



Globalization: a key context for business ethics?

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2021



Globalization has become one of the most prominent buzzwords of recent times. Whether in newspaper articles, politicians' speeches, or business leaders' press conferences, the 'G-word' is frequently identified as one of the most important issues in contemporary society.

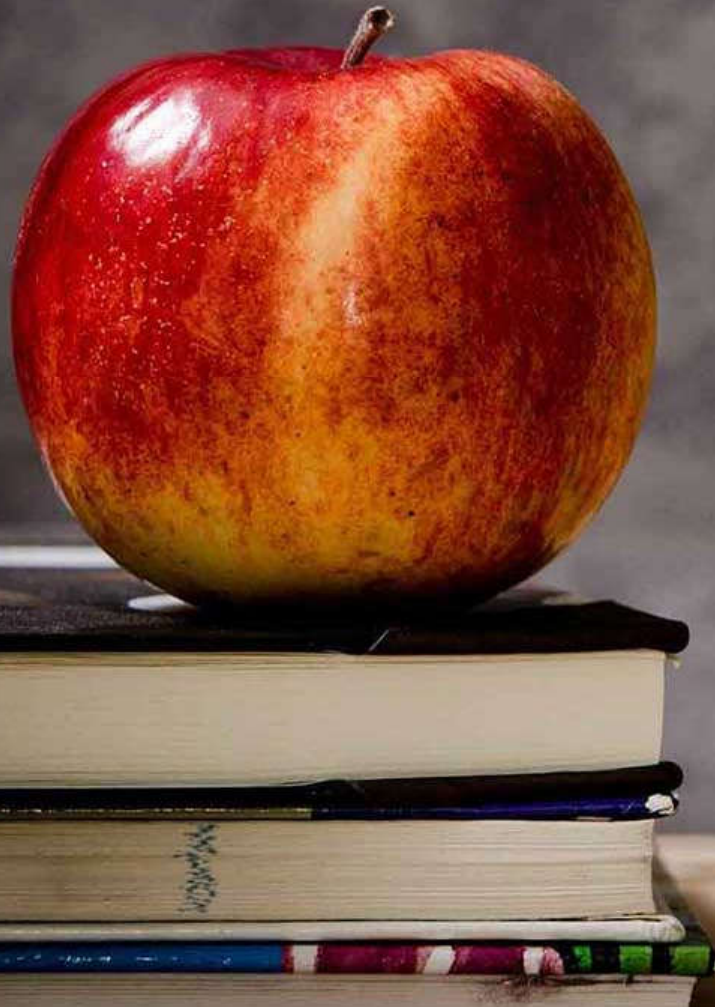


one effect of globalization has been that risk of all kinds—not just fiscal, but also physical—have increased for businesses, no matter where they operate. Information travels far and fast, confidentiality is difficult to maintain, markets are interdependent and events in far-flung places can have immense impact virtually anywhere in the world.



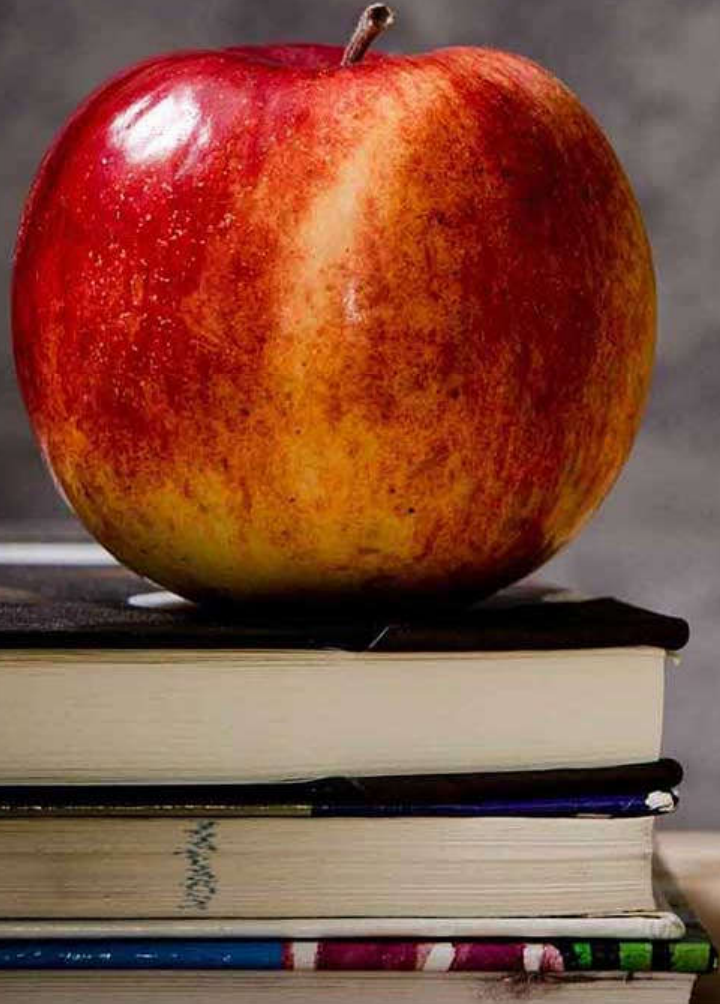
What is globalization?

The ongoing integration of political, social, and economic interactions at the transnational level, regardless of physical proximity or distance.





Globalization and business ethics: a new global space to manage

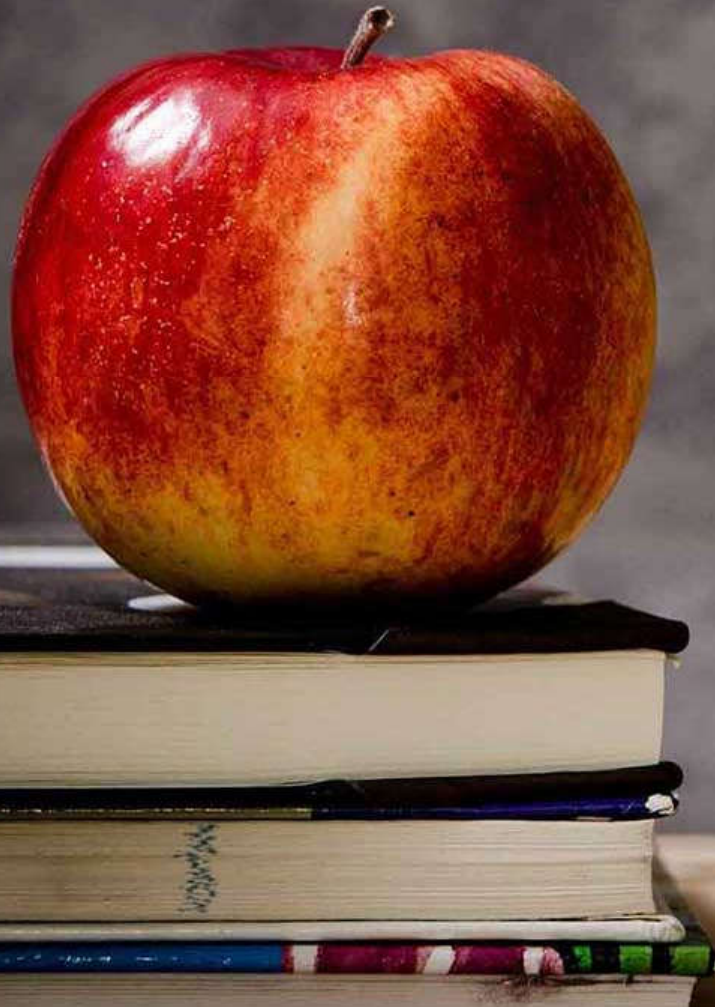


Globalization as defined in terms of the closer integration of economic activities is particularly relevant for business ethics, and this is evident in three main areas—culture, law, and accountability.



Cultural issues

As business becomes less fixed territorially, so corporations increasingly engage in overseas markets, suddenly finding themselves confronted with new and diverse, sometimes even contradictory ethical demands.





Legal issues

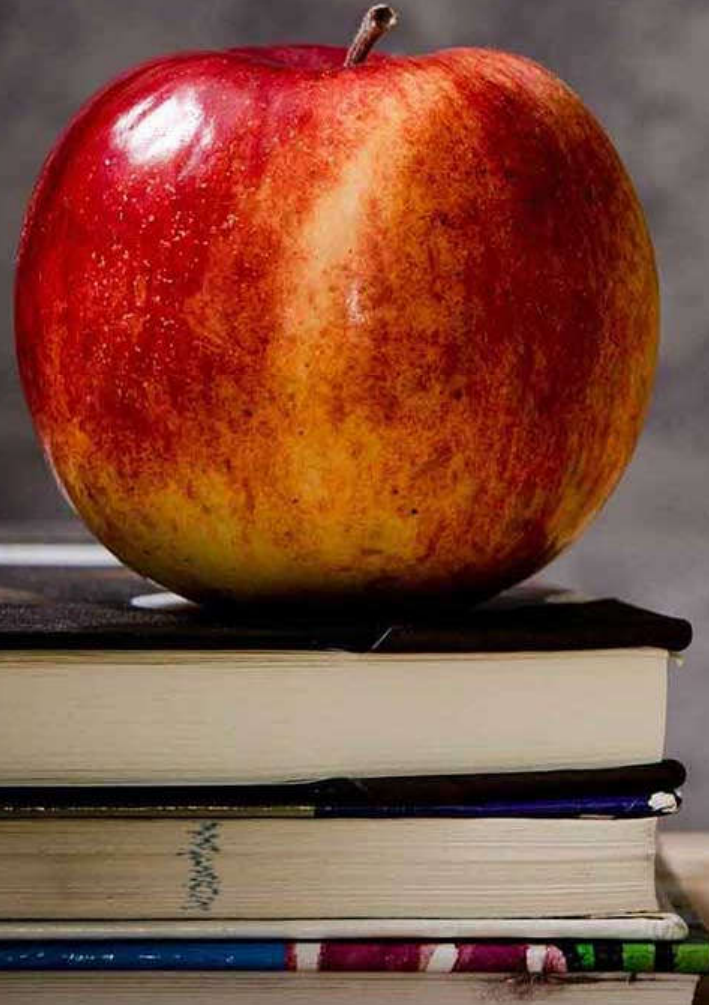
A second aspect is closely linked to what we said previously about the relationship between ethics and law. The more economic transactions lose their connection to a certain territorial entity, the more they escape the control of the respective national governments.



Accountability issues



Taking a closer look at global activities, it is easy to identify corporations as a dominant actor on the global stage: multinationals own the mass media that influence much of the information and entertainment we are exposed to, they supply global products,



Stakeholders

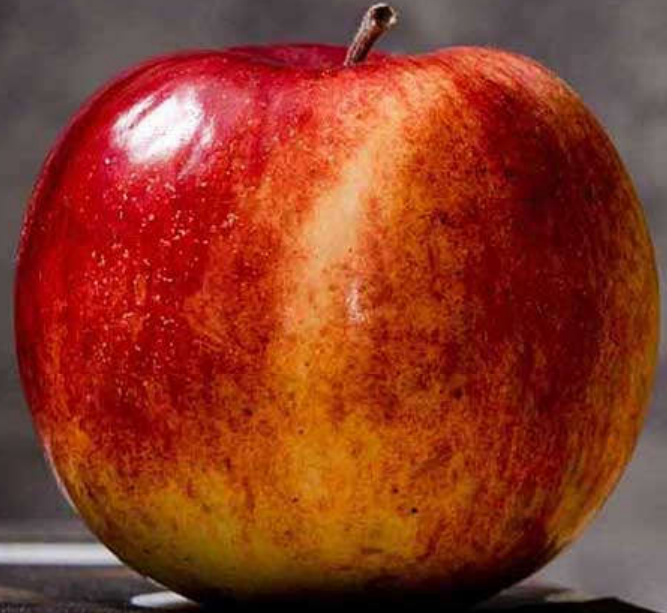
Ethical impacts of globalization

Shareholders	Globalization provides potential for greater profitability, but also greater risks. Lack of regulation of global financial markets, leading to additional financial risks and instability.
Employees	Corporations outsource production to developing countries in order to reduce costs in global marketplace—this provides jobs but also raises the potential for exploitation of employees through poor working conditions.
Consumers	Global products provide social benefits to consumers across the globe but may also meet protests about cultural imperialism and Westernization. Globalization can bring cheaper prices to customers, but vulnerable consumers in developing countries may also face the possibility of exploitation by MNCs.
Suppliers and competitors	Suppliers in developing countries face regulation from MNCs through supply chain management. Small scale indigenous competitors are exposed to powerful global players.
Civil society (pressure groups, NGOs, local communities)	Global business activity brings the company in direct interaction with local communities thereby raising the possibility for erosion of traditional community life. Globally active pressure groups emerge with aim to 'police' the corporation in countries where governments are weak and corrupt.
Government and regulation	Globalization weakens governments and increases the corporate responsibility for jobs, welfare, maintenance of ethical standards, etc. Globalization also confronts governments with corporations from regions with different cultural expectations about issues such as bribery, corruption, taxation, and philanthropy.

Figure 1.5 Examples of the ethical impacts of globalization on different stakeholder groups

groups

Figure 1.5 Examples of the ethical impacts of globalization on different stakeholder



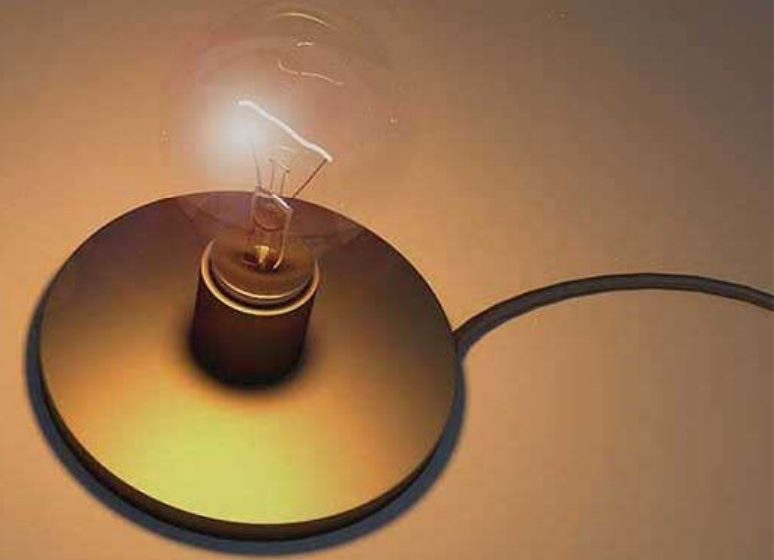
	Europe	North America	Asia
Who is responsible for ethical conduct in business?	Social control by the collective	The individual	Top management
Who is the key actor in business ethics?	Government, trade unions, corporate associations	The corporation	Government, corporations
What are the key guidelines for ethical behaviour?	Negotiated legal framework of business	Corporate codes of ethics	Managerial discretion
What are the key issues in business ethics?	Social issues in organizing the framework of business	Misconduct and immorality in single decisions situations	Corporate governance and accountability
What is the dominant stakeholder management approach?	Formalized multiple stakeholder approach	Focus on shareholder value	Implicit multiple stakeholder approach, benign managerialism

Figure 1.6 Regional differences from a business ethics perspective: the example of Europe, North America, and Asia

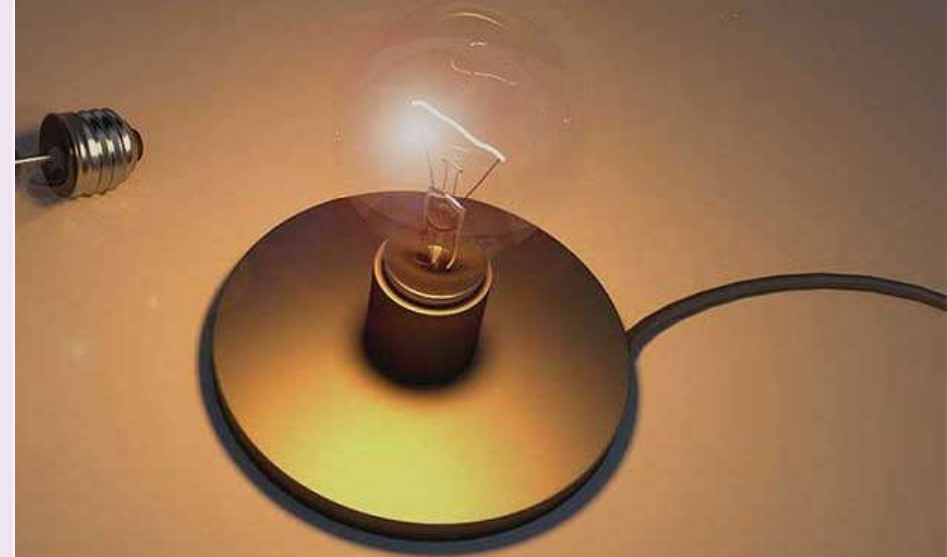
Sustainability: a key goal for business ethics

At the same time that these new challenges of globalization have emerged, considerable interest has also been directed towards the development of new ways of addressing the diverse impacts of business in society. Many of these impacts are far-reaching and profound. To mention just a few, one only needs to think of impacts such as:

- The environmental pollution, in particular the effects on climate change, caused by the production, transportation, and use of products such as cars, refrigerators, or newspapers.
- The ever-increasing problems of waste disposal and management as a result of excessive product packaging and the dominance of our 'throwaway culture'.
- The devastating consequences for individuals and communities as a result of plant closures, 'downsizing', or 'outsourcing' as experienced throughout Europe and North America.
- The erosion of local cultures and environments due to the influx of mass tourism in places as diverse as Thai fishing villages, Swiss alpine communities, or ancient Roman monuments.



Company	Sustainability Statement	Source
DeBeers	'Everything in our business is long term. Therefore, sustainability is in our best interests. It makes perfect business sense, and it means we must continue to push the boundaries of best practice in sustainability, being open, acting on our commitments and encouraging positive behaviour across the diamond value chain – from mine to finger.'	http://www.debeersgroup.com 2015
H&M	'Our planet is facing scarcity issues on many fronts and too many people still live in poverty. Clean water, climate change, textile waste, wages and overtime in supplier factories are some of the key challenges in our industry. Making more sustainable fashion choices available, affordable and attractive to as many people as possible is our starting point. We want to use our scale to bring about systemic change to our industry and across the lifecycle of our products.'	H&M Sustainability Report, 2014
Samsung	'Integrating corporate management and sustainable development is an issue of increasing importance in the business world, amid increasing rising expectations for social and environmental responsibility. In response, we have been improving the process of collecting stakeholders' ideas and setting up a corporate-wide vision and strategies for sustainable development.'	http://www.samsung.com 2015
Shell	'Our role in sustainability is to help meet current energy needs in a responsible way. We do this by operating in line with international standards, our own stringent frameworks and best practice. We also participate in shaping a path towards a lower-carbon energy future.'	Shell Sustainability Report, 2014
Volkswagen	'Our aim is to create lasting value: for the Company, its employees and its shareholders, but also for the countries and regions in which we operate. This all-embracing view of sustainability is shared by all twelve brands, our companies and all our employees across the Group. Together we work to find solutions for the challenges of the future – and make no mistake, those challenges are substantial: markets are shifting, resources are becoming scarcer, emissions regulations are tightening up all over the world, and booming cities call for new and intelligent traffic and mobility concepts. We consider it part of our responsibility to find the right	http://www.volkswagenag.com 2015



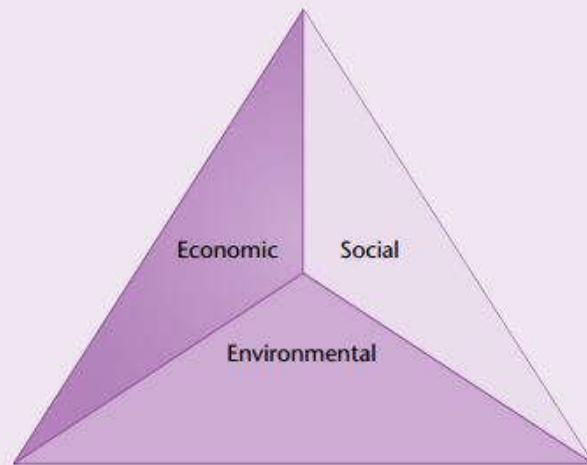


Figure 1.8 The three components of sustainability

Sustainability
The long-term
maintenance
of systems
according to
environmental,
economic,
and social
considerations.



TASK



What is sustainability? To what extent do you think it is possible for corporations in the following industries to be sustainable? Explain your answers.

- (a) Tobacco industry.
- (b) Oil industry.
- (c) Car industry



REFLEKSI

1. Informasi penting hari ini
2. Manfaat penting dari informasi penting hari ini
3. Tindak lanjut yang dapat saudara lakukan





THANK YOU

Any Question ??