Examining Communication Challenges During Internationalization Processes in Uzbek Organizations

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ABSTRACT

The overarching purpose of this study is to provide theoretical and practical insights to potential investors considering investments in various business sectors in Uzbekistan, an emerging economy that has been sparsely explored from a business and management perspective. Applying a case study approach, this study presents empirical evidence from semi-structured interviews with managers having considerable experience in internationalization processes in four organizations in Uzbekistan. The study focuses on processes of organizational communication, leadership, and culture, particularly in organizations aiming to internationalize their operations. The findings offer practical suggestions for organizations considering internationalization as a business strategy. To achieve optimal performance in internationalization, organizations must establish an effective communication environment and understand the importance of leadership styles and the cultural facets of the organization. Furthermore, to enhance their internationalization process, organizations in developing economies, such as Uzbekistan, could utilize the techniques employed by international companies as a platform for training.

Keywords: Internationalization, leadership, organizational communication, organizational culture.

1. Introduction

Internationalization has emerged as a significant strategic direction for businesses in the current economic environment. It is crucial for organizations to recognize and proactively participate in globalization and the resulting international competition. Considering the increasing interconnectedness of global economies and technological advancements, companies have the potential to adopt international management standards, enabling them to extend their business activities beyond domestic boundaries.

Uzbekistan has embarked on a trajectory toward modernization, aiming to establish itself as a nation characterized by transparency and openness to foreign investments. The government is attempting to improve the economic climate by easing foreign exchange and trade restrictions, liberalizing prices, and improving the business environment through several decrees and proposals (Tabea, 2017). Driven by enhanced market-oriented reforms in the last five years, Uzbekistan has become increasingly resistant to environmental disturbances (Bjerde, 2022). Some of the reforms are the updated legislation of currency controls (Turton, 2022), the implementation of an internationally accepted legal framework, the public-private partnership law (Gilmore, 2022), and the listing of state-owned enterprises eligible to conduct Initial Public Offerings during 2021–2023 (Kuchkarov, 2022).

These reforms ensure that companies possess the necessary financial stability, adhere to appropriate dividend policies, maintain robust corporate governance structures, and conform with international standards concerning environmental, social, and governance issues. Consequently, such an environment attracted project financing for different sectors of the economy and boosted investors’ interest in the country. Nevertheless, it is imperative for Uzbekistan to engage in further internationalization.
Uzbek organizations seeking to expand their operations may encounter constraints in terms of sector-specific expertise, including the acquisition of international standards and operations. As companies increasingly invest in developing economies, there may be conflicts regarding communication styles and systems. To ensure successful investment and overcome various limitations, organizations pursuing internationalization must adapt to evolving demands, gain a comprehensive understanding of management fundamentals, and draw insights from their counterparts in the West, which follow effective communication practices.

Despite significant theoretical advancements, there is a limited theoretical and empirical foundation for managing the internationalization process of organizations from an internal perspective. Specifically, there is a widespread deficiency in comprehending local and organizational contexts, which play a crucial role in the process of international expansion. Therefore, it is imperative to conduct a comprehensive examination of the impact of organizational context on internationalization.

This study investigates the internationalization process within its internal context at the firm level, specifically focusing on the internationalization of management operations. Using empirical data from four cases in Uzbekistan, the study primarily examines the communication behavior of leadership and its role in the internationalization process.

Specifically, this article addresses the following themes:
1. The definition of internationalization
2. The potential impact of organizational communication on the success of the internationalization process

2. Literature Review

2.1. Internationalization Versus Globalization

In general, scholars and practitioners use the terms internationalization and globalization interchangeably to interpret the worldwide movement of different activities. Vahlne et al. (2011) pointed out that the exact boundary between the two processes cannot be definitively identified and that they may overlap.

Internationalization is an important consideration for businesses and organizations seeking to expand their reach to customers in other countries and regions. It is used in the sense of relationships between and among nations, cultures, or countries (Knight, 2003). Conversely, globalization erases boundaries and presents opportunities for economies to integrate into one global economy through free trade and free capital mobility (Daly, 1999). The term “global” refers to the world in scope and does not emphasize the notion of a nation (De Wit et al., 2005). Consequently, globalization influences and accelerates internationalization across various sectors of the economy (Knight, 2003).

2.2. The Internationalization Process

Internationalization is not a new phenomenon for companies (López Morales, 2020). It is becoming an essential and complex process in a globally integrated world. Therefore, literature on internationalization has increasingly investigated its various conceptualizations. Scholars have described it at the national, sectoral, and institutional levels (Knight, 2003). In this study, I review internationalization from a business standpoint behavioral approach.

In international business studies, the internationalization process of a specific company is primarily associated with the pioneering research conducted by Johanson and Vahlne (1977). They proposed a gradual internationalization approach, the Uppsala Model (UM). Their original hypothesis that businesses are hesitant to enter unproven international markets owing to uncertainty and lack of information was validated by data from four case studies of Swedish companies. Nevertheless, as organizations accumulate expertise and understand the market, they develop a heightened level of dedication and expand their operations internationally.

UM first focuses on local markets to gain expertise and knowledge before gradually expanding to distant international markets. According to the authors, the most significant barrier to internationalization is a lack of knowledge and resources. Therefore, to gain experiential learning and commitment, UM splits internationalization success into four stages and recommends starting international expansion by entering markets based on its awareness.

To illustrate UM in practice, Bwalya (2022) introduced Procter & Gamble, General Electric, Coca-Cola, and Toyota, which started their business in local markets and gradually expanded globally.

Nevertheless, UM has faced a fair share of criticism, especially its failure to emphasize individual behavior in companies’ internationalization process. This criticism aligns with the current emphasis on micro-foundations within strategy and organization theory, including focusing on individual behavior (Felin et al., 2015). Another critic of this model is Andersen (1993), who argues that such an approach
to internationalization is deficient in its ability to provide a comprehensive explanation and accurate prediction regarding the transition between stages. He asserts that the model lacks testability and is not well-suited to the theoretical framework. Additionally, he claims that the model understates the time dimension of the process and the congruence between theoretical and operational levels.

However, as Johanson and Vahlne (2009) argue, most criticisms surrounding UM are based on the observation that company behavior has changed since the model was built. In addition, entry strategies that were previously uncommon, including e-commerce processes, alliances, joint ventures, and mergers and acquisitions, are now considerably more prevalent (Santangelo & Meyer, 2017). Furthermore, in international business studies, there has been a heightened focus on understanding the influence of individual-level characteristics on organizations and their strategic behaviors (Coviello, 2006).

In general, UM significantly impacted the initial conceptualization of internationalization research and offered a concise framework to understand the internationalization process in the last forty years. It emphasizes the significance of learning and experience in overcoming obstacles to international expansion. The model has been expanded and enhanced multiple times, going beyond its original formulation by incorporating new concepts, adopting other viewpoints, and using research from other disciplines to elucidate the processes of international businesses (Santangelo & Meyer, 2017). The model was also awarded the JIBS 2019 Decade Award for the 2009 version (Verbeke, 2020).

In this study, I consider internationalization an inward process that focuses on organizational borders and views internationalization as “bringing new foreign operations within the boundaries of a firm” (Hitt et al., 1997, p. 767).

2.3. Organizational Communication

Over the last few decades, organizational communication has received limited attention (Koschmann & Campbell, 2019; Smythe, 1997) because productivity can easily be enhanced by simply managing the classical factors of production: work, capital, and raw materials (Blumer, 2016). Recent management studies have explicitly clarified the effects of communication on the proximal and distant performance of an organization (Björkman & Welch, 2015; Jiang et al., 2012; Tourish & Hargie, 2004).

Effective communication is crucial at every stage of an organization's lifecycle, including the establishment, recruitment, hiring, and development of its products and services (Keyton, 2017). During these stages, organizational members communicate with each other and with stakeholders such as customers, suppliers, and regulators. Organizations cannot function without communication (Keyton, 2011).

Organizational communication, as a study of individuals, refers to the communication that takes place between employees who are working toward common goals within an organization. It consists of interactions that occur for the purpose of working together toward these goals or conducting business.

2.4. Organizational Culture

Culture encompasses a wide range of elements, including values, beliefs, attitudes, preferences, customs, learning techniques, communication styles, historical interpretations, and achievements (Paige, 2005). Literature mostly defines culture as “something shared” and as being distinctive and unique. The concept of “something shared” can come from different forms for an organization, including the socioeconomic background of the nation that affected its business culture. When a majority of employees in an organization have a substantial shared history, it could lead to the formation of a dominant culture within the organization (Schein, 1985). For example, the “top-down” style of business leadership in Uzbekistan may be regarded as a legacy from times when the country was part of the former Soviet Union (Ivancevich et al., 1992; Shama, 1993).

Schein (1985) assures that organizations can develop their own culture as they learn to deal with the challenges of adjusting to their surroundings and incorporating developmental strategies over time. Furthermore, such an evolving organizational culture can generate influence and partially overcome certain aspects of national culture (Schein, 2001). Therefore, it has been recognized that organizational culture is a pattern of acquired assumptions, beliefs, and behaviors that can be utilized to navigate challenges related to internal integration and external adaptation (Amann, 2003).

Hofstede (1997) asserts that managing organizational culture is the responsibility of top leadership and cannot be assigned to others. Therefore, leadership is an essential mechanism that brings about transformation and shapes the culture within an organization (Schein, 1985).

2.5. Leadership Role

A proper understanding of organizational communication through leadership is a critical factor that affects an organization's ability to internationalize. In most organizations, communication is undermined by a lack of top management clarity and dedication to value (Bowers, 2000; Dyer et al., 2002; Ruck & Welch, 2012).
First, leaders should possess the ability to comprehend and interpret various aspects of a business, including strategic, financial, and operational elements, and apply this understanding to make informed decisions and drive business success. As leadership is the primary agent in shaping an organization’s culture (Schein, 1985), it is imperative for leaders to recognize the significance of effective communication to enhance group efficacy and steer the organization toward paths that are rewarding for everyone involved. Leaders are also responsible for establishing an environment of knowledge-sharing by effectively communicating the knowledge and skills of other group members to employees (Gino et al., 2010).

3. Methodology

Given this study’s focus on communication limitations in developing markets, I believe that employing a qualitative exploratory multiple-case approach is an optimal and efficient methodology to accomplish its objectives.

I used an interpretive research philosophy to better understand participants’ subjective experiences and meanings. The methodology and philosophical approach were designed to identify the primary challenges in organizational communication that could impede the internationalization process. Semi-structured interviews were conducted to gather data and gain a deeper understanding of respondents’ communication experiences, thoughts, and emotions in organizations.

3.1. Business Context: Cultural Legacy of the Soviet Union

Although limited studies have focused on the organizational communication of post-Soviet companies, it is clear from empirical findings and economic studies of post-Soviet countries that organizations did not practice organizational communication in the contemporary sense. During the tightly controlled Soviet-planned economy, communication in Uzbek organizations was one-sided and top-down, and leadership had a “tell-them-only-what-we-want-them-to-know” attitude regarding their employees.

Communication in Uzbek organizations started developing only after the country gained independence from the Soviet Union in 1991. International companies such as Nestlé, British American Tobacco, General Motors, and Telia (Ucell) have since introduced communication systems as part of their organizational structure in the Uzbekistan business environment. Nonetheless, even today, only a few local companies manage communication as a division and prioritize it.

In the Soviet economy, managers received precise orders regarding production targets and resource allocation from central planning agencies based on the country’s current economic needs (Kokosalakis, 2023; Liuhto, 1999). Consequently, enterprises had a single head, who derived power and authority from the principle of one-man management, imposing a strict hierarchical order in organizations (Ivancevich et al., 1992; Kiezun, 1991). Given this background, the prevalent Soviet heritage still dictates top-down and task-oriented communication in organizations that exert strong influence and control.

This study indicates that most local organizations in Uzbekistan limit organizational communication due to the influence of the former Soviet Union and a lack of thorough comprehension of the importance of communication inside organizations by senior-level managers. This impedes the internationalization process in a destructive manner.

3.2. Sampling Strategy

First, I identified a list of prospective organizations in Uzbekistan that are actively engaged in expanding their operations on an international scale. Targeted sampling was conducted at four organizations with the goal of internationalizing their business operations from an internal viewpoint. The selection of respondents was based on their international and local experience, ensuring that they possess a first-hand understanding of the significance of organizational communication contexts for internationalization.

3.3. Sample Population

Network sampling helped approach potential candidates who worked in executive-and senior-level positions. Participants’ work experience, job position, and their organization’s business strategy were the main criteria for selection. They were selected for their extensive international and local experiences to ensure that they possessed communication knowledge. Such background experience enabled participants to understand the topic of organizational communication and compare and contrast the communication systems of local companies with international communication systems.

All respondents possessed prior experience of studying abroad in countries such as the United Kingdom, the United States, and Japan. Three of the respondents held expatriate-executive roles.
and actively contributed to their companies’ internationalization process during their tenure in the organization. Six respondents were responsible for managing collaborations with international companies as part of their job responsibilities. They had specific responsibilities and a significant influence on the communication development of their organizations. Constraints on communication, leadership behavior, and culture at higher government and organizational levels emerged from their responses.

3.4. Research Ethics

Prior to the interview, the respondents received a letter containing a concise overview of the study’s objective, protocol, and advantages, as well as a commitment to uphold the confidentiality of the interviewees. The interviews were conducted via Facebook Messenger or WhatsApp video/audio calls and lasted approximately 40–60 minutes each. The video and audio recordings were transcribed and coded for further analysis. To ensure the confidentiality of the participants, I employed coding techniques to anonymize both company names and create individual respondent identifiers to safeguard the personal information and data of each responder.

4. Discussion

The acquired data were categorized based on similarities in responses. The analysis entailed examining responses to ascertain the most prevalent communication clusters that held greater significance and had a stronger impact on the internationalization process. These clusters included the technical characteristics of organizational communication, leadership style, knowledge management, and the influence of culture on the business environment.

4.1. Technical Characteristics

Multiple technical characteristics of organizational communication can be identified. Based on respondents’ observations, the following characteristics are considered crucial during the internationalization process.

4.1.1. Business Strategy

According to the data, a well-defined business strategy that serves as a guiding framework for all decision-making and actions within the organization and employees’ awareness of it is considered a key technical characteristic of organizational communication. Code 7 mentioned:

“`We don’t have a company strategy here. I proposed to create it, but as they are former government leaders, we don’t have it.”` (Code 7)

Code 1 added:

“`In international companies, they are much more open, share strategy, bring people along, and make sure they understand the direction of the company.”` (Code 1)

4.1.2. Communication Flow

Communication flow emerged as another technical characteristic that assumes the availability of different directions via channels to exchange information that employees need to know to perform their jobs and make accurate decisions. Code 5 explained:

“`If I think about local companies and how they communicate, it was only when people had to really know something or when they wanted to. It wasn’t about things that were happening outside in the world; it wasn’t about, you know, something that would make you happy with what you are doing there; it was only like restricted, specific things that had to be communicated for legal or senior leadership type of reasons.”` (Code 5)

Code 1 added:

“`Holding information is not positive because people need to know where the company’s direction is. For me, the more you communicate, the better.”` (Code 1)

4.1.3. Feedback Mechanism

Respondents mentioned that they faced difficulties providing feedback on leadership and bureaucracy in solving problems, as well as receiving clear information from higher organizations. Code 6 shared:

“`In local companies, they only give instructions and directions. I have never seen them gathering feedback or giving people the opportunity to talk. I have never seen tools or surveys being done. Information never comes back from the shop floor. It is always about directions and objectives that people are asked to do. I have never seen that feedback coming back from the shop floor.”` (Code 6)
4.2. Communication Challenges

Communication challenges can affect both internal communication among employees and external communication with clients, customers, and other stakeholders. Employees face several communication challenges during internationalization.

4.2.1. Open Communication

Code 5 explains employees’ communication behaviors while interacting with their leaders. He shared: “People are very scared to talk about something and ask questions openly. For example, when leaders ask whether employees have any concerns or questions, nobody replies, even if they do have questions. People are wary of talking about their problems openly. They are afraid to look stupid and worried that others will laugh at them.” (Code 5)

Code 6 highlights recent improvements in open communication. He compared local and international companies through the following discussion: “Our culture was not developed for open communication. People are apprehensive about expressing their problems. However, we have made some progress. People have started expressing their problems in diagonal slice meetings. Compared to what we had earlier, many people are now actively participating and asking questions. Our culture is changing mostly due to the influence of international companies because the communications culture is more developed there.” (Code 6)

4.2.2. Problem-Solving Process

A well-established problem-solving process is one of the characteristics that highlights effective communication processes. Code 7 noted: “When I collaborate with international companies [as part of] my job, we constructively solve any problems we can face with them. Employees are very disciplined, and there is a management system in place. However, while working with local organizations, we faced a lot of problems. In local companies, it is not knowledge, but relationship or familiarity that solves problems.” (Code 7)

Code 5 compared local and international companies: “I think we need a policy of openness in Uzbek organizations. We have some tools, but they don’t work. In an international company, when a problem arises, we talk about that. If something is good, we also talk. However, in local companies, we don’t have such a culture. If we have a problem, we hide it very well. And it has some consequences when you don’t talk on time.” (Code 7)

Code 6 explained: “When you approach another organization, to solve your problems, you need to have some familiar people there. Otherwise, they will not listen to you. I had good relations [with employees] in partner companies, so I could easily make things happen. However, if you approach them as an ordinary citizen, they will not even talk to you. They can even lie to you to get rid of you.” (Code 6)

4.3. Leadership Style

According to Code 6, the ability to understand and interpret various aspects of a business is important for driving its success. He mentioned: “I believe that the senior leadership should have experience of working in a lower position to better understand the real challenges of work.” (Code 6)

Code 3 shared his leadership approach to guiding and influencing others. He said: “I don’t want them to do things because I am telling them to do so. I want them to do it because they want to do it. I want to influence them even though they work for me, to be able to go out and do what we decided to do.” (Code 3)

4.4. Culture

4.4.1. Soviet Union Era

According to the respondents, Uzbek’s business practices are influenced by Soviet-era organizational ideas and ways of thinking. This is evident from the way people think, behave, and interact with each other in an organization.

Code 7 mentioned, “The main cultural problem is that our people are used to taking orders and executing them. We do only what we have been asked to do. This originated from the Soviet Union system. We received plans from the top and executed them without discussion. If you don’t discuss, you cannot understand them properly and don’t care about the results.”
Code 3 argued:
“I think that the former Soviet Union significantly affected our culture. Our people say, ‘Better to be hungry but in peace.’ People are afraid of taking any initiative. They simply do what they are required to do. People in higher positions remain in the old culture. Only if people have good relationships will they grow in a company or solve problems.” (Code 3)

4.4.2. Decision Making
To comprehend another culture, it is crucial to grasp its decision-making system, namely, identifying the prevailing values or rules in each situation (Paige et al., 2002). Code 5 discusses the decision-making culture of local organizations. He noted that employees tend to have an order-taking culture compared to those in which conversation or open dialogue is promoted. He said:
“One thing I will always remember is whenever we get into a meeting, and I say, ‘What is the next step? How are we going to get results?’ people would always say, ‘We need to make the decision,’ which to me means, ‘I will not come up with my own decision; I will have my leader tell me what I have to do and take it from him.’ That was strange for me.” (Code 5)

4.4.3. Knowledge Management
Acquisition of knowledge, skills, and competencies aims to boost employee performance and foster professional development. Organizations benefit from a cooperative approach in which employees participate in a collective learning experience by exchanging knowledge, thoughts, and viewpoints with one another. Code 1 shared her experience:
“Sometimes, from what I perceive about local companies, they are afraid to give their knowledge away. Share. The head leader is the one who controls and shares what he believes can be shared with others; sometimes, he limits it. That is not good for the team.” (Code 1)

4.5. Leadership Superiority
The notion of leadership superiority posits that certain individuals or entities possess distinct abilities, talents, or features that distinguish them from others in terms of leadership effectiveness. A leader’s superiority can be attributed to a range of attributes, including intelligence, emotional intelligence, communication skills, decision-making abilities, flexibility, confidence, integrity, and vision. Nevertheless, it is crucial to acknowledge that certain leaders may employ their leadership power in a detrimental manner, resulting in negative consequences for subordinates, the organization, and overall performance.
Code 2 shared his experience:
“In Uzbekistan, I often felt like if you are the boss or president, the culture is that whatever that person wants or desires is right; it is the law. That is the way people act. It is morally wrong. That was probably due to a cultural gap. In America, if your boss tells you something that is wrong, the expectation is that you stand up and say it is wrong. I am not going to do that.” (Code 2)
Code 6 added:
“Our manager was very disrespectful toward lower-level people. He never talked to people below the managerial position.” (Code 6)

5. Key Findings
The respondents were asked to identify the communication challenges faced during the organization's internationalization process, in addition to comparing the communication systems of local and international companies. The most frequent responses are highlighted based on their answers: 83% of the respondents mentioned that leaders in local companies mostly had a top-down communication style and were authoritarian. According to 50% of the respondents, leaders play an important role in creating an open communication environment in organizations. Meanwhile, 100% of respondents mentioned that national culture has a substantial impact on how business culture operates in Uzbekistan. More than half (67%) commented that employees or leaders should be educated about the importance of communication and international business standards.
Data show that the former Soviet Union era played a significant role in forming the nation’s business culture. From the responses, it is clear that Uzbeks had difficulty communicating openly and sharing their thoughts for different reasons. Other cultural challenges mentioned by the respondents were the decision-making process and lack of knowledge-sharing in organizations.
6. Conclusion

In summary, the literature indicates that theories and paradigms of internationalization primarily focus on attaining corporate and economic advantages and securing a long-term competitive advantage. With increasing globalization in recent decades, organizations have adopted internationalization as a strategic approach to effectively respond and proactively address related challenges.

Engaging in internationalizing businesses requires a careful and deliberate strategy. Managers should make crucial decisions regarding internationalization and thoroughly examine all factors that could impact its implementation.

I suggest the following practical preparations to managers who are considering internationalizing their organizations:

First, it is imperative to develop a robust business strategy. It is essential to have a comprehensive business strategy that outlines an organization’s internationalization goals and directions. When developing such a strategy, it is important to consider the cultural components of the business.

Second, it is important to consider investing in training and development programs for employees. Building a skilled local workforce not only benefits their internationalization projects but also contributes to the long-term economic growth and development of the company.

Finally, organizations can implement international practices to improve the understanding of effective leadership styles and processes of organizational communication among managers in local organizations, which would consequently help improve organizational performance.

The findings of this study provide significant implications for organizations striving to comprehend the strategic role of communication, organizational communication researchers, and potential investors or partners to be better prepared for and cope with the limitations that may arise within organizations. The Uzbekistan case study can also be used to gain a better understanding of the communications situation in the other fourteen former Soviet Union countries.

Conflict of Interest

The author declares that they do not have any conflict of interest.

References


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