

**Business  
organisations in a  
global context  
commerce essay**



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The process of strategic planning is not simple and easy one, it involves a lot of industry research and clear understanding of your market, your customers, your competitors, your team, your core competencies, the environment in which you are operating, changing parameter, your vision and mission etc. These are not easy question to answer as well as it's not a quick process. Effectively management of people can produce substantially enhanced economic performance. A plethora of terms have been used to describe such management practices: high commitment, high performance, high involvement, and so forth.

A social unit of people, systematically structured and managed to meet a need or to pursue collective goals on a continuing basis. All organizations have a management structure that determines relationships between functions and positions, and subdivides and delegates roles, responsibilities, and authority to carry out defined tasks. Organizations are open systems in that they affect and are affected by the environment beyond their boundaries.

Globalisation is a phenomena that is used to interact among different countries attempting to develop global economy. It is a process of connecting the world's markets and business with each other. It is basically a process by which different economies, cultures and societies are combined together by latest communication system. Globalisation has been defined by different experts at different places, according to an economist Harris (1993), " the increasing internationalisation of the production, distribution and marketing of goods and services is globalisation". Another definition of

globalisation is “ the functional integration of national economies within the circuits of industrial and financial capital”.(Rhodes, 1996).

### **The key differences between global business operations:-**

Businesses operate in a global context: even if they do not trade directly with other countries, they might be affected by a domestic shortage of skilled labour or may be subject to developments on the global financial markets. Globalization and international business as business terms are often used synonymously in casual conversation.

As economic pressures continue to abound, many corporations are looking within their organizations to determine how to improve operations and reduce costs. Cost constraints, efficiency gains and productivity measures are commonly sought to achieve this objective. It is no surprise that development of or improvement in an enterprise’s service delivery model is desired. Many companies have developed some aspect of shared services, and many more have embraced the outsourcing service delivery model as one lever to drive economic improvement. However, we believe there are plenty of opportunities remaining with respect to shared services in general along with some terrific opportunities for an emerging concept called “ global business services” to drive significant improvement and manage all service delivery model alternatives.

### **WHAT DO WE MEAN BY “ SHARED SERVICES?”**

A successful shared services model typically incorporates these concepts:

- Focused company resources

- Process ownership as a key characteristic
- Critical values of partnering, teamwork and adding value
- Effective leverage of tools and technology
- Accountability by specialists with service focus (internal and external)
- Strong communications and governance principles
- Centre of excellence and a company asset for developing talent
- Results that emphasize efficiently meeting customer requirements
- Focal point for company best practices

## **Responsibilities of organisations**

Importance of ethics in the business world is superlative and global. New trends and issues arise on a daily basis which may create an important burden to organizations and end consumers. Nowadays, the need for proper ethical behaviour within organizations has become crucial to avoid possible lawsuits. The public scandals of corporate malfeasance and misleading practices, have affected the public perception of many organizations. An organization's responsibilities are not limited to primary stakeholders. Although governmental bodies and regulatory agencies do not usually have ownership stakes in companies in free-market economies, they do play an active role in trying to ensure that organizations accept and meet their responsibilities to primary stakeholder groups. Organizations are accountable to these secondary stakeholders.

All companies, especially large corporations, have multiple stakeholders. One way of classifying stakeholder groups is to classify them as primary or secondary stakeholders. Primary stakeholders have some direct interest or stake in the organization. Secondary stakeholders, in contrast, are public or

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special interest groups that do not have a direct stake in the organization but are still affected by its operations.

The impact of external factors on organisations: There is a simple rhyme which goes:

Environment to each must be. All there is that isn't me.

You can see therefore that the business environment consists of all those things outside the business. The business needs to keep a watchful eye on the environment because it is continually changing. Key elements in the environment are:

1. Competition. Rival companies are continually changing what they have to offer. They may lower prices, bring out new products, engage in exciting new advertising campaigns, and a range of other activities.

2. Political factors. The action of government affects business and other organisations. Governments are continually changing the rules and the laws that affect business. This is illustrated by the way in which government rules affect schools. Simon Jenkins in an article in *The Sunday Times*, on 24 September 2006 illustrates this well when he wrote: ' This government tries to keep control of every school. Since coming to office its education department has issued 500 regulations, 350 policy targets, 175 efficiency targets, 700 notes of guidance, 17 plans and 26 separate incentive grant streams.'

3. Economic factors. The economy consists of businesses, individuals and government. The international economy consists of the economies of all the

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countries in the world. The economy consists of many markets – the market for goods, the market for services and the market for money are key parts of this. These markets determine the price that business has to pay for its resources such as labour, and raw materials. Businesses are continually affected by changes in the economy.

4. Social factors. Society is made up of all the people in a given area. It is important to be able to find out what the main trends are that are happening in society because these trends affect business. For example, changes in age patterns, such as the increasing numbers of older people in the population, determine which goods are popular. Then there are social trends which are affected by fashion – for example this year some goods will be ‘in’, whereas next year nobody or very few people will want to buy them.

5. Technological factors result from the development of new techniques, i. e. new types of products and new processes to make products. For example, recent years have seen a massive change in information technology which has transformed the way we run our lives. For example, today more than 90% of young people possess a mobile phone. ([www.acquaint.me.uk](http://www.acquaint.me.uk))

## **The impact of global factors on business organisations**

Businesses are affected by an external environment as much as they are affected by the competitors. Global factors influencing business are legal, political, social, technological and economic. Understanding of these factors is important while developing a business strategy.

a. Social factors – These factors are related to changes in social structures.

These factors provide insights into behaviour, tastes, and lifestyles patterns  
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of a population. Buying patterns are greatly influenced by the changes in the structure of the population, and in consumer lifestyles. Age, gender, etc all determine the buying patterns and understanding of such changes is critical for developing strategies which are in line with the market situations. In a global environment it is important that business strategies are designed keeping in mind the social and cultural differences that vary from country to country. Consumer religion, language, lifestyle patterns are all important information for successful business management.

b. Legal factors – These factors that influence business strategies are related to changes in government laws and regulations. For a successful business operation it is important that the businesses consider the legal issues involved in a particular situation and should have the capability to anticipate ways in which changes in laws will affect the way they must behave. Laws keep changing over a period of time. From the point of view of business it is important that they are aware of these changes in the areas of consumer protection legislation, environmental legislation, health & safety and employment law, etc.

c. Economic factors – These factors involve changes in the global economy. A rise in living standards would ultimately imply an increase in demand for products thereby, providing greater opportunities for businesses to make profits. An economy witnesses fluctuations in economic activities. This would imply that in case of a rise in economic activity the demand of the product will increase and hence the price will increase. In case of reduction in demand the prices will go down. Business strategies should be developed keeping in mind these fluctuations. Other economic changes that affect <https://assignbuster.com/business-organisations-in-a-global-context-commerce-essay/>

business include changes in the interest rate, wage rates, and the rate of inflation. In case of low interest rates and increase in demand Businesses will be encouraged to expand and take risks. Therefore, business strategies should have room for such fluctuations.

d. Political factors - This refers to the changes in government and government policies. Political factors greatly influence the operation of business. This has gained significant importance off late. For example: companies operating in the European Union have to adopt directives and regulations created by the EU. The political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses. Business must consider the stability of the political environment, government's policy on the economy etc

e. Technological factors - These factors greatly influence business strategies as they provide opportunities for businesses to adopt new innovations, and inventions. This helps the business to reduce costs and develop new products. With the advent of modern communication technologies, technological factors have gained great impetus in the business arena. . Huge volumes of information can be securely shared by means of databases thereby enabling vast cost reductions, and improvements in service.

Organisations need to consider the latest relevant technological advancements for their business and to stay competitive. Technology helps business to gain competitive advantage, and is a major driver of globalization. While designing the business strategies firms must consider if use of technology will allow the firm to manufacture products and services at a lower cost. Firms can select new modes of distributions with the help of <https://assignbuster.com/business-organisations-in-a-global-context-commerce-essay/>



technology. It has become easier for companies to communicate with their customer in any part of the world. (<http://www.businessteacher.org.uk>)

## **Strategies employed by organisations operating globally**

**Operations strategy is the development of a long-term plan for using the major resources of the firm for a high degree of compatibility between these resources and the firm long term corporate strategy. Operations strategy addresses very broad questions about how these major resources should be configured to achieve the desired corporate objectives. Some of the major long-term issues addressed in operations strategy include:**

- How large do we make our facilities?**
- What type of processes do we install to make the products or provide services?**
- What will our supply chain look like?**
- What will be the nature of our workforce?**
- How do we ensure quality?**

**([http://highered.mcgraw-hill.com/sites/dl/free/0070922837/158533/sample\\_ch2.pdf](http://highered.mcgraw-hill.com/sites/dl/free/0070922837/158533/sample_ch2.pdf)).**

## **Managing culture, society and economy challenges**

Companies move to other countries to expand their business and to increase the profits. When companies do move to other countries they face different challenges like meeting local customers demands, understanding the rules or regulations of local government, language problems etc. If we sum up these problems generally there are three main problems in moving business to overseas countries which are social, cultural and economic factors. <https://assignbuster.com/business-organisations-in-a-global-context-commerce-essay/>

Companies do have to understand the culture of the country so that they can run their business properly. They have to understand their social customs and economy of the country. For example McDonalds, KFC or Subway, these companies have operations all over the world. They sale poultry, pork and meat products. Now expanding their business to Asian countries, they first get knowledge about their social, cultural and economy factory. Taking example of Muslim countries, when these three companies moved to Muslims countries they cannot sell Pork or Non-Halal products in Muslim countries because it is against their cultural values or religious values. So they do sell Halal products to these countries and avoid selling of Pork. This shows that companies have to change themselves according to local culture and social life to do good business in other countries. Also they do offer prices according to local economy or purchasing power of customers. They cannot apply the same prices both in US, UK, India and Pakistan because the economic condition of all these countries is different.

## **Conclusion**

There is no doubt that with the progress in globalisation living standard of people in many countries has improved but there is also no denial to the fact that most of benefits are being gained by developed countries. They are exploiting the rights of developing countries in the name of globalisation. The income gap between developed countries and developing countries has been increased which is a matter of concern. Through globalisation many companies have also gained benefits especially multinational companies and big companies. They are getting huge profits through globalisation. But they

are also exploiting people's right to some extent, like they are not giving the same pays to developing and developed countries.