation infrastructures which is mostly under power of the government then researchers face with pervasiveness of electronic trade which needs the cooperation of the government and private sector both and on the other hand researchers see development of instruments for confronting rapid changes in the environment which should be get the attention of the managers in different organizations. So, success in this dimension needs a complete cooperation between different actors.

As shown in Table 8, the most important challenges in an overall view are: More investment on researches, development of appropriate infrastructure for using IT and development of appropriate infrastructures for creating technologies.

As shown in Table 9, the most important challenges in an overall view are: Importance of continuous innovation, influencing personal, organizational and national identity of people, giving more information to managers about ideologic context of globalization and improving knowledge of managers about different cultures.

As shown in Table 10, the most important challenges in an overall view are: Rules and laws for confronting

official corruption, creating a legal base in order to integrating local and global economics and changes in labor laws in order to matching to international laws.

In the next step of the research, researchers presented 74 solutions for most important challenges. Some experts commented on feasibility of these solutions and researchers, using cheng's fuzzy numbers, located them in some categories according to their feasibility.

None of the solutions placed in the very high feasible category. Some solutions placed in the high feasible category and researchers ranked them in these category as:

- The first rank belongs to solutions number 1, 2, 6, 26, 29, 60, 60 and 74
- The second rank belongs to solutions number 3, 4, 11, 12, 16, 27, 38, 46, 51, 52, 61 and 63
- The third rank belongs to solutions number 5, 10, 17, 33, 39, 40, 53, 62 and 73
- The fourth rank belongs to solutions number 7, 8, 23, 31 and 44
- The fifth rank belongs to solutions number 34, 54 and 72
- The sixth rank belongs to solution number 28

Some other solutions placed in the moderately high feasible category and they also ranked as below:

Table 6: Ranking of investment and trade challenges in different ministries

Challenges	Ministry of Science Research and Technology	Ministry of Culture	Ministry of Industry, Mining and Trade	Ministry of Sports and Youth
Increasing the openness in different fields	1	1	1	1
Complexity of international rules and laws	4	2	2	2
Giving attention to political economics in international environment	3	4	4	3
Wise selection of economic policies	2	3	5	4
Targeted investment of governmental and non-governmental organizations on public services	5	6	6	5
Acceleration of privatization process	8	7	8	6
Attraction of FDI	6	5	3	7
Management of gaps between classes in society	7	8	7	8

Table 7: Ranking of systems and infrastructure challenges in different ministries

Challenges	Ministry of Science Research and technology	Ministry of Culture	Ministry of Industry, Mining and Trade	Ministry of Sports and Youth
Pervasiveness of electronic trade	1	1	1	1
Development of instruments for confronting rapid changes in the environment	2	2	2	2
Observance of global standards in different systems	4	3	5	3
Development of transportation infrastructures	3	4	3	4
Development of systems in order to expansion of system thinking in organizations	5	5	4	5

Table 8: Ranking of research and development challenges in different ministries

Challenges	Ministry of Science Research and Technology	Ministry of Culture	Ministry of Industry, Mining and Trade	Ministry of Sports and Youth
Development of appropriate infrastructure for using IT	3	2	2	1
More investment on researches	1	1	1	2
Getting access to appropriate channels of technology transfer	4	4	4	3
Public access to technologic resources (such as financial and human resources)	5	5	5	4
Development of appropriate infrastructures for creating technologies	2	3	3	5

Table 9: Ranking of cultural Challenges in different ministries

Challenges	Ministry of Science Research and technology	Ministry of Culture	Ministry of Industry, Mining and Trade	Ministry of Sports and Youth
Importance of continuous innovation	1	1	1	1
Influencing personal, organizational and national Identity of people	2	2	2	2
Improvement of customer oriented culture	5	6	8	3
Giving more information to managers about ideologic context of globalization	4	3	3	4
Improving knowledge of managers about different cultures	3	4	4	5
Rapid changes in societie's culture	7	5	7	6
Dificulties of dialogue between religions	8	8	9	7
Using the cultural synergy with other countries	6	7	5	8
Improvement of social respnsibility of organizations (for example using SA8000 Standard)	9	9	6	9
Giving attention to eniornamental considerations	10	10	11	10

Table 10: Ranking of legal challenges in different ministries

Challenges	Ministry of Science Research and Technology	Ministry of Culture	Ministry of Industry, Mining and Trade	Ministry of Sports and Youth
Changes in labor laws in order to matching to international laws	4	1	5	1
Rules and laws for confronting official corruption	1	2	1	2
Creating a legal base in order to integrating local and global economics	2	3	3	3
Development of health laws in organizations	3	4	2	4
Coordination with ILO Standards	5	5	4	5

- The first rank belongs to solutions number 9, 24 and 55
- The second rank belongs to solutions number 30, 64 and 67
- The third rank belongs to solutions number 14, 25, 32, 43 and 68
- The forth rank belongs to solutions number 13, 15, 28, 56, 58, 59 and 65
- The fifth rank belongs to solutions number 37 and 57

Some solutions placed in the moderate feasible category and researchers ranked them in theses category as below:

- The first rank belongs to solution number 41
- The second rank belongs to solution number 69
- The third rank belongs to solutions number 47 and 48
- The forth rank belongs to solution number 71
- The fifth rank belongs to solutions number 36, 49 and 66

Some solutions placed in the moderately low feasible category and researchers ranked them in theses category as below:

- The first rank belongs to solution number 22
- The second rank belongs to solutions number 18, 20, 21, 35 and 45

Some solutions placed in the low feasible category including solutions number 19, 42 and 70. None of the solutions placed in the category of very low feasible category.

## DISCUSSION

The presented solutions will make organizations able to face globalization wave better and make them use its opportunities as well. Here, researchers will present the most important and feasible solutions for studied organizations to face globalization. Researchers have to mention that researchers presented the solutions according to their importance and feasibility and first categories below are more important and as researchers go to the end, their importance lowers.

Also, researchers have to say that all these solutions belong to high feasible solutions of the research:

**Group A:** Deployment of knowledge management in organizations, starting quality circles, systematic review of the starategic plans, decreasing the boreucratic process of patenting, active participation in international conferences and meetings, using the helps of international NGOs in public issues, using abilities of other countries where there is a cultural similarity, use of cultural synergy between organizations and countries.

**Group B:** Deployment of TQM, use of excellence models such as EFQM, delegation of decision making power to public sector, use of experiences of private sector in public activities, increasing the flexibility using continuous learning, use of international services to improve the abilities of managers, joint goal settings with other international organizations and countries to improve the position of the country, development of plans to improve the business enviornment by government, development

of systems to response to needs of internal and external customers of the organizations, improvement of cultural diversity in organizations.

**Group C:** Expanding activities of logistic organizations in service industry, assurance about good match between organizational structures and strategic plans of the organization, management of brain drain phenomenon using systems for elite's management, plan to move public organizations from execution to governance and policu making, agilizing the government, development of plans for social responsibility of organizations, development of Macro-Cultural Map of the organizations and its dynamics.

**Group D:** Starting joint activities with friend countries, development of strategies for entering international markets, starting regional labor unions in order to facilitate training of human resources and building capacities in this field, development of systems for social capital management in public organizations, forcing public institutions to present their information in a transparent way.

**Group E:** Development of operational plans in order to manage elites in organizations according to elite's document of Iran, involving clients and personnel in development of organizational plans, design and development of organizational culture management system in organizations.

## CONCLUSION

In this research researchers analyzed the most important challenges of globalization for Iranian public organizations, researchers ranked them and managers can refer to these results in order to develop plans for their own organization and also get a holistic image from the situation of other organizations in their environment.

## REFERENCES

AACSB International, 2011. Globalisation of Management Education: Changing International Structures, Adaptive Strategies and the Impact on Institutions. Emerald Group Publishing Co., Bingley, Pages: 342.

- Eden, L. and S. Lenway, 2001. Introduction to the symposium multinational: The Janus face of globalization. *J. Int. Bus. Stud.*, 32: 383-400.
- Foong, S.Y., 2002. Liberalization of the accounting services sector: Perceived impact and challenges for accountants in Malaysia. *Akauntan Nasional*, May 2002, pp: 7-15.
- Fraser, J. and J. Oppenheim, 1997. What's new about globalization? *McKinsey Quarterly*, Summer, pp: 167-179.
- Graham, P.G., 1999. Small business participation in the global economy. *Eur. J. Marketing*, 33: 88-102.
- Grunberg, I., 1998. Double jeopardy: Globalizations, liberalization and the fiscal squeeze. *World Dev.*, 26: 591-605.
- Hafsi, T., 2002. Global Competition and the Peripheral Player: A Promising Future. In: *Globalization and Firm Competitiveness in the Middle East and North Africa Region*. Fawzy, S. (Ed.). World Bank Publications, Washington DC.
- Knight, G., 2000. Entrepreneurship and marketing strategy: The SME under globalization. *J. Int. Mark.*, 8: 12-32.
- Mohamed, M., 2002. Globalization: Challenges and impact on Asia. In: *Globalization and the New Realities: Selected Speeches of Dr. Mahathir Mohamad*, Prime Minister of Malaysia, Bin Mohamad, M. and H. Makaruddin (Eds.). Pelanduk Publications, USA., pp: 13-231.
- Peng, M.W., 2009. *Aise Global Business*. South-Western Cengage, Mason, OH., Pages: 573.
- Rosnan, H., M.N. Ismail and N.M. Daud, 2010. The globalization of film business and its effect on the Malaysian film industry. *Bus. Strategy Ser.*, 11: 325-332.
- Rundh, B., 2007. International marketing behaviour amongst exporting firms. *Eur. J. Marketing*, 41: 181-198.
- Salamzadeh, Y., S.S. Ardakani and S.M. Zanjirchi, 2009. What should we do now? Analysis of the globalization challenges in Iranian SMEs: A study on food industries of hamadan province using fuzzy MADM approach. *Ann. Univ. Bucharest Econ. Administrative Ser.*, 3: 165-178.
- Shahabudin, S.H., 2004. Impact and challenges of globalization on accounting. *Forum on International Education Standards for Professional Accountants*.