

# International business narrative essay

Business



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Abstract For a company to convince and retain a market in a new a country, it must analyze its political and legal implications of a country. Different countries differ on how they treat foreign investors in their country based on different factors (Burnett & Vivienne, 2009, pp. 233). Political stability in business operation is very essential for smooth management of business. It is the legal and political environment that makes the business achieves its set goals and objectives (Aresty & Silkenat, 2000, pp, 566). Introduction Political and legal systems of a country are important for the success or failure of a company.

ABC Company management wants to invest in a politically stable company where government policies are deliberated with all the stakeholders on board. ABC electronic company is one of the booming businesses in the USA but it wants to establish a branch in a country with stable economy, ready market, and friendly business environment where there are no favors but a health competition among all players in the industry (Basu, 2007, pp. 45). ABC Company manufactures electronics and it was established 1978 due to the high demand in America and other countries in Europe and Africa. The US based company decided to establish a branch in Australia in 1999.

Australia was chosen because it has a ready market and willing customers more than two million. The country lacks a company that manufactures electronics because it depends on imports from other countries such as United States of America (USA) and Germany. The Chinese company in Australia manufactures poor quality products and many Australians, the government and the bureau of standards have been complaining of their products that led to its closure (Burnett & Vivienne, 2009, pp. 234). Political

and legal systems of Australia Australia is one of the reputed countries in the world for being politically and economically stable. The government of Australia is in control especially during general elections to avoid business disruption.

This made the ABC Electronic company to locate to the country due to the stability favorable for business operation. Elections and transitions are conducted peacefully and foreigners businesses are protected. Australia has an organized political system due to the well-designed structures and procedures; hence being stable politically. The legal system of the country is favorable to foreign investors because there are no much complications or legal huddles (Basu, 2007, pp. 47).

The laws regulating foreign investors are flexible and are not meant to make their business operations hectic and unfavorable. All the stakeholders' debate upon the laws governing business and no one is imposed or forced to adhere to certain rules and regulations. All stakeholders are represented when new laws and regulation are made to give room for consultation and consensus. This has made Australia a country of destination to most multinational companies and foreigners. Adopting laws and interpreting them is costly in many countries but the Australian government has qualified lawyers who explain in depth to the foreigners what they ought to do in order to comply with the laws of the country (Chamberlain ; Fleenor, 2006, pp. 82).

The legal system in Australia is efficient and effective in managing the business operations in the country (Aresty ; Silkenat, 2000, pp, 569). These

legal frameworks, procedures and processes are well organized to maintain good relationship the government, regulatory bodies and investors from other foreign countries. These laws in Australia are favorable especially to the electronic industry which has made ABC Company lead due to high quality products manufactured. The tax is calculated by applying the percentage rate of the total sales that is lower compared to other countries. A portion of sales can exempt based on the list of exemptions (Basu, 2007, pp. 551).

Laws governing taxation are conducive for business operation in Australia. The Value Added Tax (VAT) is flexible and every company can have a different VAT rate based on the performance of the company (Burnett ; Vivienne, 2009, pp. 235). If the company is performing well in terms of the quality of the products, volume of sales, tax payment, adherence of all laws, and employee remuneration, then the rate can be lower or higher depending on the regulatory body decision. Most of the taxes are deducted before the product is sold to the buyer and remitted to the government agency making it convenient and reliable for both the government and the company. Tax compliance rate is higher because it is difficult to avoid paying taxes due to set mechanism and its simplicity to calculate (Chamberlain ; Fleenor, 2006, pp.

81). The political and legal environment is favorable due to its professionalism in dealing with business operations of foreign firms. There is no discrimination of companies based on their country of origin or the type of business. The ABC Company has increased its profits, sales volume, market share, and reputation due to its performance. All these are attributed to the <https://assignbuster.com/international-business-narrative-essay/>

friendly political and legal system (Aresty ; Silkenat, 2000, pp, 570). The company management should consider Australia due to its stability and legal requirements that are not complicated and can easily be adhered to without many problems.

In addition, the management should consider investing in Australia because of the economic conditions that are stable (Chamberlain ; Fleenor, 2006, pp. 82). Conclusion In conclusion, the Australian political and legal system favors business operation due to its stability. The taxation rates and all legal procedures and processes make the country favorable for doing business (Burnett ; Vivienne, 2009, pp. 238).

The legal and political framework is a source of market because the firm is assured of income at all times.