

REGULATORY SHIFT IN THE INTERNATIONAL RELATIONS FRAMEWORK: GLOBALIZATION AND MNC LAW

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ABSTRACT

The international business landscape has changed as a result of global economic development. Transnational corporation law, which addresses a number of legal matters pertaining to international interactions, has grown in importance in this environment. The dynamics of regulation and current problems that multinational firms face in the age of globalization are described in this article. Navigating the various national legal systems in each country where they operate is one of the biggest problems faced by multinational firms. These disparate rules and guidelines may have an effect on company choices, corporate social responsibility, and legal requirements that businesses must meet. At the same time, concerns about international trade regulations, human rights, and the environment are becoming more significant in global company operations. It also delves into initiatives to solve the legal issues that multinational firms face, such as international cooperation frameworks and emerging legal rules for managing corporate activity. Dealing with rising legal challenges places an emphasis on sanctions, peace initiatives, and dispute resolution. The purpose of this study is to provide a better understanding of the intricacies of transnational company law in the period of globalization. Keywords: MNC, Globalization, International Issues, Regulatory, Dynamic

INTRODUCTION

The era of globalization has fundamentally changed the face of international business. Multinational companies, operating across national borders, have become major players in the global economy. They not only bring wealth and innovation but also present new challenges and questions in the legal world. Amidst this complexity, multinational corporation laws play an important role in shaping and regulating the behavior of these corporations (Abdulkadir, 2002). These laws aim to strike a balance between promoting economic growth and protecting the interests of various stakeholders, including employees, consumers, and the environment. They provide guidelines for issues such as taxation, intellectual property rights, labor standards, and corporate governance, ensuring that multinational corporations operate ethically and responsibly in their global operations. Additionally, multinational corporation laws also facilitate international cooperation and harmonization of regulations to foster a fair and competitive global business environment. Within this framework, this essay will examine the processes of regulation and current problems that international organizations confront. Its primary focus is on how corporate law adjusts to the quick changes brought about by globalization and how decisions and actions made by corporations are impacted by legal concerns that develop in the setting of international relations.

The legal development of multinational corporations has been an important topic because these companies can have a significant impact on the economy, society, and environment in different countries around the world. Diverse regulations and the complexity of international law present challenges in maintaining integrity, fairness, and accountability in corporate actions. This article will also highlight contemporary issues in the context of international relations that influence corporate actions, including issues of human rights, the environment, and international trade policy. Debates around corporate social responsibility

will also be an integral part of this analysis. In order to respond to these challenges, this paper will also look at efforts to address emerging legal issues, including evolving principles of international law and frameworks for international cooperation. Sanctions, peace, and dispute resolution mechanisms will be part of this discussion.

By delving deeper into the legal dynamics of multinational corporations in an era of globalization, we can understand how international corporations navigate their lawsuits, ethics, and social responsibility. It is essential to create a business environment that is more fair, sustainable, and compliant with international standards in the context of increasingly integrated international relations. The main objective of the study is to analyze the role of multinational corporation law in creating a more just and sustainable global business environment, as well as explain social responsibility towards communities in various countries.

RESEARCH METHOD

An integrative and comprehensive strategy will be used in this article's research methodology. The research technique strategy that was employed is as follows: Analysis of Comparative Law: To comprehend the distinctions and resemblances in the legal policies of a global company, compare the laws of several pertinent jurisdictions. This will assist in determining the difficulties faced by businesses operating internationally. Document Analysis: To determine how changes in legislation will affect business practices, gather and examine pertinent legal documents, rules, international agreements, and corporate reports. Examination of International Relations Theory and Legal Theory: applying a theoretical framework to examine these matters from the perspectives of international relations and law. Review of the Literature: To acquire a firm grasp of the study subject, important ideas, and prior findings in this area, do an extensive literature survey. In the context of globalization and international relations, the multidisciplinary approach and variety of approaches will aid in offering a thorough overview of the legal difficulties of the multinational organization. Furthermore, it will enable the study to address the well-posed research questions in the introduction.

RESULT AND DISCUSSION

The Legal role of MNCs in creating a more equitable and sustainable global business environment

A multinational corporation (MNC), also known as a multinational corporation, is a business entity that operates in more than one country and has significant economic activity in various international markets. According to (Held, 2004) global markets exist because there is a significant level in the exchange of goods or services regulated at the level between regions, where when trade barriers, whether in the form of transportation costs or protection decrease, and foreign producers from one region can compete with domestic producers in another country.

Held proposed an indicator of globalization by using the extensivity of world trade to refer to the orderly flow of intercontinental trade (Held, 2004). Data for trade between geographic blocs provide a means of assessing whether there is a tendency to see whether it is regionalization or globalization. Regionalization refers to the evolution of markets for traded goods involving geographically adjacent economies, and the level of intensity of such trade is much greater than for trade with other countries. MNCs often have branch offices, subsidiaries, or production facilities in several countries. They may also supply products or services to foreign markets or participate in global supply chains.

Multinational corporations (MNCs) are important transnational agents in the contemporary global political economy (Risse-Kappen, 1995). They both conclude that a country's political culture and its state and society relations have an influence that determines the extent to which MNCs can have access. Both political culture and state-society relations are important aspects of domestic structure (Risse-Kappen, 1995).

Clark and Chan's exposé supports the Risse-Kappen hypothesis of the relationship between state power and transnational access. In general, the framework presented by Clark and Chan makes it clear that multinationals have more limited access in state-dominated systems. This view applies to the comparison of India and South Korea, on the one hand, with Hong Kong and the Philippines, on the other. However, if powerful countries are willing to allow access voluntarily, Risse-Kappen estimates that the impact of transnational actors could be substantial. This context, describes the situation in Singapore where MNCs play a much larger role than elsewhere in Asia (Risse-Kappen, 1995).

International Operations: MNCs actively conduct business in nations other than their own. Sales of goods, production, services, and investments in nearby companies might all fall under this category. Global Presence: MNCs typically have a large number of branches or subsidiaries spread across several nations, giving them a strong global presence. They are able to work in many areas and continents. Diversification: Multinational corporations frequently own a varied range of products or companies across many industries. Multinational companies (MNCs) operate in various sectors such as consumer goods, manufacturing, technology, finance, and energy. They can decentralize management or centralize it at their global headquarters. Their main goal is to find operational efficiency and profit, which can influence the politics and economy of the countries they operate in. MNCs can attract investment, create jobs, and boost economic growth. They are often involved in worldwide supply chains, relying on suppliers and partners in other countries for product production and marketing. Worldwide Supply Chains: Multinational companies (MNCs) are often involved in worldwide supply chains, meaning that in order to produce and market their products, they have to depend on suppliers and partners in other countries. Social and Environmental Responsibility: MNCs' social and environmental impact as well as their corporate social responsibility (CSR) are being scrutinized more widely worldwide. Strict moral and environmental rules are expected of them. MNCs have the power to increase jobs and the global economy, but they may also bring challenges like labor unions, resource exploitation, and considerable political power. Because of this, strict regulations and processes are usually put in place to keep an eye on MNC activities and ensure that they do business globally in an equitable and sustainable manner.

The legal role of Multinational Corporation in creating a more equitable and sustainable global business environment has been the focus of attention of many experts and literature sources. The following listed some legal theories and relevant literature sources: Human Rights Law Theory: John Ruggie is one of the leading experts in integrating human rights into business activities and the role of the Multinational Corporation in respecting and protecting human rights. Literature Source: The "Guiding Principles on Business and Human Rights" report prepared by John Ruggie for the United Nations is a key document that addresses the responsibility of the Multinational Corporation to human rights.

Environmental Law Theory: Joseph Sax, an expert on environmental law, has made major contributions in understanding the way law can be used to protect the environment from the impact of a Multinational Corporation. The book "Defending the Environment: Civil Society Strategies to Enforce International Environmental Law" by Joseph Sax discusses the role of law in environmental protection from a global perspective.

Theory of International Business Law: Gary P. Sampson and Andrew Guzman are experts in international business law who discuss the role of Multinational Corporations in international trade. "Economic Perspectives on the Internet" by Andrew Guzman and "The Role of the World Trade Organization in Global Governance" by Gary P. Sampson are some of the works that discuss international business law.

Theory of Contract Law: R. Macneil is an expert in contract law who has developed a relevant theory of relational contracts in the context of agreements between a Multinational Corporation and its business partners. Literary Source: The book "Contracts: Exchange Transactions and Relations" by Ian R. Macneil discusses the concept of relational contracts. Human rights activists such as Kumi Naidoo, Michelle Bachelet, and Mary Robinson have played an important role in promoting the responsibility of the Multinational Corporation towards human rights. Literature Source: Speeches and reports published by human rights organizations such as Amnesty International, Human Rights Watch, and OHCHR often reflect the views and thoughts of these activists. These sources of literature and views provide valuable insight into how Multinational Corporation law affects a more just and sustainable global business environment. They reflect a diversity of approaches and perspectives in understanding the role of law in the context of companies across national borders.

Legal theories relevant to understanding the legal role of Multinational Corporations in creating a more just and sustainable global business environment include several legal theory approaches that can be applied in this context (Abdulkadir, 2002): *Environmental Law Theory*, this theory emphasizes the need for environmental protection in the legal system. It involves the development of regulations and laws governing the environmental impact of the company's activities. This theory underscores the importance of law in ensuring that multinational corporations are held accountable for the environmental consequences of their business activities. *Human Rights Law Theory*, this theory emphasizes the importance of protecting human rights in the context of company operations. The law must ensure that companies do not violate human rights in their efforts to seek profit. These include workers' rights, local community rights, and other individual rights. *Contract Law Theory*, contract law theory talks about the importance of contract fulfillment in business relationships. In this context, companies must abide by the agreements and contracts they make, including contract related to corporate social responsibility and environmental issues. *International Law Theory*, in the context of Multinational Corporation law, international law is highly relevant. These include international agreements governing trade, investment, and environmental issues. This theory emphasizes the need for international cooperation in addressing global problems. *Theory of International Trade Law*, this theory covers the role of law in regulating international trade and protecting the interests of developing countries. In this context, Multinational Corporation law must consider the impact of international trade on social and environmental justice. *CSR Legal Theory*, this theory focuses on corporate social responsibility in a legal context. This includes the development of regulations that encourage companies to fulfill their social responsibilities towards society and the environment. *Legal Theory of Sustainable Development*, this theory emphasizes the importance of sustainable development in a legal context. The law must ensure that economic growth and development do not damage the environment and society.

In practice, the combination of these various theories can help formulate a more holistic and effective legal approach in addressing the challenges faced by multinational corporations in creating a more equitable and sustainable global business environment. In addition, this approach can help in the development of better regulations to guide corporate actions and ensure that they operate in a manner that is in accordance with the values of fairness and sustainability (Arief, 2019).

The discussion of the legal role of multinational corporations in creating a more equitable and sustainable global business environment involves an in-depth understanding of the challenges and opportunities faced in the era of globalization. Here are some important aspects to note (Lubis, 2009):

First, Corporate Social and Environmental Responsibility (CSER): One of the legal roles of a Multinational Corporation is to ensure that these companies comply with the principles of Corporate Social and Environmental Responsibility (CSER). The law can require companies to contribute to the sustainability of the environment and local communities, as well as respect human rights. This includes environmental management, worker protection, and contribution to social development (Pratama, 2018). *Second*, Environmental Regulation: The laws of a Multinational Corporation must take into account the environmental regulations applicable in the various jurisdictions in which the company operates. This can include requirements related to emissions, waste, nature protection, and other environmental responsibilities. Corporate law must provide incentives to companies to operate in an environmentally friendly way (Arief, 2019). *Third*, Fairness in International Trade: International trade agreements and investment agreements can play a large role in shaping corporate behavior. Fair and balanced international law can help developing countries benefit from global trade relations (Siswanto, 2004). *Fourth*, Social Justice: Multinational Corporation law must also take into account the social impact of a company's operations. This includes the protection of workers' rights, a fairer distribution of economic benefits, and the promotion of social equality in the communities surrounding the company's operations (Lubis, 2009). *Fifth*, International Cooperation: Cooperation between countries in regulating the behavior of the Multinational Corporation is very important. International agreements such as the Paris Agreement on Climate Change are examples of how countries work together to address common environmental challenges (Arief, 2019). *Sixth*, Sanctions and Enforcement: The law should also provide a means to sanction companies that violate environmental regulations, human rights, or other CSR principles. This includes penalties, fines, and prosecution if necessary (Hikmah, 2021). *Seventh*, Transparency and Reporting: The law should encourage transparency in the reporting of corporate activities, including reports on environmental and social impacts. This allows stakeholders to assess the company's performance in terms of sustainability (Adam, 2012). *Eighth*, Education and Awareness: Law can also support education and awareness about sustainability issues in business and society. This education can shape consumer behavior and more sustainable decision-making (Adam, 2012).

Overall, the legal role of Multinational Corporation is critical in creating a more equitable and sustainable global business environment. Corporate law must strike a balance between business interests and environmental sustainability and social justice. This is a complex challenge, and the solution lies in the careful and effective development and application of the law.

MNCs Companies in Handling their Social Responsibility to Society in Various Countries

Multinational Corporations and their social responsibility towards society in different countries is a topic that has attracted the attention of many experts and authors. Here are some expert theories and relevant literature sources:

- **Stakeholder Theory and CSR:** Expert: Edward Freeman is one of the leading experts in stakeholder theory, which argues that companies have responsibilities to various stakeholder groups, including communities in the countries in which they operate.

Literature Source: The book "Strategic Management: A Stakeholder Approach" by Edward Freeman and the book "Corporate Responsibility and Stakeholder Management" by Archie B. Carroll are relevant literature sources.

- Sustainable Development Theory: Expert: Jeffrey Sachs is an expert in sustainable development who stresses the need for Multinational Corporations to contribute to sustainable economic and social development in the countries in which they operate. "The End of Poverty: Economic Possibilities for Our Time" by Jeffrey Sachs is one of the books on sustainable development.
- Human Rights Approach: Expert: John Ruggie, mentioned earlier, is an expert in human rights and business. Its approach considers corporate responsibility towards human rights as an important part of their CSR. Literature Source: The report "Guiding Principles on Business and Human Rights" compiled by John Ruggie for the United Nations is the primary source that discusses the relationship between corporations-Multinational Corporations and human rights.
- Fair Trade Theory: Expert: Amartya Sen is an economist who has promoted the idea of fairer trade in a global context. His theory underscores the importance of a more equitable distribution of global economic benefits. Literature Source: Amartya Sen's "Development as Freedom" is one of the main works that discusses the concept of development centered on freedom and justice.
- Environmental Sustainability Theory: Expert: Paul Hawken is an environmental activist who advocates for the role of corporations in protecting the environment and contributing to the sustainability of the planet. The book "The Ecology of Commerce: A Declaration of Sustainability" by Paul Hawken discusses how companies can be a positive force in the environment.

The literature sources mentioned above cover various aspects of Multinational Corporation's social responsibility towards society and the environment in various countries. They provide insight into the diversity of approaches and thinking relevant in understanding the role of Multinational Corporations in the context of their social responsibility.

Indonesian legal experts' opinions on multinational corporations (MNCs) and their social responsibility towards society in different countries may vary depending on their viewpoint and emphasis. However, there are some common views often expressed by Indonesian legal experts regarding this issue (Abdulkadir, 2002).

International and National Legal Compliance: Indonesian legal experts often stress the importance of MNCs complying with international and national laws in the countries in which they operate. It covers environmental, human rights, labor, and tax laws. Legal experts generally argue that MNCs should be subject to regulation in the host country and respect the rights of local citizens. Legal Responsibility: Legal experts often highlight that MNCs have a legal responsibility for the social and environmental impacts of their operations. They can be tried and prosecuted if found to have violated the laws of the country used as a place of activity. Therefore, companies must understand the laws of each country in which they operate and comply with the laws of the local country.

Self-Regulation Obligations: Some legal experts may support the idea that MNCs should adopt voluntary CSR practices that exceed minimum legal requirements. They argue that this is a way to minimize legal risks and build a positive image in global markets. Transparency and Reporting Obligations: Indonesian legal experts often emphasize the importance of transparency in the reporting of CSR activities by MNCs. They may highlight the importance of MNC companies openly regarding the positive and negative impacts of their operations in different countries. Compliance with International Standards: Legal experts may encourage MNC companies to follow international standards such as the OECD

Guidelines for Multinationals, the UN Principles on Business and Human Rights, and the GRI (Global Reporting Initiative) Sustainability Reporting Principles.

Access to Justice for Victims of Negative Impacts: Legal experts may also highlight the importance of access to justice for individuals or communities negatively impacted by MNCs operations. They can support a system that allows victims to file charges if they feel their rights have been violated. This opinion of Indonesian legal experts reflects complex global issues related to the role and responsibility of MNC companies in society in various countries. In practice, various legal and ethical aspects play a role in shaping these companies' approach to their social responsibility at the international level.

A Multinational Corporation (MNC) is a company that operates in different countries and has a significant economic, social, and environmental impact. Corporate social and environmental responsibility (CSR) is a concept in which companies consider their impact on society and the environment, and strive to contribute positively to the communities in which they operate. Here are some ways Multinational Corporations handle their social responsibilities towards communities in various countries (Hikmah, 2021).

Environmental Policy: MNC companies often have strict environmental policies to minimize negative impacts on the environment. They might adopt environmentally friendly technologies, invest in renewable energy, and reduce carbon emissions. **Employee Policy:** MNC companies often have inclusive and fair employee programs. They might ensure that their workers have access to training and development, as well as a decent wage. They can also comply with international work standards, such as workers' rights and occupational safety. **Local Partnerships:** To support economic and social development in the countries in which they operate, MNC companies can partner with local governments and non-governmental organizations (NGOs). They can provide financial and technical support for community projects, such as education, health care, and infrastructure.

Transparency and CSR Reports: MNC companies often publish transparent CSR reports to share information about their impact and CSR efforts to stakeholders. This includes disclosures about environmental, social, and corporate governance practices. **Sustainable Product Development:** MNC companies can develop products and services that contribute to the solution of social or environmental problems. Examples are technology companies that produce renewable energy technologies or products that support global access to education. **Supply Chain Supervision:** MNC companies can ensure that their supply chains comply with high ethical and environmental standards. They can audit their suppliers to ensure that their practices are in line with the company's CSR values. **Legal and Regulatory Compliance:** MNC companies must comply with the laws and regulations of each country in which they operate. These include taxes, environment, and labor rights. Maintaining compliance is an important part of their social responsibility. **Involvement in Social Issues:** Some MNC companies are actively involved in addressing specific social issues, such as poverty, climate change, or inequality. They can contribute funds, resources, or expertise to address those issues.

It is important to note that the CSR approach of MNC companies can vary depending on the industry sector, company size, and policies of each company. However, more and more MNC companies are realizing that social responsibility is an integral part of sustainable business and can create long-term value for all their stakeholders, including communities in the various countries in which they operate (Hikmah, 2021).

CONCLUSION

Several conclusions may be drawn from the reasoning given above, including the following:

- **Regulatory Dynamics:** The opportunities and risks that international companies have while dealing with changes in regulations across different nations. The significance of MNC businesses comprehending and abiding by several national and international laws relevant to their activities may be emphasized.
- **Current Concerns:** List the challenges that multinational corporations are now dealing with in light of globalization. Concerns including human rights, environmental preservation, sound corporate governance, and the social effects of MNC activities may fall under this category.
- **International Relations Context:** The focus is on how multinational corporations function within the framework of more intricate and linked international relations. This might entail talking about how international and diplomatic talks govern the actions of multinational corporations.
- **Opportunities and Challenges:** The study may highlight the major obstacles multinational corporations (MNCs) have in fulfilling their social responsibilities in different nations as well as the chances they have to make a constructive contribution to the advancement of sustainable global development.
- **Comparison of International Law and Practice:** This section compares and contrasts various national laws, customs, and practices pertaining to multinational corporations and their corporate social responsibility (CSR) with the current international norms.
- **Legal and Policy Implications:** This section discusses how this research may effect changes to laws and regulations that might have an impact on how multinational corporations behave and carry out their social responsibilities.

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