

# Impact of globalization on china assignment

Sociology



Since 1978 when China moved from a closed economy based entirely around the state to a more open, market-based economy, their growth rate has been an astounding 9.5% per year on average (Wisped, 2013). China is also the world's second biggest exporter of goods and services, with 2012 exports totaling over \$2 Trillion USED. Their trade surplus is \$322 Billion (CIA Fastback).

When one considers the fact that China is still classified as a communist country, these economic indicators become even more impressive. To that end, all political power in China is held by the Chinese Communist Party, or the ICP. There are no real political opposition groups, due to the fact that the ICP persecutes people who speak out against the state. There are three branches within the Chinese federal government. The executive branch is led by the President, currently Xi Jigging.

Although President is the highest position that can be held in many governments, in China the President is in many ways a figurehead whose primary job is to be a liaison between the rest of the world and the National People's Congress (Higgins, 2011). Although the Chinese President and Vice President are elected, the only people who get to vote are members of the NP. In actuality the Chinese federal government functions as more of an oligarchy, with senior members of the NP setting the direction of the country and passing their rulings to the President to implement and to sell to the global community.

Under the federal level, there are local governments that control the 23 provinces, 5 autonomous regions and 4 municipalities (CIA Fastback).

Although Federal law trumps state and local law, local government agents are appointed by the NP and in practice have a lot of autonomy except in measures that directly conflict with federal priorities. The municipalities of Beijing, Cocooning, Shanghai and Tannin are where the vast majority of the growth has been.

This is due to their status as “ special economic zones”, which allowed them to open their doors to foreign business interests by removing most of the financial barriers to entry that the rest of China faced for decades. China’s legal system is based on European and Soviet civil away, although the court system is not an independent branch of government (World Savvy Monitor, 2008). Court Justices are appointed by the ICP. As one can imagine, a legal system like this pits the Justices against the very people they are supposed to be protecting.

In terms of intellectual property laws, China has had strict statutes in place since 1979 although these were, and still are often not enforced. Below is a chart depicting some key differences between China and the US. Some key facts to take away from this chart are that China is big, economically very well positioned on he global stage and still face enormous potential for growth. In terms of individual income, freedoms, legal Justice and access to information China lags significantly behind the Westernizes world.

In addition, China has horrific pollution problems Tanat wall need to eventually De dealt Walt IT teeny ay not walls to sour relations Walt more economically mature countries. On the whole, globalization has been very good to China. As western economies have tried to find ways to cut costs in

past decades, China has been the lucky recipient of this outsourced productivity. However, Western consumption of China's goods has declined since the global economic downturn of 2007 and 2008. Furthermore, China is not the low cost provider of labor that it used to be. As for domestic consumption patterns, these too lag behind westernized countries.

China is notorious for difficult-to-get individual credit, which means Chinese citizens are not usually willing to go into debt. This is a virtue for the individual but a drag on the national economy. Although growth has slowed to a modest 7% in Q 2013, the Chinese seem to be on the verge of another shift in economic priorities. In 2011, Chinese leadership released their 12th 5 year plan. This plan recognizes the need to shift from a primarily export driven economy to one that relies more on domestic consumption, energy efficiency and leadership and developing its westernmost regions (KEMP Advisory Limited, 2011).

I believe that due to this course shift, the Chinese economy will slide a bit further in 2013 before rebounding in 2014. II. Country Analysis Globalization has had far reaching impacts to China's people. One of the great side effects to economic growth is that the population of middle/upper income earners has grown to approximately 500 million people, the largest such group of any country on the planet. As jobs were created in the special economic zones, mostly from foreign investment, Chinese rural dwellers came to the cities in search of steady work and better pay.

Most of them have found it, resulting in fantastic growth in and around cities like Shanghai, which has grown from an already large city of 12 million

people in 1982 to the largest city in the world by 2010, with 23 million inhabitants (Wisped, 2013). Average worker's salaries in China have risen in kind, tripling from 2002 to 2012 (Statistic Brain, 2013). While this is great for the average Chinese worker, this makes China a less attractive partner in the global manufacturing market. In fact, many foreign firms are starting to rethink their offshoring and outsourcing strategies as a result of these wage hikes.

It is often becoming less expensive for US based firms to “ restore” manufacturing jobs back to America. Without as much of a supply of cheap labor to fuel foreign investment, Chinese GDP has begun to lose some momentum in recent quarters, going from almost 12% in IQ of 2010 to a projection of 7% for Q 2013. Also, while the economic growth has created an enormous middle class, most of the growth has occurred in coastal cities, deepening the divide between highest and lowest income. Almost 900 million people are considered part of the Chinese lower class, most of these people residing in rural areas or smaller towns.

Their average income is 1/3 of an average urbanite (Barton, 2013). Even more troubling are some of the social and environmental costs that have come as a result of China's growth. The phenomenal increase in production without significant laws and standards around labor, the environment or safety has taken a toll on the world. China has become the world's largest polluter, adding 2. Billion tons of carbon dioxide to the atmosphere annually, nearly 3 % larger than ten next largest polluters combined (Sedgwick, 2013).

Additionally, China's record on human rights is less than stellar. The Western world is often appalled at China's willingness to roll back protections for its citizens, seize private land whenever they deem it necessary for the common good and expand security measures against their own people. In fact, the Chinese government has increasingly been hearing the objections of Western governments and their people in recent years. While China states to the world that they are willing to listen to their concerns, their behavior at home is anything but comforting.

This is evidenced by China's forced relocation of 80% of Tibet's rural population into housing projects, taking away their livelihoods and making them dependent upon the state for survival (Human Rights Watch, 2013). In terms of Intellectual property rights, China continues to be one of the most lax enforcers of statutes in the world. Part of their acceptance into the WTO in 2001 revolved around them agreeing to set tougher IP standards. Even though China has complied, counterfeiting of consumables is still extremely common with some estimates stating the losses to US companies alone at \$1 Billion annually (Embassy of the United States).

Somewhat less evident, but very important to the future of the country, are the demographic and cultural changes that are sweeping through China as a result of its "1 child" social engineering project. Throughout its history, Chinese society has valued the role of the male in family legacy and in caring for the eldest members of the family. Due to these societal norms, most Chinese who could only have one child opted for male heirs. An unintended consequence of this policy is the lack of females of marrying age. The divide between male and female birth rates is at an all-time high.

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In fact, it is predicted that 24 million men will be unable to find female partners in 2022 (Larson, 2012). In addition, a society of predominantly male children with no siblings is resulting in the young men of the country growing increasingly impatient with group think in the business world. Chinese businesses have historically functioned in a collectivist way, meaning the managers of a business were very conscious of decisions affecting their employees. Input was always asked for and the collective health of the company was more important than the individual employee.

That is beginning to change with the entrance of these young males into the workforce. These “ little emperors”, as they have been called have grown up in households where their ideas and projects were praised by their parent’s. They are used too life of positive reinforcement and really don’t understand collectivism, since they have not had to practice it in their own lives. They are much more focused on themselves as individuals and act more westernizes in their directness during negotiations. They also often have little patience for haggling, which will change the face of Chinese business in the coming decades.

Another less talked about demographic shift is taking place within the Chinese work force. I talked earlier about the rural Chinese moving from the country to the city in search of jobs. This process has effectively stopped among rural people from ages 15-39, simply because there aren’t many of them left to migrate. This new development combined with the “ one child” policy will have a profound effect on the size of the Chinese workforce, currently the largest in the world at 761 million people.

Within 20 years this workforce is expected to drop by 18%, the causes of which will be due to a lack of workers and a lack of low end untangling Sods (Laurent, 2 we can Love deeper Into ten culture AT ten Chinese people using Trumper's Cultural Dimensions. Chinese people have historically been Particularistic, meaning they value relationships over rules. This is due primarily to the role of communism in Chinese society. For years, the only way for many people to survive was to align themselves with a group and defend those relationships.

The Chinese are also Communitarian, in that they believe the group is more important than the individual. This is beginning to change with the people under the age of 30, especially in urban areas. As mentioned above, these children have grown up in a different, almost westernized world than their elder family members and often show less patience for group think. In addition, societal responsibilities like taking care of elderly relatives which has been the norm in China for centuries is now creating a sense of anxiety with the young, mostly male only- children.

They recognize the traditions of their culture and accept these responsibilities but they do so with trepidation and fear for the future (Smith S. , 2013). China's people also seem to be more Diffuse, meaning that they see an overlap between home and work life. This is why it is often necessary for anyone attempting business with a Chinese person to first foster a personal relationship. These people are often also Affective in their expressing of emotions. This basically means that the Chinese are usually very open and emotional when talking.



They are not against physical contact and they often give and look for nonverbal cues in others. The Chinese also tend to view status in terms of Ascription, meaning that one should be respected for who they are, not necessarily what they do. Titles and power matter very much in this type of society and it is important that respect for authority be shown, especially in the business world. All of this information suggests that China is a country in transition. The unprecedented rise of the country's economic fortunes over the last 35 years has started to slow.

It is widely accepted that the easy growth based on low cost manufacturing is coming to an end and that China will need to transition to more value-added manufacturing and services. The people of the country are getting younger and more westernized, leading to shifts in social thought and long-held beliefs. Finally, a communist government is trying to walk the ever-blurring line between economic growth and social freedoms. III. Globalization Forces Globalization has forever altered the fabric of the world and China is no exception.

As mentioned in earlier paragraphs, China became the “workshop of the world” by lowering barriers of entry to foreign MNCs. These companies, in turn brought manufacturing jobs a plenty to China, eventually leading to robust growth for the economy in general. Foreign investment in terms of capital inflows to China have been one of the main causes of Chinese growth. However, the world is beginning to lower the rate of investment in mainland China. This is due in part to the world view that the rate of Chinese growth is slowing due to underlying social and economic forces, both domestic and foreign. (Gazer, 2013). Without the steady deluge of foreign  
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investment, China will need to revise their economic game plan. Most would agree that the country has “talked the talk” by releasing their 12th 5 year plan in 2011. As a reminder, the plan lays out the goals for the country for 2011-2015. Some of these goals of this plan are outlined below: Economic targets grow GAP by 7% annually, on average Economic restructuring Increase domestic consumption, increase service sector output to 47% of GAP, raise arbitration rate to 51. % Innovation \* Expenditure on research and development to account for 2. 2 percent GAP Environment ; clean energy Non-fossil fuel to account for 1 1. 4 percent of primary energy consumption – Water consumption to be cut by 30 percent Energy consumption per unit of GAP to be cut by 16 percent- Carbon dioxide emission per unit of GAP to be cut by 17 percent Livelihood Population to be no larger than 1. 39 billion Pension plans to cover all rural residents and 357 million urban residents – Construction and Renovation of 36 million apartments for low-income families – Minimum wage standard to increase by no less than 13 percent on average each year Social management Improved public service for both urban and rural residents – Improved democracy and legal system Better social management system for greater social harmony Reform Encourage qualified enterprises to get listed in stock markets- In-depth reform in monopoly industries for easier market entry and more competition – Improved government efficiency and credibility (Sash, 2011) Judging by the rather rearranging shift in Chinese priorities, I would say they are very serious in wanting to continue to grow by any means necessary. It would seem that China recognizes their place as a world economic leader and understands that they will need to adapt to the new realities currently facing

them. IV. Recommendations In my opinion the Chinese government recognizes the need for a change in priorities.

They see that economic and social forces are coming together to change the face of Chinese manufacturing global dominance. I feel that the 12th 5 year plan is a very good start to addressing these needs. It sets specific goals for economic growth (7% GAP annually), economic reconfiguration (increase service based economic activity to 47% of GAP), wage increases (13% annually) and many other areas of development. While the west would like to see China forgo its communist ideology in favor of a more democratic one, China is committed to trying to balance the needs of the economy with those of the government. Ultimately, I believe their continued success as a nation will hinge on their ability to manage these priorities.

The Chinese government seems to understand this on the economic front. They are making the necessary changes to promote domestic consumption and inclusive growth, increase their value proposition to foreign markets and becoming more energy efficient. The key for the national government will be to make sure these plans are being carried out at the local level the way they were intended. China's local governments are held accountable for the end goals, but often how they actually get there is open to interpretation. For example, during the end of the 11th 5 year plan, some local governments had to actually take their cities dark in scheduled brownouts in order to meet energy usage targets (APPC, 2010).

China also recognizes that they need to increase social services for their people as evidenced by their goals to raise minimum wages, Increase Neel

care access Ana Dull a larger estate net Tort Its older Tools While these changes will be welcomed by their people, the Chinese will also need to address other social issues. Political opposition is still not tolerated, freedom of speech and information not allowed and private property can be taken by the government for any reason they deem in the national interest. Chinese citizens, especially those under the age of 30, are becoming increasingly more vocal over their opposition to their government's actions. The government has, thus far, continued to persecute those who speak out but as more and more people grow disillusioned by these actions, staying this course could lead eventually to political and social upheavals.

In conclusion, China has been one of the biggest beneficiaries of globalization over the last 30 years. However, the conditions that allowed China to take advantage of the new global economy at the beginning have changed. If China can implement their proposed changes, they will continue to be a force in the world. If they struggle to do so, they will lose the tremendous head start they enjoy over other emerging economies, their poor environment will make China look less attractive to western companies and their citizens, now having tasted prosperity, will grow tired of the communist ideology.