

: Ethical Globalization

INTRODUCTION:

The benefits and drawbacks of globalization continue to be hotly debated. And there is no doubt that companies operating across borders face complex challenges as they strive to conduct business in ways that are ethical and meet increasingly high standards imposed by all constituencies.

The challenge is often exacerbated because social and environmental objectives may seem to be at odds. Finding the most responsible pathway for action requires careful judgement and attentiveness to diverse points of view. For example, consider the difficulty faced by a socially conscious executive who is trying to weigh the benefits of gaining market access to a previously unreached region of the world which would increase the economic potential of the population served—against the potential environmental costs of consumption of these goods in that new untapped area.

To meet these challenges, enlightened companies are re-thinking their leadership development programs to ensure that the decision makers are well prepared to manage the complex interplay of maximizing shareholder benefits at the same time that they gain a competitive advantage in their respective markets. Further, executives in these firms are examining their own corporate cultures to ensure that their commitments to ethical globalization are reflected in their mission, strategies, and practices.

Given the importance of the “globalization debate,” one would expect the topic to have made its way into the MBA curriculum—and it has. Especially prevalent themes include cultural sensitivities in marketing, the economics of formal market entry, social entrepreneurship for the benefit of the developing world, and other critical questions. Less common, though, are those institutions offering courses that explicitly address the role of mainstream business in improving social and environmental conditions in a global context. A few of these outstanding courses are highlighted below.

A PRACTITIONER POINT OF VIEW:

William Margaritis is the Corporate Vice President of Global Communications and Investor Relations at [FedEx Corporation](#). He oversees all reputation management, investor relations, public relations, employee communications and community relations activities for the corporation and its subsidiaries: \$38 billion in annual revenues and over 290,000 employees and contractors worldwide. He spoke with the Center for Business Education about FedEx’s “access” campaign and other globalization issues affecting the company:

Q: How does FedEx fit into the puzzle of international development?

Several years ago, through rigorous research, we assessed that FedEx goes above and beyond the normal transport industry and found that we create a positive and profound difference by providing access to communities around the world—connecting markets and ideas with people and that this, in turn, improved their quality of life. A strong correlation exists between access, economic growth, and standards of living.

Q: What sort of deliberation is given to potential tradeoffs that might come with greater access?

A number of studies have shown trade is proliferating at a rapid pace. This will surely change the choreography of manufacturing. FedEx provides and will continue to provide the efficiency necessary to connect those who are demanding products with the sourcing and manufacturing entities. Scalable solutions reduce waste. On a macro-level, FedEx contributes to improved

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environmental conditions as a result of this efficiency—less packaging and less infrastructure support means less fuel, for example. As we continue to improve our infrastructure, we offer greater and greater opportunities for companies to reduce their environmental footprint. In addition, we provide leadership in the call for commercial hybrid electric vehicles to be developed for industry usage, and have almost two hundred hybrid vehicles in our fleet—the largest commercial hybrid fleet in North America. Also, we know that economic growth, if poorly managed, can damage the social fabric of a community. Because of this, we directly invest in many of the communities that are part of our international network.

Q: In what ways, if any, has an internal focus on social and environmental issues changed the expectations of FedEx employees?

I've found that this is a powerful motivating force for employees in everything they do everyday. From answering a telephone to delivering a package, every touch point contributes to the larger mission of access. Also, executive buy-in is important, as is integrating these ideas into your business operations. Finally, you need long-term capital expenditures: how do we carve a piece out and make bigger investments in these areas?

Q: FedEx's services have a global reach. How does the company approach entry into new markets?

What FedEx responds to in the world is really a need and not a want. By offering a service that meets these needs, countries and their governments see FedEx as part of a social infrastructure. FedEx services enable countries to expand their economies, offers opportunities for their entrepreneurs to affect the world, and it's a catalyst for positive things. As the reach of our business continues to transcend borders, we know it's important at the outset to understand the social and political realities of each country, and the only way to do this legitimately is by bringing people from those countries as your ambassadors to have a dialogue with policy makers. We pride ourselves in having local people lead our operations around the world. We find this allows for a stronger connection and commitment; we want to be a part of the social fabric and therefore hire people who understand their cultures and want to do the right thing. This approach contributes to our reputation. By investing in technology in these countries and training our people there to become high tech, it gives us greater security and more overall efficiency in the movement of goods and services. Of course there are direct benefits here with customs and policy makers giving the company a license to operate in a given community, but it also allows us to deliver on promises and develop trust in that region over time.

Q: Does a focus on social and environmental considerations offer a useful point of differentiation with other firms? Do you find the impact diminished by the apparent trendy-ness of 'green' and socially-conscious marketing that is popular now?

It's all about transparency, accountability, and being authentic. We recognize that social citizenship and corporate social responsibility connects the workplace with the community. We want a diverse workforce that meets the challenges of our interconnected world. A noise definitely exists—and people can find companies that over-promise and under-deliver. We came up with a three-pronged strategy to differentiate ourselves: We aspire to tell our story in a better, authentic way because how audiences get their information matters; We began to align our philanthropy with our sustainability goals, and; We have led the way in raising the standards – we have three solar facilities in California, the largest fleet of commercial hybrid vehicles and use recycled content in our packaging, among others—and strive to be even better in these areas where we can create metrics. We strive to be a company with integrity.

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Beyond Grey Pinstripes
PREPARING MBAs FOR SOCIAL AND ENVIRONMENTAL STEWARDSHIP

NOTABLE COURSEWORK:

The following course descriptions are drawn exclusively from the 2007-2008 edition of [Beyond Grey Pinstripes](#), a research survey conducted biennially by the Center for Business Education at the Aspen Institute.

- **University of Notre Dame, Mendoza College of Business**
[Globalization and Multinational Corporate Responsibility](#) (Core Course)

Instructor: Lee Tavis

“Digital technology is driving a process of global economic, political and social change. This globalization is galloping across our world at a dramatic pace, enhancing global productivity but leaving many people behind in the process. As the key integrating institutions, multinational enterprises deserve much of the credit for the productivity, but are also inextricably involved in the problems associated with this technology. The objective of this course is to enhance the awareness and understanding of future business executives, multilateral and national governmental officials, and managers of nongovernmental organizations about the evolving role of the multinational enterprise and how that role should be managed. The course is populated by graduate students in peace studies and human rights law as well as MBA students. Course content includes three components: the Janus Face of Globalization, which is the technology-based enhancement of global productivity set against the associated social fractionalization; the Appropriate Role of the Multinational Enterprise, which is an analysis of the linking function of the multinational corporation among stakeholders in developed and developing countries, and the extension of multinational corporate responsibility; and a series of case examples that trace a specific situation or problem at the grassroots to a potentially ameliorating multinational corporate decision.”

- **Stanford Graduate School of Business**
[Global and International Marketing](#) (Elective Course)

Instructor: Wasim Azhar

“This course addresses the opportunities and challenges associated with the development and implementation of marketing strategy in international markets. It aims to develop frameworks and knowledge that will enable future managers to better formulate and effectively implement marketing plans in different regions of the world. Topics covered include global brand management; analysis of various international market structures; market entry strategies in developed and emerging markets including country selection and marketing program design based on consumer, country and competitive analysis; international marketing mix strategies including the globally standardized versus locally adapted marketing program debate; and international pricing, advertising, and promotion strategies. Case studies set in various regions of the world sensitize future international managers to the diversities and similarities in culture and market structure extant. This course spends one session on the case ‘ApproTEC Kenya: Technologies to Fight Poverty and Create Wealth,’ and technologies targeted at the bottom of the pyramid in developing countries. It discusses the challenges of creating marketing channels in emerging markets, as well as working with for-profit, government, and nonprofit partners in the marketing channel. The course also spends some time discussing the cultural impacts of the globalization of marketing and advertising.”

- **University of Michigan, Ross School of Business**
[Doing Business in China](#) (Elective Course)

Instructor: Ken Lieberthal

“China has become a factor in global competition for most major multinational corporations through its combination of providing increased access to a significant market and improved factors of production in country that can be used for global competition. But China presents important challenges for foreign firms. It is a continental-sized country with massive differences between

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localities economically, culturally, and even politically. It is a developing country where political and economic institutions are changing significantly. It is a transitional society, still in the process of shedding the mental and institutional legacies of a planned economy. It is simultaneously undergoing three extremely socially disruptive processes: urbanization, marketization, and globalization. It is a country shifting from near autarky to new levels of economic interdependence as it implements its World Trade Organization accession agreement obligations. And it is the country with the world's largest population and the world's fastest growing economy. This set of characteristics means that successful business approaches to China require careful consideration of how to apply best (and next) global business practices in the operating environments that China offers. The resulting issues have implications for every major facet of corporate practice, including HR, governance, finance, marketing, legal, and other areas.”

- **Columbia Business School**

- [Globalization and Markets: Reforming the International Economic Architecture](#)

- (Elective Course)

- Instructors: Joseph Stiglitz and Bruce Greenwald*

- “Recent years have seen closer integration of countries around the world, with increased flows of goods and services, capital and knowledge. There are two alternative views concerning globalization: one, reflected in the protest marches from Seattle to Genoa, argues that globalization has hurt the poor, has been bad for the environment and is governed by undemocratic institutions operating behind closed doors, advancing corporate and financial interests of the more developed countries. The other argues that globalization is the only means by which developing countries will be able to grow and eradicate poverty.

This course tries to enhance understanding of these alternative perspectives. It analyzes the underlying forces that have led to globalization and identifies its effects, particularly in developing countries-- when and why it has had the adverse effects that its critics claim and when and why it has had the positive effects that its proponents argue for. It also examines the need for international collective action, discusses the structure and conduct of international economic organizations and assesses the extent to which they are to be blamed for the failures of globalization or should take credit for its successes.”

- **Cornell University, Johnson Graduate School of Business**

- [Sustainable Global Enterprise](#) (Elective Course)

- Instructor: Stuart Hart*

- “Environmental and social issues have been treated historically as peripheral concerns to business. ‘Social responsibility’ and ‘environmental management’ have been framed as added costs driven primarily by guilt or regulation. At best, companies have felt compelled to “give back” to society in the form of philanthropy or other good deeds directed at the natural environment or the community. Recently, however, the institutions of global capitalism find themselves increasingly under siege. Following the fall of communism in the late 1980s, a decade of economic globalization, privatization, and free trade has produced mixed results at best: While developed countries have grown richer, the vast majority of nations and people in the world have not benefited from these momentous changes. Furthermore, the underlying natural systems supporting human economies--forests, fisheries, soils, ecosystems, and climate--have all experienced continuing decline.

This course discusses the rising tide of ‘anti-globalization’ that has emerged. ‘Anti-globalization’ combines concerns about environmental degradation, inequity, human rights abuses, and loss of local autonomy. As we enter the 21st century, therefore, the historical separation between competitive strategy and social contribution is breaking down. Rather than treating social and environmental issues as expensive luxuries, many companies are now fusing social mission with competitive strategy. This form of ‘new capitalism’ is emerging where environmental and social performance is embedded in the competitive strategy of the firm. Unlike their predecessors, ‘sustainable enterprises’

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use business as an instrument of social development and environmental improvement.

This course explores the nature of the ‘triple bottom line’-- the simultaneous delivery of financial, social, and environmental performance-- by corporations. Students integrate environmental thinking and social responsiveness into core business processes, systems, and strategies. Additionally, they learn about a growing number of companies where competitive advantage is rooted in such new capabilities as pollution prevention, design for environment, stakeholder dialogue, social development, and poverty alleviation. Through a combination of cases, readings, lectures, videos, and simulations, class sessions will engage students in discussions aimed at developing strategy models and applying new strategy tools that incorporate principles of environmental management and social performance.”

For additional courses on related subjects, or to download select syllabi, search thousands of descriptions at [Beyond Grey Pinstripes](#).



NOTABLE TEACHING MATERIALS:

Materials referenced are meant to represent the diversity of related teaching resources available at Caseplace.org. Most are available as free downloads to registered faculty members.

- **Case Study:** [Wal-Mart Stores: “Everyday Low Prices” in China](#)

Source: Asia Case Research Center, University of Hong Kong

Authors: Ali F. Farhoomand and Iris Wang

“Although Wal-Mart, the world's largest company by revenue, was into its 9th year of operations in China, its stores were still losing money. It had created a miracle in the U.S. retail industry by revolutionizing the sector's business model and successfully implementing its model through innovative practices that enabled it to sell national brands at ‘Every Day Low Prices’. The challenge Wal-Mart faced was whether it could transport its successful model to win in a market with many differing characteristics which threatened its low-cost structure and which could nullify its competitive advantage. Concerned with the application of established domestic business models in international expansion, this case also sheds light on other globalization issues such as market entry strategy, localization vs. standardization, the effect of regulation changes on the competitive landscape, and firm performance.”

- **Article:** [New Study Asks: Can Globalization and Sustainability Coexist?](#)

Source: Greenbiz.com

“In a blunt assessment of the business operating context in 2027, a new report sponsored by Shell, Ford, Novo Nordisk, Vodafone, The Skoll Foundation and others predicts that not only will there be new rules for sustaining business success over the next twenty years, but that ‘the game itself is poised to change profoundly. There will be winners and losers; but there is no more business as usual.’ More than two years in the making, ‘Raising Our Game: Can We Sustain Globalization’ was released by SustainAbility, a corporate responsibility and sustainability consultancy. It exposes the interplay of sustainable development and globalization that will define the future. ‘Navigating this terrain will challenge the global business community like nothing previously experienced,’ said co-author John Elkington. The study depicts four alternate scenarios for the year 2027 in a card game format, where clubs, hearts, diamonds, and spades represent various combinations of environmental and societal wins and losses.”

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- **Transcript:** [Global Responsibilities: How Can Multinational Corporations Deliver on Human Rights?](#)

Source: Carnegie Council on Ethics and International Affairs

Speakers: Andrew Kuper and Peter Singer

“According to traditional models of human rights, states are responsible for securing the rights of their citizens. But these models do not fit reality: States are often unwilling or unable to live up to their obligations, but if human rights are to be more than empty words, then we must identify who bears the obligation to deliver on those rights. Could new powerful global actors - from nonprofit organizations to multinational corporations - hold a key to safeguarding human rights in the face of globalization? Or are they rogue actors who can never be held accountable? In *Global Responsibilities*, some of the world's leading theorists of ethics, politics, international relations, and economics-including Nobel Prize winner Amartya Sen and philosopher Peter Singer-ask and answer the question: Who must deliver on human rights? The contributors examine the principles necessary for effectively allocating obligations to states as well as non-state actors. They apply this new responsibilities approach to human rights to urgent problems; such as poverty relief, multiculturalism, corporate responsibility, trade standards, and the reform of multilateral institutions. *Global Responsibilities* is essential reading for anyone committed to achieving human rights in the era of globalization.”

ONGOING QUESTIONS:

- Would industry-wide metrics in the realm of social impact management be an effective tactic in measuring the results of globalization in host countries?
- Which current corporate-academic relationships or other cross-sector collaborations are best providing meaningful analysis of global trade and its repercussions?
- Say a U.S. company opens a production plant in Ghana. What sort of innovation might be produced if more relationships existed of the sort that paired ethicists in both countries to examine benefits and drawbacks?

RESOURCES:

[BeyondGreyPinstripes.org](#) – World’s biggest MBA database, including detailed records on thousands of courses and information on extracurriculars, university centers, and more, for 128 schools on six continents.

[CasePlace.org](#) – A free and practical on-line resource for up-to-date case studies, syllabi, and innovative teaching materials on business and sustainability. Created for the educators who will shape our next generation of business leaders!

A Closer Look is a regular series of briefing papers on topical issues in MBA education, based on the research and programs of the Aspen Institute. The Aspen Institute’s [Center for Business Education](#) encourages future business leaders to innovate at the intersection of corporate profits and social impacts.

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