

# [Global management practices with a focus economics essay](https://assignbuster.com/global-management-practices-with-a-focus-economics-essay/)

[Economics](https://assignbuster.com/essay-subjects/economics/)

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## Globalization and country management Practices

## Executive Summary

The objective of this report is to identify management practices and global operations in an effort to realize a business environment to carry out business with New Zealand. This paper presents an analysis of China’s cultural and organization behavior in the corporate world, focusing on strategies employed to run successfully and maintain a title as the World’s second largest economy. China, also called the People’s Republic of China, is the most populous nation in the world with about 1. 4 billion people. The country’s politics scopes around its socialist, communist and authoritarian characteristics that have been narrowed down to socialism with Chinese characteristics. In fact, majority of the public (about 86%) give positive comments about the country’s leadership. As such, the country is stable politically to invest and run a business in the foreseeable future. Today, it is the world’s second largest economy in total gross domestic product (nominal) as well as PPP. Technologically, the country prides as a techno-nationalism that has advanced to be among the top world technological powers. The country spends over 100 billion dollars on scientific research and technological development. China in general presents a favorable investment destination for investors. Other than a few unfavorable indicators in politics and congestion, in the transport sector, international companies in the country might pose stiff competition. Globalization has been pictured to set the pace of international business trades. In this effort, the interests of the stakeholders need to be fulfilled. The industry consists of a number of stakeholders such as the customers, staff, owners, and the community that the management has to serve in different ways.

## Introduction

The objective of this report is to identify management practices and global operations in an effort to realize a business environment to carry out business with New Zealand. Therefore, this paper presents an analysis of China’s cultural and organization behavior in the corporate world focusing on strategies employed to run successfully and maintain a title as the World’s second largest economy.

## Country Overview

China, also called the People’s Republic of China, is the most populous nation in the world with about 1. 4 billion people. Its population is proportional to the products and services it produces. Its location in in East Asia makes it the second largest country in land coverage as well as the third largest in terms of the total area in the world. History of China confirms the country is increasingly changing in politically, technologically, socially and legally with significant global impacts (Delmas 2002). The country’s politics scopes around its socialist, communist and authoritarian characteristics that have been narrowed down to socialism with Chinese characteristics. The ruling party is the Communist Party of China whose power is restricted to the Constitution of China. A sense of democracy exists in the political system as there are other parties that are allowed to content in national elections. The country’s politics scopes around fighting corruption and ending unnecessary bureaucracies that help reduce the gap between the rich and poor. The trend in democratization of and liberation has improved since 1970s. In fact, majority of the public (about 86%) give positive comments about the country’s leadership. As such, the country is stable politically to invest and run a business in the foreseeable future. In the economic spectra, China has experienced rough and smooth economic fluctuations until 1978 when economic reforms were endorsed. Today, it is the world’s second largest economy in total gross domestic product (nominal) as well as PPP. Two largest economic industries are textile and mining, followed by energy (electricity) production (WorldSavvy 2013). China’s economy consists of a mixture of socialism and capitalism with its trend inclining to a free-market state. However, the government owns all the land and for one gets a lease to occupy land, not to mention of the exception of commercial law. The investors enjoy cheap human labor and construction costs, favored with a well-connected transportation system that transports over 50% of the population by railroad and over 39% by freight. According to statistics compiled by forex trading company from the national bureau of statistics of China, the country is expected to have positive economic improvement for the next two years (as shown below). Political reforms since 1970s have been significant in commanding social controls in China. China’s constitution safeguards people’s right of freedom, press, fair trial as well as religion among others. Technologically, the country prides as a techno-nationalism that has advanced to be among the top world technological powers. From the education system, graduates and companies reveals the significance of science and technology in the country. In fact, the country spends over 100 billion dollars on scientific research and technological development. People’s Republic of China prides in having technological companies such as Huawei and Lenovo that have a large command in the telecommunication industry worldwide. The telecommunication industry is highly developed in the country with average internet connection reaching 100. 9 kbit/s as at 2011 with users increasing about 10% every year (WorldSavvy 2013). The country is endowed with the best network of expressways that mark the transport system in the country. In the year 2012, the country was recognized as the biggest constructor of airports, not to mention of the dominant high speed rail network and bus systems. However, the country’s large population experiences congestion especially during holidays. China in general presents a favorable investment destination for investors. The most booming industries are mining, telecommunication and energy among others. Other than the three investment option, China is an increasingly growing economy with a large domestic market. Other than a few unfavorable indicators in politics and congestion, in the transport sector, international companies in the country might pose stiff competition.

## Globalization and Country Management Practices

Globalization has been pictured to set the pace of international business trades. In this effort, the interests of the stakeholders need to be fulfilled. The industry consists of a number of stakeholders such as the customers, staff, owners, and the community that the management has to serve in different ways. As such, it is critical to undertake effective management practices that observe the ethical principles and the environment while enhancing the country’s technological, social and political endeavors. In this context, the company management needs to undertake its business in accordance with the legal systems and suit the social, political and economic areas of China. Market and legal systems affect the company’s operations. In some regions of the world, there are manifestations of a free market, which facilitate the transactions of the company. There is an optimal mix of the company products facilitated by the availability of information in the market. There are also some competitive market systems that the company ventures in that has negative externalities, which is referred to the cost that the company incur due to people who assume by perceiving them as bystanders suffering from effects of pollution (Delmas 2002). The company experiences some few barriers in the entry to some markets. The barriers include the state sponsored system dispute in which there is an establishment of legal rules. There are areas where there is no reliable infrastructure to facilitate the movement of goods. Political risks in the countries in which the company operates affect the operations of the company. According to Oil and Gas financial journal, a Company wishing to invest in another country is subject to termination of foreign contract or there being conditions that prevent the company from performing under certain conditions in the contract. The company may have a sales contract with a foreign company and thus making the investment company to be subject to that the foreign government laws. According to King & Lenox (2000), these laws may sometime affect the functionality of the company. The company is also subject to restrictions in the foreign country if it enacts currency restrictions that prevent the conversion of currency. This would lead the company to incur losses since their earnings would be in a form that they could not be fully utilized internationally. Therefore, it would be a risk if there would be a chance of not converting local currency to China Renminbi (Yuan). The other risk involves unlawful confiscation of the company’s assets in the foreign countries. The management practices determine the code of conduct for the employees. This involves the buying and selling of products and services and having the transaction for indexing developers with reporting data. This calls for employees to conduct business in accordance to the laws, regulations, and rules. This also includes the business ethics, honest as a code of conduct and Ethic code. The investment company should holds a certificate acquired from the Chinese Government Commission permitting the operation of business as articulated in the articles of association and memorandum of agreement within China. There is an accurate way of submitting the reports of transactions in order to avoid the misleading information (The World Bank Group 2001). Global management practices also involve the investment in the society in order to deliver mutual benefit in the society. According to Chevron (2007), this also involves working in order to create a better future. The company together with the aid agencies and other nongovernmental organizations focus on the local needs and the ways of satisfying them. The company is investing in support programs in order to create substantial employment opportunities. This is aimed at promoting the economic development and improving the living standards of the people. The company also facilitates the improvement in the access of quality health care systems. The company also promotes education and vocational training for the community thriving (2011). Corruption is the abuse of office, position for private gain and to the extent of political or commercial gain. Today, corruption in the international business world is of increasing concern as corresponds to the rate of the spotlight and revealing of nations involved in such scandals. Corruption in this context is commercial corruption; however, it touches on political corruption (influence). These two types of corruption give the reasons why there is increasing corruption (Argandona 2010). Commercial corruption deals with the bribery in business transactions for money as well as information on upcoming deals to investors. Unfortunately, a culture of corruption nurtures a generation and society with devastating societal and environmental complications. As such, the Aid money is likely to end in the wrong pockets. Corporate and international business corruption is of increasing concern from federal prosecutors. With the key players of international business, the World Bank and Multinational Corporations have led to increasing globalization. As such, globalization has made it quite impossible to differentiate between national and international businesses thus one fails to know which policies, laws, regulation and rules apply. This is also facilitates the interdependence of the world with instant electronic communications. As such, global management practices will involve nurturing a system of political will that considers social behavior; values will be a major achievement in this endeavor. Through political will, the World Bank will easily give a hand to member countries in an effort to provide diagnostic review to corruption problems. As such, this will assist in analyzing the extent of corruption and underground activities and recognition of probable socio-cultural and political impediments. The move to train staff on identify suspicious corrupt business transaction is fundamental in this endeavor. The use of electronic scanning for the transaction will act as evidence and investigation portfolio for corrupt business deals. Today banks across the globe have come in agreement to exchange relevant information upon request that increases transparency and calls for accountability. Globalization makes this possible through instant exchange of information. Ethics is an important component of in global management practice arena. Global business ethics in China will ensure that the products and services are in line with the consumers’ culture, needs and preferences. This will also include being a global corporate that undertakes business within the desires of global stakeholders in a way that is philanthropically, ethically, legally and economically responsible. From land acquisition, legal procedures, production activities up to dumping of waste products should be in an environmental friendly.

## Conclusion

Global management practice seeks to satisfy various stakeholders that associate with the company. However, the operations that are aimed to facilitate these transactions of satisfying the stakeholder are sometimes difficult internationally (King & Lenox 2000). This is because of the challenges, which are involved in doing business in those foreign countries. As such, these challenges are legal issues that affect the operation of the Company.