

# Globalisation refers to the shift finance essay

[Finance](#)



" The process through which an increasingly free flow of ideas, people, goods, services and capital leads to the integration of economies and societies"- (funds, 2009)

## **WHAT IS GLOBALISATION?**

Globalisation refers to a variety of events that are rapidly changing the world. The machine that powers globalisation, however, is the global economy. At the heart of the global economy are the twin policies of privatisation and deregulation, which national governments have adopted worldwide since the 1980's. Terms like free market economy, level playing field, monetarism, market economy, and neo-liberalism embrace processes such as privatisation and deregulation. Privatisation is about putting governments out of business. The economic theory behind privatisation is that, Business knows best. In this age of globalisation, our governments cheerfully tell us that they are too incompetent to manage our economy, so as a service to the public they will instead let the free market run it. Then our governments sell off publicly owned businesses and assets, which usually end up controlled by multinationals and financed by public shareholders. Competition within the marketplace rather than government management, we are told, will allegedly produce lower prices and better services for consumers. This is called a better standard of living, which implies that the public are better off for having a privatised economy so they should be happy about it. I have chosen Nokia as global company. The business of Nokia spread the all over the world.

## **Call Spreads Trade in Nokia Corp. (NOK)**

NOK is trading close to near-term highs. Paper traded call spread blocks of NOK Jan/Jan 2014 3 calls for . 29. Two blocks of 5, 071 and 5, 571 contracts traded today. Average contract volume is over 71, 000 contracts per day in the name. Open interest is roughly 30, 000 in Jan 2013 and over 100, 000 contracts in Jan 2014 for the strikes. The implied volatility is down 0. 3 points in the Jan 2014s. This paper looks to be a rolling trade of a large call buyer as the closing options traded at parity and the opening side is larger. This is not clear but the volatility is higher in the Jan 2014 so the trade looks to be a large covered roll or long calls. 30-day implied volatility is 66%. 10-day implied volatility is 105%. 30-day implied volatility is trading well below the 10-day historical volatility. Nokia Corporation (NOK) has three operating segments: Devices & Services; NAVTEQ, and Nokia Siemens Networks. Devices & Services is responsible for developing and managing the Company's portfolio of mobile products, as well as designing and developing services, including applications and content. (Giovinazzi, 2013)

## **Foreign direct investment by Nokia**

Nokia operated his business world wide and it did the investment in different-different countries. Here we take the example of Romania: Foreign direct investment (FDI) in Romania has increased dramatically. In 2006 net foreign direct investment was inbound US\$12 billion (EUR 9. 1 billion). Cheap and skilled labor force, low taxes, a 16% flat tax for corporations and individuals, no dividend taxes, liberal labor code and a favorable geographical location are Romania's main advantages for foreign investors. FDI has grown by 600% since 2000 to around \$13. 6 billion or \$2, 540 per

capita by the end of 2004. In October 2005 new investment stimuli introduced – more favorable conditions to IT and research centers, especially to be located in the east part of the country (where is more unemployment), to bring more added value and not to be logistically demanding. General Motors could shortly begin investments in order to develop a production centre in Romania, with Cluj-Napoca as a potential location for the future plant, close to the Nokia Village. Nokia invested \$110 mn in a plant near Cluj-Napoca.[2] SABMiller is set to invest EUR50m (US\$69m) in expanding production at one of its breweries in Romania (Ursus (beer)).[3] Czech-based investor and developer CTP Invest plans to allocate EUR 60 mln next year in industrial property development in Romania.[4] Snowmobile and motorcycle maker Polaris will invest 50 million euros (\$69. 41 million) in a snowmobile plant in Romania.[5] Sectors of direct foreign investment - industry 38. 4%; banking and insurance 22. 2%; wholesale and retail trade 13. 1%; production of electricity, gas and water 10. 5%; transportation and telecommunications 9. 2%.

### **Technology change affect the Nokia:**

NOKIA contributed a quarter of Finnish growth from 1998 to 2007, according to figures from the Research Institute of the Finnish Economy (ETLA). Over the same period, the mobile-phone manufacturer's spending on research and development made up 30% of the country's total, and it generated nearly a fifth of Finland's exports. In the decade to 2007, Nokia was sometimes paying as much as 23% of all Finnish corporation tax. No wonder that a decline in its fortunes—Nokia's share price has fallen by 90% since 2007, thanks partly to Apple's ascent—has clouded Finland's outlook. Are

any other economies so reliant on one company? The researchers at ETLA calculate Nokia's value-added to work out its importance to Finland, but such data are not widely available. A look at firms' sales as a percentage of GDP (see table) offers a cruder indication of clout. We used the Dow Jones Global Index to identify firms whose revenues ranked highest in the country of their listing. Firms like ArcelorMittal, Essar Energy and China Mobile make the top ten because of their choice of domicile; their economic activity mainly takes place elsewhere. Oil-and-gas firms feature heavily, although that may simply show that certain economies are dependent on a certain type of activity rather than a specific firm. Lower down the list the presence of Sands China, a casino developer and operator whose sales are 13% of Macao's GDP, reflects the importance of gambling to the territory. Strip these sorts of firms from the list and only one resembles Nokia: Taiwan's Hon Hai, an electronics manufacturer. Yet Nokia made 27% of Finnish patent applications last year; the corresponding figure for Hon Hai was 8%. Although numbers are falling, Finland is home to the greatest number of Nokia employees; Hon Hai's staff is mostly in China. It is a similar story with other firms. Sales of Nestlé, a consumer-goods company, weigh in at 15% of Swiss GDP but its share of Swiss jobs is punier than Nokia's in Finland. Samsung, whose revenues are twice Nokia's, has half its clout as a share of GDP: South Korea's economy is more diversified. The importance of Nokia to Finland looks like a one-off. (economics, 2012)

### **Global financial system:**

Three decades ago, a manufacturer building a new factory would probably have been restricted to borrowing from a domestic bank. Today it has many

more options to choose from. It can shop around the world for a loan with a lower interest rate and borrow in foreign currency if foreign-currency loans offer more attractive terms than domestic-currency loans; it can issue stocks or bonds in either domestic or international capital markets; and it can choose from a variety of financial products designed to help it hedge against possible risks. It can even sell equity to a foreign company. A look at how financial globalization has occurred, and the form it is taking, offers insights into its benefits as well as the new risks and challenges it has generated.

Forces driving globalization What has driven the globalization of finance? Four main factors stand out. Advances in information and computer technologies have made it easier for market participants and country authorities to collect and process the information they need to measure, monitor, and manage financial risk; to price and trade the complex new financial instruments that have been developed in recent years; and to manage large books of transactions spread across international financial centers in Asia, Europe, and the Western Hemisphere. The globalization of national economies has advanced significantly as real economic activity—production, consumption, and physical investment—has been dispersed over different countries or regions. Today, the components of a television set may be manufactured in one country and assembled in another, and the final product sold to consumers around the world. New multinational companies have been created, each producing and distributing its goods and services through networks that span the globe, while established multinationals have expanded internationally by merging with or acquiring foreign companies. Many countries have lowered barriers to international trade, and cross-border flows in goods and services have increased significantly. World

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exports of goods and services, which averaged \$2.3 billion a year during 1983-92, have more than tripled, to an estimated \$7.6 billion in 2001. These changes have stimulated demand for cross-border finance and, in tandem with financial liberalization, fostered the creation of an internationally mobile pool of capital and liquidity. The liberalization of national financial and capital markets, coupled with the rapid improvements in information technology and the globalization of national economies, has catalyzed financial innovation and spurred the growth of cross-border capital movements. The globalization of financial intermediation is partly a response to the demand for mechanisms to intermediate cross-border flows and partly a response to declining barriers to trade in financial services and liberalized rules governing the entry of foreign financial institutions into domestic capital markets. Global gross capital flows in 2000 amounted to \$7.5 trillion, a fourfold increase over 1990. The growth in cross-border capital movements also resulted in larger net capital flows, rising from \$500 billion in 1990 to nearly \$1.2 trillion in 2000. Competition among the providers of intermediary services has increased because of technological advances and financial liberalization. The regulatory authorities in many countries have altered rules governing financial intermediation to allow a broader range of institutions to provide financial services, and new classes of nonbank financial institutions, including institutional investors, have emerged. Investment banks, securities firms, asset managers, mutual funds, insurance companies, specialty and trade finance companies, hedge funds, and even telecommunications, software, and food companies are starting to provide services similar to those traditionally provided by banks. Changes in capital markets

These forces have, in turn, led to dramatic changes in the structure

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of national and international capital markets. First, banking systems in the major countries have gone through a process of disintermediation—that is, a greater share of financial intermediation is now taking place through tradable securities (rather than bank loans and deposits). Both financial and nonfinancial entities, as well as savers and investors, have played key roles in, and benefited from, this transformation. Banks have increasingly moved financial risks (especially credit risks) off their balance sheets and into securities markets—for example, by pooling and converting assets into tradable securities and entering into interest rate swaps and other derivatives transactions—in response both to regulatory incentives such as capital requirements and to internal incentives to improve risk-adjusted returns on capital for shareholders and to be more competitive. Corporations and governments have also come to rely more heavily on national and international capital markets to finance their activities. Finally, a growing and more diverse group of investors are willing to own an array of credit and other financial risks, thanks to improvements in information technology that have made these risks easier to monitor, analyze, and manage. Second, cross-border financial activity has increased. Investors, including the institutional investors that manage a growing share of global financial wealth, are trying to enhance their risk-adjusted returns by diversifying their portfolios internationally and are seeking out the best investment opportunities from a wider range of industries, countries, and currencies. At the wholesale level, national financial markets have become increasingly integrated into a single global financial system. The major financial centers now serve borrowers and investors around the world, and sovereign borrowers at various stages of economic and financial development can

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access capital in international markets. Multinational companies can tap a range of national and international capital markets to finance their activities and fund cross-border mergers and acquisitions, while financial intermediaries can raise funds and manage risks more flexibly by accessing markets and pools of capital in the major international financial centers. Third, the nonbank financial institutions are competing—sometimes aggressively—with banks for household savings and corporate finance mandates in national and international markets, driving down the prices of financial instruments. They are garnering a rising share of savings, as households bypass bank deposits to hold their funds in higher-return instruments—such as mutual funds—issued by institutions that are better able to diversify risks, reduce tax burdens, and take advantage of economies of scale, and have grown dramatically in size as well as in sophistication. Fourth, banks have expanded beyond their traditional deposit-taking and balance-sheet-lending businesses, as countries have relaxed regulatory barriers to allow commercial banks to enter investment banking, asset management, and even insurance, enabling them to diversify their revenue sources and business risks. The deepening and broadening of capital markets has created another new source of business for banks—the underwriting of corporate bond and equity issues—as well as a new source of financing, as banks increasingly turn to capital markets to raise funds for their own investment activities and rely on over-the-counter (OTC) derivatives markets—decentralized markets (as opposed to organized exchanges) where derivatives such as currency and interest rate swaps are privately traded, usually between two parties—to manage risks and facilitate intermediation. Banks have been forced to find additional sources of

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revenue, including new ways of intermediating funds and fee-based businesses, as growing competition from nonbank financial intermediaries has reduced profit margins from banks' traditional business—corporate lending financed by low-cost deposits—to extremely low levels. This is especially true in continental Europe, where there has been relatively little consolidation of financial institutions. Elsewhere, particularly in North America and the United Kingdom, banks are merging with other banks as well as with securities and insurance firms in efforts to exploit economies of scale and scope to remain competitive and increase their market shares. (Häusler, 2002)

### **Impact of globalisation international trade and business:**

International trade is an activity performed by a resident of a country with a population of other countries on the basis of mutual agreement. The occupation is bound to be inter-individual (person to person), between individuals and the government of a country or a national government with other governments. According to Amir, an observer economic MS on the implementation of international trade is very complicated and complex. The complexity is partly due to political and state boundaries that can hamper international trade, for example, cultural differences, language, currency, estimates and ranges, and commercial law.

### **International trade policies**

1. Rate Prices are similar taxes imposed on imported goods. Specific tariffs (specific tariffs) established that the fixed charges on goods imported units. For example, \$ 6 per barrel of oil). Tarifold valorem (ad valorem tariffs or d) is a tax under a certain percentage of the value of imported goods (for <https://assignbuster.com/globalisation-refers-to-the-shift-finance-essay/>

example, 25 percent of tariffs on imported cars.) In both cases, the impact of tariff increase freight cost in a country. 2. Export Subsidies export subsidy is a payment from a number of other companies or individuals that sell products abroad, such as tariffs, export subsidies, specifically (a specific value per unit property) or the value  $O_d$  (percentage of predicted of which is exported). If the government provides export subsidies, export to the consignor, the consignor of export goods to the extent that the difference in price of domestic and foreign prices equal to the value of subsidies. The impact of export subsidies is to increase the price of the exporting country in the importing country, while the price decreases. 3. Import restrictions import restrictions (import quotas) is a direct restriction on the amount of goods can be imported. These restrictions are usually applied by giving licenses to several groups of individuals or companies. For example, the United States to limit imports of cheese. Only some companies can be imported cheese, each with a quota to import a certain amount each year should not exceed a maximum amount. The amount of the shares of each company based on the amount of cheese imported during the previous year. 5. local content requirements. Local content requirements (local content requirement) is a regulation that requires that certain parts of the physical drives, as the 1960 U. S. oil imports ditahun fee. In other cases, the requirements specified in the value, which requires a minimum price of the merchandise comes from nilali national aggregate. content provisions have been widely used by developing countries that divert base beriktian manufakturanya general treatment of the materials (intermediate goods). Bills in the United States the draft local content of vehicles offered in 1982, but so far applied berlum. 6. Export Subsidies credit. granting export credit is a type of export subsidies

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is just the form of subsidized loans for buyers. United States and most states, a government agency, the Export-Import Bank (Ex-Im Bank), which addresses at least offer subsidized loans to support exports.

7. Government control (domestic supply) Purchases made by governments or heavily regulated companies can be directed to products manufactured in the country, even if the products are more expensive than imports. The classic example is the telecommunications industry in Europe. Demands that European countries are essentially free to trade with each other. But the main purchasers of equipment are telekomunikasi phone companies in Europe and these companies until now in the hands of government, domestic suppliers, while suppliers charge a higher price than other suppliers. The result is a little communication equipment in European trade.

**IMPACT OF GLOBALIZATION ON INTERNATIONAL TRADE**

Positive impact:

1. World production could be improved
2. Prosperity in a country of the Community.
3. The development of the domestic market.
4. Can obtain more capital and better technology.
5. Provide additional funding for economic development.

Negative impact:

1. Because the development of the foreign trade becomes more free, which can inhibit the growth of the industry.
2. Can worsen the balance of payments.
3. The financial sector is increasingly unstable.
4. Exacerbate the process of long-term economic growth.

### **Impact of globalisation on financial flow:**

Globalisation has had an increasingly significant impact on international marketing. More and more markets become open to international organisations as the cost and complexity of operating overseas is reduced by globalisation. One of the key drivers of increased international marketing has

been reduced costs as a result of globalisation. Organisations are able to access cheap resources and labour in developing countries. This not only allows them to price their products lower, but also opens up a broader market of people with the disposable income to buy more goods and services. New and ever improving communications technology has spread throughout the world, allowing international marketing campaigns to be coordinated all from a domestic base. The internet and mobile phones have opened up entirely new international industries with endless potential. Globalisation has changed the way people shop. Consumers are better able to shop around for good deals and are prepared to buy from overseas without necessarily viewing products first hand. Globalisation has also increased market competition, in turn increasing the importance of effective international marketing. Many organisations cannot rely on the fact that they are the only player in a long held domestic market, there are new competitors from overseas appearing all the time. Transport and distribution systems are more efficient than ever before, making it easier, faster and cheaper for businesses to get their products to consumers. Electronic transfers have also made making and receiving international payments faster and more secure. Finance is more readily available to both consumers and organisations, thanks to the globalisation of many financial providers. Investors are interested in spreading their investments over a wider range of markets to reduce their overall level of risk. An increased availability of capital makes it easier for organisations to finance their international marketing efforts. Globalisation will continue to bring more and more buyers and sellers together into the future. The organisations that are able to make

the most of the opportunities globalisation provides stand to the best chance of succeeding in their international marketing campaigns.

## **HOW DID GLOBALISATION ARISE?**

Why are democratic governments now putting themselves out of business by selling their companies and assets, and giving control of national infrastructures and economies over to multinationals? The present phase of the process began in the latter 20th century. After World War II most countries were in an economic mess. Governments were the only entities large enough to get economies repaired and moving again. The governments took control of the commanding heights of their national economies.

Government directed economies were based upon the idea that Government knows best . For three decades after WW2 the government led economies worked reasonably well. However, the US monetary system had a problem left over from a 1930's quick fix, and this problem began to catch up by the 1970's. [1] In 1971 the US economy was technically as good as bankrupt. President Nixon took an easy way out by severing the link between the US dollar and gold. This allowed the US to have adequate money supply, where previously gold had stifled it. While this fixed the short-term problem for the US, it created several long-term problems globally. Now US dollars had become freed from the restraint of a gold standard and the US banks could create as much money as they chose to, virtually without effective regulation. The ensuing flood of money aggravated economic malfunctions within many other countries that were still on the US dollar standard. As nations floundered economically, they contaminated other trading partner economies. Stagflation, stagnant economies with rampant inflation, became

like an epidemic sweeping around the world. WHO IS RUNNING

GLOBALISATION? The excessive lending by banks in the 1980's had been the bait, and their catch was the gains they made through bankruptcies and sales of national assets. As these profitable bankruptcies cleared away the immediate economic chaos, the banks resumed more moderate policies of lending. While governments had no choice but to float their currencies, doing so was just a short-term fix rather than a long-term solution. In the new economy if countries did not join in and deregulate their currencies (and economies) they became sitting ducks for global money speculators, foremost among which are multinational banks. The floating of national currencies was an inevitable result of the US severance from regulated currency. It was an offer to weaker economies that could not be refused - either join the club of globalised currency or be clubbed by globalised currency. The floating of currencies partly addressed the threat from global money speculators, but it did not fix the fault in the global monetary system, which continues to hamstring national economies through debt. [3] Foreign debt is largely a misnomer. The debt is foreign in the sense that it is not owed within the same country and its economy. The word foreign implies that the debt is owed to another country. These days that is not entirely the case either, because most countries on Earth have excessive foreign debts. Foreign debt is mostly owed to multinational banks, which have no loyalties to any nations and are in the business of creating debt. WHAT IS GOOD ABOUT GLOBALISATION? We have wide-screen TV's. We have cheap Chinese goods. The greatest benefit from globalisation is that it gives some countries a greater range of cheap overseas goods to buy. The cheaper prices are not a lasting result of globalisation though, but rather a reflection of the non-

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level playing field that currently exists within the global economy.

Government subsidies, import tariffs and lower paid workforces are what make the playing field of the global economy non-level. If the global economy ever reaches its proclaimed goal of a level playing field, then the cheap goods will become more expensive again. There would not be cheap labour or protective subsidies anymore. Cheap foreign goods are bait to encourage citizens to accept and assist the process of globalisation. As wealthier nations buy those foreign goods they raise the wages of foreign workers and reduce the wages of workers in our own countries by ultimately putting them out of work. Prolonged high unemployment eventually leads to effective reduction in real wages. So in effect, cheaper goods, which are an evident benefit from globalisation, are precisely what globalisation is aiming to remove through its level playing field policy. Achieving a level playing field is a stated goal of the WTO. WHAT IS BAD ABOUT GLOBALISATION? The bad aspects of globalisation involve human wellbeing, the environment and economic realities. Human Wellbeing and Quality of Life Quality of life is at risk from globalisation in a number of different areas. THE END OF DEMOCRACY AND NATIONAL CONTROL While democratic-styled governments are being installed around the world in the name of freedom, the essential structure of democracy itself is being undermined by globalisation. Many fundamental areas of society that were traditionally administered by democratically elected governments are now becoming administered by unelected and unapproachable multinational boards.\* Where governments were open to public scrutiny, corporations operate in secrecy within their boardrooms in faraway countries.\* Where governments could be voted out if society disapproved, corporations are not subject to elections.\* Where

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governments made decisions in the interest of the nation, corporations now make decisions in the interest of profits.\* Where governments were the highest authority in a land, now international laws overrule national laws that conflict with them. Even in matters like environmental care and public health, international law protects multinational profits over national wellbeing. PERSONAL STRESS Globalisation has create new kinds of stress into everyday life. Even proponents of globalisation admit this, on the basis that " markets are relentless". Corporations rationalise jobs whenever possible. This can be done by laying off workers or importing cheap workers from other countries. Job insecurity and the escalating workloads of existing jobs are eroding quality of life. At any time fuel prices or interest rates may rise so much it hurts. What if there's a recession? What if the stock market crashes? What if the real estate market spikes up high - or down low? A new culture of " fear of the future" is entering society, caused by multiple long-term insecurities stemming from the new economy. [5]Environmental Survival How big must the global economy grow in order to be big enough? How much is enough? Globalisation's answer is that there can never be any such thing as big enough. In 100 years when, at current growth rates the global economy would have grown 50 times it present size, it would still not be large enough. Continual growth is necessary for this present economy to survive because of the way it is designed. The growth rate is deceptive. 4% annual growth does not sound like much but the global economy grows exponentially, not mathematically. Mathematical Growth  $1 + 1 + 1 + 1 + 1 + 1 + 1 = 7$  Exponential Growth  $1 + 2 + 4 + 8 + 16 + 32 + 64 = 127$  The destruction of natural resources like clean water, forests, arable land, ocean fish stocks, coral reefs and so on are already causing extreme concern even <https://assignbuster.com/globalisation-refers-to-the-shift-finance-essay/>

in the traditionally conservative ranks of society. The current rate of extinctions from the planet is comparable to the rate of the extinction event that destroyed countless millions of species along with the dinosaurs from Earth 65 million years ago. Earth is clearly not coping with the demand for resources in the present sized global economy. At present rates of growth in 30 years the global economy would be about 4 times larger than today, and in 60 years it would be 10 to 20 times larger than today. The global economy, which must grow exponentially in order to survive, does not recognize the realities of the natural world. The logic behind the present global money supply system is like sustaining your life by eating your own body from the feet up. The global economy is presently on a course to destroy itself through the planet's lack of ability to sustain it. Like a cancerous growth, the global economy is growing so vast that it will soon kill its host. Economic Realities Their still remains a fundamental flaw built into the post-1970's global monetary system, and economic trouble is arising from it again. The flaw in global money supply ensures that debt will always grow at a much faster rate than economies. View the mathematics yourself in the article [Why Economic Growth Is Unsustainable \[6\]](#) On its present course, unless there are fundamental changes made quickly to the global money supply system, the global economy has no option but to collapse well before 2030. It will be curious to see which inevitable reality the global economy succumbs to over the next two decades, crippling debt or nature's inability to cope. IS GLOBALISATION GOOD? It would be possible to have a different kind of global economy that works in the real world to sustainably serve humanity. The pain and destruction caused by the global economy are not inevitable, but simply the result of the way this particular global economy is

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designed. Is there not more to life than cheap consumer goods?

Environmental degradation, social breakdown and high personal stress levels do not factor into mathematical profit margins. The people of a nation care about the well being of their environment and society. Multinational corporations have no such national sentiments. They would give the world for a dominant market share, and presently they appear to be doing just that.

(Bond)How globalization affects businessPosted on October 6, 2011 by KatiThis article is based on the free ebook " Corporate Social Responsibility"

Globalization is a leading concept which has become the main factor in business life during the last few decades. This phenomenon affects the economy, business life, society and environment in different ways, and almost all corporations have been affected by these changes. These changes are mostly related to increasing competition and the rapid changes of technology and information transfer. To challenge these changes, companies need to keep in mind various aspects of the main effects of globalization.

CompetitionGlobalization leads to increased competition. This competition can be related to product and service cost and price, target market, technological adaptation, quick response, quick production by companies etc. When a company produces with less cost and sells cheaper, it is able to increase its market share. Customers have a large multitude of choices in the market and this affects their behaviors: they want to acquire goods and services quickly and in a more efficient way than before. They also expect high quality and low prices. All these expectations need a response from the company, otherwise sales of company will decrease and they will lose profit and market share. A company must always be ready for price, product and service and customer preferences because all of these are global market

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requirements. Exchange of Technology One of the most striking manifestations of globalization is the use of new technologies by entrepreneurial and internationally oriented firms to exploit new business opportunities. Internet and e-commerce procedures hold particular potential for SMEs seeking to broaden their involvement into new international markets. Technology is also one of the main tools of competition and the quality of goods and services. On the other hand it necessitates quite a lot of cost for the company. The company has to use the latest technology for increasing their sales and product quality. Globalization has increased the speed of technology transfer and technological improvement. Customer expectations are directing markets. Mostly companies in capital intensive markets are at risk and that is why they need quick/rapid adapting concerning the customer/market expectations. These companies have to have efficient technology management and efficient R&D management. Knowledge/Information transfer Information is a most expensive and valuable production factor in the current environment. Information can be easily transferred and exchanged from one country to another. If a company have a chance to use knowledge and information then it means that it can adapt to this global changing. This issue is similar with the technology transfer issue in global markets. The rapid changing of the market requires also quick transfer of knowledge and efficient using of that knowledge and information. (kati, 2011)2. the third world development:

### **Effect of third world on business communication:**

Underdeveloped nations have been exposed to new business communications with the emergence of various technologies. After World

War II, with the advent and proliferation of television, third world countries have been exposed to mass media communications, and thus new cultures and ideologies. Since then, contemporary business communication practices have bridged nations and been used to connect with new consumer markets. Business opportunities have also emerged, as developing nations are creating telecommunication service companies and distributing equipment to meet new demand.

**Introduction of Branding Ideologies**

Advertising communications that are effective in developed countries--such as TV commercials, radio, print and Internet ads--are being adapted to third world nations. Branded slogans tied to local phrases can help break down the communication divide and sway consumer buying behavior, creating awareness in targeted markets. For example, an advertisement tied to a world sporting event held in a third world country could expose a new market to foreign products. The power of mass communications in creating economic demand for foreign products is evident, as third world nations have embraced and demand foreign brands, even at high prices. The perceived value of foreign brands is actually higher in these developing countries, because they have higher expectations of foreign goods, in part due to their prestige value.

**Demand for Technological Infrastructure**

Business communications creates the need to upgrade technological infrastructure in developing nations. Internet and mobile phone technologies have helped to bridge the communication gap between developed and third world nations. Even on a rudimentary level, contemporary business communications allow companies anywhere to compete in a global arena. With a minimal technology infrastructure, a business in a province of China can service and provide goods at the same level of communication efficiency as a company

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in Hong Kong. The ability to participate and compete in the global marketplace serves as a powerful incentive for third world governments to upgrade their communication systems. New Business Opportunities New communication infrastructures in underdeveloped countries depend on current technologies. New business opportunities, such as providing mobile phone service, have become a niche market in third world countries looking to keep up with larger, more competitive countries. The emergence of a third world telecommunications industry helps the economy in two ways: It gives foreign companies--looking to partner, invest or conduct business--a way of communicating with third world businesses. Additionally, a new communications industry helps to provide new job opportunities for the local labor force. Both of these opportunities can lead to higher standards of living. In addition to new telecommunication services, businesses refurbishing and selling phones to third world countries are proliferating. The distribution of mobile phones, refurbished and new, equates to over 2 billion subscribers in 2005, according to USA Today. This represents a vast market that businesses can target through mobile devices, offering even more opportunities to communicate with business owners and create a customer base.(Shennu)

### **Regulation of financial institution:**

In financial economics, a financial institution is an institution that provides financial services for its clients or members. Probably the most important financial service provided by financial institutions is acting as financial intermediaries. Most financial institutions are regulated by the government. Broadly speaking, there are three major types of financial institutions:

Depository Institutions : Deposit-taking institutions that accept and manage deposits and make loans, including banks, building societies, credit unions, trust companies, and mortgage loan companies

Contractual Institutions : Insurance companies and pension funds; and

Investment Regulations of financial institutions differ from one country to another. The financial institution regulations are delineated by the government authorities of different countries. The principal objective of these government authorities is to regulate the financial activities going on in the country. The financial regulatory bodies control the stock markets, bond markets, foreign exchange markets, and various other segments of financial markets. The financial regulations are laid out for the purpose of creating a fair and customer-friendly environment in the financial market of a particular country, which is conducive for economic growth. Some of the examples of financial regulatory bodies are the Federal Reserve Bank (United States), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), the Financial Services Authority (FSA) in the United Kingdom, the Securities and Exchange Commission (SEC) in the United States and many others. The statutory objectives of the regulatory bodies of financial institutions include the following:

- Market confidence: Sustaining confidence in the financial markets is one of the most important objectives of the financial regulatory bodies
- Consumer protection: Ensuring the most suitable level of customer protection
- Public awareness: Encouraging public awareness about the financial market through imparting educational programs
- Eliminating financial crime: The financial regulations are designed for the purpose of reducing financial crimes and frauds

The regulatory principles that are followed by the regulators of financial institutions include the following:

Role

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of management: Regulatory measures on the senior management of the financial institutions so that they do not take decisions that are detrimental to the financial market  
Innovation: Innovation should be facilitated with restriction so that the financial products and services launched are compliant to the rules and regulations  
International aspects: Strict monitoring should be there to see whether the international standards are maintained or not  
Efficiency and economy: The financial resources of a country should be used in the most prudent and effective way  
Proportionality: The financial regulations that are imposed should be proportional to the advantages that are anticipated from the regulations  
Competition: There should be strict supervision on the financial market for the purpose of minimizing harmful effects of competition.

ent Institutes : Investment Banks, underwriters, brokerage firms.

## **Function**

Financial institutions provide service as intermediaries of financial markets. They are responsible for transferring funds from investors to companies in need of those funds. Financial institutions facilitate the flow of money through the economy.

## **Regulation of financial institution:**

Financial institutions in most countries operate in a heavily regulated environment as they are critical parts of countries' economies. Regulation structures differ in each country, but typically involve prudential regulation as well as consumer protection and market stability. Some countries have one consolidated agency that regulates all financial institutions while others have separate agencies for different types of institutions such as banks,

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insurance companies and brokers. Countries that have separate agencies include the United States, where the key governing bodies are the Federal Financial Institutions Examination Council (FFIEC), Office of the Comptroller of the Currency - National Banks, Federal Deposit Insurance Corporation (FDIC) State " non-member" banks, National Credit Union Administration (NCUA) - Credit Unions, Federal Reserve (Fed) - " member" Banks, Office of Thrift Supervision - National Savings & Loan Association, State governments each often regulate and charter financial institutions. Countries that have one consolidated financial regulator include United Kingdom with the Financial Services Authority, Norway with the Financial Supervisory Authority of Norway, Hong Kong with Hong Kong Monetary Authority and Russia with Central Bank of Russia. See also List of financial regulatory authorities by country. Financial institution: Financial institutions are those organizations, that are involved in providing various types of financial services to their customers. The financial institutions are controlled and supervised by the rules and regulations delineated by government authorities. Some of the financial institutions also function as mediators in share markets and debt security markets. There the principal function of financial institutions is to collect funds from the investors and direct the funds to various financial services providers in search for those funds. These are the various Financial Institutions: Banks Stock Brokerage Firms Non Banking Financial Institutions Building Societies Asset Management Firms Credit Unions Insurance Companies Financial institutions deal with various financial activities associated with bonds, debentures, stocks, loans, risk diversification, insurance, hedging, retirement planning, investment, portfolio management, and many other types of related functions. With the help of their functions, <https://assignbuster.com/glocalisation-refers-to-the-shift-finance-essay/>

the financial institutions transfer money or funds to various tiers of economy and thus play a significant role in acting upon the domestic and the international economic scenario. For carrying out their business operations, financial institutions implement different types of economic models. They assist their clients and investors to maximize their profits by rendering appropriate guidance. Financial institutions also impart a wide range of educational programs to educate the investors on the fundamentals of investment and also regarding the valuation of stock, bonds, assets, foreign exchanges, and commodities. Financial institutions can be both private or public in nature. The most common forms of financial institutions can be categorized into the following types: Business finance company Mortgage finance company Car finance company Personal finance company Personal loan finance company Home finance company Corporate finance company Thus, it can be concluded that a financial institution is that type of an institution, which performs the collection of funds from private investors and public investors and utilizes those funds in financial assets. The functions of financial institutions are not limited to a particular country, instead they have also become popular in abroad due to the growing impact of globalization

Financial marketing: Financial institution marketing refers to the various marketing policies of the financial institutions. For the promotion of the various financial products and services offered by financial institutions, it is necessary to lay out an efficient marketing plan. Financial institutions focus on the practical implementation of marketing methods for selling their financial products and services. In order to do that, it is essential that the financial institutions utilize their marketing resources and functions in a proper way. For launching their products, the financial institutions take into

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consideration a number of factors, which include the timing, degree, and blend of customer demand. Usually, the financial institution marketing services can be categorized into the following types: Marketing research and analysis, Marketing strategy, Implementation planning, Process, project, and vendor management, Leadership and organizational management, Reporting, Measurement, Feedback and control systems. For the selling purpose of the financial products and services, financial institutions often take the assistance of various advertising firms. They provide valuable marketing advices and techniques to numerous banks, credit unions, and various other financial services providers. Various techniques that are implemented for enhancing sales of financial products and services include the following: Cross selling of equity and debt capital market products, such as stocks, bonds, and CDOs (Collateralized Debt Obligations), Formulation of marketing plans and market research, Assessment of client financing and other facilities and recommendation of suitable action, Supervision of the functions of the relationship managers, Keep informed and cover capital market activities and corporate finance, Advising and training staff.

### **Credit unions:**

The credit unions are the co-operative financial institutions that are owned by the members of the union. The major difference between the credit unions and banks is that the credit unions are owned by the members unlike banks. The policies of credit unions are governed by a volunteer Board of Directors that is elected by and from the membership itself. This board of directors also decides on the interest rates to be charged. According to the regulation of credit unions, only the members of the credit union are eligible

to deposit money in the union or borrow money from the union. The credit unions are always committed and dedicated to the members and ensure to improve the financial status of the members. The size of the credit unions may vary in a large manner. There are credits unions available both with handful of members to thousands of members. The credit unions are generally non-profit organizations. The credit union can also be termed as profit enterprise dedicated to earn profit for its members. The profits earned by the union are received by the members in the forms of dividends. The dividends are paid on savings that are taxed as ordinary income. It has been seen that in the USA, the dividend rates on shares offered by the credit unions are higher. The credit unions also charge lower interest rates than banks in the USA. Usually credit unions have a lower cost of funds than the commercial banks. The credit unions also offer several financial services like banks, but the terminology used here are different from the banks. The credit unions offer the services of share accounts, share draft accounts, share term certificates, credit cards and online banking services. Depending on the financial structure of the country, the functionality of credit unions may vary in different countries. The operations of the credit unions of UK, credit unions of Canada and U. S credit unions are different from each other. (Credit union, 2012)

**Interest rate:****How Do Interest Rates Affect Businesses?****By Gregory Hamel, eHow Contributor****Print this article****Other People Are Reading****The GDP's Effect on Business How Do High Interest Rates Affect Businesses?****Interest Rates Directly Affect Borrowing**

Perhaps the most straightforward impact of interest rates on businesses is how rates influence business borrowing. Businesses often need to take out short term loans to to make up for shortfalls in payroll or other expenses, so higher interest rates make such shortfalls more costly, since the businesses will have to pay more interest back to lenders. Companies also frequently take out longer term debt for improvements and infrastructure. The higher the prevailing interest rates, the most costly taking on debt and therefore the less likely businesses will be able to commit the funds to such projects.

**How Interest Rates Impact Business Strategy**

Another important impact interest rates have on businesses is in business strategy. At the most basic level, the goal of all businesses is to make profit. Therefore, venture a business makes must be thoroughly analyzed for its ultimate prospects at bringing in profit, and how those prospects compare to other possible sources of revenue. Since saving capital at current interest rates is a possible source of revenue, higher interest rates tend to make new ventures less attractive. For instance, if a cost benefit analysis shows that a

new program within a company is likely to yield a profit of 4% per year for all money put into the program, but the prevailing interest rates are 6%, the company is better off putting their money in the bank. In this way, interest rates dictate what a business will consider a strong return on investment. (Hamel, 2005)

### **Fund exchange:**

**An Exchange Fund or Swap Fund is a mechanism specific to the U. S., first introduced in late 1990s that allows holders of large amount of a single stock to diversify into a basket of other stocks without directly selling their stock.**

**The purpose of this arrangement is to diversify their holdings without triggering a "taxable event". Note that the tax is not avoided, just postponed, when the diversified holdings are eventually sold tax will be due on the difference between the sales price and the original cost basis of the contributed stock.**

An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds, and trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as a stock index or bond index. ETFs may be attractive as investments because of their low costs, tax efficiency, and stock-like features.[2][3] ETFs are the most popular type of exchange-traded product.[citation needed]Only authorized participants, which are large broker-dealers that have entered into agreements with the ETF's distributor, actually buy or sell shares of an ETF directly from or to the ETF, and then only in creation units, which are large

blocks of tens of thousands of ETF shares, usually exchanged in-kind with baskets of the underlying securities. Authorized participants may wish to invest in the ETF shares for the long-term, but they usually act as market makers on the open market, using their ability to exchange creation units with their underlying securities to provide liquidity of the ETF shares and help ensure that their intraday market price approximates to the net asset value of the underlying assets. Other investors, such as individuals using a retail broker, trade ETF shares on this secondary market.

### **Sustainability:**

" Sustainable development is development that meets the needs of the present without compromising the needs of future generations to meet their own needs." ( Brundtland , 1987) DOES BEING ENVIRONMENTALLY FRIENDLY IMPROVE THE COMPETITIVENESS AND PROFITABILITY OF A FIRM?

Environmentally friendly is the term which has more than one meaning, generally used to refer to goods and indulgence, guidelines and policies claim to deliver minimal or no harm to the environment. Companies or firms use this term to advertise goods and services by making environmental marketing claims and with eco-labels. The same term at times is also used as greenwashing. The advancing environmental apprehension of the people, the legal needs because of government regulations and practices, and burdens from allocated groups are habitually considered to be the aspects that deflect companies to attain a green manufacturing or an Environmental management system policy (Hui, Chan & Pun, 2001). Matters concerning the environment are perceptible in the progressively environmentally cognizant forum. Yes, being environmentally friendly it improves the competitiveness

and profitability of the firm. As people these days are willing to pay more for environmentally friendly products (Laroche, Bergeron & Forleo, 2001). And this further leads to the profitability of the firms. Organizations globally are regularly speculating to flourish new and contemporary ways to amplify their competitiveness. Some of the organizations are flourishing their competitiveness by improving their environmental pursuance to fulfill with escalating environmental arrangements, to remit the environmental issues of their customers and to alleviate the environmental bounce of their yielding and service exercise (Rao & Holt, 2005). Green supply chain management as an anatomy of environmental betterment is a practical enthusiasm that many business firms are endorsing to comply such environmental impacts, which also include organizations in South East Asian region. The green supply chain management assists competence and harmony among business partners and their precedence corporations, and help to regulate environmental attainment, reduce waste and meet cost accumulation. This harmony is expected to promote the amalgamated image, combative advantage and marketing acknowledgement (Rao & Holt, 2005). Development in the tourism industry has proved to be a profitable economic tool, which makes it a temptation industry and has also been known as the form important form of development for various countries and the parts over the world. In 2006 the tourism industry in Canada contributed two percent towards the gross domestic product or \$27. 4 billion. This statement does not contribute towards the indirect economic advantage that tourism has on the economy of Canada. The tourism industry is not only helpful and important in economic positive economic impacts, but also in the concern of negative environmental and social effect (Graci & Dodds, 2011).

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The augmentation and the everlasting success of the tourism industry globally is dependent on a uniform possibility of natural and cultural artifice. The invocation of a target rest's on the natural elegance and credibility of these assets, but still these assets are one of the part which is influenced most by overexploitation and decadence. The tourism is a artifice intensive industry, and it has appeared in a important ecological impression. The importance which we have given to tourism towards global and national economy and its effect on the natural environment, this has further lead to the requirement of implementing environmental exercises to focus on global issues (Graci & Dodds, 2011). In some areas of South East Asia there are many business firms which took convincing strains for inaugurating green supply chain management actions. Although the encouragement and the attempting forces for those actions are regularly tested for organizations in this area, as none of the earlier research examined a provisional articulation between those actions and the regular betterment in competitiveness and economic performance. By this we can say that there is a correlation among the green supply chain and the competitiveness and the economic performance of the firms compromised (Rao & Holt, 2005). The greening supply chain has voluminous advantages for a firm, which includes cost degradation, to accommodating suppliers in a helping and cooperative decision making process which advances environmental deviation. A big part of the inward operation primarily constitute of green shopping scenario attained by organizations or big business firms in reply to the advancing worldwide affairs of environmental sustainability. Green purchasing may bring out concerns like reducing the amount of waste produced, material exchange with the help of environmental authorizing of raw materials, and <https://assignbuster.com/globalisation-refers-to-the-shift-finance-essay/>

waste reduction of perilous materials. The quandary and reinforcement of suppliers, plays a very important part to achieve those kind of goals. Organizations are rapidly commanding their suppliers and environmental attainment to assure that the materials and provisions provided by them are environmentally-friendly in nature and are brought up by using environmentally-friendly techniques. Structure for adopting competitive assistance by the authoritative fundamentals of customer compensation, employee agreement, endowment cost structure, meager fabricating and regular advancement (Rao & Holt, 2005).

### **Sustainability in airlines industry:**

The air transport industry is confronting several challenges in achieving sustainability status. In consigning the matter of the air transport policy of small states one is confronted with a comprehensive reality casing a broad extent of matters. These array from the sector-specific authoritarian structure confronting judgment makers, namely the system of multilateral accession inculcated within the perspective of ICAO (1992, 1993) and the several bilateral accession at present in effect, as well as the broad network of provincial and multilateral deal, economic and political relationships. In 1985 the commonwealth secretariat (ComSec) printed a ground betrayal statement on the susceptibility of small states in a universal economy. From that time ComSec has conceded out a sustained sponsorship and study attempt accession the unique description of these states which climax in 1988 with the constituting of Commonwealth Secretariat/World Bank (CSWB) joint mission force (Antoniou, College, & Cyprus, 2001). Airline Industry has made a vast impact on the growth of economic development. And mainly the

significance of airline industry in the Southeast Asian economic expansion is not new-fangled. Airlines played a significant part in national amalgamation particularly in the spreading, blinkered countries of Indonesia, Philippines and Malaysia after the Second World War. When the economic growth fast-tracked and grow into more internationally focused, the role of airline industry narrowed in the Southeast Asian regions. Social intentions comprising of national incorporation, was overhauled by the much stronger prominence on incorporating the state's economies into the superior international economy. Manufacturing, business services and the tourism were three factors which were the most dependent on the Southeast Asia's flourishing air links with the rest of the world. And these three are the major factors which count towards the economic development of any particular territory (Bowen, 2000).

## **Task –B**

Code of ethics: " Ethics" can be defined as the critical, structured examination of how we should behave — in particular, how we should constrain the pursuit of self-interest when our actions affect others."

Business Ethics" can be defined as the critical, structured examination of how people & institutions should behave in the world of commerce. In particular, it involves examining appropriate constraints on the pursuit of self-interest, or (for firms) profits, when the actions of individuals or firms affects others. (MacDonald, 2010)

## **Business ethics:**

The most basic business ethics concepts can be summed up as the values of honesty, integrity and fairness. The exact behavior will depend on the <https://assignbuster.com/globalisation-refers-to-the-shift-finance-essay/>

country and the company. Honesty has to do with ethical advertising and a reasonable cost for the quality of the product or service as well as the company keeping its word to everyone it deals with and in everything it does. Integrity covers a wide range of ethics, but includes issues such as social and environmental responsibility. Fairness is one of the very basic business ethics concepts in that it can refer to the simplest form of treating all people in commercial dealings, whether buyers, employees or customers, fairly. Fairness in business dealings means being objective and having an interest in creating a win-win situation for both parties whether that is employer-employee or company-client. The basic business ethics concepts of fairness can be tested through the analysis of negotiations and commercial dealings from both parties by an objective observer. Sometimes referred to as a fair playing field, ethical business dealings should be profitable or beneficial for both parties. Ethical business concepts of fair play include the fact that profit must be made, but not at the expense of deception.

### **Under the ethics different types of point comes:**

#### **Advertising:**

Advertising standard in New Zealand: BASIC PRINCIPLES<sup>1</sup>. All advertisements must comply with the laws of New Zealand. 2. No advertisement should impair public confidence in advertising. 3. No advertisement should be misleading or deceptive or likely to mislead or deceive the consumer. 4. All advertisements should be prepared with a due sense of social responsibility to consumers and to society. 5. All advertisements should respect the principles of free and fair competition generally accepted in business.

RULES<sup>1</sup>. Identification - Advertisements should be clearly distinguishable as

such, whatever their form and whatever the medium used; when an advertisement appears in a medium which contains news or editorial matter, it must be presented so that it is readily recognised as an advertisement. 2. Truthful Presentation - Advertisements should not contain any statement or visual presentation or create an overall impression which directly or by implication, omission, ambiguity or exaggerated claim is misleading or deceptive, is likely to deceive or mislead the consumer, makes false and misleading representation, abuses the trust of the consumer or exploits his/her lack of experience or knowledge. (Obvious hyperbole, identifiable as such, is not considered to be misleading). 3. Research, Tests and Surveys - Advertisements should not use tests and surveys, research results or quotations from technical and scientific literature, in a manner which is misleading or deceptive. 4. Decency - Advertisements should not contain anything which clearly offends against generally prevailing community standards taking into account the context, medium, audience and product (including services). 5. Offensiveness - Advertisements should not contain anything which in the light of generally prevailing community standards is likely to cause serious or widespread offence taking into account the context, medium, audience and product (including services). 6. Fear - Advertisements should not exploit the superstitious, nor without justifiable reason, play on fear. 7. Violence - Advertisements should not contain anything which lends support to unacceptable violent behaviour. 8. Denigration - Advertisements should not denigrate identifiable products or competitors. 9. Testimonials - Advertisements should not contain or refer to any personal testimonial unless it is genuine, current, related to the experience of the person giving it and representative of typical and not exceptional cases. The claims in the <https://assignbuster.com/globalisation-refers-to-the-shift-finance-essay/>

testimonial should be verifiable. 10. Privacy - Unless prior permission has been obtained an advertisement should not portray or refer to any persons, whether in a private or public capacity, or refer to any person's property, in a way likely to convey the impression of a genuine endorsement. 11. Advocacy Advertising - Expression of opinion in advocacy advertising is an essential and desirable part of the functioning of a democratic society. Therefore such opinions may be robust. However, opinion should be clearly distinguishable from factual information. The identity of an advertiser in matters of public interest or political issue should be clear. 12. Safety - Advertisements should not, unless justifiable on educational or social grounds, contain any visual presentation or any description of dangerous or illegal practices or situations which encourage a disregard for safety. Advertisement ethics: Ethics means a set of moral principles which govern a person's behavior or how the activity is conducted. And advertising means a mode of communication between a seller and a buyer. Thus ethics in advertising means a set of well defined principles which govern the ways of communication taking place between the seller and the buyer. Ethics is the most important feature of the advertising industry. Though there are many benefits of advertising but then there are some points which don't match the ethical norms of advertising. An ethical ad is the one which doesn't lie, doesn't make fake or false claims and is in the limit of decency. Nowadays, ads are more exaggerated and a lot of puffing is used. It seems like the advertisers lack knowledge of ethical norms and principles. They just don't understand and are unable to decide what is correct and what is wrong. The main area of interest for advertisers is to increase their sales, gain more and more customers, and increase the demand for the product by presenting a well decorated, puffed and colorful

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ad. They claim that their product is the best, having unique qualities than the competitors, more cost effective, and more beneficial. But most of these ads are found to be false, misleading customers and unethical. The best example of these types of ads is the one which shows evening snacks for the kids, they use coloring and gluing to make the product look glossy and attractive to the consumers who are watching the ads on television and convince them to buy the product without giving a second thought. Ethics in Advertising is directly related to the purpose of advertising and the nature of advertising. Sometimes exaggerating the ad becomes necessary to prove the benefit of the product. For e. g. a sanitary napkin ad which shows that when the napkin was dropped in a river by some girls, the napkin soaked whole water of the river. Thus, the purpose of advertising was only to inform women about the product quality. Obviously, every woman knows that this cannot practically happen but the ad was accepted. This doesn't show that the ad was unethical. Ethics also depends on what we believe. If the advertisers make the ads on the belief that the customers will understand, persuade them to think, and then act on their ads, then this will lead to positive results and the ad may not be called unethical. But at the same time, if advertisers believe that they can fool their customers by showing any impractical things like just clicking fingers will make your home or office fully furnished or just buying a lottery ticket will make you a millionaire, then this is not going to work out for them and will be called as unethical. Recently, the Vatican issued an article which says ads should follow three moral principles - Truthfulness, Social Responsibility and Upholding Human Dignity. Generally, big companies never lie as they have to prove their points to various ad regulating bodies. Truth is always said but not completely. Sometimes its

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better not to reveal the whole truth in the ad but at times truth has to be shown for betterment. Pharmaceutical Advertising - they help creating awareness, but one catchy point here is that the advertisers show what the medicine can cure but never talk about the side effects of that same thing or the risks involved in intake of it. Children - children are the major sellers of the ads and the product. They have the power to convince the buyers. But when advertisers are using children in their ad, they should remember not to show them alone doing their work on their own like brushing teeth, playing with toys, or infants holding their own milk bottles as everyone knows that no one will leave their kids unattended while doing all these activities. So showing parents also involved in all activities or things being advertised will be more logical. Alcohol - till today, there hasn't come any liquor ad which shows anyone drinking the original liquor. They use mineral water and sodas in their advertisements with their brand name. These types of ads are called surrogate ads. These type of ads are totally unethical when liquor ads are totally banned. Even if there are no advertisements for alcohol, people will continue drinking. Cigarettes and Tobacco - these products should be never advertised as consumption of these things is directly and badly responsible for cancer and other severe health issues. These as are already banned in countries like India, Norway, Thailand, Finland and Singapore. Ads for social causes - these types of ads are ethical and are accepted by the people. But ads like condoms and contraceptive pills should be limited, as these are sometimes unethical, and are more likely to loose morality and decency at places where there is no educational knowledge about all these products. Looking at all these above mentioned points, advertisers should start taking responsibility of self regulating their ads by: design self regulatory codes in <https://assignbuster.com/globalisation-refers-to-the-shift-finance-essay/>



their companies including ethical norms, truth, decency, and legal points keep tracking the activities and remove ads which don't fulfill the codes. Inform the consumers about the self regulatory codes of the company Pay attention on the complaints coming from consumers about the product ads. Maintain transparency throughout the company and system. When all the above points are implemented, they will result in: making the company answerable for all its activities will reduce the chances of getting pointed out by the critics or any regulatory body. will help gain confidence of the customers, make them trust the company and their products. For e. g: " Nokia Oyj (NOK), the smartphone maker trying to revive sales with new devices unveiled last week, said an ethics officer will conduct a review into why the company published misleading marketing materials for the products. The ethics and compliance officer is working on an independent report " to understand what happened," Susan Sheehan, a Nokia (NOK) spokeswoman, said today in an interview. Nokia said last week it was sorry for not making clear that a promotional video and still photos within that clip weren't captured with its new Lumia 920 smartphone. The gaffe draws attention to Nokia's marketing tactics at a time when the unprofitable company is seeking to revive its business by challenging Apple Inc. (AAPL)'s iPhone and handsets running on Google Inc. (GOOG)'s Android software. Nokia, based in Espoo, Finland, is touting its camera technology and the Lumia's operating system from Microsoft Corp. (MSFT) as reasons for consumers to switch to its devices." It doesn't look great," said Richard Windsor, a global technology specialist at Nomura International Plc in Dubai. The " marketing mishap" may dent sentiment toward Nokia shares, yet Lumia sales will probably be unaffected, he said. Nokia rose 0.9 percent to <https://assignbuster.com/globalisation-refers-to-the-shift-finance-essay/>

2. 07 euros at 11: 43 a. m. Helsinki time. Before today, the stock had lost 45 percent this year. Cameraman's Reflection Nokia Chief Executive Officer Stephen Elop introduced the new Lumia devices at a news conference in New York last week. The Lumia 920 has a 4. 5-inch (11-cm) screen and an 8. 7-megapixel camera with a so-called floating lens that uses software for image stabilization. Nokia gave no details on price, carriers or availability beyond saying the phone will go on sale in the fourth quarter. A video advertisement showing off the device's camera technology was questioned by The Verge blog hours after the phone was demonstrated. The video shows a woman riding a bicycle down a road and as she passes a parked trailer, the reflection in a window reveals a large white van with lighting equipment and a cameraman hanging out of the door filming. While the video gave the impression that it was shot using the Lumia 920, Nokia never claimed that was the case. The company, in a blog posting apologizing for the confusion, said its aim was to demonstrate what can be achieved using the image- stabilization technology. ' Poor Judgment' " What we understand to date is that it was nobody's intention to mislead, but there was poor judgment in the decision not to use a disclaimer," Sheehan said, declining to name the company that produced the video. Nokia is dealing with the situation " quickly, fairly and privately," she said. Nokia, whose U. S. market share peaked at 32 percent in 2001, accounted for about 2 percent of smartphone purchases in the second quarter, according to Strategy Analytics. The iPhone and devices using Google's Android software combined accounted for about 90 percent. Nokia's credit rating was cut to junk this year by the three biggest rating companies, and the phonemaker has

announced more than 20, 000 job cuts and closed production and research sites in an attempt to return to profit." (Ewing, 2010)

## **Computing:**

Ethics is a set of moral principles that govern the behavior of a group or individual. Therefore, computer ethics is set of moral principles that regulate the use of computers. Some common issues of computer ethics include intellectual property rights (such as copyrighted electronic content), privacy concerns, and how computers affect society. <http://www-fp.pearsonhighered.com/bigcovers/0131112414.jpg>

For example, while it is easy to duplicate copyrighted electronic (or digital) content, computer ethics would suggest that it is wrong to do so without the author's approval. And while it may be possible to access someone's personal information on a computer system, computer ethics would advise that such an action is unethical. As technology advances, computers continue to have a greater impact on society. Therefore, computer ethics promotes the discussion of how much influence computers should have in areas such as artificial intelligence and human communication. As the world of computers evolves, computer ethics continues to create ethical standards that address new issues raised by new technologies.

## **Rationale**

**Companies invest time and effort into " ethics" programs for a variety of reasons,. For some it is simply being part of the catch phrase of the week. For others, it is a genuine commitment to integrate the profit motive with management's duty to serve the common good of the business as a community of persons. Executives who achieve the latter typically also achieve superior and sustained business results and human excellence.**

**All human actions can be evaluated on their degree of " goodness." According to Domemec Mele, author of Business Ethics in Action – Seeking Human Excellence in Organizations, " this goodness entails asking not only what is acceptable, but also what is the best one can do under the circumstances".**

**At the Business Ethics Workshop this year, we will explore how to systematically integrate the profit motive and the common good at four different levels:**

**Individual Business Ethics**

**Managerial Ethics**

**Organizational Ethics**

**Societal Ethics**

Participants will be able to enhance their managerial and leadership effectiveness with objective frameworks of how to evaluate whether their decisions are merely acceptable or whether they are doing what is best to achieve both profit and human excellence in their organizations.

**Ethical dilemmas: Ethical or moral dilemmas occur when a person, called an "agent" in philosophy, has the ability to make two choices, but can only perform one or the other, according to Stanford's Encyclopedia of Philosophy. Take, for example, owing a weapon to someone who becomes unstable, as occurred in Plato's "Republic." The agent has a legitimate moral imperative for each choice: repaying a debt and keeping a friend from possibly causing harm. Thus, the agent ultimately "fails" in the dilemma because he ought to complete both actions, but the actions are mutually exclusive.**

Ethical dilemmas, also known as a moral dilemmas, are situations in which there are two choices to be made, neither of which resolves the situation in an ethically acceptable fashion. In such cases, societal and personal ethical guidelines can provide no satisfactory outcome for the choose

## **Code of Ethics applicable to a Product Safety Certification Organisationr:**

OverviewA product safety certification organisation's reputation for unquestionable integrity is one of its most valuable assets in its relationships with customers, employees, partners, subcontractors, regulators, the communities in which it operates, and national and international members of the safety systems in which it participates. Product safety certification organisations should always conduct all activities to comply with the highest ethical and legal standards and principles. All employees and individuals representing the organisation shall conform to these standards and principles in performing their duties. Ethical principles are not intended to provide specific guidance for every business activity, but rather to provide

guidelines. Where an Ethics Code is specific, it should be followed to the letter and where not specific, employees should consider and follow the spirit of the Code. Violation of an Ethics Code shall be taken seriously by the organisation and typically result in a range of disciplinary actions, including immediate termination.

**Key Principles: Social Responsibilities**  
The organisation shall conduct its business in a manner that is socially responsible. Safety cannot be compromised! Thoroughness and reliability (i. e., precision testing and accuracy of the laboratory equipment, comprehensive engineering evaluation, etc.) shall be an integral part of certification operations.

**Highest Moral, Legal and Ethical Standards**  
The organisation shall conduct its affairs in keeping with the highest moral, legal, and ethical standards - keeping in mind its mandate of testing for public safety. Only high-level scientific and ethical compliance verification is acceptable. Honesty  
Honesty shall not be subject to compromise. Even where laws or safety standards may be permissive, the certification organisation shall follow the course of action that will result in maintaining the integrity of the entire certification process. Evaluation and testing of products, follow-up services, or market surveillance shall not be compromised. The requirements and their intent in safety standards shall be fully applied and never compromised.

**Conflicts of Interest/Independence of the organisation, its employees, and representatives is critical.** An employee's position with the organisation must never be used, directly or indirectly, for private gain or to obtain favors, or for personal benefits for a family member or for any other person. An employee's actions and relationships must be in such a manner as to avoid even the appearance of compromise in performance of duties..

Employees, representatives, and their family members are not to become

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involved with clients, vendors, competitors, or others in any manner which might influence company decisions or actions. Compliance with the Applicable Laws The organisation shall fully comply with all the applicable laws and regulations that govern its operations in the various communities and countries where it carries out its business. Preservation of Free Enterprise and Fair Competition As in all industries and businesses, it is important to preserve free enterprise and fair competition among product safety certification organisations. Under antitrust laws, competitors may not hold discussions or enter into arrangements among themselves concerning prices for services or other competitive policies and practices. It is vital that competition does not cause certification organisations to compromise the quality and thoroughness of their product evaluation and testing, follow-up services, and market surveillance. Ethical dilemmas assume that the chooser will abide by societal norms, such as codes of law or religious teachings, in order to make the choice ethically impossible. (IECEE, 2013)

### **Deceptive packaging:**

Product packaging intentionally designed to mislead the customer. The packaging may make it seem as though the buyer will get more quantity than what is actually enclosed, or that the item will be of higher quality.

<http://www.consumer.org.nz/content/uploads/Image/2009-May/09Apr-breakfastcereal-misleading-packaging.jpg>