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FIN Unit 4 individual project This paper deals with the understanding of certain major attributes of doing business in China by an MNE, from a generalized perspective. The growth rate, market trend, the labor cost and the etiquettes along with other influencing factors to be considered when doing business in China have been studied in this paper in order to develop suggestive mechanisms for the Multinational Enterprises (MNEs) to operate a sustainable business in the host country. Additionally, in its concluding arguments, the discussion emphasizes on an ethical dilemma as to whether those attributes which are contrary to the CEOs beliefs in Acme will be addressed in the report. Correspondingly, the notion considered has been in favor of maintaining transparency in the report and addressing all crucial facets of doing business in China. FIN Unit 4 Individual Project China possesses considerable differences from other nations in terms of its social, business environmental and institutional frameworks. Similar to operating in any other diverse national paradigm, MNEs intending to operate in China need to consider its cultural, social and other forms of distances from their respective home country, in order to minimize potential threats witnessed in international business conducts. The discussion of this study hereunder, will emphasize this particular issue and intend to develop an insightful understanding on the strategies as well as managerial concerns needed to be taken into account by MNEs when operating in China. Discussion Constraints often witnessed by MNEs when doing business in China include import and export restrictions imposed in lieu of the institutional distances persisting between China and other nations. It is worth mentioning in this context that China lifted import licensing over few goods in correspondence to the WTO amendment to remove restrictions on international trade of

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textiles since 2004. Notably, the quota and licensing controls in China, on particular products, have reduced significantly after its agreement with WTO, which certainly indicates a positive influence on the MNEs effectiveness when operating in the economy. The import and export framework of China remains crucial although, which the foreign investors need to register themselves with the Ministry of Commerce to continue trade and business functions in attainment of profit and sustainability over the long run (U. S. & Foreign Commercial Service, 2012). Labor relation is another key factor that the MNEs need to consider when penetrating China with a long-term investment. The Chinese government enacted the Labor Contract Law (LCL) to maintain the working conditions in the year 2008, which might likewise influence trading operations of MNEs in the nation. The CEOs of the companies therefore need to provide written handbook to the employees regarding the rules of employment and provide a written terms of contract along with, as per the norms prescribed in the LCL provisions in China (U. S. & Foreign Commercial Service, 2012). Such constitutional requirements may not persist in the home country of the MNEs or in other nations where they operate, which may create differences in the Human Resource Management (HRM) functions of the companies in China. Non adherence to these norms may raise legal and institutional constraints on the operations of the MNEs in China and thus, these requisites must be considered as an essential factor when approaching the economic market (OCRA Worldwide, 2013). China has a lot of supplier finances competition wherein MNEs need to attain the letter of credit from the Chinese or global suppliers for legal constraint free import and export functioning. Also, the letter of credit will make the company eligible in obtaining financial support from the Chinese banks, owing to which

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this particular amendment in China's institutional context must be taken into account by MNEs (U. S. & Foreign Commercial Service, 2012). Taxation policies enacted in China may also be deemed as a significant attribute that must be considered by CEOs in MNEs, when penetrating the market. For instance, in the year 2008, the Chinese government made tax deductions to attract higher foreign investments. The administration however imposes VAT and tariffs on imported goods for its revenue collection, which altogether makes the entire taxation system in China quite complex as compared to many developed nations and thus can influence the international operations of MNEs. Additionally, currency exchange rate fluctuations, international political relations between China and the home country as well as socio-demographic openness to accept a foreign marketer are also needed to be assessed and critically evaluated by MNEs prior to entering the Chinese market, when developing penetrating strategies (U. S. & Foreign Commercial Service, 2012). Furthermore, to make its strategies more realistic and effective in the attainment of the determined objectives, the CEOs of the MNEs need to practice better interpersonal skills with the local Chinese partners in order to sustain the business in the long-run. It is in this context that business etiquette followed in China should be considered with immense significance, with due regards to its cultural differences from other countries. For instance, sharing of gifts, building strictly formal personal relations with the Chinese partners, attending business networking events actively and becoming a provincial promotion bodies, are few of the commonly followed business etiquettes in China that may also help to sustain the business in the long-run (Williams, 2012). Conclusion When conducting the research, certain aspects related to China's business etiquette practices were observed to be

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contrary to Acme's CEO's beliefs such as the significance of personal relations amid business partners and sharing of gifts, which although is encouraged in China, but is discouraged in various parts of the world including Acme's home country. This particular gap represents a common challenge of internal business leadership practices, wherein the CEO must be informed about the matter through the report, so that the personnel can take requisite measures to overcome the barrier in the best interests of the organization. References OCRA Worldwide. (2013). Doing Business in China & Hong Kong. Retrieved from http://www.ocra.com/solutions/hk_china_business01.asp U. S. & Foreign Commercial Service. (2012). Doing Business in China. Retrieved from http://export.gov/china/build/groups/public/@eg_cn/documents/webcontent/eg_cn_025684.pdf Williams, D. (2012). China Business Etiquette, Culture, & Manners. Retrieved from <http://www.cyborlink.com/besite/china.htm>