

Columbia business environment

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According to (Walter, J. (2006), any business worthy its salt must carry out a business analysis audit before venturing into expansion plans. This often saves an organization time and resources which would be lost if the decision to expand or relocate business is not based on sound business practices. The case below analyses the business environment in Colombia, by addressing the political, cultural, economic, and domestic and industry analysis of the country.

Finally the paper gives a verdict based on the findings of the analysis which is basically a recommendation on the economic investment options for a business aiming at venturing into the Colombian market. Location. Colombia, neighbors Caribbean Sea, Panama, Venezuela, as well as North Pacific Ocean. With a population of about 40 million people, the country has a good domestic market. Colombia enjoys a mixture of climates such as coastal-tropic climate as well as in the eastern plains it also has cool highlands climate suitable for agricultural activities. Political environment

Major political parties currently include, Democratic Alliance, Liberal Party, Patriotic Union, and Social Conservative Party (Kline, & Harvey, 1985).

Political leaders include the president, Carlos Franco Echavarria, Antonio Navarro Wolff, Otty Patino, Carlos Alonso Lucio, Jose Fernando Bautista, Aida Abella and Dr. Eugenio Merlano de la Ossa. The country has democratic ties with the US and has an ambassador in the US as well as hosts an ambassador from the US. In terms of religion the people are largely Roman Catholics, which constitute over 90% of the population with other religions forming the 10 percent.

Currently the country is grappling with civil riots, poverty, lawlessness, depreciating currency as well as unstable political environment. The country has been faced with civil strife for the past 40 years something which has led to the displacement of over 200, 000 people internally (Amnesty International, 2002). Currently, the presidency is from right -wing and many pundits have predicted that, as long as he continues to favor socialist ideals, the long waited reforms especially those addressing the plight of the poor in Columbia will continue unresolved. Economic conditions.

The economy is predicted to grow at a rate of 6. 1 something attributable to stable domestic consumption as well as favorable private investment situation. In the year 2005 the GDP was 5. 13 and a 6. 1 growth this year is apposite indicator of a favorable economic environment. The best performing sectors are trade, infrastructure and industry. Columbia's GDP has been growing at a rate of 3. 1 to 3-6 in the last 3 years that is from the year 2004 to presently. Improved global economic environment is the reason behind a lot of economic activity being experienced in Colombia (Bagley, & Michael, 1987).

In addition, the domestic market is growing in a sharp contrast to the impoverished people. The growth rate can be termed as encouraging with the country experiencing strong and predictable exchange rates, as well as low and favorable interest rates. On top of the above, the credit conditions have improved significantly as compared to the situation in the 90's. Major economic sectors include textiles, oil exploration, beverages, chemicals,

cement; as well as minerals like gold, coal, and emeralds (Thoumi, Francisco 1987). Labor conditions.

The labor market in Colombia is ready and oversupplied. However major challenges lay ahead because of the deplorable labor movement conditions in that country. In a nut shell it is evident from the available literature that, labor organizations are non operational in Colombia, joining trade union is equitable to courting death something which has greatly affected the labor relations in the country. On top of that, employees' morale in the country is on an all-time low due to the fact that, the workers in that country do not have a strong bargaining power (Peeler, & John, 1976).

The situation becomes more complex due to the involvement of military groups which besides being armed, seem to operate undeterred by law enforcement agencies. There have been reported numerous abductions, threats and assassinations all directly related to labor issues something which calls for great planning on the side of a foreign company wishing to invest in Colombia. The above have had a negative effect on the economic environment of the country and have been the leading causes for investors shunning from investing in the country.

Besides the above named conditions of crime, there has been of late a wave of economic crime such as hijackings of shipments, ransom demand kidnappings, counterfeit goods trade, all of which have made production costs to go up due to high risks. Colombia is active in regional and international organizations such as UN, Andean community, the Rio group and OAS (Martz, & John, 1962). The country's political system is a democracy

of bicameral congress and independent executive as well as judiciary. The biggest political parties are the Liberal and Conservative currently the president is, Alvaro Uribe.

The people speak their ethnic languages of their respective ethnic groups but Spanish is the official and national language, such ethnic groups and languages include; Mestizo, Whites, Blacks, mulatto and Amerindian. The literacy level is very high with 91% of the population being literate which implies that skilled labor is readily available in the country. The people are known to be hospitable and rarely has there been reported animosity related to foreigners. Evidently, Colombia is not a politically stable country something which has resulted from continued guerrilla warfare as well as paramilitary activities.

Urban crime rate is very high as well as the insecurity conditions in the whole country. Corruption is reported to be very high couple with drug trafficking and all other manner of social crimes. It is correct to say that Columbia is one of the most unsafe places to invest in and therefore the business should postpone its expansion plans in Colombia and perhaps relocate to other neighboring countries with same strategic business advantages as Columbia but less risks and therefore operational costs..