Global Business Environment

**Legal issues in the global business environment.**

Legal issues in business are exactly what they sound like. When operating a business in another country or doing lots of business with another countries there are going to be different laws that apply depending on what country it is. These issues are most commonly related to governing laws like how a company can operate in a location, or tax requirements which is commonly just different rates in which a company will be taxed for their operations.

Some of the most notable legal issues that have come about in the last 5 years are dealing with user data transfer. Many countries that have stepped onto the “social change” train recently have also started enforcing rules that protect the data that is created about technical users. The definition of user data often completely depends on the country in which the law is located and has different degrees of penalties and rules. The E.U. as of late has some of the harshest and most complex data storage and transfer rules which makes it that much harder for some companies to operate in the European region.

“Luxembourg’s privacy watchdog [fined Amazon 746 million euros](https://www.cnbc.com/2021/07/30/amazon-hit-with-fine-by-eu-privacy-watchdog-.html) ($850 million) while authorities in Ireland slapped Meta’s WhatsApp with a [225 million euro penalty](https://www.cnbc.com/2021/09/02/whatsapp-has-been-fined-267-million-for-breaching-eu-privacy-rules.html).” (Browne, 2022) This issue could also be considered a social issue but considering that it also is written in as a law in most countries with very high penalties I find it to be a greater legal issue.

**Economic issues in the global business environment.**

Economic factors are connected with goods, services, and money. Despite directly affecting businesses, these variables refer to the financial state of the economy on a greater level. This could be either local or global. Common examples of economic issues are interest rates, exchange rates, inflation, taxes, or supply chain. These examples often can determine the status of the economy and many of the factors that come with an operating company.

Most recently the global issue of supply chain has been a huge deciding factor on what companies are able to survive in the market. The main issue of the global supply chain being that “Things like factories, ports and trucking capacity are expensive, so they’re designed to run at high utilization. That means they don’t have a lot of excess capacity.” (Three factors, 2022) So with the large amounts of social change like starting to work from home the capacity of some companies has completely changed. “Food companies such as Kellogg Co.had to flip from sending bulk volumes to schools and restaurants to feeding people working from home who suddenly had time for breakfast. Finding enough paperboard packaging for cereal boxes became a constraint.” (Silver, 2021)

**Social issues in the global business environment.**

As far as social barrier and issues go there are 2 categories that I like to think of. The cultural area which would include things like language, culture, etc. and then the is the Policies are which includes things that are expectable in this geographic region. These policies are often the biggest issue for companies that are leaving their home country to find cheaper labor and materials. And this is where there biggest social problems and issues come into play.

Outsourcing to other regions obviously “does eliminate certain kinds of work. Presumably, those workers who lose those jobs go on to get better jobs in new industries or through better training and education.” (Hayes, 2021) But this is not always the case and as a result many companies that move their jobs overseas get lots of opposition from lower and middle-class workers who relied on those jobs.

There is also the bigger social problem where these outsourced jobs are not acceptable in the eyes of the home country. For instance, if the new labor force that is being paid $1 per hour is composed of workers who are forced into sweatshop conditions, then there may be serious consumer backlash against the company that has chosen to do business with that manufacturer. Even if the consumers do not respond negatively the question of ethics, then gets put into question. “Companies such as [Forever 21](https://www.forever21.com/us/shop), Ross, and TJ Maxx have been major offenders in regard to utilizing sweatshops located in the United States.” (Are there sweatshops 2022)

**Ethical issues in the global business environment.**

Besides human rights issues, other concerns about doing business in the international environment exist. Ethics is a huge issue as the new round of social change and political acceptance is making its way through the more progressive countries. Issues that were once never thought of are now hot button issues for companies doing business in other countries.

For example, it is not uncommon for polluting businesses to locate to countries that have more lax environmental regulations than they would face in their home countries. This often results in companies committing, albeit full legal, but not ethical correct polluting of water, ground, etc. that can hurt undeveloped countries.

But this issue isn’t just isolated to companies that go to other locations to pollute. These non-ethical actions are actually taking place in countries in which they have claimed to be compliant. “In January, Toyota was hit with a [record $180 million civil penalty](https://www.complianceweek.com/regulatory-enforcement/toyota-to-pay-180m-for-shirking-emissions-reporting-requirements/29941.article) for “systemically” violating the U.S. Environmental Protection Agency’s (EPA) emission-reporting requirements under the Clean Air Act” (Jaeger, 2021) The most notable of the ethical issues was when “Managers of the company and Toyota’s U.S. unit responsible for submitting the reports to the EPA allegedly turned a blind eye to the misconduct. “(Jaeger, 2021)

Sources:

Are there sweatshops in the United States? The Dunken Law Firm. (2020, May 1). Retrieved February 20, 2022, from https://www.thedunkenlawfirm.com/sweatshops-in-the-united-states/

Browne, R. (2022, January 18). Fines for breaches of EU Privacy Law Spike Sevenfold to $1.2 billion, as Big Tech bears the brunt. CNBC. Retrieved February 20, 2022, from https://www.cnbc.com/2022/01/18/fines-for-breaches-of-eu-gdpr-privacy-law-spike-sevenfold.html

Hayes, A. (2021, September 8). The unintended consequences of outsourcing. Investopedia. Retrieved February 20, 2022, from https://www.investopedia.com/articles/personal-finance/082815/unintended-consequences-outsourcing.asp

Jaeger, J. (2021, December 7). Top ethics and compliance failures of 2021. Compliance Week. Retrieved February 20, 2022, from https://www.complianceweek.com/opinion/top-ethics-and-compliance-failures-of-2021/31120.article

Three factors contributing to the ongoing global supply-chain crisis. Three Factors Contributing to the Ongoing Global Supply-Chain Crisis | Duke's Fuqua School of Business. (2021, December 13). Retrieved February 20, 2022, from https://www.fuqua.duke.edu/duke-fuqua-insights/robert-swinney-three-factors-contributing-ongoing-global-supply-chain-crisis#

Silver, S. (2021, January 25). *How Kellogg's, Nike, and HP handled 2020 Supply Chain Disruptions*. FM Magazine. Retrieved February 20, 2022, from https://www.fm-magazine.com/news/2021/jan/coronavirus-supply-chain-disruptions-kelloggs-nike-hp.html