

Cultural difference between us and china

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The relative differences in the American and Chinese business background may well predict how transaction costs will be evaluated. On the part of the Chinese business criterion, it seems that the contrasting attitude of their business scheme may define a larger cost in trade investments for the American counterparts. The promising good trade partnership between American companies doing business with its Chinese segments may bring huge monetary concerns on the part of the former.

The most significant attribute in the Chinese business core is the fact that their business structure is purely based on experience. This is very much evident since most of the companies are family-based businesses. As a result, there is no exact business trend that will make the companies adhere to the normal business plan as compared to the companies in the United States. This fact contributes largely to the aspect of limiting the flow of investment within a specific domain of the family owned business.

One disadvantage when it comes to costs is that an American company may not be able to induce its influence on the transaction if they are to deal with the Chinese based companies. The structured and well organized scheme employed by American companies may not be useful at all since the transaction will purely be based on the way the Chinese handle its business. The unpredictability of the financial aspect might take its toll in the American company's investments. These will likely to happen even if the labor and commodity cost in china is very cheap.

Also, there is not even a comparison of the Chinese and U. S. factory labor costs because reliable statistics from the Asian giant don't exist (News Analysis). This is a somewhat big drawback if the American company needs

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to assess the appropriate wage that it should set aside from its capital. Another big concern that will predict a very large cost discrepancy would be in the aspect of formal agreement. The Chinese tend to use fewer contracts when involving other sources of investment.

This is very contrasting to the attitude of American companies where everything is settled on paper even before the activity proceeds. The Chinese companies tend to rely on trusted partnerships and loyalty of their background workforce for their own survival in the trade world. This could equate to a very high cost for the American company especially if the agreement will not be implemented according to the drafted plan. It is very possible that one segment of the production line will experience problems in business processing.

Such scenario will eventually take effect on both the Chinese and American company in partnership. However, the larger cost will be incurred on the American company's account. This is so because of the large dependency in a specified business plan. Moreover, there will be a waste in monetary values together with the production time frame just to take full recovery of the lost trade opportunity. This is the most discouraging factor when it comes to unspecified productivity dilemmas.

The global economy is starting to implement a rather large opportunity for all markets. Apparently, because of this global merchandising capacity of various countries, it would be very much accepted that the efficiency and survival of a certain business lies directly on the trading partners where it seems to be compatible with. On the case of the American and Chinese

business relationship, it should first consider how the financial cost of partnership will eventually influence each other's trading posts.

A complete analysis of the cost attributes should be taken into consideration.

Apparently, the behavior of Chinese business is very difficult to understand

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