

# The key differences between organizations business essay

[Business](#)



Unit Number and Title: 5. 2 Business Organisations in a Global ContextName:

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## **1. Introduction:**

In this competitive business world all the business organization have to design and operate their business strategy effectively and efficiently. The business organization also has to determine the strategy of operating business nationally or globally. The aspects of business operation nationally and globally are different from each other. The global context demand many additional features in terms of business organizations products, policies, contexts. When an organization wants to operate their business globally they have to maintain a standard of product and their policies. The organizations size and policies could be modified on the basic of which country the business organization wants to operate. The business organization has to adjust their objectives and marketing strategies on the basic of host government. To make a position in the global market and to maintain the growth business organization has to evaluate their internal and external factors that affect the business organizations operation. Also have to understand the impact of global factors in the business organization.

## **2. The key differences between global business operations:**

There are some remarkable differences present in the context of global business operations. The difference is present because of the sector differentiation, organizational responsibilities and organizational objectives (BIS Economics Paper, 2010).

## 2. 1 The key differences between organizations:

There are some key differences is seen in the organizations working in different sectors, industries and contexts. The difference mainly based on the legal status or ownership of the business organizations (BIS Economics Paper, 2011). The legal ownership of business organizations can be sole trade, partnership, company or corporation. The main difference is given below on a table. Ownership type Structure Size Offerings Example

Ownership type	Structure	Size	Offerings	Example
Sole trader	Owned by single person	Small	Mostly service related products	Grocery shop
Partnership	At least two person	Small and medium	Products and service	Mark and markers partnership
Company	At least two person	Medium and large	product	HomeSun ltd
corporation	At least two person	large	product	HSBC

Table 1. 1: Ownership differences in a business organization (Bhagwati and Sutherland, 2011). Organizations may also be differentiated by the different sectors or industries. Like public limited and private limited. Public limited is mainly concerned with the public service like public facilitating, public healthcare and public education. Private limited is related with manufacturing, service, financing. In the modern era the business organization has to operate their business " not for profit" also. They have to support others, campaign different social activities to address social cause. Business can also be separated by the global context. Some of the business organizations operate their business internationally. They offer their product in the global market and make an adaptive business strategy for global market (British Chambers of Commerce, 2009).

## 2. 2 Organizational responsibilities:

The global organizations have many responsibilities regarding their business operations. They have to maintain their responsibilities to ensure the growth of the organization. Basically their responsibilities are maintained to six stakeholders (Calderon et al, 2005). Those stakeholders are:

Shareholders Employees Government Customer Environment Ethical issues

The main responsibilities to shareholders are let them know the entire organizational overview and the present conditions. Provide them the timely needed information and helps to interpret them. For example: all the organizations of United Kingdom have to arrange at least two meeting in a year. The responsibilities to employees refer to paying the right wages to employees according to the United Kingdom government employee law. The organization has to ensure the safety working place for the employees. The business organization has to follow all the rules and regulations of United Kingdom government law. The organization has to list on the government company law. The next responsibilities to the customers determined the rights of the customers. The customers have the right to know the detailed company offerings and the detailed material contain in the products. The organization's pricing policy of any product. They also have the responsibilities regarding post purchase customer service. The business organization has to maintain a specific method for the production of the products. They have to ensure that the product does not do any harm to the environment. For example: in United Kingdom the lather based industries pay a significant amount for the environmental purpose. The organization has to maintain the all ethical issue regarding the business operations. For

example: almost all organizations in United Kingdom must have the code of conduct regarding the ethical issues in the business organization (CEPII, 2009).

### **2. 3 The evaluations of organizational strategies:**

To operate the business globally the business organizations should undertake some effective and efficient policies to make a position the global market and continue their organizational growth. To operate the business internationally the organizations should have a specific human resource planning. For example: coca-cola in United Kingdom has a specific and separate human resource planning for business operation. Then the business organization has to determine their environmental policy. It mainly focuses on the specific behavior of the product towards the environment. For example: United Kingdom government set some rules to the organizations which have a negative impact on the environment. The organization has to undertake a policy which fit in the market for long run. The market will offer equal opportunities to all organizations (Chen et al, 2004). The organization should maintain a financial plan to operate the business profitably. For partnering the other organizations the business organization should follow their specific organizational rules. For example: the ford automobile use different criteria for partnering other organizations including organizations involvement in automobile manufacturing. The business organization also determines the policy for exporting and importing process (Ding and Chee-Wah, 2006).

### **3. Impact of external factors on organizations:**

The external factors of business environment have a huge impact on the business organization's operations. In the most case the growth of the business organization depends on the external factors (Erixon and Sally, 2010). The external factors include the economic condition of the country and the policies taken by the government to control the business operations (Ethier, 2003).

#### **3. 1 The United Kingdom economy:**

The size of United Kingdom is about 94060 square miles. The total population is around 63. 181, 775. The density is about 661. 9 people/ per square mile (Pink Book, 2012). The economy of the United Kingdom is based on market economy. On the basic of market exchange rate the United Kingdom's economy is the sixth largest economy in the global market and third largest in the Europe. The government undertakes and develops public finance policy and economic policy. According to the office for national statistics (ONS) in the year 2012 the United Nation's gross national product (based on PPP) was 2316. 24 billion (Pink Book, 2012). The amount of nominal gross domestic product was 2434 billion in the year 2012. The growth rate of gross domestic product is -0. 2%, which indeed alarming for the government and investors. The United Kingdom has a large labour market about 63 million people. Most of them are highly skilled in the relative areas. The United Kingdom inflation rate is about 2. 7% on the basic of consumer price index and on the basic of retail prices index is about 3. 1% in the year 2012. The inflation rate shows that the amount of higher price is charged for a product compared to same month a year earlier. It shows that

the prices of the product are increased remarkably on the year going. For example: the increasing prices of fast moving consumer goods in last year. The government follows some specific rules on the regarding business investments, cost of borrowing. Government policies help business investors to invest in the business organizations.

### **3. 2 Government policies:**

The government of the United Kingdom undertakes some investor friendly monetary policies. Those police aid business organizations to take place in the global market. The government of United Kingdom maintains an effective and efficient monetary policy to develop the growth of the economy. The government established a monetary policy committee (MPC) to determine the appropriate monetary policy for the country. The committee agreed that the country's bank rate should be maintained at 0. 5%. The Bank of England should maintain the stock of asset purchases at around £375 billion (Pink Book, 2012). To maintain the money flow directly into the financial system the central bank undertakes the system quantitative easing. Quantitative easing is the way where the central bank buys existing government bonds. It is considered as the last action to initiate sending in the economic situations when interest rate does not work. The contribution of service sector in the GDP is around 73%. It regard as the heart of the country's economy.

Automotive industry and aerospace industry are also play a significant role in the United Kingdom manufacturing sector. The United Kingdom economy officially entered in recession. The unemployment rate is increased about 11. 9% to 22. 5% in the year 2012. The total government debt rose from 44. 4% of GDP in the year 2007 to 82. 9% of the GDP in the year 2011. The United

Kingdom government also undertakes the sector regulation like Of Gem, Of Gas, CAA, and Of Qual policy to improve the economic condition of the country. Those policies facilitate business organizations to operate business globally and help to maintain a sound growth. Those policies are taken by the government to influence the activities of business organizations.

#### **4. The impact of global factors on business organizations:**

The global factors have a significant impact on the activities of the business organizations. The business organizations have to follow the rules and regulations regarding the country where the business organization wants to expand their business operation.

##### **4.1 Global integration:**

There is some integration present in the global business operation. That integration related with the trading blocs, the policy of World Bank and IMF also other related business organizations. The term global integration refers to integrate the global market economically, socially, politically and culturally on the basis of transportation and communication system. The global integration shows both positive and negative effects. The main benefit is the contribution in the global economics in different ways. It also results the advancement in the science and technologies. The business organizations can grow their business operations in the poorer countries where many cost will be lower than the host country. One of the basic integration in the global market is the trade blocs. Trade blocs are a kind of intergovernmental agreement, most of the case it could be intergovernmental organization. In these situations the regional barriers to



trade are reduced among the involving states. In the sector of economic and monetary union the important trade blocs are CSME, EC, and EU (European Commission, 2010). The European Union is the world largest trading bloc. There are 27 member states in the European Union (European Commission, 2010). The first aim for European Union was to develop single market goods, services, capital, and labour by reducing the barrier to trade and promotion between the country members. There are other organizations like the World Bank and IMF which aims to develop the regional integration, economic benefits and the costs for developing countries. This organization offers loan with minimum conditions (IMF, 2010). Another global integration is transactional corporations. It can be defined as the corporation that registered and operate in more than one country at same time is known as the transactional corporations (IMF, 2010).

#### **4. 2 Effect of international trade:**

The international trade has a significant effect on the domestic products and services. In many sectors the international trade has positive impact but in some sectors it has negative impact. The main opportunity is that the country can use the product which is international level and ensure the quality of the product. The international trade can develop a new market and ensure the growth of the new market. The growth rate of the market in terms of international trade is higher than the other market (Leverhulme Centre for Research on Globalization, 2010). The product and business organization can easily make the entry count in the market. In some case the international trade may cause the domestic product by dumping the domestic product. For that the government follows policy of protectionism.

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The main idea of protectionism is the economic policy of preventing trade between states through some specific methods like tariffs, quotas, and other government rules. The trade blocs play an important role in the international trade. It helps a country to maintain the free trade within the bloc, market access and trade creation, and economics of scale. It also aids to creating jobs and operate the protectionism policy properly. The host country can control the international trade by imposing the trade duties and tariffs. If the government wants to protect the domestic products they impose high duties and tariffs on the importing products.

#### **4. 3 Impact of global economy:**

The international trade has a huge impact on the host country. It has impact on the basic of both production of products and also the market of the product. In the first sense the international trade makes the market large and more competitive (Ravallion, 2009). International trade ensures many entries in the market so that it increases the competition in the market. That helps to develop the product quality. To meet the demand of the country the government should go for the outsourcing to other countries. In increase the total production of the country and also increase the total consumption of the country. The market will offer many products to the customers that help customers to choose the needed product for them. That can create more value for the product to the customers. International trade increases the customer choice. For that the competitors have to use more innovation in the process of producing the product. Those are the impact of the international trade.

#### **4. 4 ICT technologies:**

Every business organization has to maintain and use the tools of modern communication technologies to keep them up-to-date with the modern use of technologies. The term ICT means the information and communication technologies. The information and communication technology keep a business organization aware of their duties and maintain the logical flow of the business information to the customers. For example: in the Asian sub continent the labour cost is cheaper than the European countries. That is also shown by the research that they have the more relevant skill in the different sectors. For the multinational companies how operate their business function in the Europe can move their business in the Asian sub continent easily. They can operate their work from the host country with the help of ICT technologies tools. The internet plays an important role in the international trade. It can be operated by only one hub. The business organization can offer same product in different country through the help of internet. The easy communication tools like Skype, email, and social networking can play a very significant role in the international trade. The business organization shares their offerings and updates their information through those communication tools (Hoekman and Nicita, 2008).

#### **5. Current issues impacting on business activities:**

The current issues like the condition of domestic market, the condition of the global market, the domestic and global policies and trade blocs plays critical role in the business organization activities.

## **5. 1 A review of global environment:**

The United Kingdom has a large domestic market in the world. The country has large global sectors like agriculture, hunting, forestry, and fishing. The country use highly intensive mechanized in the agricultural sector. The country can produce is 70% of agricultural food needed internally within the country (McCulloch et al, 2005). The United Kingdom is also wealthy in amount of natural resources including coal, petroleum, natural gas, tin, limestone, iron, salt, clay and an abundance of arable land. In the year 2009 the United Kingdom manufacturing sector generates around £140 billion in gross value added. The condition of the global market in the United Kingdom is facility full. The government has undertaken some policies in the terms of international trade. The first motive is that not all trade markets are adaptable in the other country's domestic market. The United Kingdom governments setup the UK single market center to work with the occasional problems UK companies can have trading in some EU member states. The government also uses the trade blocs to improve the condition of the international trade in the United Kingdom.

## **5. 2 Proposed strategies:**

To adapt in the market of the United Kingdom the business organization have to take some specific strategies and policies. The first target of the business organization should be creating and evaluating a new market in the country (Ellis and Keane, 2008). The new market has to be chosen on the basic of the category of the product and the demand of the product in the United Kingdom. Then the business organization should analyze the new environmental factors in the country. That shows the obstacles of moving

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business in the new environment in the country. The availability of the new technologies in the United Kingdom has to be evaluated and used by the business organizations. The business organization should upgrade them with technologies to communicate with the customers. The business organization should have a vigilant view on the growth of the business organization. The business organization should maintain a strong network with new suppliers, importers, and exporters. With the change of business organization's size the business organization have to determine the business structure. They can operate their business in the form sole trader to company or corporation.

## **6. Conclusion:**

The operation of a business organization globally can be effective in the way of following all rules and regarding. The business organization should study the host country specifically and effectively to determine the condition and growth of the country's economy. The keep pace with global economy the business organization should operate their business globally. That ensures the entire growth of the business organization in the global market. That also ensures the product standard internationally and makes the product credible to the target market. The country should impose some rule and protectionism to make sure the sustainability of the domestic product in the domestic market. The country also should facilitate some rules that help the international trade in the domestic market.