


## Chapter 84

# Critical Analysis of the Influence of Transnational Capitalism on Institutions and Organizations

José G. Vargas-Hernández

 <https://orcid.org/0000-0003-0938-4197>

University of Guadalajara, Mexico

### ABSTRACT

*This chapter aims to analyze the development of capitalism and its influences on institutions and organizations from its beginnings to reach the highest stage in the processes of neoliberal economic globalization and the New Economy version with supports of information and communication technologies. In raising this development from a critical analysis, it examines the impacts and effects on individuals, communities and the nation state. Subsequently it is questioned the scope of the imposed transnational neoliberal capitalism model. Finally, it is concluded that it needs a cultural transformation for not accepting the forms of domination, power and alignment of globalizing capitalism and to reconstruct the identity of communities through individual action and asserting collective self-determination, independence and self-management. To a certain extent, this analysis finds that evolution and globalization support divergence more than convergence.*

### THE EMERGENCE OF CAPITALISM

The term capitalism carries an old history of human exploitation, and for a long time, in general, has been omitted from the speeches, although it is accepted the existence of a system that in fact is valid and current with important variations (Jay and Jay, 1986; Tormey, 2012). Weber (1978) defines the spirit of capitalism as the set of elements that inspire ethical entrepreneurs on their shares in favor of capital accumulation. Beginning from this argument, capitalism has embodied entrepreneurial ethical values establishing a new moral relationship between people in their work settings.

DOI: 10.4018/978-1-7998-2448-0.ch084

The phenomena of economic globalization, as any economic development have had an evolutionary process. Capitalism is an evolutionary process that is touted as an engine of economic progress and development. Economists such as Marx analyze the evolutionary process of capitalism using the dialectic method to describe the negative influences of the modern capitalist engine on labor relationships in industrial organizations created by the economic-based structures. The dialectic method in action used by Marx was used to explain economic relationships of methods of production. A thesis calls for the very opposite, the antithesis and from the struggle process between these two forces both are destroyed giving existence to a new synthesis.

Schumpeter analyzes the innovation and scientific advance supported by a continuous process of creative destruction as the result of technical and technological relationships among with institutional and organizational structures (Nelson, 1990). This continuous process of creative destruction is an in built in force of capitalism, representing the natural selection of institutions and organizations that is the survival of only those that are more fitted to the economic environment.

The evolutionary processes of capitalism have lasted several centuries and have been inherent in the processes of economic globalization, which in turn are the result of processes of capital accumulation. The two shock waves of capitalism inherent to imperialism, took place after the conquest of America and the Industrial Revolution (Amin, 2001). In this first phase of economic globalization a mercantilist system develops but it was opposed by the liberation forces of some colonies such as the British-American, and later the Spanish-Latin-American, the French-American and the Portuguese-Latin-American that defy the logic of production. Capitalism proclaiming freedom overcame unjust economic relations of feudalism but became the justification for the looting of the resources of the less developed peoples for the benefit of the colonial metropolis. The colonial legacy has marked the economic, political, social and cultural rights of colonized peoples giving rise to institutional and organizational relationships and sense of identity.

The Reformation represented a break in confusing ruling classes of their time with the feudal past that according to Weber laid the ideological foundation for the development of capitalism between the emerging bourgeoisie, large landowners and the monarchy that kept under control the threat represented by the poor farmers, the main victims of social transformations. The concurrent rise of capitalism with the phenomenon of modernity separates the political sphere from the economic one. From this alternative perspective, modernization was the wellspring of Western capitalism whose ideological forays into the world kept it in a constant delay.

However, the development of capitalism as an economic system has degraded social development, specifically among those who do not have capital and have to hire their work and also at macro level among colonial territories and less developed countries (Wallerstein, 2001; Thomas, 1980; Mooers, 1991; Grosfoguel & Cervantes-Rodríguez, 2002; Dietererich, 2002). The economic development of England was based on the thesis of classical political economy developed by the English Adam Smith, Thomas R. Malthus, David Ricardo and the Frenchman Jean Baptiste Say based savings, work and free trade. But the application of these theories is contradictory and incompatible with the systematic use of political, military and economic development in praxis of colonialism, exploitation of protectionism and barbarians (Dietererich, 2002).

The monarchy European feudalism in the eighteenth century is resisted and destroyed by capitalist production forms and illustrated movements of the nineteenth century (Wallerstein, 2001; Thomas, 1980; Mooers, 1991; Grosfoguel & Cervantes-Rodríguez, 2002 & Dietererich, 2002). The emergence of capitalism in the late eighteenth and early nineteenth century due to the use of new technologies such

15 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/critical-analysis-of-the-influence-of-transnational-capitalism-on-institutions-and-organizations/248853](http://www.igi-global.com/chapter/critical-analysis-of-the-influence-of-transnational-capitalism-on-institutions-and-organizations/248853)

## Related Content

---

### Is Share Ownership a Condition for the Voluntary Revelation of Human Capital?: Empiric Evidence From Mexican Trades

Ruth Leticia Hidalgo, Amada Hidalgo, Miguel Ángel Oropeza, Eleazar Villegas and Sofía Elizabeth Ávila (2020). *International Journal of Corporate Finance and Accounting* (pp. 21-36).

[www.irma-international.org/article/is-share-ownership-a-condition-for-the-voluntary-revelation-of-human-capital/258726](http://www.irma-international.org/article/is-share-ownership-a-condition-for-the-voluntary-revelation-of-human-capital/258726)

### Determinants of IFRS Compliance by Canadian Companies

Gaurav Kumar and Jagjit S. Saini (2016). *International Journal of Corporate Finance and Accounting* (pp. 42-57).

[www.irma-international.org/article/determinants-of-ifrs-compliance-by-canadian-companies/174420](http://www.irma-international.org/article/determinants-of-ifrs-compliance-by-canadian-companies/174420)

### Global Trends in Domestic savings and Longevity- Implications for India

Thilak Venkatesan and Venkataraman R (2019). *International Journal of Corporate Finance and Accounting* (pp. 18-27).

[www.irma-international.org/article/global-trends-in-domestic-savings-and-longevity--implications-for-india/234335](http://www.irma-international.org/article/global-trends-in-domestic-savings-and-longevity--implications-for-india/234335)

### Analyst Coverage and Corporate Governance of French IPOs

Benedicte Millet-Reyes (2018). *International Journal of Corporate Finance and Accounting* (pp. 22-36).

[www.irma-international.org/article/analyst-coverage-and-corporate-governance-of-french-ipos/208671](http://www.irma-international.org/article/analyst-coverage-and-corporate-governance-of-french-ipos/208671)

### Investigation into Loan Default Problems in Infrastructure, Real Estate, and Constructions Sectors facing the New Generation Private Sector Banks in India

Rituparna Das (2014). *Handbook of Research on Strategic Business Infrastructure Development and Contemporary Issues in Finance* (pp. 107-123).

[www.irma-international.org/chapter/investigation-into-loan-default-problems-in-infrastructure-real-estate-and-constructions-sectors-facing-the-new-generation-private-sector-banks-in-india/104282](http://www.irma-international.org/chapter/investigation-into-loan-default-problems-in-infrastructure-real-estate-and-constructions-sectors-facing-the-new-generation-private-sector-banks-in-india/104282)