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**EXAMPLE 2: Exert from an International Business Environment MSc Report**

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**“AN ANALYSIS OF INVESTMENT OPPORTUNITIES FOR S-SUPERMARKET, A UK-BASED COMPANY, IN CHINA”**

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**Chinese national business system and cultural conditions**

**National Business System**

Countries have unique national business systems which will affect different business strategies (REFERENCE). UK is one of the traditional Anglo-Saxon capitalism countries that only a small number of direct intervention by state authorities and this business system have high social cost, high income but with a comparatively low growth rates. (REFERENCE) Nevertheless China's economy was high performing in the last two decades which was working under the version of the 'Asian Capitalism' (REFERENCE).

China's economy proceeded from planned economy to market economy gradually since 1978 with an emerging economy national business system. However, as China is a communist country and is a large nation in land, state governments still has an important role to intervene business operation in different regions or provinces in the country. (REFERENCE) If S-Supermarket is going to operate in different parts of China, they will have to develop strategies that place the government with proper weight in business strategy and decision-making.

One of the important characteristics of 'Asian Capitalism' especially in china is that: "...the close relationship between government and business..." (REFERENCE) It presents the current situation in china, where many interventions between businesses and governments are carried out through an informal institutional system of 'administrative guidance' rather than through formal legislation (REFERENCE). This could be a drawback for S-Supermarket, as MNCs all want to have a transparent and fair competitive business environment. Otherwise, the hidden rules of the game may set the transaction and uncertainty costs of doing business in China. In order to create a more appropriate business environment which is not influence much by state government, and help foreign investment to maintain a lower transaction and uncertainty costs, the country should concentrate on building up further a market oriented economy and credit system by regulation and law. Recent political stability and the concept of building a 'Harmonious Society' made by President Hu Jintao will

**Comment [AU1]:** The relationship between national business systems and business strategies is not common knowledge but a fact established through research. Whoever did this research needs to be given credit.

**Comment [AU2]:** Different scholars may offer different definitions of Anglo-Saxon capitalism. It is good to know where this particular definition comes from, unless the author came up with it by himself/herself. If the definition is indeed the author's own, how it was developed needs to be explained. A reference would also give the reader the opportunity to find out who measured UK growth rates and how.

**Comment [AU3]:** The fact that Chinese economy was "high performing" may be contested. A reference would show that this claim is made by a particular person as opposed to being taken as an unchallenged truth. A reader could also use the reference to understand what is meant by "Asian Capitalism" here.

**Comment [AU4]:** This sentence contains reasonably common-knowledge facts. However, a reference would still be nice as a detailed description of a country is provided.

**Comment [AU5]:** Direct quotes should be referenced as they are obviously not author's own work. The same goes for definitions as definitions can differ from scholar to scholar, unless the definitions are the author's own in which case they need to be explained.

**Comment [AU6]:** Who studied Chinese institutional system to determine the degree of informal interaction between business and government? Readers may like to know how this conclusion was reached. If they had a reference, they could look it up and find out.

generate the underpinning for sustainable business development in the long run (REFERENCE).

**Comment [AU7]:** Will it? Who thinks so? . . . Predictions are always contentious. They are not natural truths but are always authored by someone and therefore need to be referenced, so the reader has the opportunity to find out how they were made.

### Business Culture

*“Most Chinese people attach great importance to cultivating, maintaining, and developing connections (guanxi) and are highly sensitive to face (mianzi), these social values, which are the keys for understanding Chinese social behavioral patterns and their business dynamics.”*

(REFERENCE). Such social capital must be understood by S-Supermarket to consolidate a strong network in the new market.

**Comment [AU8]:** Claims about what “most people” do are very rarely common-sense truths and thus need to be referenced. In this case who studied the Chinese people and how to determine what they are like?

Culture mixture plays a significant role in achieving success in a global business relationship (REFERENCE). Especially countries like the UK and China; they are from completely different ethnic backgrounds and share unusual attributes with each other (REFERENCE).

**Comment [AU9]:** Who came up with the conclusion that there is a relationship between culture and global business relationship success?

China is an ethnically and culturally diverse country. S-Supermarket will encounter problems such as language barrier and religion issues. It has the challenge of providing retail service in Chinese language to cater the needs of customer, which will make them localize to fit into the new grocery war and seeking transactional managing advantages from cultural differences.

**Comment [AU10]:** What kind of unusual attributes? The readers would like a reference so they can find out for themselves.

### Demography and lifestyles

In terms of demographic issues, UK is a relatively smaller country and S-Supermarket has reached the market saturation after some year’s operation in the UK and the domestic growing pace became slow. That is why they are now in the hunt for further growth opportunities in China. China has a huge potential market due to its high population of over 1.3 billion today and an estimated growth rate of 0.57% per year ( REFERENCE). However, it is the country where it has the enormous gap between rich and poor. This phenomenon is obvious when comparing the living standard and GDP of coast urban area and rural western area. (REFERENCE)

**Comment [AU11]:** Numbers like this always need to be referenced so the readers can find out who came up with them and how. Such numbers are also not common knowledge, and therefore it is likely that the author of this report did not come up with them himself or herself, and so the source needs to be acknowledged.

Unlike the western lifestyle in the UK, consumers in China do not have (or not yet having) the concept and habit to shop weekly at supermarkets. Traditionally, even in the urban area, Chinese residents tend to shop at traditional open food market or their nearest grocery daily or at least few times a week, because Chinese cuisine and Chinese lifestyle are believing and emphasizing on the ‘freshness’ of quality food material, and they feel more convenient to shop at their local grocery. Convenience is one of the conventional trends in China’s retail and service market. A significant amount of major retailers and wholesalers own most of the convenience stores in china. (REFERENCE)

**Comment [AU12]:** Who measured the rich-poor gap in China and how?

**Comment [AU13]:** Who came up with these detailed conclusions about Chinese consumer tastes and the nature of the Chinese grocery retailing market? A reference would show the readers who did it and allow them to look up the original source to see how it was done. . . . Such conclusions are also obviously not the author’s own in this case and thus need to be referenced.