

Applying concepts

Business



APPLYING CONCEPTS The economic aspect of outsourcing and offshoring in regard to United States foreign policies is raising a lot of debate. The increasing influx of Chinese firms to operate in United States is at the centre of this discussion. The question has been whether United States is gaining from Chinese foreign direct investment. This requires in-depth and critical analysis of economic concepts surrounding outsourcing in regard to contemporary business management and success. It is also important to view this concept from the political relations between China and United States. To address this question, managerial economic concepts and socio-political tools need to be taken into consideration.

From the video Can the U. S. Maximize the Benefits of Chinese Foreign Direct Investment? It is evident that Chinese companies operation in United States has proved to be economically beneficial to the locals and the national economic performance at large. The firms like offer employment opportunities to the United States citizens and this has helped reduce unemployment rate with significant boost in overall national income level (Moran, 2013). Comparative wage rate between China and United States indicates significant gap with the later having higher rate and more skilled personnel. It is therefore economically feasible to the United States allow Chinese firms operate locally and offer minimum wage rate. This reflects outsourcing of jobs that has seen states like South Carolina boast higher employment level. It is also important to note that United States do not experience exploitation as most of the Chinese firms outsource other factor input from other countries with value creation activity as the central activity in United States.

The socio-political framework of the United States is strongly hinged on <https://assignbuster.com/applying-concepts/>

American way of doing things including workplace practices and that has placed them at vantage point. Take the case of Haier which was compelled to hire an American executive manager in an effort to effect America-style human resource practices. This means that United States have substantial participation in the Chinese foreign direct investment entities hence increased gain to the local economy. United States firms have a competitive edge against other multinationals of foreign origin and for China to penetrate and establish its production plants, there is increased level of productivity and revival of dead industries. The case study of Top-Eastern Group which specializes in making drill bits gives a picture of gains made so far by local industries and reabsorption of previously laid off workers. Since global consumer behavior show a trend of greater preference to made- in United States products, export of the Chinese owned, American made products boosts the competitive rating of United States products (Moran, 2013). The political foreign relations between the communist China and capitalist United States stands better chances of improving with significant bilateral trade agreements. This has been evident in the hospitable and courteous welcome of Chinese firms by North Carolina people and increased co-operation between the two nationalities.

Foreign direct investment by China to United States has helped in reducing loss of skilled personnel to other nations as they get acceptable wages. Since United States and China do not have military co-operation, high local participation helps in keeping this gap hence sustaining the political and economic interaction of the two states (Moran, 2013). This has been boosted by United States patriotic observance and portrayal of their allegiance to the national flag that must always fly high even in foreign owed firms. Improved <https://assignbuster.com/applying-concepts/>

regulations like reduced tax and friendly foreign policies are likely to open more job opportunity to United States citizens from offshoring and outsourcing brought in by increased Chinese firms investment.

Reference

Moran, T. H. (2013). Foreign direct investment in the United States: Benefits, suspicions, and risks with special attention to FDI from China.