

Chapter 1

INTERNATIONAL ECONOMIC RELATIONS IN THE SYSTEM OF GLOBALIZATION OF WORLD ECONOMIC TIES

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SOCIAL MOBILITY AND SOCIAL RESPONSIBILITY UNDER GLOBAL CHALLENGES

Globalization of social life involves the mobility of commodity, financial and human flows and, in turn, is a consequence of that mobility. Migration issues are considered by many social scientists and economists, but, under globalization, cross-border movement of human resources acquires specific nature and particular emotional flavor. Increasing possibilities of cross-border movement for individuals is combined with the weakening of the social position of national states as a result of the transformation of their subjects into “global citizens of the world.” In sociological essays, human as a global entity (*Homo globalis*) is represented by a gallery of images, such as digital human (*Homo digitalis*), consuming human (*Homo consumens*), mobile human (*Homo mobilis*), etc. [1].

Thus, mobile person, according to experts, now represents a new type of modal personality – a kind of “urban nomad”. Although such humans are usually solitary pilgrims, separated from family and tribal roots, or even as uncompromising “kvirdo-loners” who travel the world in search of perfect love, but they may also be happy couples having the opportunity to travel together, explore the world and enjoy life. One type of mobile person is global poor, a representative of “transnational precariate,” as economic globalization leads to the emergence of the

global labor market and intensifying production through modern technology promotes the release of considerable human resources.

People deprived of the access to the labor market, become “the global poor” having their own life subculture. According to official figures, around 1.2 billion people today are leading a destitute life on incomes below \$1 a day. Global poverty causes lumpenization and criminalization of social life, and one way of access to the benefits of global civilization for the “superfluous people” is their geographic mobility as they, constituting part of the low-skilled work force, move from depressed regions to economically attractive ones. Superfluous people form a lively component of a new social class that is the officially “invisible” and therefore, socially disadvantaged global precariate [1, p. 169].

A separate group of the modern mobile humans are the global old. Reduced birth rate and increased life expectancy resulted in that older people now longer remain healthy, socially active and geographically mobile. They travel increasingly longer trying to realize themselves both professionally and in family, personal, cultural, educational and other spheres of life. On the one hand, these processes contribute to the quality of the human capital of the elderly people, and on the other – they lead to the “deportation of the old” from the centers of global techno sphere to the periphery, to the countries where aging is cheaper and more comfortable.

Woman, particularly woman-mother, becomes another recognizable global migrant. Globalization causes the feminization of poverty, forcing women living in the “periphery” to seek work abroad. Today, women are the most mobile than ever before in history. As independent workforce medium, they can move long distances and often attract to global migrations their men and children. A female migrant (global Cinderella), who crosses national borders in search of a better life and global mothers who serve other people’s children and elderly in order to feed their owns – these are forms of global feminization. But there are other circumstances for female migration. According to the UN, the proportion of women in the total number of migrants is 48%; it is the same in the refugees. Women make up 70% of displaced persons due to armed conflict and about 80% of those due to human trafficking.

Among paradoxical signs of global motherhood, according to experts, are the following:

– outsourcing and transfer of the function of maternal love and care from family to market, making them an object of sale;

- challenging the traditional view of the role and mission of the male breadwinner in the family;
- instability of the entrenched ideas of the female family homemaker in favor of global (cross-border) female custodian and mother [1, p. 170-171].

Besides, the phenomenon of global motherhood is combined with the emergence, in the twenty-first century, of a new social category of “normative global child”, whose legitimacy is established in the UN Convention on the Rights of the Child. This phenomenon is due to the global spread of the following tendencies:

- global adoption industry,
- trafficking in human "material"
- armed conflicts and children’s participation in them,
- criminal business
- child vagrancy, begging, and others.

These phenomena are collectively defined as “civil war against children.” New “Little Muks”, often on their own and without proper support, cross countries and continents. In addition, children, together with women, form a group of people who are forcibly moved during military and civil conflicts. Black boy soldier and Asian housekeepergirl are reproachful portraits of normative global children [1, p. 171].

Global socio-economic distance is easily overcome by using new information and communication technologies that create the effect of compression of space-time. Today, humans do not have to cross physical boundaries to join the global life. Switching TV channels and the Internet when traveling, a person acquires the features of a digital nomad (*Homo digitalis*), a life-long guest of virtual spaces.

In the process, informational and communicational technologies create a paradox of “constantly expanding series of concentric circles of compassion” when the feelings of community and commitment that are most strongly manifested in the close circle of communication (family, friends, neighbors) do not diminish with the growth of geographical distance, as it happens under traditional conditions. Under the conditions of “global village”, such feelings intensify as a result of the conversion of distant circles into nearby ones. The situation could develop in different directions and have dual (paradoxical) results:

1) Marriage and family ties do not just weaken, but radically transform, turning into a virtual metaphor. There are new family configurations – without intimate relationships and permanent partner, without children and common home, and even without the “biological”

body.

2) Marriage and family bonds are strengthened. Internet and information technologies provide great opportunities for different types of distance learning, work, and spiritual leisure; as a result a person is able to successfully combine work and family, professional autonomy and a mobile and flexible style of private life [1, p. 172].

It is believed that the process of consumption, and consumer standards of comfort emotional life form one of the centers of social and economic globalization. Consequently, the main indicator of a society's well-being is economic growth, and, in social relations, a so-called "dinosaur effect" is spreading, which is characteristic of the psychology of consumerism, and which is formulated in the following way: humanity eats very much and quickly, thinks little, and slowly reacts to external challenges. Now the global market fully satisfies, along with the traditional human demands, also the so-called creative demands, including the most sophisticated and exotic ones. However, the encouragement of consumer sentiment brings about social marginalization, fragmentation of human consciousness and even cultural alienation.

The uni-dimensional "consuming man" (Homo consumers) represents a "doubly devastated" human as compared to the traditional market actor, which gives grounds to characterize the modern economic individual as Homo mechanicus [1, p. 174].

It should be noted that the above model of global human in its pure form does not exist: in reality such models overlap, and diffuse into one another. Modal images of the actors of global relations are advisable to consider when working out models and general guidelines of national economic development with corresponding programs of social responsibility. The development of such programs involves a preliminary theoretical justification of the principles of social responsibility.

Thus, market transformation of the national economic system of Ukraine in the context of European integration involves establishing a set of institutions relevant to modern requirements and achieving certain social and economic standards. One of the most important international initiatives in the field of harmonization of the functioning of modern civil society is the concept of social responsibility.

The said concept in the form of a strategic project of the global community of late XX – early XXI centuries is being implemented mainly through the development of national and international standards

of conduct and accountability of businesses entities. In Ukraine, various aspects of social responsibility of business entities have been studied in the works of D.Bayura, P.Buryak, E.Grishnova A.Kolot, P.Lukin, I.Malik, S.Melnyk, M.Murashko, N.Suprun, Y.Umantsiv, G.Cherednichenko and other authors. However, basic research on the above mentioned problems only begin to develop.

Their urgency stems from the fact that the adaptation of the institution of social responsibility of an organization to the realities of modern market environment in Ukraine could be a prerequisite for effective restoration of trust between the entities of all levels of management. Clarifying the sources of the idea of social responsibility of an organization, and its institutional content is a relevant for the economic science under the conditions of global challenges.

The concept of “social responsibility of an organization” in today’s economic and legal vocabulary is identified mainly with the social responsibility of business. However, in the broadest sense, the notion of “organization” reflects the dynamic patterns of functioning, behavior, interaction of the elements of biological, social, and technical entities and correlates with the concepts of structure, system, and management. Indeed, organization (French *organisation* from Latin *organizo* – “cause orderly appearance”, “arrange”) represents:

first, orderliness, interaction between differentiated and autonomous parts of the whole;

second, a set of processes (actions) that coordinate parts of the whole;

and third, association of economic agents, which together implement a program (goal) on the basis of established rules and procedures.

In Ukrainian political and economic tradition, organization has been treated primarily as organization of production, i.e. form and way of the connection material and the personal elements of the production process in the context of ensuring the production of high quality items, improving productivity, and resource efficiency. Organizational-economic structure of the productive forces, covering the social division of labor, specialization, cooperation, and combination of resources, reflects the "macroeconomic" vision of the processes of national production in an industrialized society.

During the market oriented reform of the economic complex, the problem of organizational arrangement and behavior of microeconomic agents has become urgent. It was an object of active investigation by the representatives of neoclassical direction in economic science; however,

in the tradition of this approach, firms and households (as well as the state) were positioned mainly as monolithic entities-actors of market interactions. In addition, in the 1980 – 1990s, the industrialized countries, in the course of information and technological revolutions, underwent a significant transformation in all spheres of public life, which raised the importance of the “institutional view of the world.” This “view” focused on the organizational structures of economic agents.

Despite the fact that the concept of “institution” is widely used in the scientific and business vocabulary, in the interpretation of its contents still remain significant differences. According to experts, the main divide is between understanding institutions as stable rules and regulations governing the behavior of people and their associations, and as organizations, which include firms, households, government, parties, trade unions, etc. In fact, the two approaches are not contradictory, as one might expect, but complementary. This view is reflected in modern literature. In particular, Yu.Olsevych and V.Mazarchuk [2, p.51] write that “rules and regulations can be regarded as mere institutions as compared to organizations, which are sophisticated institutions”. Thus, organizations as economic agents are based on a complex system of rules and regulations.

Until recently, the category of “social organization” has been most actively used in social science and in the system of management. One kind of social organization is a labor organization. In sociology, the social organization of labor is usually identified with the help of labor functions it performs, its social base (which is the labor collective), and organizational forms (enterprises and institutions). The focus of the analysis of labor organization is placed on such aspects of its effective social functioning as cohesion, stability, labor and social activities, disciplined interaction of the workers and others. But these aspects only one-sidedly reflect the contents of a labor organization as an enterprise or institution without revealing the essence of its economic nature.

Neoclassical economic theory has quite fully investigated the content and functions of company (enterprise) as an agent of economic relations, but it overlooked the social component of that agent. It was only in the second half of the twentieth century that the institutional school “expanded” the limits of firm as an object-point in the market space, which had been formed due to the efforts of the neoclassical approach, and conceived the concept of firm as:

a planning system organized by the technocracy (J.Galbraith)

organizational system of contractual relations (O. Williamson)
organization that minimizes transaction costs (R. Coase)
organization as a focus of socio-economic information (C. Menard)
and more.

And in this way, the institutional approach has united previously disparate social and economic aspects of company, and transformed it into a socio-economic organization. Similar modifications were applied to other market actors, such as households and the state. Thus, the economic world in the context of its institutional interpretation represents a multi-dimensional space filled with socio-economic organizations of varying difficulty. Ideally, each such organization is a society in miniature; it has clear boundaries, is characterized by social stratification, is the bearer of a range of social roles and statuses, differs from others by performed socio-economic functions, is supported by its own authority and creates a system of social and economic relations both between its internal actors and in its environment.

Since the firm, with all variety of its legal forms, remains a primary system-creating link of the modern market economy, it is exactly it that initiates the implementation of the concept of social responsibility of an organization. The most common legal form of business activity is now corporation, which is why the initiative of social responsibility of an organization is mainly implemented in the form of corporate social responsibility of the corporations (corporate social responsibility, CSR), which, in view of the public interest, assume responsibility for their performance in relation to customers, partners, their employees and shareholders, local residents, and society as a whole. The concept of social responsibility can be applied, however, to any private business, and, in a broader context, to the activities of any market institution (as a complex socio-economic organizations), including non-profit organizations providing non-profit services and administrative authorities [3, p.78].

Advisory group of experts at the International Organization for Standardization defines the strategy of social responsibility as “a balanced approach in which organizations solve economic, environmental and social issues so as to benefit the people, residents of local communities and society as a whole” [4, p.27]. At the same time the object of social responsibility is a stakeholder – “interested party” – a person or group of persons having certain interest in the actions of the organization. Typically, the targets of socio-oriented business include the company’s employees, consumers of the company’s products and

services, representatives of related organizations, residents of surrounding areas, citizens in need of special attention from the society and other actors.

According to the experts, the concept of corporate social responsibility goes beyond the organization's obligations to comply, in its activities, with the national legislation, but includes the firm's voluntary action to improve the quality of life of its employees and their families, as well as residents of the local area and society in general. There are enough examples of voluntary assumption, by well-known companies, of the burden of social responsibility, which "burden" turned into their unconditional competitive advantage due to reduced number of lawsuits and proceedings, strengthened image of the brand, reduced staff turnover, higher loyalty of the employees, expanded outlets, and increased number of investors and partners.

However, in the early twenty-first century, in the relations between market actors in the implementation of corporate social responsibility, certain contradictory trends have emerged. It turned out that, in society, the issue of social responsibility is differently perceived by the state, citizens, and corporations themselves. A number of high-profile corporate scandals of the late twentieth and beginning of twenty-first centuries greatly weakened the trustful relations in the society. One response to the global trend of financial and economic destabilization became the increasing pressure on corporations in developed countries to improve their social responsibility through new public initiatives, laws and regulations (Standards SA – 800, ISO – 2600 and others).

In the context of international experience, major areas of adaptation of socially responsible organizations to socio-economic conditions of modern Ukraine could be measures to ensure the security of property rights and conditions for safe business, strengthening the foundations of an independent judiciary, legal promotion of transparent conditions for social activities, identification of strategic and tactical priorities of social responsibility of the organizations, and implementation of company standards of social reporting adopted in European countries.

From the general methodological point view, of great interest is the rate of voluntariness in the business decisions to assume the burden of social and environmental responsibility. Why do corporations "dress up" in a kind of code of honor? – In global terms, the question remains open. It is well known that, in a market economy, the prevailing principle is the freedom of economic choice that arises from private ownership on resources and maximization of benefits (profits).

Then what motivates the businessmen whose behavior seems contrary to the basic laws of the market (capitalism)? According to experts, there are two possible explanations of the paradox: from the standpoint of selfishness and altruism. Thus, P. Drucker finds the origins of social responsibility in the early nineteenth century in the work of two prominent American businessmen – E. Carnegie and J. Rosenwald [5]. E. Carnegie, as a benefactor, was at the forefront of such a social institution as a charitable foundation. His example was followed by other American businessmen (L. Stanford, G. Huntington, J. Morgan, G. Frick, E. Mellon, the Rockefellers, H. Ford), who created "cultural monuments to themselves." Their foundations still exist, being part of their money spent on social needs. J. Rosenwald, on the contrary, by directing his funds to improve the living standards of local residents, expanded the capacity of the market for selling his products.

But under the globalization, when the world economy is becoming more diverse, emotive, and multi-directional, it becomes very difficult to explain the social responsibility of the business solely with the incentives stemming from altruism and selfishness. In our view, the solution to this problem requires a new approach to understanding of socio-economic institution, which would justify the conditions of sustainable development of a socio-economic system in the rise of global challenges, and the increasing multidimensionality of the economic world, and at the same time restore the relations of trust in the society in the long perspective.

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