7 + 5 + 10 + 7 = 32 & Very Gas Rough
To + 10 + 10 + 10 = 30 Doubt

II. Analysis of the International Business Situation

A. Economic, Political and Legal Analysis of the Trading Country

1.Description of Hong Kong's Economic System Several different factors should be the floor Imperior of the floor of the factors are economics and government. Hong Kong has a free market economy, meaning there are very few restrictions on trade and imports. This also means the economy is laissez-faire. Along with the low regulations in business, Hong Kong is currently seeing an increase in GDP, as well as in GDP per capita. From 2000 to 2015, the GDP increased from 171.668 billion to 309.93 billion respectively, that's great growth. Hong Kong is also experiencing a decrease in unemployment, which in response is raising their labor force- was 3.883 million in 2015. Another key thing to know about Hong Kong's economy is that it is very stable, this stability is demonstrated by the numerous amount of foreign investors with the investment value being around Hong Kong's free market economy will make it easier to move H & M, considering the low amount of fees we will have to pay.

2. Description of Hong Kong's Government Structure and Stability

Hong Kong has a presidential limited democracy. A presidential limited democracy can be defined as a government where power is only partially in the hands of the general population. As mentioned earlier, Hong Kong is stable economically, as well as politically. Hong Kong's high level of Political stability is backed by their ranking of 17th, most politically stable, in the world. Political Stability applies to how a nation's politics relatively fit between the two extremities of being stable and collapsing. A nation with a low stability would experience lots of civil wars, coups, or revolutions. The high volume of revolutions demonstrates the lack of respect the general public has for the government or current political standing of the country. A nation with high political stability politics' would be very predictable. Hong Kong's high stability will be beneficial, because we will be able to put trust in the government and not worry about

conflicts.

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Sache & Hayle RD IBP Part II

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3. Description of Laws Affecting Business

Hong Kong has a free trade policy and is a member of the World Trade Organization (WTO), Pacific Economic Cooperation Council (PECC), Organization for Economic Cooperation and Development (OECD), and Asia-Pacific Economic Cooperation (APEC). In order to bring H&M to Hong Kong, placement and employment are two key components to consider.

The Employment Ordinance covers all rules and guidelines to protect employers and employees. As H&M is a service, the company is responsible for knowing Hong Kong's restrictions for hiring. The majority of the working population belongs to men age 35 to 39; the highest working female population between ages 25 to 29 with the information being established circa 2014. Approximately 17 percent of the working population works under sales and services. According to chapter 57 of the Employment Ordinance, those under the age of 15 are generally prohibited from working in an industry in which plays a big importance to the company but is not what is being brought. To employ those between ages 15 through 17, some guidelines instruct that they are allowed a maximum of 48 hours to work for six days of the week, permitting eight hours to be worked at most between seven a.m. and seven p.m. H&M maintains their image within American and European stores by having employees "who are healthy and happy" (H&M: Your Benefits); having the best positive face forward is expected out of everyone who works at the store. With those in bad health, they may take sick days but may get sickness allowance if, under continuous work contract, the employee has collected their sick paid days, is medically proven sick or has been sick for more than four consecutive days.

B. Trade Area and Cultural Analysis

1. Geographic, Demographic, and Other Pertinent Cultural Information

Hong Kong is located at the southeast of the Chinese province Guangdong; the Hong Kong Special Administration Region boundary separates the area from China. Its land area is approximately 1,104 square kilometers and its sea area 1,650 square kilometers. Hong Kong belongs to the tropical rainforest biome whose climate holds cool, humid weather in the winter and hot, raining season from spring through summer; autumn is typically warm and sunny weather. On occasions, typhoons pass by. Hong Kong consists of one mainland connecting region (New Territories and Kowloon) and over 260 island including Lantau, Ap Lei Chau /

Hong land Hong land Commercial Commercial House Mounted Aberdeen Island, and Hong Kong Island. Most known for its appeal for tourists with Disneyland Hong Kong and Big Buddha, Lantau is also Hong Kong's largest island. In comparison, Hong Kong Island is more centered around political ordeals and commercial business as it was the original land of Hong Kong. For H&M's business, the location to develop in should be a popular shopping area where our target markets will acknowledge and reach conveniently. Hong Kong Island and the province Kowloon hold the most popular areas for various sellings outlets such as street markets, shopping outlets, shopping areas and shopping malls; Kowloon provides more for those of traditional tastes and designer fashion that may involve higher prices. The majority of the malls found on Hong Kong Island mix cultures such as Times Square mall.

The mass majority of Hong Kongers identify as Chinese; less than two percent of the

population falls under Indonesian, less than two percent as Filipino, the rest are varying. Within high income worldly countries, Hong Kong ranks most densely populated urban area. In 2014, the reported population growth is .74% as the rate of urbanization meets circa 2015. The percent below poverty line comes to 19.6% circa 2012. Hong Kong's infant mortality rate meets 2.73 deaths per 1,000 of the population as the birth rate is 9.38 per 1,000 of the population. The average age for citizens is 43.2 years old where the majority of the population is between ages 25 to 54. The target market of H&M really aims essentially for younger generations essentially between ages 11 to 24, which is the 11.5% of the population. H&M would have to look at making amends to appeal towards either a more generalized market or including the majority of the population group between 25 to 54 years of age. Interestingly, the older generations including the demographics aged 25 to 54, 55 to 64, 65 and older hold higher populations of women in comparison to men than in the newer generations circa 2014. A school education lasts an average 16 years through primary and secondary school; the average literacy rate of the country meets 93.5%. A large amount of the population claims to be agnostic or atheist as 43% of the population have religious belief. The most common religion is Buddhism with more than half the religious community falling under it. Others include Christianity, Taoism, Confucianism, and Islam. H&M is not religiously affiliated in any ways so the company will just need to be aware if any design or item could be offensive to those of a religion or ethnicity.

> bood facts

Being based in Hong Kong, H&M has to mend to the culture to that the least amount of problems can form. The region ranks low in the Indulgence area of the Hofstede's Model with a 17 out of 100, meaning that the culture does not value having fun and does not include very impulsive people. Hong Kong also ranks at a 61 out of 100 with being more accepting towards change. H&M generally targets teenagers, women (age 18-45), and men (age 18-45) to provide eco-friendly and affordable merchandise. In comparison to the United States, the United States has more impulsive buyers and people who value having a fun and enjoyable life as they rank 68 out of 100 on the Hofstede Model. Hong Kong is also a high context culture, where expectations and communication are supposed naturally understood without being said. For example, within gift giving habits, giving the gift of a green hat to someone could imply their sister or wife is an adulteress or a prostitute. H&M would look at having withdrawal from selling green hats to avoid any message that could be sent. Confucianism in Hong Kong stresses the cultural values to maintain modesty and humbleness; it focuses on loyalty, honesty and sincerity to others as well as yourself. Employees must be able to follow these values to show good customer service and build the company image. Bribery is frowned upon in Hong Kong as they have established the PBO Prevention of Bribery Ordinance of Hong Kong.

Fashion in Hong Kong is not specific just as it is worldwide; there is a melting pot of styles existing. H&M wants to be able to put in stock fashionable, affordable, eco-friendly clothing for consumers. Many in public will be seen wearing overcoats and casual wear such as tight jeans, sweaters, striped shirts, sneakers and combat boots. Many men wear solid colors more often and women dress with a lighter formal yet trendy style. Athletic apparel is more often seen only with the jackets (letterman, leather, sweatshirt, etc.) and brands such as Nike and Adidas. Styles are modest to the people where exposure is not done in the good of the public eye. Imports and exports travel to and from the AR generally by boat and by plane unless China is making exports there by land. Some of the natural resources found on the land include feldspar and the deepwater harbour.

2. Analysis of Potential Location

Hong Kong has a laissez-faire set up since the market is free and open for any trade to be amounted. The SAR would not need to have any forms to look at particularly for trade unless it deals with commodity trade with other foreign countries outside the United States and Canada.

Looking For Paperwork Associated With Bringing Wolfers Over With Bringing Works Over With Bringing What Encourage American Business

Stundard Documentation

International Air Waybill (AWB)

- Communicial Invoice

Phillips List

- Special License
Inbound Shyments Checklist

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Section II, Part A A. Economic, political and legal analysis of the trading country Sources: CIA World Factbook: Economy The Global Economy Heritage Foundation Doing Business In: http://www.doingbusiness.org/ Export.gov http://www.doingbusiness.org/ Export.gov http://www.doingbusiness.org/ Export.gov http://www.doingbusiness.org/		ulture Products sployment Rate st External ct - Partners	Industries that are prevalent in your IBP Country Household income or consumption by % share Distribution of Family Income Market Value of Publicly Traded Stocks Commercial Bank Primary Lending Rate
		B/C Grade	D/F Point Grade
	(Formal: 13.5 - 15 pts)	(Formal: 10.5 – 13.49 pts)	(Formal: Below 10.5 pts)
free Mailet Economic System	Type of Economic System Used in IBP Country is Stated An understanding of what that type of economic system means is displayed Advantages / disadvantages of operating in this type of economic system are given	Type of economic system is stated but not explained. Limited amount of advantages & Disadvantages given	Type of economic system is copied from internet with no understanding of what it means given No advantages / disadvantages of system provided
rease Unem	Multiple Economic Impactors are stated with supporting evidence as to why those impactors matter given. GDP/capita is included	 Only a couple Economic Impactors are provided Economic impactors provided are not explained in depth & limited evidence relating to why they are important to your 	 Minimal to no economic impactors are provided. Paper does not explain economic factors that affect a foreign company expanding to their IBP market
608- 171.6 -309.9 B	Comparisons to IBP Country & USA are given so that reader understands context better.	IBP country is given	 Facts are given to fill space with no understanding of their impact
Level of Foreign Direct Investment	 Level of FDI is given (Market Overview: Export.gov) Stock of FDI at home & abroad is stated & explained Comparison to the USA is given Reasons as to why your FDI Level are important are given/explained Economic Globalization 	 FDI – Home is stated Limited explanation is given as to what that level means Paper doesn't make comparisons between IBP country & other major markets 	 FDI is either unstated, inaccurate, or unexplained. Student displays minimal to no understanding of FDI concept.
Total Grade			
Rough Draft Turned in on Time	Due Date: October 25, 2016 Yes *Informal / Effort Grade. Any rough	e: October 25, 2016 Yes No Turned in late on: /10 pts // *Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late.	/10 pts dit. 2 points deducted for each day it is late.

Group: Salva: 1

Rubric Grading Scale for Each Section

4.2 Key Terms / Concepts from Textbook:

- You are responsible for taking notes on the four economic systems stated (Market, Mixed, Planned, & Traditional)
- Key Terms: Political Economy, Concept of Economic Integration, Customs Union, Common Market, FTA

 Need to know Free Trade Agreements: NAFTA (Pros/Cons), COMESA, CACM, ASEAN, CARICOM, CAFTA, FTAA (Pros / Cons)

Rough Draft Turned in on Time	Total Grade	Governments control over private business	Government control over trade	Government Stability	126	Residential United Government Structure Democracy	Section II Part A 2. Describe the trading countr Sources: CIA World Factbook: Government The Global Economy (GE) http://www.theglobaleconomy.com/ The Heritage Foundation (HF) http://www.heritage.org/index/
Due Date: October 25, 2016 Yes No *Informal / Effort Grade. Any rough draft		 Level of Business Freedom (Taxes & Process to start a business) From reading this section the viewer has a clear understanding of how your IBP country views privatization of business. Research State Owned Enterprise for ideas. Ex: Are privately owned industries, companies, corporations encouraged or are they state owned. 	 International organization participation (CIA) Political Globalization (GE) Level of government involvement relating to free trade is given(HF) Trade Balance (Export) 	changes to how that country operates (Russia switching from Communist to Level of corruption is documented / explained Level of Political Risk is given & a comparison to previous years; as well as, other countries is documented Level of Political Stability (GE)	elected h they	 Type of Government that controls country is stated & explained Example: The USA is a Federal Republic with a strong Democratic tradition. Political Pressure Groups & Leaders Who is the head of your IBP government Elections / Appointment Process is explained 	Section II Part A 2. Describe the trading country's governmental structure and stability, how the government controls trade and private business Sources: CIA World Factbook: Government The Global Economy (GE) Inter//www.theglobaleconomy.com/ The Heritage Foundation (HF) http://www.heritage.org/index/ CIA World Factbook: Government Controls trade and private business B/C Grade D/F Po The Heritage Foundation (HF) (Formal: 18 – 20 pts) (Formal: 14 – 17.9 pts)
ctober 25, 2016 Yes No Turned in late on:		 Level of Business Freedom is not discussed A vague understanding of how government regulates private business is given with little understanding of how it impacts their product/company specifically 	 How active & supportive the government is in regards to free trade is stated but no evidence is provided to prove statement try Level of globalization is not mentioned or explained 	long that system has existed is given. No examples or acknowledgement of recent history is provided Corruption stats are given but no supporting evidence or world rankings given to add clarity Level of Political risk is only stated	 Government stability is hinted at but not explained. Example would be stating that presidents are elected every 4 years in the USA but no timeframe for how 	 Type of Government that controls country is stated but not explained Current political regime is not listed No background information into how your IBP country structures its political process is explained. 	the government controls trade and B/C Grade (Formal: 14 – 17.9 pts)
/10 pts dit. 2 points deducted for each day it is late.		 Paper only briefly discusses governments role in business Paper lacks statistical evidence & analysis No supportive evidence is given to prove how that government regulates private business. 	 No stats or evidence is given explaining how controlling the government is in regards to how that country conducts trade Paper displays a very limited or inconclusive portrayal of government when it comes to its stance on trade 	or incorrect No level of political risk is given	 Government stability is not provided No examples of former political process or systems are given 	 Type of political system is only listed, no detail No current or background information relating to the current type of government is given 	private business D/F Point Grade (Formal: Below 14 pts)

Key Concepts from book: Be able to compare & contrast the four main types of political systems: Democracy, Republic One-Party States, & Theocracy.

Be able to compare & contrast Statutory & Case Law. Understand the importance of Contract Law when conducting business overseas.

Political Systems, Political Risk, Political Economic Movement, Corruption & Which Countries have high/low levels of it, Sustainability, & Kyoto Protocol

Section II Part A

3. Describe laws and/or governmental agencies that affect your business/product/service [i.e., Jabor Jaws, trade Jaws (U.S.A. and/or Canada and foreign)]

Sources:			
http://www.heritage.org/index/ List of FTA's Asia: https://aric.adb.org/fta-country	AGrade	B/C Grade	D/F Point Grade
USA: https://ustr.gov/trade- agreements/free-trade-agreements Agencies: https://en.wikipedia.org/wiki/State- owned enterprise	(Formal: 13.5 – 15 pts)	(Formal: 10.5 - 13.49)	(Formal: Below 10.5)
Laws &/or Govt. Agencies that Impact your product -W10 - PELC - DELD -AME	Paper provides an overview of agencies that impact a company / product in their IBP Country. At least two agencies are referenced. Example: Federal Trade Commission in the USA	 Paper provides a very limited scope of agencies that impact a product traveling overseas Only agencies are mentioned with no real detail has to how they operate given 	 No government agencies impacting your IBP country are stated An overview of laws that limit or restrict businesses in your IBP country are not provided
Labor Laws Employment See End. 1	 Labor Freedom (Heritage & Global) Regulatory Efficiency (Heritage) 	 Labor laws that impact the workforce are stated but not explained. A vague understanding of how that law impacts a business is provided. 	 Labor laws are listed but only minimally explained or not listed at all
Trade Laws COPP ON OWING USA COPP DATE IN VOLUMENT	 Trade Freedom: Actual score, world ranking, & Comparison to the United States Open Market Description (Heritage) Free Trade Agreements (ABD) 	Only trade agreements are listed. Limited understanding of how trade laws impact imports & exports.	 No trade laws or agreements are referenced Paper does not provide a basic understanding of how trade impacts your IBP Proposition
Total Grade			
Rough Draft Turned in on Time	Due Date: October 25, 2016 Yes *Informal / Effort Grade. Any rough	No Turned in late on: draft submitted with good intent will earn fu	ste: October 25, 2016 Yes No Turned in late on: *Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late.

Key Terms from 4.1

- Compare & Contrast Developed Countries (First World), Newly Industrialized Countries (Second World), & Developing Countries (Third World)
- Income Distribution Terms & Concepts: Lorenz Curve, Line of Absolute Equality, Line of Absolute Inequality, & Education (2 things education suggests)
- Population Concepts: Population Pyramid, Social Class, & Class Mobility

Source(s): CIA World Factbook: People & Mobility Section

disadvantages of the proposed product and/or service 1. Geographic and demographic information, important customs and traditions, other pertinent cultural information, competitive advantages and Section II Part B: Trade area and cultural analysis **Rough Draft Turned in on Time Important Customs & Traditions Pertinent Cultural Information** Competitive Advantages & **Demographic Information Geographic Information** Disadvantages Total Grade Due Date: *Informal / Effort Grade. Any rough draft submitted with good intent will earn full credit. 2 points deducted for each day it is late. Examples of Advantages: American Made Brand Gift Giving v. Bribery **Education Attainment (Education** Ethnic groups with corresponding %'s (race) Population growth rate Infant Mortality Rate targeted (Gender/Age) most largely populated groups are identified & Population pyramid is broken down so that the airport, rail port, & trucking stated & explained Information relating to transportation of goods; environment. Hazards that may affect your company, & Climate, Terrain, Natural Resources, Natural supporting evidence given High or Low Context Culture Geert Hofstede's Model Meeting basics / Negotiation Norms Manners, Attitudes, Values Communication: Verbal & Nonverbal % living below the poverty line Birth Rate Median Age transportation delays, government influence, Examples of Disadvantages: Added costs, will encounter are clearly stated. With Advantages &/or disadvantages your company Religion Fashion / Dress Social Class with average median income Lower Costs, Fulfills market need (Formal: 13.5 – 15 pts) October 25, 2016 A Grade ٠ o O Limited to No discussion of how a statistic but its relevance is not listed but their value is not explained Factors associated with geography are understanding of how that country Levels of income are either not explained Growth rate of population is stated as rate are not provided Factors such as median age & birth gender groups No method of distinction between identified Only the largest population groups are transportation is impacted given stated. Limited supportive evidence company will encounter are clearly explanation provided as to picture format with no Hofstede's model is given in Breakdown of religion is given but that related directly to the workplace No customs / traditions are mentioned functions. not enough to provide an in-depth Some cultural traditions are given but Levels of education are not clear provided or only hinted at provided Advantages &/or disadvantages your what it means little to no explanation is given (Formal: 10.5 - 13.49) Turned in late on: B/C Grade No breakdown of gender differenced explanation of that pyramid given of a population pyramid with no Example: Reader may see a picture with factors that have no real value Geographical information is limited Factors such as income, age, & Limited discussion of population to your IBP country stated is given explaining advantages No evidence or statistical data but not clearly stated as such. disadvantages are hinted at Competitive advantages & your IBP country's culture information given relating to Limited to no added factor but not explained Religion is only mentioned as a or missing altogether country are either limited in scope The overall attitude & values of the traditions is provided Very little reference to customs & education levels are missing or given factors given. that exist (Formal: Below 10.5) D/F Point Grade /10 pts

Section II Part B: Trade area and cultural analysis

2. Analysis of the potential location—importance and requirements of each trade document required by the U.S.A. and/or Canada and the country of choice (Export & Import Documentation (GE))

country is proven ents made in this proven in a good region to reaport with act, there is an employees employees ade is minimal or ates are om the United are given & documer and how does that adocumer are given as a construction and how does that a country is proven a potential and how does that a country is proven and the country is proven and how does that a country is proven and the
• The selection of your IBP country is proven effective based on statements made in this section • Examples of information that could be presented in this section include: Country is geographically in a good region for transportation (airport or seaport nearby), climate assists with need/production of product, there is an adequate level of capable employees available, etc Trade between your IBP country and the United States is easy & encouraged Paperwork required for trade is minimal or easy to complete. • Specific trade documents between your IBP country and the United States are referenced if applicable
• The selection of your IBP country is proven effective based on statements made in this section • Examples of information that could be presented in this section include: Country is geographically in a good region for transportation (airport or seaport nearby), climate assists with need/production of product, there is an adequate level of capable employees available, etc Trade between your IBP country and the United States is easy & encouraged Paperwork required for trade is minimal or easy to complete.
• The selection of your IBP country is proven effective based on statements made in this section • Examples of information that could be presented in this section include: Country is geographically in a good region for transportation (airport or seaport nearby), climate assists with need/production of product, there is an adequate level of capable employees available, etc
(Formal: 13.5 – 15 pts) The selection of your IBP country is proven effective based on statements made in this section • F
A Grade B/C Grade

Comments: