Globalisation, Glocalisation, and Corporate Reputation: What Does it all Mean for the Multinational Entity?

Robert I. Wakefield
Brigham Young University

Globalisation. Think global, act local. Think local, act global. Glocalisation. Globalution. Globaloney.[1] Over the years, with increasing numbers of organizations launching into the waters of the world's commerce, these different words or phrases have surfaced and gained various levels of momentum.

They all have their reasons for being. But sometimes, for those who practice public relations across cultural and political boundaries—and particularly for those who are just beginning to operate in these uncertain and sometimes dangerous waters—they can make the head spin. Which of the terms may be most relevant or applicable in today's world of reputation management, and why? Or, are they all insufficient or irrelevant in today's environment?

This paper will attempt to discuss these terms and explain their meaning for public relations practitioners in multinational entities. It will suggest that a more comprehensive term may be needed to fully guide practitioners in their international strategic planning and implementation activities. Finally, the paper will produce various scenarios in which corporate reputations are put at risk in the international arena—describing and naming, for example, different categories of reputational challenges or mistakes that multinational entities are still making locally, regionally, or globally.

[1] All of these terms and their theoretical or practical originations will be explained later in this document.

The Globalisation Pendulum

For several decades, international business has battled the tension between global and local demands. While concepts of a world connected by travel, commerce, and communication have surfaced in earlier eras, the roots of the so-called modern globalisation were put into place after World War II. In the 1950s, some corporations started to look beyond their own borders for profits, and international commerce took hold (at least from a U.S. perspective—elsewhere in the world things no doubt had been inherently international for decades, if not centuries). By 1975 there were some 7,000 multinational firms, leading to the more than 60,000 such entities today (Miller, 2003).

Business slowly expanded across borders until the 1990s, when two separate events sparked a dynamic international frenzy. The first was the fall of the Berlin Wall and relative collapse of communism; the second, more of a frenetic force than a single event, was the advent of the Internet and concomitant emergence of the dot.com industry. These forces helped to accelerate the phenomenon Miller (2003) called "globalization, American style" (p. 2). The actual fragility of this movement, specifically as it impacts public relations, will be discussed later; but for a decade, this latest brand of globalisation went exponential: by 2000, more than 17,000 articles containing the word *globalisation* appeared in 40 major English-language newspapers and magazines around the world; universities rushed to open globalisation centers, hire professors of globalisation and produce academic treatises on the subject; and business consultants and politicians "traveled the globe to talk about how small it was getting" (Miller, 2003, p. 3).

From the post-war international expansion into the 21st century, multinationals sought the best ways of structuring their operations. Often depending on the cultural origins of their headquarters, they tended to either centralise their operational policies, strategies and finances, or to scatter a loose federation of divisions around the world with little or no central coordination. Sometimes, they would seek a combination of the two. Regardless of structure, however, managerial philosophy always seemed to boil down to how much central oversight and restriction to place on host country units in the organisation (Bartlett & Ghoshal, 1989). Some managers and scholars believed that centralisation was necessary to maintain control, while others believed that cultural, political and economic factors varied so widely from country to country that such control was futile, if not outright dangerous (Adler & Doktor, 1986).

In the marketing and communication realms, as well, these structural debates flourished (Ovaitt, 1988; Traverse-Healy, 1991; Epley, 1992; Botan, 1992; Baalbaki & Malhotra, 1993). Public relations consultant Gavin Anderson (1989) interpreted the poles as *global* and *international* public relations. Apparently he supported the global approach, writing that modern global imperatives “demand that programmes in distinctive markets be interrelated” because “they will share more than they differ” (p. 13). On the other hand, authors like Angell (1990) asserted that the variance between local countries was so great as to preclude any possibility of globalisation.

Think global, act local

As early as the 1970s, international sojourners began attempts to bridge the extremes of global and local thinking. Interestingly, the first to suggest that the poles needed negotiation were not business leaders but forerunners of environmentalism. This included scholars as well as heads of environmental organisations. The focus of these early thinkers was not to suggest some overall global strategy, as business leaders might have done. Instead, they advocated the need for environmental groups to expand their narrow views on local issues and integrate that thinking into a more global perspective so as to generate more success in their activities.

The first effort toward bridging the global and local was the now common phrase, *Think global, act local*. Actually, the original term was “think globally, act locally.” Its origin is subject to debate. Friends of the Earth, the non-governmental organisation dedicated to conserving nature, claimed that the entity’s founder, David Brower, created the phrase as its first motto in 1969 (Friends of the Earth, 2000). Another source argued that the originator was Canadian futurist and environmental economist Hazel Henderson (Fisher, 2007). Most observers, however, attribute the phrase to René Dubos, the French-American microbiologist and Pulitzer Prize-winning author, while he was advisor to the United Nations Conference on the Human Environment in 1972 (Eblen & Eblen, 1994).

As the world became increasingly interwoven, the adage addressed the need for local activity coupled with overarching strategy. In fact, early emphases moved from the local to the global, exhorting individuals or groups “to change the world, starting with actions within one’s own local community” (Stoeckert, 2003). Yet, because of its inherent logic, *think global, act local* was adopted by business as more and more firms entered the international arena. Once this occurred, the emphasis was reversed: entities saw it as global strategy first, then local adaptation and action (Miller, 2003).

Within the business realm, public relations practitioners also accepted the concept. Morley (1998) stated, “There is not likely to be a phrase you will hear in your career in public relations as often as ‘think global, act local’” (p. 29). He explained that as businesses started to go international, it took several failures in making rather superficial adaptations in local markets in order to advance from early *think global, act global* standardisation to the more nuanced *think global, act local* concepts. He illustrated this with beef steak: Not only does its flavor depend on local or even individual tastes, but in some countries it is an offense that “beef cattle are raised to end up on the dining table”; thus, “without suitable adaptation, success will be elusive … mere customisation, after all, is insufficient” (p. 29). Still, this directed businesses from the central to the local.

<u>Think local, act global</u>

According to David Fisher (2007), a director in Hawaii’s Small Business Development Centers, the phrase *Think local, act global* was conceived by Japanese Internet pioneer Izumi Aizu in 1985. The flip side of the original adage, of course, *Think local, act global* reflects the possibility that seemingly small local actions can have broad global impacts—particularly, as it turns out, in today’s Internet environment. However, Fisher (2007) said that “those who have gone [global] know that the most compelling result of going global is developing a healthy appreciation of differences” (p. 1).

Yet again, though, at least part of the business world seems to interpret the phrase within traditional globalised frameworks that ignore differences. As one business source explained, “While the global offices remain sensitive to cultural and compliance issues in the markets they serve, the organisation functions as an integrated, global enterprise” (ameinfo.com, 2002, p. 1). *This* is the model, the source argued, that is *think local, act global*. If so, the model advocates moving away from loose, uncontrolled local affiliations to a more centralised, standardised mode of operation. “Change of this scale and magnitude cannot be requested, it must be mandated,” the source asserted. “Globalisation cannot be implemented in an ad hoc fashion” (p. 2).

Perhaps this philosophy has some merit. As *ameinfo.com* pointed out, when multinationals leave each local unit to its own strategies and decisions, the organisation can get into trouble over the “weeks, even months” it takes to “collect, reconcile, translate, and analyse a company’s regional and overall performance” (p. 1). And the *International Herald Tribune* indicated how the once-reputed Arthur Andersen consulting firm collapsed in the Enron scandal when the global lost track of what the local was doing, in this case, in the United States. Yet when that happened, Andersen’s local units in other parts of the world could not run fast enough to distance themselves from the global scandal, and the whole corporation fell apart (Peterson, 2006). Perhaps more globalised integration might have helped the company; perhaps more responsible local units may have saved it from ruin.

Glocalisation

While *think global, act local* is just a few words, the term was not brief enough for some—and thus was born that term, *glocalisation*, coined in the 1980s by Japanese academics (Robertson, 1995). One scholar later called it “one of the most grotesque words that academics have managed to coin” (Boyd, 2006, p. 1). She described glocalisation as “the ugliness that ensues when the global and local are shoved uncomfortably into the same concept. It doesn't sit well on your palette, it doesn't have a nice euphoric ring. It implies all sorts of linguistic and cognitive discomfort” (p. 1).

Despite its awkwardness, *glocalisation* has gained a certain cache, and it hearkens back to the need for cultural accommodation. With roots in sociology, anthropology, economics, and other disciplines, the word has different meanings in each domain (Boyd, 2006). In business, glocalisation seems little more than an abbreviation of the *think* *global, act local* notion. Robertson (1996) said, “The basic idea of glocalisation is the simultaneous promotion of what is, in one sense, a standardised product, for particular markets, in particular flavors, and so on” (p. 224). Maynard (2003) saw it as a tailoring of products and marketing to meet variations in consumer demand. Either way the term stemmed from a standardised mindset but with acknowledgment of local needs and priorities. As Maynard (2003) explained:

> Whereas “globalisation” suggests a monolithic sameness as a result of convergent worldwide economic, financial, and cultural flows … “glocalisation,” at the very least, suggests some sort of accommodation…. In the marketing sense, glocalisation means that companies have to deal not only with worldwide considerations, but also, very expressly, with the specific rules and conditions of each country in which they operate. Glocalisation represents the need for multinationals to be global and local at the same time. Put simply, whereas globalisation is a move toward centralisation, glocalisation is a move toward decentralisation. (p. 57).

While such accommodation sounds good, it still is seen by some as mere “window dressing” that lacks substance. Morley (1998) clarified why even this approach could be insufficient and unwelcome in local markets: “The relentless rise of the multinational corporation posed a series of threats, or, at least, perceived threats, to local communities,” he said. “People and politicians became alarmed at what they felt was a creeping commercial colonisation” (pp. 30-31). This implies that glocalising does not always benefit multinational entities because individuals and groups in each locale can choose to accept or reject not just the multinational’s product offerings but the entire corporate presence. Authors in other disciplines make it even more apparent that glocalisation confronts local choices and that, to be effective, multinational entities must align with these local choices.

Like the term *glocalisation* itself, the basis behind the notion that local units often confront agents of change extends back into Japan:

> Given that the term glocalisation is reported to have been coined by Japanese marketing professionals, a closer look at how it is translated into Japanese is instructive. Glocalisation is translated as *dochakuka* in Japanese (Robertson, 1996). English translations of the three ideographs, *do, chaku*, and *ka* are "land," "arrive at," and "process of." Thus, a most literal translation of *dochakuka* (glocalisation) conceptualizes the relationship between the multinational marketer and the host country as one of agency, i.e., the outsider arrives and acts upon the host culture, attempting to be perceived as native (Maynard, 2003, pp. 60-61).

As the *Glocal Forum* web site suggests, multinational corporations that extend into these local markets inevitably run into environments of public biases and sentiment that is beyond their control. "Glocalisation entails a shift in the international system, from a framework based on a balance of power between nation states to a balance of cultural interests and local needs with global opportunities, always taking into account the importance of local actors as agents of change," noted the site. "Glocalisation is carried out be a number of key players—from the public sector, to international institutions and private sector companies—small and large, local and global … while fostering dialogue between parties" (*Glocal Forum*, 2007, home page).

Implications for International Reputation Management

So, what does all this mean for those who research or practice international reputation management? Is it useful to understand what each concept means, and particularly the different meanings from domain to domain? Is any one adage or term more applicable than the others? I believe that it is important to understand the terms, but that for international reputation building each has problems.

I propose that *none* of the terms or phrases described above adequately capture the essential knowledge needed to practice relationship building and reputation management in today's complex international environment. Rather, what is needed is a more complex way of looking at international publics and conducting public relations activity in the multinational entity. A phrase that addresses these realities may not roll off the tongue so easily as the current buzzwords, but the real need for international reputation management is to **think global *and* local *and* act global *and* local**, constantly integrating these two levels of strategy and action. Without this comprehensive combination, multinationals face a distinct possibility that their programs will fail.

Each of the phrases discussed above is pertinent to some degree. For example, the *think local, act global* adage does place local action into a broader global context. This is important because for a multinational entity operating in today's society, anything that happens in any corner of the world can quickly spread and just as rapidly embroil headquarters in controversy. It is important to have consistencies in overall themes, policies, and messages, but equally essential to be fully prepared to deal on a global basis with any contingency that arises anywhere in the world. Also, the decentralising processes related to the *think global, act local* concept and to the subsequent notion of *glocalisation* acknowledge that multinationals can be affected as much by local opinions, attitudes, and actions wherever they operate as by those at corporate headquarters.

Still, many corporations persist in viewing the world largely in terms of local adaptations to global products and marketing. Considering the revenue-generating mission of corporations, this worldview makes sense; however, too often it also harbors the mistaken idea that multinationals can reach, influence, and perhaps even appease publics in host countries simply by modifying or adapting more-or-less centralised products and messages. Multinationals are then left vulnerable to global crises because local perceptions of multinational corporations, wherever those perceptions may be, extend beyond choices over products and product messages.

J. Grunig and Repper (1992) contended that in the world of issues and crises, organisations do not choose publics, as in the usual marketing mode; rather, publics choose organisations—and usually because they are not happy with them. Even the largest and most powerful multinational entities never escape the reality that they operate as guests in any given culture. If publics in any of these cultures become dissatisfied with the behaviors of their "outsiders," as suggested by Maynard (2003), they can easily band together and put pressure on the outsider—both in the given locale and across borders. The issues created by these pressures can easily become global; but they always begin s*omewhere*—and that somewhere, in fact *everywhere* the multinational operates, must be part of the organisation's effort to protect its reputation globally.

Therefore, a strict centralised marketing mindset can be woefully inadequate for long-term image. Managers of multinationals must build distinct reputation programmes that do not simply tie in to marketing efforts but that locally and globally build relationships that will help preserve profitability. Such programmes must be attuned to local politics, socioeconomics, and culture, and must also respond to media differences, the formation and changes in public opinion, and activist possibilities around the world. Nowadays, they must also respond to instantaneous global Internet communication. When these efforts somehow go awry either through headquarters mismanagement or by local *faux pas*, the multinational invariably suffers negative consequences.

Below are different scenarios that can occur due to different types of organisational ineffectiveness in the international arena. Included in these scenarios are specific examples where multinationals actually faced crises because they fell down in each of the areas listed.

Type 1 Contingency: Insufficient Global Oversight -- *Caught Sleeping*

This situation occurs when multinationals give too much latitude to host country units without any system for monitoring local activities or integrating the combination of local activities into some global relationship building framework. There is good rationale for letting local units conduct their own communication and relationship-building programmes. As Traverse-Healy (1991) said, “The public is ‘out there’ … and therefore ‘out there’ is where the action has to be” (p. 34). While that statement still holds true, it is equally arguable that unbridled latitude can catch up to an organisation when a local entity does something that raises dissatisfaction. If headquarters is not aware of warning signs around the world, the corporation can be left reacting to an unanticipated crisis.

Subway, a multinational sandwich chain based in the Eastern United States, became a stark example of this scenario in 2004 when franchisees in Germany launched a tray-liner promotion that was supposed to be humorous. The liners displayed an image of an overweight Statue of Liberty with the headline, “Why are Americans so fat?” The ads apparently were a cross-promotion with the documentary “Super Size Me,” about Subway’s rival, McDonald’s. The promotion settled well in Germany, but it was roundly blasted in the U.S. after House Majority Leader Tom DeLay learned of the promotion from a Houston reporter and publicly criticized it for perpetuating American stereotypes. Conservative groups then demanded an apology from Subway (Barnett, 2007).

Observers like Porter Novelli chief executive Alan Hilburg viewed this as “a gross example of American overreaction," but many still believed that Subway handled the situation poorly. Instead of standing up for the appropriateness of local message variances, Subway forced the German franchises to pull the promotion and issued a public apology in the United States, “on behalf of Subway’s German franchisees”—which likely believed they did not need to apologize (Barnett, 2007). The company also issued a fact sheet stating that the liners had not been prepared in the United States.

For international reputation officers, important lessons can be learned from the Subway case. Barnett (2007) explained that Subway had no provision in place to at least run new ideas through headquarters to check on potential problems beyond local borders. Had the firm had such provisions, the problem likely would not have occurred. Kevin Kane, Subway’s public relations manager, was quoted: “If somebody had mentioned [the promotion] to headquarters someone would have said this was not the best idea” (cited by Barnett, 2007, p. 1). Kane said because of the Germany case, such provisions will be put into place in the future. Barnett (2007) also noted that Subway had no contingency plan for anticipating when problems at local units could turn into global crises. Therefore, the company reacted defensively when this preventable crisis occurred.

One way of handling these situations was proposed by Porter Novelli’s Hilburg. He suggested that Subway should have conducted a "vulnerability audit,” to determine the risks in various answers to the criticisms. But more importantly, multinationals should have regular, well coordinated communication among communication professionals at each unit, and between local units and headquarters, to avoid locally generated global crises in the first place.

Type 2 Contingency: Overaggressive Centralisation

The problems encountered by Subway segue naturally into the next contingency: overbearing centralisation. How far should Subway go in putting into place centralised provisions for monitoring or advising local units? Crises encountered by certain corporations in the past decade can be instructive in these situations.

In 1999, after 250 people complained of illness after drinking Coca-Cola products bottled in Belgium and France, 17 million cases of Coke were recalled and destroyed. The European Commission dismissed Coca-Cola explanations that their plants were not at fault. Four countries banned Coke beverages and three more warned consumers against consumption. Coca-Cola's centralised response was slow and inappropriate. Chief executive Douglas Ivester was in Paris when the news broke but returned to Atlanta and kept silent for more than a week (Kaye & Argenti, 2005). When headquarters staff finally traveled to Europe, the response came across as self-serving and arrogant. Meanwhile, European public relations staff members were given little authority to help diffuse the issue. Consequently, Coca-Cola lost millions of dollars in revenue, its reputation and stocks plummeted, and Ivester ultimately lost his job (Wakefield, 2000).

Fortunately, the company learned from its mistakes in Europe when another crisis arose in India in 2003. The Indian government alleged that Coca-Cola and several other bottling companies were producing contaminated beverages. Rather than relying solely on headquarters' understanding of the situation, the issue was successfully handled right in the host country by Coca-Cola India, with support from Atlanta public relations specialists (Kaye & Argenti, 2005). This model serves as a good example of how crises can be mitigated through balanced cooperation of local entities and headquarters staff.

More recently the pharmaceutical industry has faced issues over the prices and accessibility of drugs that would help fight AIDS in Africa and other underdeveloped regions of the world. Stephen Lewis, a former Canadian Ambassador to the United Nations, called this issue “the greatest human tragedy of our age” (Lewis, 2001, p. 1). According to Spar and LaMure (2003) AIDS afflicts some 39 million people, the majority of whom are women, in Africa, Asia, and Latin America, and it kills three million of these victims every year. Seeing this tragedy that the activists believe is completely preventable, the interest groups have accused pharmaceuticals of “greed that borders on murder” (Spar & LaMure, 2003, p. 92. But Lewis (2001) said that the global emphasis on the issue changed in 2001:

> A significant change has recently occurred in the way the disease is viewed in Africa. Up until the middle of the year 2000, the focus was overwhelmingly on prevention and care. Then, abruptly, at the international conference on AIDS in Durban in July, and again at the African Development Forum in Addis Ababa last December, the ground shifted. Suddenly, ‘People Living With AIDS’ began to make their voices heard, and their voices cried out for treatment (Lewis, 2001, p. 1).

When the AIDS debate shifted to treatment, the issue again centered on the pharmaceutical corporations. As Oxfam International’s briefing report noted: “The juxtaposition of images of terrible human suffering caused by disease alongside high-tech treatments offered to the rich represents a growing reputation risk to companies in a world of instant communication.” (Oxfam, 2000, p. 3). The industry responded in varying ways, ranging from outright defensiveness to Novartis’ preemptive accommodation. Slowly the pharmaceutical industry has conceded to activists and governments involved in this issue, agreeing to lower prices in some cases and even allowing the manufacturing of so-called generic drugs (Spar & LaMure, 2003).

After several years of dealing with the issue, most of the public relations practitioners in these pharmaceutical companies believe that we now live in a global world where only centralised strategies make sense. In fact, they say that there are no longer any local issues at all. In a study conducted by Dougall and Straughan (2007):

> One executive explained, 'there is no compartmentalization of issues to national boundaries.' Another described the place of the Internet in connecting people and creating communities: 'The old model was that [of] the playing field. And there was a government and regulators and companies. And everybody was in the stands watching the game go on. And now, because of the Internet, everyone who was in the stands is now in the playing field. That's why it's becoming exceedingly more complex' (p. 1).

With today's instantaneous global communication, it is understandable that multinationals are "watching their flanks"—keeping abreast of what is going on in their various local units. With an entire industry caught up in this global issue, it is easy to see why its public relations practitioners would view everything as globalised. When dealing with NGOs worldwide, when participating in United Nations conferences and negotiating with the U.N. over drug prices and accessibility, when comparing notes with other firms in the industry, as the pharmaceuticals must have done during the crisis (Spar & LaMure, 2003), it would surely seem that there was no local voice in the debate.

However, it still can be dangerous to assume that everything seems so global in scope, and local opinions, attitudes, and even hostilities toward multinationals can be wiped away as if they do not exist. Perhaps pharmaceuticals believe there is no local anymore because the victims in Africa did not have a voice or the means to activate until recent years. Even then, such a small voice is overwhelmed by the larger global context of the U.N., governments, and NGOs. Yet, the situation started in Africa, and those local attitudes and activities ultimately led to the global cacophony against pharmaceuticals.

It is instructive that one pharmaceutical, Switzerland-based Novartis, reached out and established relationships with the Africans and the global activist organisations that supported them before the firm was even on the radar screen of these activists. Novartis committed early on to be socially responsible in this case, to establish dialogue with the AIDs communities, to be transparent with activist groups, and to seek mutual solutions. Novartis also created its own foundation to assist AIDs victims in the developing world. Whether directly related or not to this proactive outreach, in the early 2000s the firm's stocks outperformed the S&P 500 average by 33 percent (Spar and LaMure, 2003).

Carefully coordinating a global mission, consistent themes and messages, and activist response strategies between headquarters and all of the local units in a multinational entity is never an easy thing to do. With today's technologies, it is tempting to say it is no longer necessary. Yet, in one simple example that the need still exists, imagine a multinational having success in China without consulting the local *feng shui* (Morley, 1998; Swann, 2008). Even in Europe, as public relations consultant Bertil Flodin observed, there are vast differences from country to country that require local strategies and messages (Heath & Coombs, 2006). Additional evidence still shows that this deliberate combination of global and local strategy and action is the best approach for long-term reputational effectiveness (Wakefield, 2000).

Perhaps a reason this balancing act is still too difficult is that multinationals do not direct adequate resources to the task. Newsom, VanSlyke Turk, and Kruckeberg (2007) noted that 'in only a few countries is public relations practiced at the strategic level where the public relations person has the power and authority to affect policy" (p. 346). There could be a few reasons for this: First, countries may not have development programs in public relations to produce quality practitioners; but this is increasingly unlikely as the profession spreads over the world. It could also be that when the firms allow their local units to make their own decisions, the senior managers in these local entities may not be hiring public relations people. If so, this indicts both local senior managers *and* headquarters for not making global reputation preservation a priority.

The absence of qualified practitioners in these units increases the burden on headquarters to handle issues that arise in distant countries, usually with little understanding of the interactions in those countries that lead to problems. This exacerbates this problem of overaggressive centralisation and makes organisations vulnerable to reactive crises.

Type 3 **Contingency: Borderless *Globalutionaries***

On September 12, 2005, Disney Corporation opened its new theme park in Hong Kong to great fanfare. It was glocalisation at its best: a joint venture between Disney and the Hong Kong government, Hong Kong Disneyland incorporated local adaptations "to ensure its Asian guests felt comfortable while still getting an authentic Disney experience" (Swann, 2008, p. 295). The firm consulted a *feng shui* master and followed the advice; it rotated the layout of the park several degrees and carefully positioned three large boulders to foster harmony with the spirits. The park had a Chinese ambiance, with a fantasy garden and a musical extravaganza featuring "Golden Mickeys." Every attraction included thoughtfully translated Mandarin and Cantonese, as well as English. Food was distinctly local in flavor. Everything seemed in order for the 18,000 expected jobs and the 5.6 million visitors anticipated in the first year alone (Swann, 2008).

Unfortunately, even with its glocalised actions and its *feng shui* blessing, and with Hong Kong residents excited about the venture, Disney still encountered opposition. For one thing, news media highlighted cost overruns and overcrowding in an area that some observers considered to be too small. Noise and pollution from fireworks displays, labor issues, and other relatively minor concerns also were cited as problematic (Swann, 2008).

The main opposition came from outside Hong Kong. Accommodating the Chinese penchant for elaborate weddings, the park catered to local traditions—including a delicacy of Chinese banquets, shark fin soup. As Chi Chung-cheung, chairman of the Shark Fin Trade Merchants Assocation, said in the *New York Times*, “Without shark fin, a Chinese banquet does not look like one at all” (Forero, 2006). Shark fin eaters advocate its medicinal or aphrodisiac qualities, and one bowl of soup can cost up to $200. But environmentalists around the world have long criticized the sharp drop in the world’s shark species, and particularly the common practice (called *shark finning*) of fishermen chopping off the fin and throwing the rest of the shark back into the ocean to die. Therefore, in learning about Disney’s decision to place shark fin soup on its wedding menus, global environmentalists reacted vociferously. As Swann (2008) explained:

> Protests came from groups such as the Sea Shepherd Conservation Society and the World Wildlife Fund, and Hong Kong environmentalists. At first, the park responded to the controversy by offering to give guests leaflets describing the ecological harm of shark finning in hopes of dissuading shark fin soup orders. It also said it would buy from only ‘reliable and responsible suppliers,’ and it would offer non-shark fin soup options for banquets. After a month of protests, Disney president Robert Iger announced the park was removing shark fin soup from its wedding menu” (Swann, 2008, p. 297).

The lesson from this case is not that such a mammoth undertaking attracted opposition, but that the brunt of it came from outside Hong Kong. And unlike Subway, whose headquarters did not think locally at all, it certainly could be argued that Disney did everything necessary to glocalise its efforts, from joining with the Hong Kong government to its years of planning to ensure that the park was culturally appropriate. No doubt headquarters and the local Disney offices worked closely together to ensure that all went well with the new park. Yet, a crisis still ensued because apparently no one was anticipating problems that were sure to come from global activist groups.

It is true that local environmentalists helped spark the issue; but it is more likely that global activists headquartered far from China saw the opportunity to make an example of a highly visible multinational entity in advocating their cause. Whether the cause was legitimate or not is not the point here. This should be an important lesson for all multinational entities—that more often than not in today’s interconnected world, even careful and appropriate glocalisation is not sufficient if the organisation is accounting exclusively for local needs and priorities.

Friedman (2000) called this opposition from outside a country *globalution*, or “revolution from beyond” (p. 169). Such revolution happens when individuals or groups in certain countries perceive the need to change the system, but lack the clout or freedom within that country to revolt on their own. To gain influence over traditional local constraints, they recruit more powerful interest groups from other countries to aid their cause. One example Friedman (2000) cited was the overthrow of Suharto in Indonesia, where one financial analyst was quoted as saying, “the global market will force upon us business practices and disciplines that we cannot generate internally” (p. 169).

Although Friedman (2000) seemed to be thinking about overthrowing despotic political regimes when he described globalution and globalutionaries, the same could hold true about activism against multinational corporations. Before the spread of Lexus-

Nexus and later the Internet, it was possible for multinational entities to contain problems within any given host country. If organizations failed to "act local," or if the "act local" philosophy went awry, the consequences either took time to get back to the home country or never did get there. Nowadays, it is virtually impossible to contain issues; within hours, and sometimes less, issues that happen in one part of the world quickly spread.

The Hong Kong Disney case also shows that even mere intentions can catch the attention and fuel subsequent pressures of outside activists—even when those intentions or actions are appropriate for the local culture. Because of the distinct possibility of *globalution* directed at multinationals instead of governments, international public relations practitioners must be prepared for *any* contingency in *any* country.

Type 4 Contingency: Direct from the Internet, or *Cyberactivism*

Increasingly, multinationals find themselves besieged by an entirely new and horrifying kind of globalution: Internet blogging and other forms of *cyberactivism*. In a realm where issues span the world in minutes, rather than hours or days, and appetites are satisfied instantaneously, it is difficult if not impossible for multinational entities to keep pace. Corporations increasingly are caught in the headlights of cyberactivism, and tried-and-true responses and traditional relationship building methods often fail.

One corporation that faced an Internet crisis was Kryptonite, a bicycle lock manufacturer. In 2004, the firm got embroiled in a blogging storm when a bike enthusiast learned that his Kryptonite lock could be opened in 30 seconds with a Bic pen. The biker turned to *bikeforums.net* and warned fellow bikers, "Your brand new bicycle u-lock is not safe!"—then added 175 words of detail (Swann, 2008, p. 130). Word spread quickly: the digital magazine *Bicycle Biz* estimated that in the first week, 340,000 Internet users were exposed to the warning. Another biker then videotaped his own successful opening of the lock, and it was posted on a blog site. Within days, the video was downloaded three million times—whereupon word finally spread to mainstream media (Swann, 2008).

Kryptonite's response was typically traditional—not surprising, since the firm's one-person public relations staff was overwhelmed by this "inconceivable product failure" (Swann, 2008, p. 133). Kryptonite had no crisis plan, but quickly assembled an administrative team to "provide constant and honest communication" (Swann, 2008, p. 133). Two days after the video appeared, Kryptonite's public relations manager sent emails to media promising a response in two more days. The 100 reporters who called the first week were asked to leave their e-mail address so the manager could get back to them—which she later did by e-mail. "Top-tier" media, such as the *New York Times*, were answered in person (Swann, 2008).

Kryptonite's real crisis, however, resulted from its inexperience in the Internet arena. For one thing, the flood of activity crashed both the company's phone system and Web site. When Kryptonite finally responded directly via the Internet, five days had passed—an eternity to bloggers used to having answers now. The response made matters worse: the company said that the locks would still act as a deterrent, even after the three million video viewers knew this was not true. The firm also offered previous consumers updated locks, but gave no time frame on when the locks would be delivered. Within normal manufacturing time frames, Kryptonite's responses might have held up; but in the nanosecond world of the Internet, they were not accepted. It was estimated that because of this crisis, Kryptonite lost $10 million (Swann, 2008).

Most corporations today are hyperventilating over this dilemma of how to negotiate the rapid-fire, random arena of cyberactivism. If effective public relations means interacting with any public that can affect or be affected by the organisation (Heath & Coombs, 2006), then traditional responses through mass media are doomed to failure. Blogosphere publics have their own direct communication medium, and expect to be communicated through it. Anything less merely exacerbates the problem. Speaking from his own sad experience, Kryptonite's general manager Steve Down put it best:

> I don't think anything can fully prepare you for this [blogosphere crisis]. That wasn't only new to our company but to our industry and all industries. …. The difficulty with Weblogs is that anyone can put out information in an anonymous way. For any business, Weblogs are a reality, and companies have to look at what they do and be able to respond adequately to concerns that are raised in such a forum (*PR News*, 2005).

It may be easy to view dot.com corporations as exceptions to Internet pressures, given their own technological sophistication and the fact that some are even providers of content. Increasingly, though, these companies are also showing vulnerability to the instantaneous and radically non-traditional pressures of Internet activism.

One of the first Internet firms to feel the pressure of cyberactivism was Amazon.com. In 2000, Amazon executives conducted a "dynamic pricing" experiment to determine whether the company could charge variable prices for the same products depending on where the consumers lived, their income levels, and other demographics that could be monitored through Internet sales. Amazon's test may have succeeded except that through its own channel, *DVDTalk.com*, customers who had bought DVDs from the firm compared notes and learned that regular customers were charged more. This sparked a flurry of protests, and Amazon.com spent the next two weeks issuing apologies and refunds to former loyal but now angry customers (Martinez, 2000).

More recently, cyberpressure affected Internet search companies Google, Yahoo, and Microsoft (MSN). This time, opposition came not from the Internet community but from groups angered by the corporations' agreement to censor Internet sites in China in compliance with the Chinese government. The companies blocked sites critical of the government and altered sites that contained words such as *democracy, Falun Gong, or Tiananmen massacre*. Worse, opponents believed, the firms handed over Internet usage records that led to the incarceration of Chinese *cyberdissidents*. The opponents, which included the U.S. Congress, wondered aloud how these corporations "could reconcile doing business in China when doing business meant curtailing freedom of expression" and helping the government put the Chinese activists in jail (Swann, 2008, p. 299).

In response, Yahoo's general counsel Michael Callahan said that Yahoo China was "legally obligated to comply with the requirements of Chinese law enforcement." Google's public affairs vice president added, "Our decision was based on a judgment that Google.cn will make a meaningful—though imperfect—contribution to the overall expansion of access to information in China" (both cited in Swann, 2008, p. 300). Neither executive added that the companies might not have wanted to risk losing the billions of dollars of revenue that could be generated in China.

This case is interesting because Internet companies are considered to be borderless, yet here the multinationals were compelled to abide the laws of their host country at the expense of relationships with their home government. In complying with the laws of China, the companies have unleashed a barrage of pressure from a variety of groups around the world. In addition to the ongoing accusations against human rights violations and debates in the U.S. Congress, the companies now are facing lawsuits for assisting the government in jailing Internet users in China, threats from investor groups to withdraw funding (Blakely, 2007).

So, how do Internet companies, or organisations operating in the Internet environment, balance the global and the local? To whom are Internet companies, specifically, accountable in this global environment? Host governments or local governments? Or no government at all? Does dot.com compliance to laws and its responsibility to international morality or human rights ultimately come to a battle between the companies and the extent of activist pressure they can endure? These are all questions that any multinational entity and their public relations practitioners must address as they move further into the global influences of the Internet.

In fairness to the companies involved in this case, they were operating in uncharted territory when it came to these questions. The companies even appealed to the United States government for help in resolving issues of Internet censorship in China and around the world, In response, the U.S. Department of State announced that it would indeed form a task force to study global Internet freedom (Swann, 2008).

Observations and Conclusion

This paper has discussed the implications of various phrases related to the operations of multinational entities and the reputations they try to build and maintain around the world. It examined the phrases, *think global, act local* and *think local, act global*, and the term *glocalisation*, as they relate to the practice of relationship management that generally falls to public relations specialists in the multinational entity. While the former phrase moves from the central to the periphery in mindset and action, the latter moves in the opposite direction.

Glocalisation, at least in a business sense, is an abbreviation of the phrase *think global, act local*. Scholars outside the business realm, however, clarify that local action is embedded in local values, opinions, and attitudes rather than just a venue for simple adaptations of products and corporate messages. This clarification should push multinationals beyond the marketing message and adaptation realm into actual relationship programmes with individuals and groups around the world who can be both affected by the organisation and affect the organisation through activist pressure if they feel the multinational "outsider" is not behaving appropriately in their host countries.

The paper argued that while instructive to international public relations, none of these phrases or terms clarifies exactly what it means to those practitioners who are responsible for building and maintaining corporate reputations in multinationals. Instead, although it makes for an inelegant package, the phrase that reputation managers need to operate under would be something like, *think global and local and act global and local.*

This is not an either/or proposition. In today's interconnected and fast-paced communication environment, sophisticated corporate reputation programmes will gather and utilize the best possible public relations talent in all of their local units around the world to cooperatively produce programmes that combine these strategies and actions in a way that anticipates and protects the firm from any or all contingencies. This would be the case whether the issue arises close to headquarters, in some remote corner of the world or on the Internet, and in whatever form of activist pressure it may take.

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