

# The Paradoxical Dynamics of Globalization

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The aim of this track is to provide an analysis framework to better understand the numerous paradoxes of market globalization and their impact on firms.

- In reaction to globalization, a growing number of consumers are returning to traditional products associated with their country's culture. These products reassure and allow for the affirmation of a certain identity in a rapidly evolving world that does not always offer stable reference points,. Indeed, there is an increasing sentiment of attraction / repulsion to global products. Consumers want to fully become citizens of the world, but at the same time refuse the dissipation of local specificities. This ambivalent demand creates a challenge for firms, considered to be the principal vectors of globalization.

- Obligated to respond to the claims of potential customers and to obey local regulations, firms are developing fewer uniform action plans on the global level. *Global strategy*, as defined by Bartlett (1986), has been abandoned by many firms, including Ikea, McDonald's, Coca-Cola, etc. These companies now seek to reconcile standardization and adaptation in order to adjust to complex market conditions. For a large majority of business sectors, globalization therefore leads to new ways of working on the local level.

- Despite the multiplication of identity-based demands, while implementing their strategy, many firms enter foreign markets with an ethnocentric profile. They put managers from the home country at the head of their foreign subsidiaries, regularly refer to their home culture, and transfer their management techniques abroad. This approach can provoke local reactions which, paradoxically, work against the firms' international development. Disney, Pizza Hut, McDonald's and others, for example, experienced this type of problem in France.

- On the meso-economical level, certain firms, after having developed their operations abroad in order to reduce production costs, are re-localizing to their home country. While this phenomenon is embryonic, we can find a number of French companies that have recently undertaken this type of project, including Atol, Geneviève Lethu, La Mascotte, etc. Their return is justified in a number of manners: reduction of transportation costs, simplification of management processes, increased hourly productivity, better product quality, proximity to potential clients, economic patriotism, etc. This phenomenon, which may continue to develop in the future, exemplifies a movement that is in opposition to globalization.

- The paradoxes also concern firms' financing. The pressure exerted by financial markets, extremely strong since the weakening of Bretton Woods, means companies have increasing difficulty in developing long-term operations (Artus and Virard, 2005). Indeed, in order to rapidly offer a return to investors, business leaders cannot always finance projects that are essential to the development of their organizations and they are instead turning toward strategies for value creation. This situation accelerates financial globalization, because investors seek high returns on the international level but, in parallel, hinder firms from making the investments necessary to confront international competition under beneficial conditions. Thus, in the long run, financial globalization seems to fragilize the groups the most engaged on the world market.

The areas of research and managerial issues set out above are not comprehensive, but they illustrate that globalization functions according to complex and restricting principles that companies must identify and manage. To help them, the contributions in this track will provide an analysis of the main logical contradictions that characterize the economic integration of national markets.