

Globalization with Social Responsibility

Meaning of Globalization

Globalization is the spread of products, technology, information, and jobs across national borders and cultures. In economic terms, it describes an interdependence of nations around the globe fostered through free trade.

On the upside, it can raise the standard of living in poor and less developed countries by providing job opportunity, modernization, and improved access to goods and services. On the downside, it can destroy job opportunities in more developed and high-wage countries as the production of goods moves across borders.

Globalization motives are idealistic, as well as opportunistic, but the development of a global free market has benefited large corporations based in the Western world. Its impact remains mixed for workers, cultures, and small businesses around the globe, in both developed and emerging nations.

Advantages of Globalization

1. Globalization allows us to pool all our resources together.

One of the best examples of globalization within our lifetime is the construction of the International Space Station. The cost to construct the ISS was \$150 billion. Compared to the Mir station at \$4.2 billion, the price tag is astronomical. When the first component for the ISS was launched in 1998, five different programs came together to join in ownership, cost, and operations. The United States, Russia, Canada, Europe, and Japan are all involved in the financing and continued operations of the program.

When nations work together to fund common goals, then more money becomes useful for needs other than national defense. Imagine what we could do if the \$1 trillion spent annually on warfare and defense could be used for the global greater good?

2. Globalization improves communication access.

Under a globalization perspective, people would have their risks associated by a central perspective instead. It would be like the United Nations vetting immigrants instead of the individual country. By reducing border restrictions, we improve communication access because we're no longer restricting the movements and actions of people on a per-nation basis.

3. Globalization would remove tax havens for wealthy individuals and businesses.

Tax havens are defined as either a country or independent area where taxation levies are at low rates. They offer foreign businesses and individuals an opportunity to keep their profits in local institutions with little or no liability. These havens share little, if any, information about these finances with other tax authorities.

Globalization reduces this issue because it eliminates the administrative structures in place which allow the wealthy to hide their funds from being taxed. That would mean these businesses and people would be treated as an average citizen is today. Greater transparency here would lead to better funding of social programs, which could reduce poverty and food insecurity over time.

4. Globalization would help the developing world progress faster.

Most of the world today is not developed. Outside of about 40 countries which have gone through their own version of the Industrial Revolution, the rest of the population still struggles as a primarily agricultural society. By reducing border restrictions, creating common payment formats, and opening product access by reducing export barriers, more people could improve their way of life. Higher incomes often lead to lower maternal and infant mortality rates too, which means we'd be saving lives with this effort.

5. Globalization encourages free trade.

Borders create restrictions to the free flow of goods and services. One example of this issue is a duty and taxes paid on imported goods originating in the U.S. when purchased in Canada. These taxes apply on luxury items and other items of high value. The HST in Canada may be collected at a rate of 13%. Canadians use shipping service receptacles at locations like Point Roberts, WA to get around this tax simply because the laws haven't globalized like our access to goods.

There are currently over 1,500 different restrictions in place with the global import/export market right now.

9. Globalization could create more employment opportunities.

With fewer barriers to the import/export market, the cost of producing goods or offering services would decline without affecting the profit margins of companies. Consumers would benefit from the lower prices, consume more, and create additional job opportunities around the world. By creating an environment where free trade encouragement readily exists, more innovation, creativity, and engagement would occur at every level of society.

Disadvantages of Globalization

1. Globalization may encourage more off shoring instead of less.

With fewer restrictions in place at the national level, some businesses may use off shoring to their advantage. Even if they kept jobs local, the threat of sending jobs to a different, cheaper region overseas could be used to justify lower wages at home. The end result of an effort to remove borders would be an increase in wages in the developing world, but a decrease in developed countries. Many households could see their standard of living go down if consumable price decreases don't occur simultaneously.

2. Globalization benefits the wealthy more than the poor.

Value-added taxes above 25% exist in some nations. Tariffs above 70% exist for some products. Unless borders are completely removed, the advantages of globalization are challenging to achieve. The people who have the power to dictate policy would reap the most significant rewards. Those with money to invest would see their bank accounts continue to rise. At the same time, households living paycheck-to-paycheck would struggle to access what they require, suppressing their ability to pursue a better job.

3. Globalization would encourage disease transfer.

The outcome of the Columbian Exchange was profound at the time. Over 90% of some population centers died because of their exposure to smallpox, chickenpox, and other diseases

that the Europeans were somewhat immune to at the time. The Europeans brought back syphilis and other diseases as well. If global travel restricts eased, then issues with malaria and tropical disease could spread to portions of the world where exposures are minimal. Tuberculosis, certain influenza strains, and other communicable disease could produce outbreaks at epidemic levels.

4. Globalization could reduce social safety net programs.

Most nations today offer those in extreme poverty access to safety net programs for basic supplies. Even in the United States, programs like WIC and SNAP offer food and care access to those who cannot afford it on their own for whatever reason. When we reduce or eliminate borders, there would be a likely shift in social programs to benefit those earning less than \$2 per day while ignoring the needs of those at home. Households living in poverty in the U.S. or United Kingdom fit into a different definition when compared to global poverty.

5. Globalization would create a new system of politics.

We've already received a sneak peek of what a global society would be like from a political perspective. The individuals and organizations who spend the most to lobby politicians would receive the best chance of having their needs met first. We've seen billions spent in U.S. elections lately to influence legislation and policy to become favorable toward specific outcomes. This issue would translate to a global economy, where only the richest and most influential would influence laws which would impact everyone.

6. Globalization would make it easier for people to cheat.

The statistics of consumption (especially food) show us already that those who are in power take the majority of resources away from the general population. Americans eat almost 200 billion more calories per day as a nation than they require, which means 80 million people are hungry needlessly because of these consumption habits. About 200,000 tons of edible food is disposed of daily in the United States. By the age of 75, the average person in the U.S. creates 52 tons of garbage.

Globalization would likely centralize distribution of necessary resources. With only a few controlling access to the many, the chance to negatively impact populations on a large scale become greater when borders are reduced.

7. Globalization doesn't fix a lack of skills.

The future of employment involves programming, robotics, and artificial intelligence. Workers who adapt to automation with their skillset are the most likely to find employment in the coming generations. Jobs which require repetitive functions will be the first to go away, which are the employment opportunities often found in the developing world. With no meaningful skills to a globalized economy, there could be a higher unemployment rate if border restrictions reduce because only those in the developed world would be trained for the new economy.

Unless new vocational development opportunities implement with the globalization structures, the boundaries between the developed and developing world will likely continue to exist.

8. Globalization would negatively impact the environment.

We've already seen what free trade does to the environment. Greenhouse gas emissions rose in 2018 despite efforts to curtail them. Micro-plastics invaded our oceans, creating negative impacts on marine life. The waters of our planet are slowly acidifying, creating economic and health impacts every day. Over 200,000 Americans die each year because of pollution exposure. If caps are taken off of what is not permitted through globalization, then this issue will continue growing worse.

Corporate social responsibility

Corporate social responsibility (CSR) of business activity is strongly influenced by globalization, particularly through the change and erosion of national political power. CSR has four kinds of social responsibilities, economic, legal, ethical, and philanthropic. These four components of CSR might be represented as a pyramid with economic responsibilities – and profit motive as the primary incentive – underpinning all other business responsibilities.

Business organizations have also to comply with laws and regulations as the ground rules under which they must operate. These legal responsibilities establish the ground of fair operations and are represented as the next layer on the pyramid. In this way, organizations are expected to perform in a consistent manner with the government and law expectations.

However, society also expects from organizations other activities and practices that are not codified into law. These ethical responsibilities embrace those norms that reflect a concern for what consumers, employees, shareholders and community regard as right, just, and fair (i.e. moral rights), and are represented as the next layer of the CSR pyramid. Thus, corporate behavior goes beyond mere compliance with laws and regulations.

Understanding of Corporate Social Responsibility and Globalization

Most firms take ethical and moral behaviors and activities expressing the concerns of consumers' and shareholders' interests or increase the investment in the corporate social responsibility projects. However, the previous aspects are not the true understandings of corporate social responsibility. Baker (2003) proposed that corporate social responsibility is about how firms employ and control their business activities and processes producing a positive outcome for the whole society. Moreover, the definition from the European Commission (2011) is more comprehensive and meaning, which is that companies incorporate social and environmental concerns into their business activities and the interaction with their shareholders and consumers to benefit the whole society. These definitions on corporate social responsibility concentrate on the improvement of social welfare and society. However, the definition from the European Commission further indicates that environmental, social and ethical issues are embedded in the business processes. In this study, the true meaning of corporate social responsibility is that firms integrate environmental, social and ethical issues in business processes and decision making process with the motivation of benefiting the stakeholders.

The concept of globalization is described as one of the most leading thoughts considerably affecting modern business theories and practices. This concept significantly make most scholars and practitioners concentrate on its influences on every aspect of human living and modern business, such as economic restructure, firm's business operation, environment sustainability, culture, technology and governance (Bhagwati, 2004). Scherer and Palazzo (2008) proposed that

globalization is defined as a process of amplification and acceleration of social activities and economic cooperation across areas and countries. This process makes multinational corporate gain more free space and flexible to employ international business and trade for more profits. However, without more restricts on law, regulation and social influence in a specific area or country, new global problems and challenges are produced during this process, such as climate change, distribution of income and welfare and terrorism (Scherer and Palazzo, 2008).

In early stage, globalization involves the transformation and development of technologies in host countries, information sharing in different economies or continents, human resource mobility, and foreign investment from developed economies to less developed countries. However, both developed economies and developing economies have critically encountered religious, environmental and social issues resulting from globalization (Elizabeth, 2005; Miles, 2007; Lauder et al., 2006). Under the influence of globalization, economic liberalization, international cooperation between different countries and the previous aspects, such as the transformation of technologies and others, considerable countries have experienced the benefits from globalization. Furthermore, these countries also need more efforts to be encountered with the challenges and threats created by globalization.

Companies Who Go Global and Local With CSR

1. Microsoft

Microsoft implements CSR through their work to gain customer trust, empower people and use the planet responsibly. Their U.S employees have given over 2 million hours of their time through volunteer efforts since Microsoft's volunteer match program began.

A few of Microsoft's endeavors include moving toward a clean energy infrastructure and the employment of programs such as Microsoft YouthSpark and the Lagos Solar Project. Seeing a need for educational, employment and entrepreneurial opportunities, they created Microsoft YouthSpark. This program has opened opportunities for over 300 million youth to date, and Microsoft aims to continue its growth by investing in today's youth.

Participating globally, Microsoft began the Lagos Solar Project in Nigeria. This project brings electricity to schools in remote communities that might otherwise go without it.

2. Reynolds

Reynolds' corporate culture revolves around their commitment to community and social responsibility. They demonstrate their efforts through continued support of the United Way of the Capital Region and recent partnerships with the PinnacleHealth System, Brethren Housing Association and local contractors for a joint project — The Hummel Street Project.

Since 1997, Reynolds' employees have strengthened their support of the United Way through contributions totaling over \$1 million. A more recent community contribution, the Hummel Street Project, outlines a project committed to building five new townhomes to provide homes for homeless women and children in the Harrisburg, PA community.

3. Google

With a high public perception of a great work atmosphere, Google gains recognition for treating their employees above the standard norm. This alone ranks them as a top CSR organization, but they've also implemented community practices through their Google Green program.

Google Green is the company's commitment to use environmental resources responsibly. Their efforts range from the fully-repurposed desks in their California office to remaining carbon neutral for the past ten years.