

"The ethics of our decisions and actions are defined **societally**, not individually."

– international businesses operate in more than one society; therefore, they must consider the ethical standards of societies in both the home country & host country

➤ How might "ethics" differ between countries?



what the company should aware of when doing business?

- Canadian is more conservative by nature, so Canada is less affected by financial crisis
- Asian ppl prefer saving than spending (while doing b in Asian, concentrate more on saving)
- Asian country give
- the name for calling (Mr. Michael or Mr. Khan)
- don't shake hands in Dubai (middle east)
- in Russian, shake hands with man but not woman
- in many country, u have to give financial gift to get things done
- in Korea, we don't make eye contact when u drinking alcohol
- can't give clock cause it means death
- green hat means ur wife have an affair with other men
- polish ppl prefer to show no emotion when strangers around

What ethical issues do international businesses face? - cont'd.

➤ 2. Corruption:



➤ 3. Environmental standards:



What benefit is there to corporate social responsibility: at home and in foreign operations? – cont'd.

- Reputation in **home** country

➤

What ethical issues do international businesses face?

➤ 1. Different Labour standards:

ie. Video: children labour: in Indonesia & Africa

Question:

1. should company apply local standards or home standards when doing business? most say local
2. Is it fair to use local wage standards when employing ppl in foreign countries? most say local
3. what is a reasonable minimum age to employ someone? most say 16
- revote 3 for realistic (ie. some child don't have parents) most say 12
4. do u think its unethical to pay tribute to someone in another country if that is the way how business is typically done there? most say ethical



What benefit is there to corporate social responsibility: at home and in foreign operations?

- Reputation in the **host** country

➤

reputation of host country will be affected

Q:

1. what do u think the global view of the general ethics of US businesses is? most say somewhat unethical
2. of Canada.....? most say moderately ethical



Some companies are "doing good" while also "doing well" in international operations

- More companies now understand that
- Examples include:

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International Business IV: A Global Canada

Key questions for this session:

What have the key drivers been for Canada, as a participant in international business?

How important is international business activity for Canada?

How do Canada's largest companies stand-up against the global giants?



Foundations of the Canadian Economy

- Why is Canada so "internationally-oriented"?

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rich natural resources but no enough ppl to use, so export to US.



Foundations of the Canadian Economy – cont'd

- Very large landmass & location next to the largest economy on the planet



ie. Airplane:

why u fly to US via Buffalo?

- cheaper than from Toronto directly

why Canadian ppl cross border shopping in US?

- cheaper
- exchange rate
- more selection in US
- US more fashion than Canada



Foundations of the Canadian Economy – cont'd

- Political, economic, trade relationships with Europe – particularly United Kingdom & France - because of immigration
- A "nation of immigrants"

most of ppl immigrate to Canada



Early International Business & Trade

- Earliest settlers came to Canada to engage in resource extraction for export back to Europe



- Fishing –



- Hudson Bay Company –



- Agriculture –



The Auto Pact (1965)

- Free trade between Canada and the US in automotive parts, allows a regional market for vehicle assembly

Free Trade Agreement between Canada & the U.S. (1989)

- Major reductions in tariff & non-tariff barriers throughout the '90s
- Causes considerable debate & controversy within Canada; Partly Anti-Americanism, also fear of being absorbed, overwhelmed



NAFTA – North American Free Trade Agreement

- 1994 North American Free Trade Agreement
 - Extends "Continentalism" into Mexico, as well as Canada & U.S.
 - 1989 FTA absorbed into this broader agreement
- As of 1998, *most* Canada-U.S. trade became tariff-free
 - Tariffs remain in supply-managed sectors (dairy, poultry)
 - Some protection remains around "cultural sensitive" industries – publishing, broadcasting



NAFTA – cont'd.

- Why did Canada participate?
 -
- NAFTA effects for Canada



- increase market shares

- Mexico involved, make sure to build good relationship to US & CA



Canada: "A Nation of Joiners" in the International System

- Canada was one of the "architects" of the modern international system:
 - Founding member of the United Nations, and its many agencies
 - Founding member of the World Bank (international development funder) and the International Monetary Fund (currency stabilization body)
- After WWII, Canada was a founding member of the General Agreement on Tariffs & Trade, which in 1994 became the World Trade Organization (WTO)



Canada: "A Nation of Joiners" in the International System – cont'd.

- Member of many **regional arrangements** – Asia-Pacific Economic Cooperation (APEC), Organization of American States (OAS)



- **Military Arrangements:** NATO (w/ US & Europe), NORAD (w/ US)



- Free-Trade Areas – 1989 Free Trade Agreement with U.S.; 1994 North American Free Trade Agreement (NAFTA) with U.S. & Mexico

how do that affect canadian business?

- give canadian owner to work abroad

- build public trust as a nation

- tell ppl about our international mind set

"ethnic" store: small business

Canada: "A Nation of Joiners" in the International System – cont'd.



- Why are these international engagements important for understanding Canada's stature in **international business**?

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Fortune Magazine's Global 500 Rankings + Canada



- There's a high correlation between the **larger size** of companies & their **global reach**

- Each year Fortune magazine ranks the "Global 500" largest companies as measured by revenues

➤ How many of the **500** largest companies in the world do **you** think are Canadian?

most say under 20



what reason would u think only 11 companies in Global 500?

- population (very small compare to other country)
- tax very high

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Canadian Companies on the "Global 500" Listings



- The Result: **just 11** are Canadian companies



Korea: 13, Netherlands (12)
China 72



Implications of the Global 500 List



- what's the implication when u thought just "buy Canadian"?
 - Canadian food more organic than other country (healthier than US)
 - support local farmer

what's the disadvantage for not buying from US (such as Walmart)?

- sb can't afford
- make sea board less international, modern, competitive
- Canadian workers in Walmart will lose their job

artezinteractive



video: Disney imagineering

Brand is about very yeomen trade, stories about family...

application of technology,

win-win situation in China:

- strong economy on tourism
- Hong Kong gov't ..

entertainment very faithful

in Japan, gift giving is most important for culture
simplest culture is understanding

imagineering also encourage what
use internet for feedback

Q for Video:

1. why did Disney expand its theme park collection into Hong Kong?

- big population,
- English is common language in HK

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2. what are the some of the measures that D takes customize their service offering to different cultures?

- be aware of local food
- more character
- bring pangtra
- hire local engineering ==> have local flavour

3. what challenges did they face?

- what problem we face now might be problem for them tomorrow

At the Top of the Global 500 List...



ExxonMobil

WALMART®



TOYOTA



DAIMLERCHRYSLER