

Conceptualizing globalization assignment

Sociology



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Conceptualizing Globalization Part I Describe the nature of the global environment and the risks businesses encounter in the global environment. Careful consideration should be given to this concept of globalism and its impact on international business. Much has changed for the United States since the wonderful industrial economic boom after World War II. Our successful reestablishment of international economies in the years following the WWII was ideologically correct, but we failed to retrain our own businesses and prepare them to compete internationally.

Many American businesses were resting on the laurels of massive production without competition and seemed to give little thought for the future. When Dr. William Edwards Deming took his statistical expertise to Japan, the goal was to build the reputation that Japan was producing innovative quality products. ([www. lli. net/deming. html](http://www.lii.net/deming.html)) What happened in Japan and many other countries for the decades that followed forever changed world markets, and consumer consumption. The final straw that broke the camel's economic back, as it were, was the implementation and availability of the Internet to the common household.

Retail competition is no longer just the store across the street ??? it is the . com Internet site who can sell the same item for less, from anywhere in the world. Consumers continue to demand more quality and quantity for less. While some markets went by the wayside, or nearly so, much of the market shifted to other places and other ideas with unique approaches and abilities to compete. American's growing wage base found itself in competition with lower wages in foreign lands. Enter the global economy. International buying and selling no longer requires a passport and years of business savvy.

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Just “surf” your way to [www. amazon. com](http://www.amazon.com) or [www. ebay. com](http://www.ebay.com) and find just the item you desire. When you no longer need or want it, sell it to someone else on the same web site. And delivery, even international delivery, is not a problem. United Parcel Service (UPS) and Federal Express (FedEx) can deliver anytime, anywhere. Not only have the markets gone international, finances are now globally impacted by world events. Wow. All this has happened within my lifetime. From pre-conception of the basic ideas to everyday life as we know it, it all happened basically within a generation.

Clearly businesses, especially American companies, can no longer ignore foreign competition. They must embrace the realities of a global marketplace and learn to live and operate within it. There are risks to competing globally, especially for those who are truly organized or operating as international businesses. In our text, the authors describe many examples of the types of risk a business could potentially encounter, including payment & delivery risks, concerns over currency and exchange rates, distance & communications, and political risks.

Payment risks are the real potential for a buyer to default, or fail to pay, on a contract, while delivery risks relate to the buyer not receiving (or claiming they did not receive) the shipment. Since businesses have capital tied up in their product inventories, both of these impact an already lean profit margin. When a buyer does make payment, foreign currency exchange rates can impact the real value of the payment positively or negatively. The value of the U. S. dollar is adjusted every business day against foreign currencies.

When there are problems or concerns to be resolved, distance and communication can be significant obstacles. With today's communication technologies, these can be easily overcome, provided both parties are working towards a solution. Either way, there are costs involved in the forms of time and expense. Political risks can be the most troubling because the business owner can often do little to nothing about it. Months of negotiations and building a working relationship with a customer or client can be wiped out overnight due to changes in the political climate or removals of entire governments. Conceptualizing Globalization

Part II Examine the cultural and ethical considerations of doing business on an international level. Explore policies and practices in regions of the global marketplace involving international human rights. In particular, identify the ethical considerations businesses face as they look globally in an effort to increase their profits. As we have discovered in our text and talked about in our discussion forum in Week 1 Discussion 2: Identifying and Minimizing International Risks, any business who competes in the international marketplace has to be aware of the cultural and ethical considerations and concerns.

To not do so is the first step towards closing your business, or at least the portion of it that operates in that particular country or region. While cultural differences are becoming less of an obstacle, there is still the risk of losing customers or failing to sufficiently grow the business if you don't take the time to know and understand those things that matter to the customer or client, or their community. Cultural risk can be as simplistic as failing to

express colloquial customs and courtesies or as complex as needing to obtain international attorneys to ensure contracts are prepared properly.

According to an article written by Dr. Karine Schomer, a systematic process to address cross-cultural dimensions of risk assessment has only recently begun to get attention and emphasis ([www. sourcingmag. com/content/c061211a. asp.](http://www.sourcingmag.com/content/c061211a.asp)) She goes on to identify three specific risk factors: corporate cultural differences, national cultural differences, and the cross-cultural competencies of key players. Her article speaks to the importance of addressing these issues up front rather than “ retrofitting” the business relationship after the fact.

Ethical considerations can refer to business ethics, corporate social responsibility, or individual ethics for employees of the company. Business ethics can include compliance with established policies and statutes as well as the corporate responsibility a company has to its stakeholders. The last thing any company needs or wants is to have its corporate name smeared across news headlines because of corporate policies or actions it has taken in foreign countries. Americans, along with much of the civilized world, tend to take a dim view of certain things such as child labor or poor working conditions. Even if the company is following the legitimate laws of that country, global opinion can bring a heavy burden to change the situation. It is the corporate name, not that foreign country’s lack of legislation, that will feel the brunt of public scorn. According to the International Business Ethics Institute, “ One of the major challenges in business ethics today is creating a safe environment where employees can raise concerns about possible misconduct and wrongdoing. ” ([www. business-ethics. org/research. tml](http://www.business-ethics.org/research.html)) The <https://assignbuster.com/conceptualizing-globalization-assignment/>

IBEI has developed its list of top 10 mistakes that organizations make in developing global ethics programs: 1. Lacking consensus on the objectives for globalization 2. Not integrating international personnel into the development process 3. Discounting the importance of promoting the program as a competitive advantage 4. Basing company policies on legal requirements in the domestic market 5. Not establishing ethics offices or resources in international locations 6. Appointing headquarters staff or expatriates (i. e. , non-international employees) to fill ethics positions 7.

Offering training materials only in English 8. Using the word “ ethics” extensively in program materials 9. Translating the code without translating the code 10. Focusing on the few cultural differences rather than acknowledging the many cultural similarities (www. business-ethics. org/top10. html) The IBEI is just one of several resources available to assist companies in assessing, understanding and addressing the ethical concerns they need to be aware of as an international business. An excellent example of a company’s ethical consideration, and potential ethical risk, is the Saudi Arabian legal system.

Some companies often have employees who live overseas in order to conduct company business. If they live in Saudi Arabia, for example, they would certainly want to be aware of the Sharia (divine law), which specifies in Article 41 that “ Foreign residents in the Kingdom of Saudi Arabia shall abide by its regulations and shall show respect for Saudi social traditions, values, and feelings. ” Saudi Arabia’s crime and punishment systems and standards are far different than those of the U. S. so failure to abide by the

Sharia could carry significant consequences for both the employee and the company.

International human rights law is a series of laws and conventions designed to promote and protect human rights. The numerous conventions are binding on those countries that have adopted them. Any international business would have to be aware of the laws and conventions that would be compulsory for the business to follow. The International Human Rights Law Group ([www. hrlawgroup. org](http://www.hrlawgroup.org)) is a human rights advocacy group with offices in countries around the world, working to promote human rights and create just societies. Human rights and ethical considerations are a very important part of any international business.

While companies are expected to produce quality products at competitive prices to ensure a profit for investors, they must also interact with and give back to the communities in which they live and operate. There is a growing expectation that companies, especially larger corporations, will ensure a sense of fairness globally and not take advantage, or appear to take advantage, of impoverished nations or peoples. As consumer awareness increases, more Americans are choosing to spend their money on products from businesses who can display an attempt to “ do the right thing” in their conduct of business.

One way consumers make such a choice is to look for the Fair Trade Certified ([www. transfairusa. org/](http://www.transfairusa.org/)) symbol. Fair Trade certification gives consumers some assurance that foreign workers are being treated fairly for their labor. From their website, TransFair USA touts that Fair Trade Certification

empowers farmers and farm workers to lift themselves out of poverty by investing in their farms and communities, protecting the environment, and developing the business skills necessary to compete in the global marketplace.

Fair Trade principles include Fair price, Fair labor conditions, Direct trade, Democratic and transparent organizations, Community development, and Environmental sustainability. Conceptualizing Globalization Part III Identify three current events pertaining to businesses transacting globally and the risks and ethical considerations associated with those transactions. ???

BAGHDAD??? A handful of lawmakers from the Iraqi parliament's oil and gas committee on Sunday questioned the legality of petroleum-development deals signed last week with British Petroleum, PLC, Exxon Mobil Corporation and other big oil companies.

Noor Adin al-Hadyi, a member of the oil and gas committee, said those contracts needed approval by parliament. He said the committee could decide to take the issue to court to ask that the contracts be canceled. " This is a warning to the companies that the contracts they signed are illegal," he said at a news conference. (online. wsj.

com/article/SB10001424052748703808904574523491165534988. html,

8Nov09) oPayment/Contractual Risk ??? A lot of time and effort (and

expense) has gone into getting these contracts. Political Risk ??? Foreign

governments, especially emerging governments, are volatile and therefore

risky for business investments. oBiggest Ethical Consideration is the global

public appearance of being involved in shady deals or illegal contracts. oOil

Companies award any contracts in Iraq will have the ethical consideration of

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hiring employees who are willing to work in a potentially dangerous country. If they pressure an employee to go to Iraq, it will reflect poorly on the company if something bad happens to that employee. BEIJING — China called a U. S. decision to impose duties on imports of Chinese steel pipe “abusive protectionism,” and both nations moved ahead with new trade investigations Friday, heightening a trade quarrel (online. wsj. com/article/SB125749028529733333. html, 7Nov09). oAlthough this article relates to the actions of governments, not businesses, I thought it was an excellent example of political risks for the businesses involved. oIn the U. S. the risk is associated with the United Steelworkers Union, representing seven U. S. companies. Ethical Considerations include a mix of positive and negative points, one being the possibility of more jobs for Americans but could ultimately lead to higher prices for Americans in a downward economy. ??? EBay Inc. announced a legal settlement with the co-founders of Skype, allowing a planned \$2 billion deal to sell a majority share in the Internet communications company to a group of investors to proceed. Skype’s founders Niklas Zennstrom and Janus Friis had been involved in an intellectual-property lawsuit with eBay since the spring. online. wsj. com/article/SB10001424052748704328104574519411132567706. html, 7Nov09) oRisk example here is the international litigation risk, and the time and expense that can be involved in foreign lawsuits. oEthical Considerations appear to be mostly related to consumer dissatisfaction with the potential loss of desired technology and, for E-Bay business owners, the possible impact on their prices and profit margins should E-Bay have to raise prices to cover the cost of this litigation.