

## ANALYSIS OF THE SUCCESS AND FAILURE OF DOING BUSINESS IN CHINA

Why some foreign-funded enterprise became successful when entering the China market while others fail, and why some grow relatively faster than the rest? Reasons to explain all these are complex and varied. The following factors can determine how well or bad foreign-funded enterprise fare in China:

1. Establishment and implementation of enterprise's development strategy. In China, successful MNCs and foreign-funded enterprise will definitely implement long-term development strategy, adopting a long-term outlook for their business, unlike other unsuccessful companies which do not look far and only concentrate on short-term gains. Besides adopting a development strategy that is of long time horizon, the strategy will need to be a flexible one as market conditions are constantly changing due to the presence of globalization. The enterprise need to be flexible as to react immediately to any changes without affecting its business operations.
2. Leadership of the top management plays a decisive role in deciding the success of the company. In face of greater competition brought about by globalization, management today will need to possess stronger judgment, decision ability, adaptability and greater foresight. Ability to look far is crucial as one need to be able to foresee unforeseen circumstances in order to be ready at all times to react to any changes.
3. Form key competitiveness for the enterprise, and grow together with the economy. Treat your staff with an open heart, cultivate the enterprise's values and vision constantly into them to foster togetherness within the organization and strengthen the organization's strengths. .
4. Build and strengthen the institutional framework and economic system of the enterprise. MNCs usually will establish main or Asian headquarters in key cities in China. Beside that, research and development centre, training centre and logistic base will also be built. Therefore it is vital for the organization to have a strong organization structure dealing with its cash flow, flow of information and manpower movement in order to ensure its success in China
5. It is essential for the foreign-funded enterprises to understand the China's culture, especially regarding the culture of Guangxi (relationship), so as to be able to gain the popularity and trust of China population. With a good relationship, business can become smoother and probability of failure will be greatly reduced. Stronger bonds can also be built with the customers, suppliers and partners.