

Responsibilities of organisations operating globally business essay

[Business](#)



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INTRODUCTION

Over the past few years, the rate of growth of businesses in a region has been faster than the rate of growth of output round the world as a whole. Almost all countries in the world are becoming ever more integrated with the world economy. This process is called globalisation. Globalisation could mean for example that: most of the cloths we buy are made abroad; a country buys financial and legal services from other country etc Globalisation has many effects upon businesses/organisation throughout the world. The impact of globalisation has not been evenly spread. Some businesses have witnesses' dramatic changes because of globalisation of the organisation. This report explains the knowledge of issues Arik Air is facing in operating in global context and review of the issues currently impacting on its

businesses. Arik air is an Airline company situated in Nigeria need to acquire another airline in United Kingdom which proposed to be called Arik Air UK and be a global organisation

1. 1 ANALYSES OF THE KEY DIFFERENCES BETWEEN ORGANISATIONS WORKING IN DIFFERENT SECTORS, INDUSTRIES AND CONTEXTS

There are different types of organisation which consist of sole trader, partnership, private public partnership and limited company. SOLE TRADERS - This is a business solely formed by one person and owned by single person with one or more workers. This type of business can also be classified as small scale business. The merits of sole trader are: Independent -the owner will have total control of the business. Little capital -to establish sole trading it cost less the owner did not need huge money, also sole trader need small loan that can be obtain from bank, relatives and friends . Sole owner of profit-the profit belong to the sole trader, he does not share with anybody. Business affairs are private- it will be difficult for the competitors to know how much the sole traders earned because sole trader keeps all the affairs of the business private. The demerits of sole traders are: Unlimited liability. It sometimes difficult to get loan from banks because of the nature of the business. Lack of continuity if the owner diesPARTNERSHIP is when two or more people come together to form a business, most partnerships are between two or twenty members. Deed of partnership is set up by the partnership this contain the followings, Formation that will be use to share profit or loss incur during the business. Amount of money to be contributed by each partner to start the business. The power of votes will be determined

by the proportion of capital provided by each partners. This is rules to be follows when taking in new partners. Blue print of how the partnership will be dissolve. Disadvantages of partnership are: Workload on one partner will cause dispute among the partners. Different direction of business from partners can cause disagreement. CORPORATION - Is a distinct legal entity that has been form through registration process, this is a body that have legal right to enter into contractor or get loan from financial institution, it can sue and sued, recruit workers and pay taxes. The business is different from the owner, corporation is limited liability dividend. The shareholders are not liable for the company liquidation. LIMITED COMPANY- this is an organisation which is liable to investor or subscribers. The investor are limited to their investment or guaranteed to the company which the profit is share, its finances in the business different to his personal money. Private company limited - When the company is liquidated they agreed to pay certain amount to bailout the company. Private unlimited company- during the liquidation of the company the shareholders and board of directors are solely liable payment of debt owed. Public limited company- the company traded publicly on stock market such as London stock exchange, Nigeria stock exchange etc. Public sector organisation -this is an organisation owned by the government, Federal, state and local government, there aims and objective is to provide social amenities for the public in terms of services e g, provision of public transport, health, research non-profit making all the money made are rechanneled into the society. Non-profit organisation- this is an organisation that is established for charity all the profit make is channel back to the business to pursue the aims and objective of the organisation. They

generate money through donation from government and public. They are exempted in tax or tax deduction. GLOBAL CONTEXT- International transaction between two organisations from two different companies, global context is a term used to collectively describe all commercial activities of private and government globally in terms of sales, investment, logistics and transportation.

1. 2 ASSESSMENT OF THE RESPONSIBILITIES OF ORGANISATIONS OPERATING GLOBALLY

The multinational organisation face a lot of challenges, the company have to acquire power, money, connections to go into foreign land and challenges that will fit in a global business context. Three environmental factors that the company have to put into considerations are: POLITICAL ECONOMY - This is the policies made by the government of the acquisition country for the new establishment also international business law must be look critically before venture into it. THE RESOURCE AND MARKETING - The market and resources of the country and host of their new business, the strength of the business in the country. COMPETITION - There will be competition among the local business of the host country, the local business will give them a lot of threat because the people have already used to their local product, and meanwhile the company have to make sure that their service is unique to be accepted by the buyer in the host country. LOCALIZING STRATEGIES - The organisation have to know how to respond to the geographical opportunity and threats because the culture different also the competitors threat must be addressed with the local organisation. Sales and marketing strategy - Must be considered because of the geographical different. Supply chain- Is another

factor because it's different from one country to another. Different in legal system - There different legal system, labour laws and distribution, production strategy must be considered when going into global business because it varies from one country to other. International trade is a trade between two or more country, most private organisation call multinational undertake such transaction for profit making while government do the business for profit to increase their gross domestic product GDP or for political reasons, and this can be in terms of producing goods and services. The services may include finance banking insurance, construction etc. Organisational responsibility may be explained based on the following heading: Shareholders - Shareholders are investors of funds into the business, so they expect average financial returns; there will be interest on their money which will come in form of dividend. They can also be part of policy making in the organisation. Customer - They are like king in the whole issue, without the customers there will be no products. The organisation must responsible in providing good value for the money they spent interims of durability of the product or services given to them. Employee - The employees must be treat beyond the contract signed with them, treat them like they are part of the business. They must be given adequate training in new skill and technologies to be able to render an international standard of services and product to the customers. Community - The organisation must be friendly to the people in the community in which they operate. Environment - They must conduct an environmental impact assessment (EIA) for new operation also they must not pollute the environment with hazard or dangerous toxic waste that can affect water agriculture, health of the people

in the country. Ethical issue - The ethical issue is very important in business they should pursue the ethics for the development of their organisation statues and long term survival; they should behave as customers, suppliers, competitors and the environment general.

1.3 STRATEGY EMPLOYED BY ORGANISATIONS OPERATING GLOBALLY IS

Political - The political scene in another country must be embraced to facilitate better trade between the governments of other country in the world; a business agreement must be signed between the organisation and the organisation in other country. Economy - The organisation must be ready to integrate the economy policy of another country their product or services attract lot of investor in other part of the world. Social - The organisation will recruit workers from other country that they are doing business with and pay them good wages also support the community by providing CSR (corporate social responsibility) by providing scholarships etc. Technology - The world is boom in terms of technology uses for some times , the use of technology like internet will help global organisation in transacting their business fast to provide better and fast services. Legal - The government policy of the other country must be recognised because the policy is used to protect the international trade against bringing of fake or outdated products or providing substandard services. Environmental - The global organisation assist in providing sustainable project , like tree planting also caution in terms of amount of waste released to the landfill they should also help in recycling of some product and help in campaigning for good environment.

2. 1 ANALYSIS OF HOW THE PERFORMANCE OF NATIONAL ECONOMY IMPACTS ON THE ACTIVITIES OF BUSINESS ORGANISATION USING AIRLINES AS A CASE STUDY

SWOT analysis is concerned in determining the performance of business vis-a-vis its competitors. It is a widely accepted way of performing such an analysis, other methods can produce similar (or better) results. SWOT links the knowledge of the present bases of competition with market scenarios. The result of a SWOT analysis is shown in a SWOT table below, which is a concise statement of the situation in which the firm or business organisation finds itself. An example of a SWOT table for a no-frills airline.

Strengths	Opportunities	Weaknesses	Threats
Airports used are better than those used by the other no-frills airlines	Strong business demand for cheap air fares	Airports used are worse than those used by the big carriers	The further entry of subsidiaries of the big carriers
Management skills	Strong leisure demand for cheap air fares	Reputation for punctuality	Higher airport charges
Lower cost than established airlines	The interest in cash flows	Ease of booking flights	Many secondary airports underused
No safety record yet established	Better than average employee relations	Poorer than average customer service	The characteristics of strengths, weaknesses, opportunities and threats and the associated analysis are described and the difficulties in carrying out a formal analysis are expected.

Many leader-managers find it useful to encapsulate the position of their organisation in a concise statement of its strengths and weaknesses vis-a-vis competition and the opportunities and threats that it faces in its environment. They do this by constructing a SWOT table. A SWOT TABLE provides a useful spring board for

their identification of strategy, since it identifies the weaknesses that need to be strengthened, the strength that can be used for competitive advantage, the opportunities that can be used to the organisation's advantage, and the threats that it needs to guard against.

3. 1 THE IMPACT OF GLOBAL FACTORS ON BUSINESS ORGANISATION

Businesses are impacted by an external atmosphere as much as they are pretentious by the competitors. Global factors motivating business are legal, political, social, technological and economic. These factors must be considerate to develop a business strategy. Social factors - social factors are connected to ups and downs in our social life. It also show how our lifestyle, perception, attitude in the society. Purchasing system is very much affected by deviation in our population system, and in consumer standard of living. Meanwhile sex, Age , religion etc all this regulate the purchasing system , until we identify this structure that affect the changes, we can developed a strategy that can fit in with our market situation . In this kind of global market we should consider our culture and social life when designing a business strategy, knowing that we there is different cultural background between UK, Nigeria and other countries. In other to manage the business successfully, we must consider customers language, religion, standard of living because it is very vital. Legal factors - legal factors affect the business strategies when there is change in constitution or law of a country. For a business operation to succeed the management must consider the legal matter that affect the circumstance and should be able to forestall ways in which changes in laws will affect the way the business. Laws continue

changes from time to time. Due to the business environment it is imperative that they were alert at anytime for these changes in the areas of consumer protection legislation, environmental legislation, health & safety and employment law, etc. Economic factors - These factors imply changes in the global economy. When an increase in living standards automatically there will be increase in demand for products, this will thereby give opportunities for businesses to make profits. We will witnesses changes in economic activities. This would imply that in case of a increase in economic activity the demand of the product will high and hence the price will high. When there is a decline in demand the prices will fall. Business strategies should be developed having in mind these variance. Political factors - This affects mostly the process of business in the United Kingdom. This has recently gained importance aspect in global business. For example: organisation and businesses operating in the UK have to adopt directives and regulations created by the UK. 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. 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 technology. It has become easier for companies to communicate with their customer in any part of the world. Domestic markets -is the goods and service producing in a country within a year. The of National statistics make us understand that survey of business which will include the activities of the airline operating within the United Kingdom. the uk economy became shrank toward the end of 2012, it goes down by 0. 3% in the last three months according to the official GDP figures released, the short fall was not in Air industry alone but due to drop in mining and quarrying by ONS. This affect many stores, manufacturers and some financial institutions that force banks to closed down as a result of this many people lost their jobs, many consumers cut their spending even tourist that used the Air bus reduced due to cut. Global market- is the process when the products and services of a country or an industry is been operating in many countries. The global markets helps the industries to move higher in business. Uk British airways is example of British carrier . British airways sometime in November merge with some airline in other country. the merger make the British airline to become a recognised and the world third largest airline in the world and increased in terms of Revenue among other airline in competitive market globally. 3. 2 Government policies-this is the law that the Uk government put in place to meet the criteria in global market world, this

are done both locally and internationally to protect the business world. They are as follows; Security - Internet scam has been checked by spending more money on IT professionals to track any business fraud on line. Also terrorist this also very important recently UK government send some troop of army to Mali to combat the terrorist network that may be treat to international business in future. Air traffic policies - The UK government present a comprehensive and very big whitepaper on air traffic from 180mppa 476 by 2030, to satisfy future request, also new runway, terminals and improved on the management operation. Tax- recently the UK government took a severe measure against tax Evasion both locally and internationally, government spend millions of pounds on watchdog to checkmate the activities of companies through HM revenue and customs. e. g. Google , Amazons , star bucks coffee company recently penalised.(metro-Monday 17dec 2012)Bilateral relationshipHealth and SafetyEnvironmental policies-this policies is to control noise in the air by the airlines, also government appraise climate change impact. Trade block - This is barrier to trade between two more countries, a group of countries within a geographical region may decide not to allow other country to import some goods to their region, some that are not from their country examples are EU and non EU members. EU is created to have single market for their goods, services and labours they also created trade block among the non EU . discriminatory trade policy.

Technology - In the past 20years technology has made a huge impact on globalisation, it has fast track the growth seen in global business examples are Email, internet and mobile phones. Internet has made it possible for quick internal and external communication which made it to be the most

important marketing tool in global business . meanwhile using mobile phone to communicate around the world which is faster and not expensive, this also avoid individual moving up and down while travelling. Technology not only helps global business in terms of growth but also help the global organisation to be more effective in their business activities. CONCLUSION - Registration procedure for investors is very easy in united kingdom , it allow investors design the internal company rules as long as you have right to invest under its legislature law , the corporate or company law of united kingdom is welcome development because they have the laws that protect the right of shareholders to independently trade their shares.