

A transnational company firm

Introduction

A transnational company (TNC) is a firm which has the power to co-ordinate and control operations in more than one country. With the aid of a TNC as a case study, I will examine to what extent it is beneficial for a TNC to offshore its manufacturing branch to a LEDC.

China has been economically stable since the very early 90's where TNC started to setup their firms. The government of China has been lenient with different import/export barriers, including embargoes and lowering the duty tax, hoping to attract potential companies to setup firms, thus creating a multiplier effect for China to develop. Shenzhen is a good example where renowned firms (Black & Decker, Philips, Nokia) have contributed to increase national income and consumption of China.

Established in 1996, Xintai.ltd is a small firm (secondary sector) that specialize guitar parts. Their main headquarter resides in Hong-Kong known as the HK-Xintai.ltd branch. The manufacturing branch was moved to Shenzhen, Yuwu district (China), utilizing geographical benefits.

China is a successful manufacturing ground, as the CEO (name disclosed) mentions how labour-demanding China is, with low import and export duty for raw materials and shipping out finished goods. The company today has 100 employees and running successfully.

Today big firms move their manufacturing division across the globe to benefit physical factors (i.e. weather for agriculture), saving-cost (labour-demand in China) and accessibility (i.e. Hong-Kong's renowned biggest shipping ports). These factors benefit companies to become more productive, like save shipping cost if located to a busy market or take advantage of intense unskilled labour for flow production. A TNC has the ability to take-advantage of another country's geographical differences in the distribution of factors of production (like resources, labour and capital).

1. Where is the factory?

The full location of the firm Xintai.ltd is to be found in: Yuwu Industrial Zone, DongchengDistrict, Dongguan City, Guangdong Province.

Geographical location:

Xintai.ltd is located within an industrial-park where other small factories / firms setup together like a community. Industrial-parks are beneficial as they create a stronger market-pull to attract potential buyers. The transportation logistics cost between multiple

firms operating together saves money as goods are transported in greater bulk. Management cost like security cost decreases as cost is shared. China, (especially Guangdong and Shenzhen) is popular with industrial-parks because of its huge market purchasing-power for foreign investors and availability of plentiful unskilled labour. This particular Yuwu industrial-park specializes in electronic components which makes sense why Xintai.ltd would locate there to experience the supplier-chain effect to be supplied parts from other manufacturers within the industrial-park.

The satellite map below shows a huge array of residential-blocks outlying in the middle of the Yuwu industrial-park. At the southwest of the factory is a nearby trading market (like a trading fair) for potential investors, venturers and bulk purchasers. Hong-Kong border is only 40 minutes away from Dongguan and Shenzhen

2. Primary / secondary data collection; Methodology

In order to investigate why Xintai.ltd would want to relocate their manufacturing branch to a LEDC, I have brainstormed and researched potential push and pull factors to cause a company to shift their operations regionally. A CEO interview will also be conducted about business operations, including shipping / importing, duty tax, government grants and weather that could be long-term beneficial to locate in China.

A manager interview will determine the demographics of the workforce in the factory, including age, diversity and locality. Demographic findings are essential to distinguish the labour pull factors to locate Xintai.ltd in China, as well as comparing the workforce to MEDC to investigate why Xintai.ltd has transferred to China.

I have devised my essay question into three main categories that would affect the business environment depending the firm's strategic location. These include socioeconomics of workforce, the geographical / physical examination of the firm's location and external influences (factors a company cannot control). Here is a list of factors brainstormed that may affect locating a factory:

Social-Economic factors of workforce

- This may include the education and literacy rate of workers determining unskilled/skilled level. Usually LEDC that offers plentiful unskilled labourers are beneficial in long-term, especially in mass-production where manpower is needed and simple skills on conveyor belt is needed. The locality of workforce dispersion shows how concentrated the labour supply it is for a place. The salary/wages may be influential for business benefit cheaper labour cost, especially areas with non-legislated minimum wage.

Geographical and physical examination of factory location

Geographical location determines how well the factory is located from accessibility (road network and motorway) as well as the typical climate around the firm that may be specialized for manufacturing process. Proximity to market is also ideal for a business to save transportation cost.

External influence

These are the factors that a business cannot control. For example government grant / subsidies may be offered when a factory is developed in an area to reduce unemployment. Pressure groups / environmental protection groups are also part of the external influence that can change the direction of a business or newly setup factory (i.e. pollution the local original habitat).

Anticipated difficulties during data collection:

Throughout the investigation, language barriers is a concern of good communication to provide accurate feedback and data; verbally and written-based. Another communication-based reliability problem is the manager's interview may be subjective in preference to the interviewer's viewpoints or biased. I also fear how the unskilled workforce may be illiterate to my questionnaire, thus language barriers may surface higher because my Mandarin isn't up to scratch. Obtaining maps are relatively hard to find the perfect scale around Xintai.ltd factory. Maps may also be outdated ever since the road network has been revamped for the Beijing Olympics. Figures and indicators used for comparing Hong-Kong and Guangdong may be outdated or vary from different sources. Speaking of documentations, Xintai.ltd may not provide proper documentation (due to privacy) to backup evidence or make support claims. The varying exchange rate of RMB and HKD for calculating land price may Locality of workforce dispersion from workers' home

The interpretation of workforce locality shows the convenience of accessibility for workers to work in Xintai.ltd factory as well as the ability of labour-pull. Measuring the distance and time it takes to travel to work is the key method to understand how far the workforce is dispersed within the community.

A stratified sampling technique was used to divide (sample the population according to proportion of skilled and unskilled) the 70 workers (62 unskilled, 8 skilled) present in the factory to work out a proportion of workers I should give my questionnaire of total 20 to.cause inaccuracies.

Part 3: Analysis and interpretation of data (reliability and meaning)

Education and literacy rate of workforce

When Xintai.ltd located their manufacturing branch in China to use cheaper-labour and benefit business legislations, the unskilled workforce from Xintai.ltd are basic in labour skills and education. There is 2 factory line workers have not completed their primary level education (which is now made mandatory in China to complete middle school [so as Hong-Kong] before it is optional to drop out).

The level of education within the workforce varies; the labourers with semi-skilled to fully skilled consist 47.92% of 94 workers which is nearly half of the amount of unskilled workers. The 18 university graduates operate all managerial tasks and business strategies.

The foreign language capability of the workforce shows 45.53% of the workers understand English and 4 workers understand a foreign language excluding English. English is a widely used language in the world now, thus making it highly labour immobile for the unskilled workers to compete abroad.

This survey was done through paper-based questionnaire given to the workers. The translation of the original English draft copy may slightly differ in Chinese characters because some words in English do not have an exact definition with a Chinese character and therefore the results may not exactly be accurate. Some workers are partially literate (like the 2.06% of the 94 employees who didn't complete primary level education) may could have misunderstood my questionnaire and may have implied a wrong answer.

The data shows majority of workers live nowhere further than 10km from community. Only two workers own a car and majority transportation is by bus and foot which both scored 9/20 people. The Mean distance to work is 6.28km with a range of 0.7 to 26.9km which is big for a range. Standard-deviation of 7.41 indicates the data was vastly spread out thus questioning the reliability of sampling. The range of the time to arrive at work is between 10 to 60 minutes which again is a big range with standard-deviation of 14.7, lesser than the mean of 23.75

If the data can be taken into consideration without judging its validity, it shows that worker's settlement is well concentrated within 10km radius, thus showing how plentiful labour supply is. The decision for workers especially unskilled ones to live close is to save travelling expense and time. The graph shows a positive correlation to the further one lives, the longer it takes to work.

However, the workforce dispersion survey may be flawed because travelling distance to work does not sometimes correlate with the time take to go to work. For example workers living in mountainous area may take longer to descend.

Wage and salaries of workers

I was able to obtain from questionnaire the salary of the unskilled workers:

Guangdong province in the early 2008 has legislated a minimum wage level in 5 different categories, starting with the lowest of monthly 530 for underdeveloped area. The figures above are very low compared to standards of Hong-Kong, even a Pilipino maid with paid accommodation still earns at \$3580 minimum per month. The figures above are non-tax-deducted which makes the disposable income even lower for workers. With tax deduction, of 10% from the G2 tax tariff, an assembly line worker really earns 1350 - 1800. In Hong-Kong there is no established minimum income, however it is expected salary would remain at least \$125 HKD a day for a maid (roughly 110.16), nearly twice the salary of a factory worker. Guangdong is a potential labour-pull because of the low and lenient minimum wage legislation.

Land cost and availability

The renting cost/m is relatively more expensive in Hong-Kong than Guangdong. Also I have noticed that most commercial buildings for rent in Hong-Kong are located in high rise and only have adequate space for a small workshop (small manufacturing areas for small component assembly) without the room for heavy manufacturing machineries (it is also unwise to locate large machineries above ground floors because of weight and pressure that could violate building structure rules). The availability of space contributes to the high land value in Hong-Kong, making it unwise to locate heavy machineries in Hong-Kong compared to spacious Shenzhen.

The Hong-Kong government reserves 35% of property rent as land-value-tax (LVT) which compensates the personal income tax to be low. The relative rent is high in Hong-Kong mainly because of the huge taxation chunk 35%. All renting location of Hong-Kong is relatively expensive (even twilight zones) because the LVT taxation method disregards the property value itself, only cost/m with 35%.

For these reasons, it is wise for TNC like Xintai.ltd to locate their business administration headquarters in Hong-Kong (because it uses less land and Hong-Kong has more skilled labour available than mainland China). Locating a factory in Shenzhen is what Xintai.ltd did because of land availability, as well as the contributing external factors like government tariff benefits.

Limitations includes the listing may change from time to time depending if the area has already been rented or not. <http://hk.estate123.com/> did not feature any land availability for New Territories because at the time of writing there were no agents publishing land in N.T for sale / rent. Real-time estate quotes and prices require contacting with estate agent in Shenzhen, but however due to language barriers and time issues, this was avoided. Price quote from internet do not show reliability whether the quotes price is inclusive or exclusive like monthly security or management payments. Advertised

information on classifieds is limited and reliability varies because sales are usually expected to be done over the phone with a face-to-face transaction.

The classified although mentions the area of premises, they do not mention the "usable area percentage". The mentioned figures on classifieds are usually the "gross area" figure. Although a place may be big, however the usable area percentage could be little, thus meaning a business is renting area that are not commercially useable for business activity (e.g. walls, lift shaft, air-con / fuse-box room).

Accessibility: road network, motorways and shipping ports

From Google maps, it takes 1 hour 7 min to reach Lo-Wu checkpoint Hong-Kong border. Yuwu, the area where the Xintai.ltd is located is close to major motorway; like Guangshen expressway which is only 2.9km away with a 5 min drive. This motorway connects to Guangdong central expressway network that is able to reach furthest parts of Chin or towards the Meiguan expressway to Lo-Wu border between Hong-Kong.

The world's once busiest major shipping ports was in Hong-Kong Kwai-Chung where it specializes shipping globally in mass scale. It takes around 50min (32.5km) through Kam Tin Road across the mountainous relief of Hong-Kong to reach Kwai-Chung port from Lo-Wu. It is unwise to deliver container from Yuwu to Kwai-Chung just to ship goods internationally. Luckily Shenzhen has their international shipping port; Mawan-Port and only takes around 1 hour from Yuwu through Guangshen Expressway. Although the port is a lot smaller, however they specializes shipping goods through China province from the Dongjiang River. Along the river there is another small scale port; Port Dongwan is a 20 min drive and located 11.5km away.

Although Hong-Kong has a bigger port for exporting more containers, however it is more bureaucratic (i.e. longer goods clearance and duty tagging time) compared to government speed clearance China has to offer for foreign investors.

Climatic factors towards locating in Guangdong

The relative humidity in Guangdong is high in range; average monthly temperatures could reach a range of 8 degrees or more. The average humidity reaches peak at July (82%) and ranges a decrease of 12% average humidity throughout till December (70%). January till July has an optimum humidity level (25-59%) for operating machineries, manufacturing electronic components and the storage of wood. It is recommended for guitar wood to be kept in a 37 - 60% RL environment to prevent wood from collecting moisture and expanding (swelling). Guangdong's relative humidity as of 2008's first 6 months is ideal for manufacture of wood and operating machineries. Yet also better, the temperature does not exceed 35 degrees Celsius which causes loose glued-in joints. The temperature doesn't either surpass freezing-point level, which will not affect guitar finishes with cracking. Humidity not just affect the quality of raw material (i.e. wood is able to hold moisture and too much moisture affects tone), but also electronic

manufactured products and machineries. High humidity would build-up moisture inside any electronic and increase the conductivity of insulation, thus a dead circuit will occur. Low humidity is potentially threatening to cause sudden power-off and fuse blowouts once a discharge happens. High exposure to humidity would likely corrode connectors within electronics and cables; steel will also rust and weaken. In order for Xintai to exceed a quality expectation to consumers, they must keep facilitate and store raw materials well during the July to December and increasing check-up consistency of machineries for those 6 months.

Limitations are that often an area may experience microclimate. However the factory surrounding did not have high-rise building. The weather data was taken form 2008 published figure and is 1 year dated which may show inaccuracies.

External factors upon why to locate in Guangdong:

From reviewing the current government benefits including tariff zones within China and exemption to property tax for 3 years are benefits for foreign companies to "seek new opportunities". These benefits do attract a lot of potential foreign investors because of the overall cost-efficiency induced from the government (taxation benefits and lenient import/export regulations).

The subsidized government income tax for the first 2 profit generating years of a foreign business enable foreign investors to tryout investing in China and hopefully stay. The foreign tax subsidies are able to be reduced because the personal income taxation is rather high; particularly there is a tolling system for different gross income level. (i.e. gross income of 1000 - 2000 must pay 10% tax under level 2 taxation) which is very high when deducted from a small gross income of 2000.

The exemption on property tax allows foreign investors to fully establish their factory and make it become well under order before the Government start deducting property tax after 3-5 years (depending on the employee size). To aid settling foreign investors even more, importing foreign machineries or amenities for production and manufacturing purposes are duty and customs' service charge exempted and has a shorter clearance day for inspection. This enables foreign businesses to quickly setup their business control and start profit generating.

Although China's officials are strict with population policies to maintain a sustainable population growth, the foreign labour market to China is very mobile. Foreign workers of a foreign established factory in China are entitled to stay as long as the business exists in China, as long as the visa has to be updated every 3-6 months. These foreign workers are classified as "temporary visas holders" and although may not put categorized as a full citizen, they are still permitted for national healthcare services which comes around to be a nice welcoming package for foreign investors to move not just their facilities, but also workers.

Ethnicity of the workforce

Xintai.ltd has offshore a few workers from abroad from Britain and France to seek for more expertise workforce. For example the two French mechanics is specifically hired from Fujitsu-Siemens Company because of the particular specialization of skills. Also due to the ease of labour mobility in China, offshore-ing is common for specialized task and where a company could hire external contractors to aid production / manufacturing.

Majority of the workforce (85.54%) are Chinese workers. The advantage of having majority of workers to be the same nationality is to reduce cultural conflicts between different cultures.

Although the survey shows 85.54% of employees are Chinese ethnic, however "nationality" is a vague word which varies because there are different immigrated workers (e.g. from Philippines, Malaysia) who are not considered to be permanent resident (has not resided for 7 years). This is because to reduce complications from misunderstandings from workers.

Part 4: Conclusion

Drawing from the major listed points from my investigation, it is evident that China has an advantageous punch for foreign investors to locate their new factories. From labour-pull to business cost, it's a good deal for investors to reduce business expenditure and take advantage of workers from a lower standard of living. The land is plentiful in Guangdong, and especially from the relative rent compared to Hong-Kong, it is far cheaper in the long run (with deduction of government tax for first 5 years). Although majority of the labour supply around the Guangdong area is unskilled, it is well suited towards foreign secondary-sector firms that require simple assembly skills. However if a firm likes to look for skilled-labour supply, Guangdong would not preferably be the ideal choice because of the sub-par education and literacy rate. Xintai's main drawback to locate in Guangdong is the external uncontrollable factor; weather. The climate of Guangdong would make it a barrier for certain goods to be manufactured or kept storage due to its humidity and high temperature. Hot and humid environment could also easily affect worker's performance and may induced other heat related problems like heatstroke if ventilating is not adequate.

I suggest the Guangdong government to review their 2008 legislation on minimum wage because it is rather unethical and immediately causes a harmful reputation towards the country, especially how minimum wage level of 530 is unsustainable for an individual (and especially after a 10% tax deduction) to live. Although foreign investment power is a positive to contribute to the GNP, however government should not just protect their investment to foreign power, but also the laborers of China that are paid miniscule salary.

From looking at different geographical factors in different perspective; from climate to socio-economic, I am conclusive to say that money is the ultimate driving-force to cause multinationals to move into a new country. All the things, including tax deduction, cheaper labour / land, and government subsidies are all money related. But in detail viewpoint, I would say it is the workforce availability that pulls in foreign investors, especially an unskilled workforce to start mass-manufacturing goods. Notice how unskilled labour is fit to do mass-assembly because they are recognized to only be capable of simple tasks, thus undeserving moderate salary. Anything related to cost-cutting and mass-saving is what drives investors to setup a factory.

Other factors non-related to money like location, climate, culture, accessibility are not completely disregarded from a business viewpoint to choose a location; but they are not too highly regarded factors compared to money saving.

Future questions

I would like to investigate in the future possibly how a factory worker with a minimalistic salary could endure compared to a MEDC resident. The prediction of China government greed of foreign investors threatening long-term effects of culture shifts.

Part 5: Bibliography

Socio-economics

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- <http://www.justlanded.com/english/Hong-Kong/Hong-Kong-Guide/Jobs/Working-hours-in-Hong-Kong>
- http://en.wikipedia.org/wiki/Disposable/Discretionary_income
- Company taxation: <http://www.china.org.cn/english/features/48086.htm>
- Individual income tax: <http://202.108.90.130/n6669073/n6669088/6888498.html>
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- Business operation in Guangdong: <http://english.mofcom.gov.cn/aroundchina/Guangdong.shtml>
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Education and literacy

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Land

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- Industrial parks: http://en.wikipedia.org/wiki/Industrial_park
- Land value of Hong Kong: <http://hk.estate123.com/>
- Land value of China: <http://www.ecplaza.net/>

Hong Kong comparison

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External factors influencing businesses to locate in Guangdong

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<http://www.musiciansworkshop.com/humidity.html>
- Problems of high relative humidity:
http://www.bryair.com/pdf/articles/deh/electr_instry.pdf
- Problems of humidity and temperature changes for guitars:
- Average temperature (monthly average) of 2008:
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- Guangdong's humidity facts:
<http://www.nanfangdaily.com.cn%2Fnr%2F200812310050.asp>
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<http://www.fs121.com/channele/topic/fsqh/fsqh04.html>
- Moisture properties: <http://en.wikipedia.org/wiki/Humidity>
- The level of workforce and financial beneficial of hiring unskilled in China

Unskilled workforce:

http://books.google.com.hk/books?id=PZG_JP2pg58C&pg=PA151&lpg=PA151&dq=Guangdong+unskilled&source=bl&ots=JgpCWZvkso&sig=pGMNWNZQtLOgDGGnRvH1favzNSo&hl=en&ei=dFW4SpvWOoukAXEreDJCw&sa=X&oi=book_result&ct=result&resnum=1#v=onepage&q=Guangdong%20unskilled&f=false

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Indicator comparison

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Part 6: Appendices

NOTE: All irrational figures like exchange rates are rounded to 2 decimal places

Within the company Xintai.ltd, there are approximately 100 employees. According to the manager's record from worker's safety insurance certificate, the business comprises:

62 unskilled / semi-skilled workers:

- 45x assembly line workers
- 4x security guards
- 2x on-the-scene mechanics
- 1x caretaker
- 1x janitor
- 9x kitchen staff

32 skilled labour workers

- 1x marketing director
- 1x marketing managers
- 8x marketing staff
- 1x production director
- 2x production managers
- 2x QC officers
- 6x production workers
- 3x R&D
- 1x finance director

- 4x finance department
- 1x human-resource director
- 1x company lawyer
- 1x accountant

Education / Literacy questions (1dp)

- 98.98% (93 / 94) of employees are literate to Chinese
- 45.23% (27 / 31 87.1% within the skilled sector) (2 / 62 3.2% within the unskilled sector) of employees is capable of understanding English
- 4.36% (4 / 62 within the skilled sector and no one within the unskilled sector) of employees is capable of understanding a foreign language apart from English
- 97.94% (92 / 94) of employees has finished primary level of education
- 87.21% (82 / 94) of employees has completed secondary level education
- 28.77% (27 / 94) of employees has received higher education from vocational training (semi-skilled)
- 19.15% (18 / 94) of employees has received higher education from university (Skilled)
- 52.12% (49 / 94) of employees did not receive any higher education and were trained on-the-job scenario

Economics (compare figures to HK)

Assembly line workers (unskilled)

- Assembly line worker = 5 - 20 RMB per-piece rate (depending on the difficulty)
- Average wage per month = 1500 - 2000 RMB (gross income)
- Average wage per day (gross income divided by [6x4]) = 62.50 - 83.33RMB)
- Half-day on Saturday, closed on Sundays

Other unskilled workers (kitchen, janitor, security)

- fixed salary 1000 - 1500 RMB
- get small bonuses (disclosed amount) if working overtime (security), this includes longer working hour and working on Sundays

Average disposable income (gross income - individual income tax [G2 tax @ 10% tariff])
Indicator to show the useable amount of income after compulsory individual income tax deducted.

- Assembly line worker = RMB 1350 - 1800 (disposable income)
- Other unskilled labourers = RMB 900 - 1350 (disposable income)

(Skilled labour income disclosed)

Worker's diversification / ethnicity (social-economical factors)

Worker's nationality

- 85.54% (91 of 94) is Chinese ethnic workers
- 2.82% (3 of 94) is foreign workers (on foreign temporary visas)

This consist of 2 British (an accountant and a production manager), 1 French hired mechanic dispatched from foreign machinery brand.

Land data

- Compare the monthly rent per meter squared between factories available in Guangdong and Hong Kong. Also state any land regulation benefits / disadvantages (e.g. tax conditional offers, height / space limit, maximum decibel level) upon operating / building a factory. Also state the land availability for development.
- Research done through online posted classifieds.

Hong Kong's industrial zone

- Hong Kong district
- Queen's Road, Central

<http://hongkong.gumtree.com.hk/c-Flat-House-Real-Estate-office-space-commercial-Queens-Road-Central-W0QQAdIdZ156217299>

- Office with small workshop duplex
- Factory area: 650ft² (60.39m²)
- Rent monthly: HKD \$38000 (\$629.24/m²)
- Kowloon

Land data currently unavailable.

- New Territories

Land data currently unavailable.

Guangdong district

- De Tai Industrial Zone, Longhua, Shenzhen

<http://www.made-in-china.com/china-products/productviewRAmQTYECxraL/Factory-Buildings-For-Rent.html>

Factory area = 85000m² 5 floors (area of rent is negotiable)

Rent monthly = RMB 15/m²

Accessibility: Adjacent to Mei-guan Highway, Ji-he Highway, Mei-long Highway.

- Tang Xia town, Dongguan, Shenzhen

http://www.ecplaza.net/tradeleads/seller/3904524/newbuild_factory_building.html

Factory area = 5000m²

Rent monthly = USD \$7500 (USD 1.5/m² RMB 10.24/m² [2d.p @ xe.com])

Accessibility: Transportation to Guangzhou (about 1 hour and half) and to Shenzhen and Hong Kong (about 40 minutes)

External factors upon why to locate in Guangdong

An interview with the manager reveals the reasons:

GOVERNMENT POLICIES TOWARDS RUNNING A BUSINESS

- Government grants are rarely offered, but however there are many tax deductions available. No subsidiaries either, unless a company is ran under the agriculture sector where the government could subsidies to prevent expensive crops.
Government income tax from revenue subsidized for the first 2 profit-generating years
- Another hefty 50% tax deduction after the following tax-free 2 years with a contract signed for 10 years in Guangdong. Contract could be renewed after 10 years.
- Exemption on property tax for 3 - 5 years on foreign invested factories.
- Exemption from tariff for raw material import, as long as it follows the P&A contract (personnel & administration) and does not violate any embargo rules (e.g. no firearm import)
- Import permit with shorter inspection time (less bureaucratic) for foreign machineries or special amenities for inspection. However import tax still applies.

LABOUR MARKET

- Foreign workers are permitted to stay for long duration as long as their visas are renewed every 3 - 6 months. However they are categorized as "temporary residence permit holders"
- Foreign workers still benefit the healthcare and insurance compulsory to be partially covered by the state. This will heavily reduce the cost for healthcare services towards workers being insured by the company.
- China

CLIMATICAL REASONS

(See excel figure chart)

- Problems of high relative humidity:
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- Problems of humidity and temperature changes for guitars:
- Average temperature (monthly average) of 2008:
<http://www.travelchinaguide.com/climate/guangzhou.htm>
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<http://www.fs121.com/channele/topic/fsqh/fsqh04.html>

Comparison between Hong Kong and Guangdong business areas, GNP and standard of living

Hong Kong (2008 figures)

- GDP: \$215008 million HKD
- Median monthly household income for a family of four: \$18800 HKD

Guangdong (2008 figures)

- GDP: 3569646 million RMB
- 5553.67 / 10000 people are employed
- Guangdong employment rate: 4 334.5 / 10000 people (43.345%)
- Has signed the ILO (International Labour Organization) to compile with international working standards, labour legislation and employment law