

BUSINESS & SOCIETY

WEEK 2

6. The Challenges of Globalization
7. Global Corporate Citizenship
8. Business-Government Relation

Case studies 2: 134, 155, 180

6. The Challenges of Globalization

Globalization as a process

Globalization:

- Not a trend
- An international system – systems perspective in IR (Wallerstein)
- Has its own rules and logic (Giddens)

6. The Challenges of Globalization

Globalization as a process

Globalization actors:

- States (governments)
- IGOs (e.g. IFM, WTO, UN)
- INGOs (e.g. Oxfam)
- MNCs (e.g. ICI, Unilever, Nestlé)

6. The Challenges of Globalization

Globalization as a process

Globalization and the speed of the process driven by:

- Technological innovation
- Transportation growth
- MNCs growth
- Social and political reforms

6. The Challenges of Globalization

Globalization as a process

Globalization benefits:

- Increases in productivity
- Lowers prices for consumers – increases consumer welfare
- Increases economic welfare
- Spread of democracy – end of history thesis (Fukuyama)
- Cultural awareness

6. The Challenges of Globalization

Globalization as a process

Globalization costs:

- Delocalization
- Job insecurity
- Resource depletion
- Cultural erosion

6. The Challenges of Globalization

Globalization and the political environment

Globalization affected by:

- Type of state (government)
- Type of bureaucracy (administration)
- Type of ideology (political, religious)
- Laws

7. Global Corporate Citizenship

Global corporate citizenship

Global corporate citizenship is about rendering corporate social responsibility global (i.e. worldwide) and not only local or regional – capitalism with a social conscience (Civita)

Consequence for firms: how to respond to conflicting demands arising from various stakeholders

7. Global Corporate Citizenship

Global corporate citizenship

Corporate citizenship is placing a firm amid the community it is a part of in a way that it becomes another member of this community.

Challenge: different cultural communities place different demands on the corporation/firm – it is a cultural issue.

Hence, firms need to construct a global corporate profile

7. Global Corporate Citizenship

Global corporate citizenship development stages

	Stage 1 Elementary	Stage 2 Engaged	Stage 3 Innovative	Stage 4 Integrated	Stage 5 Transforming
<i>Corporate citizenship</i>	Jobs, profits and taxes	Philanthropy, environmental protection	Stakeholder management	Sustainability or triple bottom line	<i>Change the game</i>
<i>Strategic intent</i>	Legal compliance	License to operate	Business case	Value proposition	<i>Market creation or social change</i>
<i>Leadership</i>	Lip service, out of touch	Supporter, in the loop	Steward, on top of it	<i>Champion, in front of it</i>	Visionary, ahead of the pack
<i>Structure</i>	Marginal: staff driven	Functional ownership	Cross-functional coordination	Organizational alignment	<i>Mainstream business driven</i>
<i>Issues management</i>	Defensive	Reactive policies	Responsive, programs	<i>Pro-Active, systems</i>	Defining
<i>Stakeholder relationships</i>	Unilateral	Interactive	Mutual influence	Partnership	<i>Multi-organization alliances</i>
<i>Transparency</i>	Flank protection	Public relations	Public reporting	Assurance	<i>Full disclosure</i>

Source: Mirvis and Googins (2006, p. 108)

7. Global Corporate Citizenship

Achieving global corporate citizenship through the adoption of principles

- Ethical business behavior
- Stakeholder commitment
- Communal reciprocation
- Respecting consumers
- Respecting employees
- Competitive returns on investment
- Fair trading
- Respecting environment

7. Global Corporate Citizenship

Achieving global corporate citizenship through social audits

Using certification bodies to develop/maintain global corporate citizenship profiles (e.g. [ISO 14001](#), [ISO 26000](#), Global Reporting Initiative)

7. Global Corporate Citizenship

Achieving global corporate citizenship through social reporting

Using

- Formal reports on activities
- Balanced scorecard system - finding equilibrium between finance, processes, growth, consumers (Kaplan & Norton)
- Triple bottom line – reporting profit figures together with environmental and social impacts (Elkinton)

7. Global Corporate Citizenship

Global corporate citizenship profile

Consequence of constructing a global citizenship profile for firms: provide commodities for all, rich and poor (e.g. finance v. microfinance).

Global citizenship profiles are those which best match stakeholder expectations and result from strategic investments in corporate citizenship and not only in pure strategies.

7. Global Corporate Citizenship

Readings

- <http://www.forbes.com/sites/jacquelynsmith/2012/04/18/the-100-best-corporate-citizens/>
- <http://www.beyondgreypinstripes.org/content/can-sme-become-global-corporate-citizen-evidence-case-study>
- <http://195.130.87.21:8080/dspace/bitstream/123456789/1087/1/04-Corporate%20Citizenship%20Towards%20an%20extended%20theoretical%20conceptualization.PDF>

8. Business-Government Relation

Business and state relationships

Through:

- Public policy
- Trade associations
- Forums

8. Business-Government Relation

Public policy & regulation

Types:

- Economic – fiscal, monetary, trade, foreign
- Social

8. Business-Government Relation

Effects

The 1990 Clean Air Act Amendments prevent:

	Year 2010 (in cases)	Year 2020 (in cases)
Adult Mortality – particles	160,000	230,000
Infant Mortality – particles	230	280
Mortality – ozone	4300	7100
Chronic Bronchitis	54,000	75,000
Heart Disease – Acute Myocardial Infarction	130,000	200,000
Asthma Exacerbation	1,700,000	2,400,000
Emergency Room Visits	86,000	120,000
School Loss Days	3,200,000	5,400,000
Lost Work Days	13,000,000	17,000,000

This chart shows the health benefits of the Clean Air Act programs that reduce levels of fine particles and Ozone.

8. Business-Government Relation

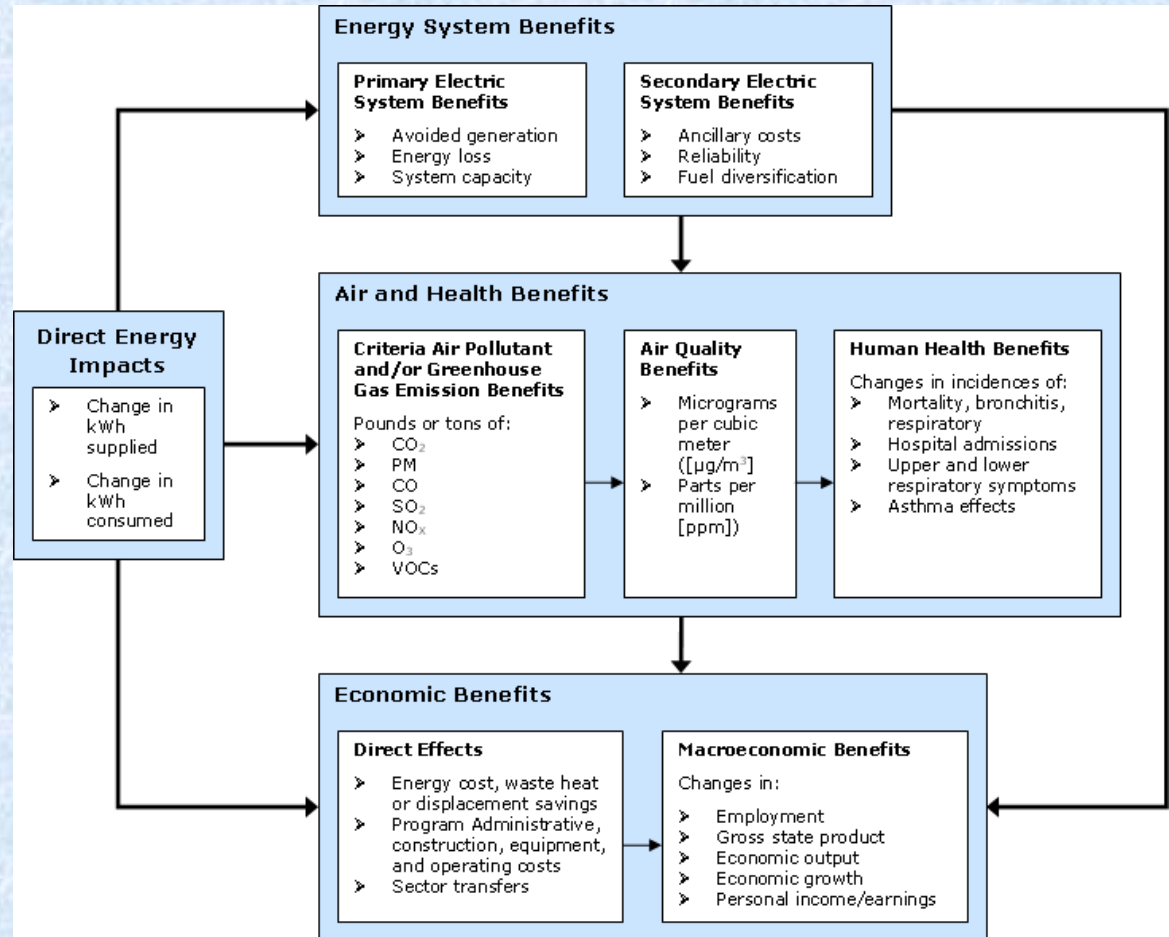
Effects

Table 1. Distribution of Regulatory Compliance Costs by Firm Size in 2008 *

Type of Regulation	Cost per Employee			
	All Firms	Firms with <20 Employees	Firms with 20-499 Employees	Firms with 500+ Employees
All Federal Regulations	\$8,086	\$10,585	\$7,454	\$7,755
Economic	\$5,153	\$4,120	\$4,750	\$5,835
Environmental	\$1,523	\$4,101	\$1,294	\$883
Tax Compliance	\$800	\$1,584	\$760	\$517
Occupational Safety and Health, and Homeland Security	\$610	\$781	\$650	\$520

8. Business-Government Relation

Effects



Case studies

