The oxford learner

The Oxford learner's dictionary defines global operations as those undertaken in relation to the whole world. It is when national economies are merging into interdependent and integrated global systems in the process termed as globalization (Charles 2011, p. #).

When a company becomes global, (multinational), this corporation enterprise manages production in different nations, and is sometimes termed as a global firm. ILO has defined an international corporation as a corporation that has its management in the mother company and operates in several other countries, called subsidiaries (Collins & Block 2007, p. #). In most cases, multinationals source their resources from the country where their mother company is in case of a subsidiary.

Globalized firms have been classified into four classes, namely: centralized corporations, businesses that depend on their mother companies, decentralized, and the combination of the above three features (Haak & Hilpert 2003, p. #).

Good examples of global companies include Coca-Cola, GE, Delloite, Price House, Water Coppers among many others. In Germany, we have Audi, an automobile firm, Bayer and Atlanta, both pharmaceutical companies, Allianz, a financial institution and Nivea, cosmetics company just to mention a few. Regionalist and Forneti in the food industry, Genesis and Panergy in electricity and energy sector in Hungary.

According to a survey carried out by Price (2006, p. #), by the year 2007, there were 280, 000 foreign companies in China. A company must form a partnership with a Chinese firm to be able to operate in China. What China can gain technologically is what determines whether a company is to be allowed in or not.

It is extremely beneficial to open business in China because of its large and skilled labour force. For the past five years, China has awarded more than 236, 980 PHDs and the number is expected to ouble in the next 10 years (Collins & Block 2007, p. #)

Chinese government commitment to international development is shown by the friendly atmosphere it accords firms seeking to enter its markets. There is a tax incentive for foreign investor who intends or who already established in running an innovative, high technologically oriented business. This encouragement helps to curb increasing level of environmental pollution. This is in accordance with China’s vision of going green by the year 2017.

Cultural diversity is one of the factors that are most apparent when one talks about China. Cultural differences can be used for a competitive edge. These are goal-driven people and, in most cases, they thrive to succeed. They make excellent management team. This is a situation of killing two birds with one stone.

Work ethics is a virtue inculcated in the Chinese labour market. Mike (2007, p. #) argues that sound business ethics has promoted professionalism and attainment of objectives in western China. Together with high organization inherent in workers, Chinese corporate work is expanding.

In December 2001, China committed to reducing tariffs across the board and importantly for foreign firms, it agreed to a number of measures to liberalise the service sector that should increase market access and increase China’s global integration by becoming a market, as well as destination for off shoring low-cost production (Yuel 2011, p. #).

Restrictions laws previously laid governing financial institutions and markets are lifted. These institutions are now enjoying a free market, and there is adequate capital for funding new entrants that may want to expand their operations.

Some reasons why companies go international include search for markets for growth, employees, resources, diversification of risks and ideas. Introduction of new products for international coonsumer expands a company's customer profile, sales volume and receipts. For example, after GE (General Electric) exhausted the German market, it expanded its operations to China in 1926 and, subsequently, its sales volume and profits enhanced.

Murphy (2011, p. #) argues that some companies go international to overcome challenges brought about by business cycle. Business cycle is the constant fluctuations of business activities over time. These cycles are the development, expansion, maturity and recession stages.

Companies embrace globalization to find alternative sources of labour. Some companies decide to go international for lower-cost manufacturing, better technology facilitation and other incentives in order to attain some degree of competitive edge.

Some companies go international to look for resources that cannot be found in their home markets, or that can be obtained at a cheaper price in another country.

Going international enlarges workforce and gets hold of new ideas. A workforce comprising of different education systems and cultural differences can bring better ideas and concepts aboard. For example, IBM actively recruits employees from different backgrounds, because it believes that with a competitive edge comes innovation and benefits for customers.

Some companies go international to diversify systematic risks. Selling products and services at the global market reduces the company's exposure to economic and political risks in a single country. Diversification of risk enhances the value of the firm. It is a function of its financial return (Sidney 1979, p. #).

Recently, Commerce Department of statistics in the U. S shows that the rate of employment at subsidiary companies in China to firms in the U. S has grown from $729, 000 in 2006 to $11, 900, 000 in 2008. Over those two years, local employment by the same companies declined from $21, 600, 000 to $21, 500, 000.