

BUSINESS INSIGHTS

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Charles R. Roberts
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The Ethical Implications of New Business Information Technologies

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Abstract

This paper discusses the challenges inherent in E-Discover, the blurring of private and public lives and finally the risks and pitfalls of data mining. Advances in technology enhance our professional and private lives, but the advances and innovations can be weighed against ethical pitfalls and potential public relations risk factors. Some technologies such as email and smart phones are becoming so prevalent that most businesses have no choice but to take on the associated burdens of the new technologies or risk becoming obsolete. Ethical dilemmas and challenges for every initial advantage are created and these situations need to be properly managed. Beyond the obvious risk of identity theft is a dire danger as private and sensitive information can be used to discriminate against a person on everything from employment to rent and health care. To further explore the ethical dilemma and danger of data mining, the data breaches at TJX, an off price retailer can be studied. While no one wants to be the last to innovate, some caution in implementing new technologies and policies regarding their use is wise.

Introduction

Every advance in technology, when applied to the business environment, creates new ethical dilemmas and challenges for every initial advantage. Some technologies, such as email and smart phones, are becoming so prevalent that most businesses have no choice but to take on the associated burdens of the new technologies or risk becoming obsolete. Advances and innovations can be weighed against ethical pitfalls and potential public relations risk factors. This paper discusses the challenges inherent in E-Discover, the blurring of private and public lives and, finally, the risks and pitfalls of data mining.

E-Discovery

With the advent of email as a channel of communication officially recognized by courts and regulatory agencies, all businesses utilizing email must factor in the requirements to meet E-Discovery requests. Email is not the only media covered by E-Discover; any method or medium of electronic storage can be called on during the discovery phase of a court case. The cost of storage, recovery, filtering for relevance and penalties for failures of the same must all be born during the discovery phase of litigation. “Amendments to the Federal Rules of Civil Procedure (FRCP) (2009) make it clear that businesses have a duty to preserve and produce electronically stored information (ESI) that may be relevant to a lawsuit as soon as litigation is reasonably expected” (Ward, Purwin, Sipior and Volonino, 2009). ESI includes, but is not limited, to any data created or recorded by employees using company-owned digital equipment such as documents, images, presentations, videos, narrations, emails and entire databases. Discovery is the pretrial process by which potential evidence is ordered, preserved and produced. The technical expertise to accomplish this task often requires a computer forensics expert, which few companies keep on staff, increasing the cost of discovery by the expense of finding and hiring a specialized technician (Ward et al., 2009).

Whether or not data is covered by the scope of discovery is determined by its relevance to the case at hand. The scope of E-Discovery also includes meta-data, “ESI about the characteristics, origins or validity of the electronic data” (Ward et al., 2009). Meta-data is unique to electronic discovery and was not an option for ‘old-fashioned’ paper documentation. This data includes information such as the attributes of a file, its creator, date created, date modified, file type, file size, etc. Scope is directly related to the cost of E-Discovery, as a company’s stored data can easily run into gigabytes and terabytes with a gigabyte holding over seven hundred thousand pages of plain text (Ward et al., 2009). E-mail alone can cripple a company in discovery with the average employee sending approximately fifty messages every day and over two hundred and fifty business days per year for more than twelve thousand emails per employee per year (Ward et al., 2009). Now imagine the cost in money and time for a company of only ten thousand employees having to scan every email over a period of years for relevance to a pending case.

Even though relevance does impose some limitations on the scope of data and meta-data to be filtered during discovery, that still leaves a great deal of latitude for courts. “Even if discoverable information is not admissible at trial, production to a requesting party is still required if it is reasonably calculated to lead to the discovery of admissible evidence” (Cooper, 2010). E-Discovery does not begin with filing of formal charges or motions, but whenever a party may reasonably believe that such filings are likely. This means that if a business so much as strongly suspects that litigation will be brought against them, they are ethically and legally obligated to suspend any destruction or alteration of information that may be relevant to that litigation. Penalties for failure to preserve relevant information and documentation range from prohibiting the offending party from bringing related data for their defense to summarily finding for the plaintiff and possibly even finding them in contempt of court (Cooper, 2010). Not only is the defendant required to provide their own data during E-Discovery, but they may be directed to provide relevant data to which they had access, even if it is data held by another party (Cooper, 2010). The question then lies in who is responsible for the cost and burden of discovery, the defendant or the third party who is not under litigation but holds relevant data to which the defendant had access.

Off-Duty Online Conduct

While smart phones allow a company to maintain more frequent access to and control over employees, they also blur the line between “off-duty” and representational conduct. Companies enjoy the ability to reach their agents at any time, but take on extra liabilities for that employee’s conduct, even when they are not in the office. So much of our previously private lives are actually now lived in full view of the public online. Workers often expect relationships and communications they would regard as private to be respected even when they are between coworkers, superiors and subordinates as long as they are not directly related to their jobs (Palm, 2009). Employees are not a simple collective as race, gender, culture and socio-economic background all shape their individual expectations of privacy, even as the corporate culture reinforces or resists them. The environment also plays a critical factor as many positions and professions by nature cannot provide privacy or trust. Employees who must hold security clearances or endure random urinalysis must resign themselves to some loss of privacy as the cost of doing business.

Corporations and other business entities must now attempt to balance the need to police employee activities online to preserve their image against said employee’s First Amendment right to free speech. “Employers have legitimate business interests in monitoring workplace Internet use: to minimize legal exposure, to increase productivity, and to avoid proprietary information loss (Genova, 2009). Often challenges to employee rights online draw attention to the very words and images they want to mitigate, such as lawsuits over company demands for or attempts to gain data about employees’ after hours activities. In a 2006 survey over sixty percent of managers admitted that after viewing a potential employee’s online social activities, they decided not to hire them based on what they found, nor were there any state or federal laws that prohibited them from doing so (Genova, 2009). Constant access to social media has become so prevalent that potential

employees are factoring in such connectivity in job searches. Some organizations are attempting to limit or ban access out of concerns over productivity and propriety, while others are taking the opposite approach and using more permissive access policies at work to attract more socially savvy workers.

Data Mining and Identity Theft

Data mining is the analysis of large amounts of gathered information to detect previously unseen patterns, specifically for exploitation. This information systems process has provided vast treasure hoards of data about consumer habits allowing businesses to tailor their products and services to retain and gain customers. However, these accumulations of data are attractive targets for hackers and identity thieves. When businesses take it upon themselves to gather and/or retain information about customers, they take on the very risky responsibility to safeguard the same. In the United States of America, most laws regarding protection of personal data are to prevent government invasions of privacy. As of 2009, the only laws governing information privacy for private entities are the Children's Online Privacy Act to shield children from marketing campaigns and the Health Insurance Portability and Accountability Act (Payne, 2009). While some may consider the scarcity of laws regarding data privacy as a license for free use, the lack also fails to provide guidance on how to handle and secure such data. This lack of guidance leaves data miners vulnerable as customers react negatively to failures to secure data they consider theirs. "The public image of the firm collecting the data can be significantly harmed if consumers feel that the collection of the data was an egregious violation of their privacy" (Payne, 2009).

Beyond the obvious risk of identity theft is a dire danger as private and sensitive information can be used to discriminate against a person on everything from employment to rent and health care (Payne, 2009). Making personal data a condition of purchase or services can make a customer feel pressured. Even when customers volunteer information, they hold their own expectations for how it will be used and when it is directed to other purposes. Unfortunately, quite often data gathered during transactions or when eliciting membership is subsequently put up for sale to third parties (Payne, 2009). Many customers consider their data to be their undisputed property, but when searches are made against their information held by others, they have little or no control leading to ill-feelings of betrayal and helplessness that will be transferred against the entity that held the information (Payne, 2009). Once trust is lost in this manner, it can be extremely hard to regain.

To further explore the ethical dilemma and danger of data mining, the data breaches at TJX, an off price retailer, can be studied. The gathered transactional data about customer credit cards, checking accounts and merchandise purchased were all in violation of industry standards regarding data retention (Culnan & Williams, 2009). The breach occurred over eighteen months from 2005 to 2006 compromising payment information of over 45 million customers (Culnan & Williams, 2009). In 2008, the Federal Trade Commission "faulted TJX for storing unencrypted sensitive information, for failing to limit unauthorized wireless access to their networks, and for failing to

employ appropriate security measurements” (Culnan & Williams, 2009). Beyond the loss of trust of 45 million customers, TJX was fined by the FTC and required to submit to compliance monitoring for twenty years (Culnan & Williams, 2009).

Conclusion

In conclusion, new information technologies are the primary weapons of every business competing in the global market. Unfortunately that weapon is double edged, and clumsy or inattentive use is likely to do far more damage to the wielder than their competitors. While no one wants to be the last to innovate, some caution in implementing new technologies and policies regarding their use is wise. The cost of E-Discover can destroy small businesses and encumber even the largest corporation. Balancing the privacy and other rights of employees in communications and on social networks against the interests of the business entity to control its information and public image are a growing source of cultural friction. Finally, while data mining is a potential source of data to customize production and marketing towards maximizing customer satisfaction and the profits it drives, the practice leaves an organization vulnerable to breaches. Even a small leakage of private information can have devastating legal and brand image repercussions.

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Edward Adams enlisted in the U.S. Navy at the age of 23 to pursue training in computers and electronics. He spent six years in active duty and nine as a contractor for the Military Sealift Command. His duties allowed him to travel all over the world. For the past three years, Edward has worked as a laboratory computer technician with Parsons Inc. He is currently pursuing a Bachelors degree in Business Management with plans to follow up with a major in Logistics.

China's Business Risk Assessment: Potential Expansion of Yum Yum Ice Cream Parlor

Michael J. Kalil, Jr.
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Abstract

In today's society, there are many obstacles that plague businesses when they attempt to enter the global market. Cultural differences, age differences, views on business matters, legal issues, and religious beliefs, force business owners to research every aspect of difference to analyze the potential risk associated with expanding into foreign markets. The potential risk in taking the Yum Yum Ice Cream Parlor franchise into the Chinese market place should be considered. This paper addresses cultural factors that should be focused on during a business venture that crosses the threshold of the Chinese marketplace. These include the market potential through analysis of the current economy, the 12th Five Year Plan, the population growth, and current state of private enterprise in the Chinese marketplace. The focus will be on business etiquette and customary practices associated with Chinese business. These elements will be followed by analysis of factors as they relate to franchising the brand in China and to make a reasonable assumption on potential risk that may be involved with this venture.

Brief History

A review of historical events that have transformed China into its current state can provide some insight on the culture of China today. According to H. Yeung, in 1979, the Chinese government realized that a market transition was a necessity to promote economic growth; so in an evolutionary step toward market reform, China passed a law known as the Joint Venture Law that allowed foreign firms into the Chinese market. This had not been allowed since 1949 (Yeung, 2007). Since the passage of the Joint Venture Law, there have been many other substantial events in China's progression toward the China of today such as the implementation of the five year plans, which are a series of social and economic initiatives, the death of Mao, and becoming a member of the World Trade Organization (WTO). The membership with WTO alone is a symbol to the world that China is charting its course to be among the leaders in the global market place. "This commitment to the WTO shifted China's regional approach to opening up towards a multi-directional effort for modernization, creating transparency, and access to compete on the global marketplace" (Sun, 2010, p. 111). China led the way in that its transition to a capitalist economy was conducted without any form of democracy used in the process, which some thought was the only path to success (Yu, Chan, & Ireland, 2007).

China's Growing Economy

"World trade has made the People's Republic of China the fastest growing economy in the world. In 2004, China became the largest merchandise trader in Asia and the third-largest exporter and importer in world merchandise trade" (Nelson, 2009, p. 311). Economically, China's growth is attributed to the reforms that have been instituted to develop the economy and spark growth. China's economic growth has gained momentum from the forces of urbanization, middle-class development, and the current political economy (Lieberthal, 2011). In the late 1970's, China's government had come to the realization that strategies that focused on inward foreign investments paired with modern management techniques were the answer to much needed economic development (Yeung, 2007). This market-driven reform resulted in policies that were used in the formation of institutions and laws that focused on the transition to a market economy (Yeung, 2007). The current state of the economy of China should be described as a hybrid of Western capitalism and Chinese socialism or simply "capitalism with Chinese characteristics" (Yu, Chan, & Ireland, 2007, p. 5). The research into China's capitalist economy presents a market potential for the Yum Yum Ice Cream venture through analysis of fundamental elements such as the impact of the current Five Year Plan and the growth of the population.

Current Five Year Plan

China's current Five Year Plan is the 12th installment of these Five Year Plans, which outline strategies that will be used to reach the current goals of economy. The goals that are addressed in the current plan are strategic plans to change China's growth patterns from fixed asset investments, which result in a reduction of net exports and, since the financial crisis of 2008, are questionable as far as sustainability (U.S. Commercial Service, 2012). These strategic plans to change the current growth pattern will be implemented alongside plans to protect the environment. "This plan aims to increase consumption activity from approximately 35 percent of

GDP in 2010 to 50 percent by 2015. About 70 percent of the United States' GDP is derived from consumption" (U.S. Commercial Service, 2012, p. 1). President Hu Jintao announced in 2005 that China was on course to achieve their goal of a GDP around \$4 trillion by 2020 (Lou, 2010). With regards to forestry, fish, and agricultural exports, China is the United States' second largest overseas market, which has contributed to a record high of 21.9 billion sales in 2011 (U.S. Commercial Service, 2012).

China's Population

The population of China currently is an astounding 1,338,300,000 people compared to 309,712,000 in the United States (World Bank, 2012). The current Gross National Income (GNI) per capita of China is \$4,260 which is categorized as being in the upper middle class income level (World Bank, 2012). Both of these statistics reveal the drastic growth experienced over the last few decades. Just to reinforce, the difference of GNI per capita in China from 1997 to 2004 revealed an increase of 30 percent or \$1800 (Yu, Chan, & Ireland, 2007). According to Yu, this would be equivalent to an average U.S. household income from \$54,135 to \$70,375 over the same time frame (Yu, Chan, & Ireland, 2007). China contains a very large and growing percentage of middle class income levels, which is evident in the major cities by the number of private cars, home ownership, and quality restaurants that are present in the landscape (Lieberthal, 2011). China has instituted a one-child policy to force a reduction in, or at minimum, to contain the current rate of the population growth. This is due to the realization that if the population continued on the same course of historical growth, China would not be able to support the population with the current infrastructure and available resources. China's one child policy has removed the dreams of big families among working parent families while creating an opportunity to invest in the best education for their only child (Reuvid, 2008).

Business of Thought

A crucial element to a successful business venture is in understanding the differences between the business mindsets and the practice of proper business etiquette. Before considering a venture into the Chinese markets, both the Western and Chinese cultures must be analyzed for differences. In China, the business of building relationships is generally more important than the business itself. "We must lay aside our insistence on agenda, time, and outcome driven business models....and prove the adaptability of our relationship skills" (Reuvid, 2008, p. 82). The business world of "China does not merely want to see the nature of our business collateral, but the state of our intentions, manners, and disposition" (Reuvid, 2008, p. 82). In the Chinese culture of today, just as it was in the past, reputation is of the utmost importance. As we approach a Chinese business venture, we must relate to them "in a way that meaningfully communicates our commitment to partnership, professionalism and trustworthiness" (Reuvid, 2008, p. 78).

Business Etiquette

In an effort to express commitment to dealing with a Chinese company, the Chinese representatives respect face-to-face meetings (Staff A. , 2012). The respect anticipated can be lost quickly through improper etiquette. Business cards are synonymous with Chinese business, and will commonly be exchanged when meeting for the first-time. The appropriate method for the giving and receiving of business cards is to do so with both hands (Staff A. , 2012). After acceptance of another's business card you should study it to express the notion that they deserve your attention. The importance in the development of these business relationships, which they refer to as *guanxi*, is often misunderstood. When you meet a Chinese business representative, it is vital to communicate clearly and effectively; so the use of an interpreter is crucial if your company members are not fluent in their native language, Mandarin.

Franchising in China

“With China becoming a highly attractive and lucrative market, the use of franchising to capitalize on this business potential is an attractive solution to many new entrants” (Dayal-Gulati & Lee, 2004, p.72). Due to the failure of local Chinese restaurants to provide food that passes the standards of the local residents, an opportunity is created for Western fast-food restaurants to bridge the standards gap in order to satisfy the demand for appropriate food products (Dayal-Gulati & Lee, 2004). There are several regulations that should be understood when considering franchising in China, such as Regulations on the Administration of Commercial Franchises and The Administrative Measures for the Information Disclosure of Commercial Franchises. These regulations cite critical regulations such as the two-plus-one requirement. The two-plus-one requirement is a regulation that states that before a franchise will be allowed to enter the Chinese market landscape “they must own at least two directly operated outlets anywhere in the world before allowance will be granted to enter the market” (U.S. Commercial Service, 2012, p. 9). There are many benefits to franchising. One important benefit of the use of a local franchisee is gaining the expertise in the local markets, market conditions, and the relationships that local partners bring to the table (Dayal-Gulati & Lee, 2004). If partnered with the right franchisee, this could be the deciding factor in our success in the Chinese market.

Analysis

Due to the explosive growth of the Chinese economy, a huge market potential has been created. This, coupled with current cultural settings that show an acceptance of the Western concepts and products, will provide great opportunities for the progression of the Yum Yum Ice Cream Parlor as a profitable business venture in China. Crossing the lines of cultural diversity while keeping an open mind to the different needs of potential Chinese business partners and customers will be a challenge, but a challenge that if it is successfully implemented, could result in making the business venture profitable for the foreseeable future. The Yum Yum Ice Cream Parlor should have the capacity to capitalize on the market potential by targeting the younger generation and the growing middle class to profit from their elevated disposable income levels as well as their willingness to try non-Chinese products available in their respective markets. It would be a strategic advantage to initially open franchises in the highly populated areas such as Shanghai and Hong Kong. This would allow the generation of brand recognition, in addition to

adapting the business model to function efficiently in the Chinese marketplace. In 2001, private restaurant ownership made up approximately 95 percent of that sector and is steadily increasing; this should allow the entry of businesses such as the Yum Yum Ice Cream Parlor (Dayal-Gulati & Lee, 2004).

The Support of the United States

The United States has devoted many resources to aid in education and support with the transition in foreign markets. The United States provides a wealth of knowledge including market research by industry, legal processes, duration of time devoted to register for business necessities, important contact information for a variety of industries, and lists of potential pitfalls for businesses wishing to enter the market. The U.S. Commercial Service was established to provide support through targeting the best markets, aiding the promotion of U.S. products, providing awareness of potential challenges in pursuing overseas ventures, and facilitating meetings with the best agents and suppliers for specific products (U.S. Commercial Service, 2012). A business should use all available resources including these mentioned here to gain an educated footing before jumping into any foreign market.

Conclusion

“China has seen rapid growth despite the unfavorable global environment. Rising profitability, affiliates operating in China, increasing export and import growth, and growing domestic consumer demand have positively affected regional growth rates, sustained prices for a wide range of industrial commodities, and benefited trading partners. These trends suggest that China’s sustained growth will continue to have a significant impact on the global economy” (Dayal-Gulati & Lee, 2004, p. 4). “The simple truth, and one that has been poorly grasped, is that only those individuals, companies, and entities who embrace the challenge of relating China in a rounded and meaningful manner, and one that resonates with Chinese values and business practices, will become the preferred partners in the choice filled contemporary climate of the new China” (Reuvid, 2008, p. 78).

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Michael Kalil is the owner of MJK Construction which has been in business since January 2006. His company began as a builder of residential homes and has now ventured into the commercial market. He is currently pursuing a degree in Logistics and Supply Chain Management. Mike resides in Arab, Alabama with his wife and young son.

NASCO Corridor The Roadway to Efficiency or Chaos

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Abstract

The NASCO corridor is one of the largest proposed trade corridors in the United States. This paper will cover reasons for the proposal of such a project and define the countries that will be impacted as a result of the implementation of this super trade highway. Specific advantages will be outlined that will be realized by all potential stakeholders, including the surrounding communities that border the proposed super highway, private businesses that have products that cross the borders of North America, as well as the development of infrastructure in the United States, Mexico, and Canada. Also covered will be disadvantages that plague a project of this size by focusing on potential security risks, obvious cost demands, and displacement of residents directly in line of the proposed locations for the super highway.

Introduction

Former Secretary of Transportation Norman Mineta felt that “transportation is vital to the productivity, and therefore the success of virtually every business in America. Congestion and delay not only waste our time as individuals, they also burden our businesses and our entire economy with inefficiency and higher costs” (Melvin, 2006, slide 22). This fundamental concept has led to collaboration between many North American states, countries, and private businesses in an effort to increase the efficiency of their supply chains and overall economies through their respected territories. This need for greater supply chain efficiency is, in part, due to the increasing United States trade activities done using surface transportation between Canada and Mexico. The trade using surface transportation has been reported to have increased 17.4 % in February 2012 (Hutchison, 2012). These North American countries and private businesses have begun to establish and construct super corridors to streamline the transport of traded products throughout Mexico, the United States, and Canada. One of these super corridors is the NASCO corridor. This corridor is the largest and the most criticized of these super highways. This corridor supports a large portion of the total trade between these North American nations, which is in the neighborhood of \$1 trillion dollars annually (Hutchison, 2012). The NASCO corridor spans a total of 2,500 miles and covers the central United States, eastern and central Canada, and far down into Mexico. It is a multi-modal transportation network that connects 71 million people through the inclusion of the deep-water ports of Mexico, border crossings of Laredo, Texas, through 11 states, the Ambassador Bridge in Canada, and Winnipeg, Manitoba (Melvin, 2006). In the U.S., the NASCO corridor consists of mainly I-35, I-29, and I-94. Many benefits are associated with a project of this magnitude such as replacement and expansion of the current infrastructure elements in these affected areas, annual cost savings, and potential market growth in the surrounding communities. In turn, several disadvantages are realized such as the obvious cost of the expansion, displacement of residents in the proposed areas for the corridor’s path, and security concerns due to reduction in border control efforts.

Infrastructure

One very important benefit is the replacement and expansion of infrastructure in the communities that are affected by this NASCO corridor. The current deteriorating infrastructure of the roads alone is a debilitating fact. The United States highway network is the largest in the world. According to a U.S. infrastructure report card, the total length of this highway network is an astounding 6.33 million km, of which 3.73 million km is paved (Engineers, 2009). “I-35, one of the main arteries of this NASCO corridor; is one of the most congested roadways in the nation and carries the largest amount of trade with Mexico” (Corridors of the Future Application, 2006, p. 9). The American Society of Civil Engineers (ASCE) report card showed that in 2009 the United States received a D for roads. The bridges also are in need of repair. Bridges received a grade of C-, on the U.S. infrastructure report card, but this grade is accompanied with indications that 26% of these bridges are structurally deficient or even non-operational (Engineers, 2009). The railway systems are also ranking poorly receiving a C- from the ASCE (Engineers, 2009). The railway systems in the U.S. are generally used for freight purposes with 42% of all intercity freight traveling via railway. These figures include 70% of domestically manufactured automobiles and 70% of coal deliveries to power plants (Engineers, 2009). As is evident in these

statistics, a commitment to routine maintenance and needed upgrades to the United States infrastructure is vital to our leadership in the global market place.

Annual Cost Savings

The increase of annual cost savings is also a major benefit to the NASCO corridor. According to Kemp, poor road conditions cost United States motorists 54 billion a year in repairs and operating costs (Kemp, 2009). Studies have shown that motorists in Iowa alone could see an annual savings of \$1.15 billion in their vehicle operating costs through the use of the NASCO corridor (Tice, 1999). This is followed by \$151 billion in annual savings associated with accident cost (Tice, 1999). Due to the methods of freight inspection implemented at the Mexican ports, such as inspections performed by Mexican labor forces and fewer border delays, businesses importing goods into the U.S. would see a reduction in labor cost and time. This would reflect positively on their bottom lines in addition to their supply chain efficiency (Peterson, 2007).

Potential Market Growth

Another major benefit from the development of the NASCO corridor is the potential market growth. “The economic impact is expected to result in 40,000 direct and indirect total jobs created” (Hutchison, 2012, para.12). According to Tice’s figures, the construction and operational life of the project would boost the economy in the primary corridor areas by increasing personal income of the workers by over \$30.8 billion (Tice, 1999). This economic boost would “reverse the rapid depopulation and economic stagnation in a vast, mostly rural land area dependent on agriculture...and transform the heartland into a viable, self-sustaining, and prosperous region (Black, 2006, p. 6). “With less congestion and delays, trade would become more efficient among North American countries. Just-in-time inventories could be more widely used and reliable. The cost of shipping would be reduced and the environmental impact for international trade could be reduced. These planning and infrastructure improvements would be a boost to all three national economies” (Villa & Rothe, 2007, p. ix).

Cost of Expansion

A major pitfall to a project of this magnitude is the cost associated with expansion. This north-south corridor is massive and is dubbed by NASCO as being “the largest engineering project ever undertaken in the U.S.” (Taylor, 2007, p. 17). The Minnesota Department of Transportation plans to spend an estimated \$200 million on I-35 preservation projects through 2030, in addition to over \$1 billion on I-35 mobility projects with an additional \$3 billion projected for other mobility projects (Corridors of the Future Application, 2006). According to the Texas DOT, Texas has already devoted more than \$1 billion dollars toward the improvement of I-35 (Trans Texas Corridor-35 Final Environmental Impact Statement, 2010). These numbers are only reflective of costs in two states and a small percentage of the total expense that would be associated with a project of this caliber.

Displacement of the Residents

Another disadvantage to this project is displacement of residents in the proposed path of these intended expansion projects. Along portions of I-35, the road will be expanded to a “4-football-field-long swath which will include separate lanes for passenger vehicles (three in each direction) and trucks (two in each direction), six rail lines, and a 200-foot utility zone for oil and gas pipelines, alongside of electricity towers (Peterson, 2007). Due to physical requirements needed to accommodate a project of this size, it is estimated that this project will displace nearly a million residents in Texas alone. That number represents nearly four times the Louisiana residents that were displaced due to Hurricane Katrina and would consume more than 500,000 acres in Texas (Trans Texas Corridor-35 Final Environmental Impact Statement, 2010).

Security Issues

Another major issue introduced with the implementation of this project concerned the potential security risk that could be difficult to control. Some concerns are introduced by this streamlined approach to increase our country’s supply chain performance. By relying on inspections on foreign soil performed by foreign workers in an effort to speed up the border delays, the U.S. allows the crucial border entry points to be controlled by foreign interests. The proposed method would allow products from countries, including China and India, to be received in Mexican ports, inspected by Mexican authorities, then sealed in containers and allowed to depart from the Mexican port going straight through U.S. border check points until reaching an inland port known as a Smart port. Coincidentally, the Smart Port is also run by Mexican officials (Taylor, 2007). The Smart port will be centrally located in Kansas, which is the heart of the United States. “Since 9/11, security concerns have understandably increased our border delays and intensified border risk for companies whose supply chains cross our internal borders” (Black, 2006, p. 12). The United States needs to keep very tight reins on border control due to the simple fact that it only takes one act of terrorism on U.S. soil to have a devastating effect on U.S. structure, stability, and morale.

Conclusion

The United States needs to implement projects such as the NASCA corridor for the betterment of the economy, both locally and nationally. The appropriate plans to fund and operate super highways such as NASCO would provide much needed economic growth and allow continued reign in the global market place. However, the advantages of a project such as this do not overshadow the concern over the disadvantages. Displacement of residents, associated costs with the expansion, and a realized security risk potential mean that the U.S. needs to remain focused on attaining its economic goals without “stepping in the mud” on the way.

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The Value of Education in Today's American Society: A Glimpse into the Current Way America Supports the Educational System

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Abstract

A nation's brilliance and ability to prosper is directly dependent upon its people's edification. Without continuing to open one's mind and allowing oneself to be taught, a person becomes stagnant, ignorant, and frozen in time. The study of several civilizations throughout history has revealed the importance of education as it applies to society including its economic growth. While America prominently places value in education in today's society, including those views held by its citizens and governments, precise monetary value attributed to the varying tiers of the American education system is extraordinarily debatable. While many people believe that such subsidization is necessary for America to continue asserting itself as a leader in the international sense, some view the use of subsidization of the education system as ineffective and contradictory to that same effort. This article deems funding for public colleges as useless however, others fervently believe the opposite to this opinion. It is important to consider that there will likely never be a solitary resolution for the "best" way to fund the education system, if for no other reason than the needs for the educators and students will continue to be ever-changing.

Introduction

Exactly how important is education in the current culture of American society? Will Durant, great American writer and philosopher, once said, “Education is the transmission of civilization.” Durant delved into the study of several civilizations throughout history in some of his publications, and noted the importance of education as it applies to society, including its economic growth. A nation’s brilliance and ability to prosper is directly dependent upon its people’s edification. Without continuing to open one’s mind and allowing oneself to be taught, a person becomes stagnant, ignorant, and frozen in time. As this work will further discuss, local studies have shown that economic factors are greatly attributed to the country’s value of educational opportunities. America, as a nation, supports the imperative role that education plays in the continued growth of prosperity for its citizens as well as future generations. However, there are wide ranging views and noted political discourse with regard to the different areas of education that should be subsidized by the federal and local state governments within the U.S. While America prominently places value on education in today’s society, including those views held by its citizens and governments, the precise monetary value attributed to the varying tiers of the American education system is extraordinarily debatable.

Value of Education

Citizens recognize the value of education, particularly during times of economic turmoil, which create an environment rampant with job insecurity. Each of the twelve districts within the Federal Reserve banking system is obligated to assess the requirements for its community in preparation for its meetings with the Board of Governors under the Federal Reserve, where members meet to discuss the state of the economy and decide about making adjustments that could assist in stabilizing the economy. Through these surveys, the Board of Governors has become aware that typical cultural behavior during times of economic turmoil results in displaced workers returning to community colleges after becoming unemployed, so they may become retrained or skilled in a new trade and effectively re-enter the workforce. In 2010, an article from *Economic Review* examined the number of people within the tenth district of the Federal Reserve who enrolled into community colleges as observed by the Federal Reserve Bank of Kansas City, stating, “The recent recession and now the recovery have caused enrollment at many community colleges to soar as unemployed workers retrain for new occupations...” (Felix & Pope, 2010, p. 69). The article further discusses the importance of educational institutions (particularly during and after times of economic hardship), and the need for one to educate oneself so a person may be capable of re-entering the new workforce saying, “In the Tenth District, the importance of community colleges is likely to rise even further as the economy continues to evolve and industries demand workers with new skills” (Felix & Pope, 2010, p. 69). This new and improved workforce will pose difficult challenges to those re-entering the workforce because the job market has suffered forced alteration to survive in such a competitive era. Many workers may have been displaced for significant periods of time, and will require tutoring regarding the skills demanded for the enhanced job market. Fortunately, community colleges and trade schools provide these desperately needed services to aid in the retraining process.

Another fortunate aspect for American citizens' continued educational growth includes the government's expressed support of the schooling system via subsidized education programs. The government accounts for the funding of education programs in its annual budget. An article in the *Journal of Higher Education* remarked, "The federal government is an important part of higher education governance and finance. Federal decisions affect many aspects of how universities operate. The federal government spent approximately \$66 billion on public and private higher education in the year 2005 (U.S. Department of Education, 2006a), making it a one-third contributor to the total budget of higher education in the U.S" (Doyle, 2010, pp. 620-621). By providing financial support to the different tiers of the education system, the federal government makes schools better able to provide a good education for their students. In addition, the student aid allocation of these funds allows students, who would otherwise be incapable of affording education post-high school, an opportunity to achieve higher learning and, hopefully, a better quality of life. While many people believe that such subsidization is necessary for America to continue asserting itself as a leader in the international sense, some view the use of subsidization of the education system as ineffective and contradictory to that same effort. Perhaps not every citizen should reach for goals in the higher education realm, and should rather focus on filling blue collar jobs within the U.S. One article from *Independent Review* addresses this topic noting the following:

During the past half-century, the conventional view of American education has held that the nation needs more college graduates and that increasing the rates of college attendance and completion should be a national goal, advanced and subsidized by the federal government ... This idea has reshaped higher education in the United States in a very short historical period, turning what was a guild-like activity into an industry for mass-producing credentials. (Bankston, 2011, p. 325)

Bankston emphasizes that over the last century America has instilled increased expectations for its people to thrive through higher education. However, later in the article he also examines the notion that because the U.S. government subsidizes higher education programs, ultimately providing an elevated level of education for the masses, the country's citizens are not meeting the demands of the workforce and the overall economy. The question then becomes, "We agree education is important, but which forms of education are the most important, and how do we specifically support those different areas of education in the budget?"

Funding

To answer how the education system in the U.S. should be funded is to "open a can of worms." The topic of funding or providing financial assistance to education is one of intense political controversy. Doyle notes that, "Congress plays an important role in operation of colleges and universities and more research about how decisions regarding higher education are made by this institution would be useful. The study of the politics of higher education at the federal level has been primarily concerned with understanding the qualitative aspects of legislators' behavior (Cook, 1998; Rosenzweig, 1998; Slaughter, 1998)" (Doyle, 2010, pp. 620-621). The impact that Congress has on the education is gargantuan—so much so that "liberal" and "conservative" sides alike have clearly established their respective stances on the matter. As

with any controversial topic, the vast majority of the population lies “in the middle” so to speak. The aforementioned article in *Journal of Higher Education* noted,

The results of this paper suggest that senators fall along a recognizable left-right continuum in their ideal point preferences ... These differences fall along party lines as well, with Democrats and Republicans showing little overlap in their ideal points for this policy domain. “Left” or liberal senators are most likely to vote “yea” on issues regarding the extension or expansion of financial aid, while “Right” or conservative senators are most likely to vote “yea” on issues regarding the efficiency of institutions of higher education.” (Doyle, 2010, p. 621)

While there is significant discourse over which area of funding should be paramount, the overarching concept of valuing education as a whole is not lost. One other example of the educational funding argument is the funding of public colleges. One article in *Research in Higher Education* states,

...public colleges tend to favor appropriations because it is a relatively stable source of funding and colleges have discretion to use the funding to meet institutional and state goals. Nonetheless, the argument can be made that appropriating state funds to public colleges in order to offer lower prices to all in-state students is relatively inefficient and ineffective. (Toutkoushian, & Shafiq, 2010, p. 42)

This article deems funding for public colleges as useless; however, others fervently believe the opposite to this opinion. One online article from the American Association of University Professors website begins by stating, “Myths about how research is funded and why the humanities are impoverished need to be overturned if public higher education is to thrive again in the United States” (Newfield, 2010). Perhaps this “uncovered knowledge” that Newfield discusses could permit the right and left sides of politics to come to an agreement. These examples of debate regarding the funding of the education system portray the widely varying opinions on the matter. Also, it is important to consider that there will likely never be a single resolution for the “best” way to fund the education system, if for no other reason than the needs of educators and students will continue to be ever-changing.

Conclusion

While American society expresses an overall appreciation for the usefulness of education (particularly during and immediately following times of economic strife) and believes due support should be provided to the educational system, society simultaneously tends to associate different worth through the assistance it provides to the individual tiers and different needs within the system; and the amount of this attributable “worth” is an extraordinarily debatable topic. A nation’s brilliance and ability to prosper is directly dependent upon its people’s edification. America is considered a powerhouse internationally because its citizens recognize the importance of learning and the fact that continuing growth through knowledge is a powerful tool for maintaining such elite status globally. It is a vital responsibility to the citizens of America to relay this value in education to their posterity.

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The Harmful Effects of Counterfeit Goods

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Abstract

The business of counterfeit goods is one of the largest underground industries in the world and growing rapidly. The impact on the global economy is in the billions of dollars. This article examines the reasons why counterfeiting has become such a lucrative business, the negative and harmful effects counterfeit goods have on industries and consumers, as well as the difficulties encountered in apprehending and prosecuting offenders. The role of the consumer is explored as a key factor in curtailing the activities of counterfeiters.

Introduction

From fake handbags to mock medicines, the business of counterfeit goods is one of the largest underground industries in the world and it is rapidly growing. With cheap overhead, high profits, and cloak-and-dagger business style, these global black market industries are here to stay. A counterfeit good is a product that closely resembles another product in order to trick customers into buying. Since the beginning of organized commerce, lesser goods have been portrayed as originals (BASCAP, 2009). Officials and authorities struggle to control the activities of the criminal organizations that are producing and marketing counterfeit goods. Stopping these enterprises seems doubtful because of the increasingly aggressive behaviors of fraudulent distributors. The best way to stop the manufacturing of imitated products is to inform consumers of the potential harm these products pose to the United States and its economy. If people refuse to purchase knock-off products, these rogue industries will suffer economically and ultimately disappear.

Harmful Effects

American views of counterfeit goods are often unrealistic and far from the truth. When American consumers think of counterfeit goods, fake handbags and mock paintings come to mind. Unfortunately, many citizens do not realize the harmful effects that counterfeit products have on American businesses. American businesses and industries lose approximately \$200 billion in revenues annually due to counterfeits. On a broader scale, counterfeit goods account for more than half a trillion dollars each year (Levin, 2009). The lucrative market of counterfeiting has greatly impacted the electronics industry. As counterfeiters continue to produce fraudulent electronic components, the reputable electronic companies are faced with threatening statistics and slumping sales due to these knockoff parts. For example, between 5% and 20% of global electronic parts in an industry's supply chain are estimated to be counterfeit parts. These imitated components are making their way into American distribution supply chains, like Apple and Target. According to Oneida Research Services in the United States, counterfeit parts cost the global electronic industry \$100 billion (U.S.) each year. Even the most reputable retailers are troubled by the uncertainty of whether or not their stock or parts are counterfeit (Sangani, 2010).

Counterfeiters' sneaky entry into American distribution centers also poses an ample threat to American consumers. Americans are often too concerned with paying the cheapest price for their electronics, when they should be focused on the harmful effects that these cheaply made counterfeits could have on their well being. Faulty batteries or poorly designed transformers are explosive under certain conditions (Sangani, 2010). Not only are these counterfeit goods harmful to American people, but they greatly impact American businesses as well. The rise of counterfeit products can potentially cause businesses to experience an increase in costs, as well as loss of productivity. Most importantly, counterfeits can negatively impact a company's reputation and cost millions, sometimes billions, in lost revenue (Sangani, 2010).

Impact on Employment

In addition to lost revenues and negative reputations, counterfeiting immeasurably impacts the employment rates in the United States and in many other countries around the world. According to research analysts, approximately 2.5 million jobs worldwide have been dismantled by counterfeit black markets. Of those 2.5 million jobs lost, 750,000 jobs were located right here in the United States (Levin, 2009) and 300,000 European jobs are lost each year due to counterfeits (Eisend and Schichert-Guler, 2006). Many people affected by increasing unemployment rates will go out and find new jobs; however, it is estimated that 160,000 workers fail to find new employment. Of those who find new jobs, many earned less pay. All in all, the increasing unemployment rates caused by counterfeit markets have and continue to devastate personal financial situations for many families, as well as burden state and federal welfare programs. If counterfeiting continues to grow, which researchers predict it will, the unemployment rate will continue to rise in the United States and around the world.

Counterfeit Goods and the Internet

While sales of counterfeit goods rapidly increase, so do the fraudulent sales of counterfeit products on the Internet. Because online auction sites, like eBay, have no warranties of authenticity and quality control is nonexistent, counterfeiters can easily distribute misleading or fake products around the globe. The website eBay.com describes itself as “the world’s largest personal online trading community” (Levin, 2009, 495). This statement might be accurate; however, they forgot to mention they have become the largest online venue for counterfeit goods. Since 1998, the eBay community has evolved into a nation of 81 million visitors each month. Experts advise people not to use online auction sites because they can potentially harm legitimate merchants and leave buyers and sellers with great risks of uncertainty when it comes to trading over the Internet. Online counterfeit sales cause consumer confusion across the United States and other parts of the world (Levin, 2009).

Counterfeit Medicines

Lastly, and most importantly, the American people should be aware of counterfeit medicines. Imitating pharmaceutical formulations poses a serious and fast-spreading threat to the health and safety of the people. Like retail merchants, counterfeit medicines create multitudes of problems for legitimate drug manufacturers by undermining their reputations and revenues. In addition, it jeopardizes the credibility of health and safety authorities like the Food & Drug Administration. It is estimated that about 10% of medicines worldwide are counterfeit. Due to the increasing demand for cheap medicines and low production costs, counterfeiting drugs has become a vast and extremely lucrative market. In 2008, the U.S. government seized \$28.1 million worth of fake pharmaceuticals, a 152% increase from 2007 (Chaudhry and Stumpf, 2011). Researchers predict that counterfeit drug sales will reach \$75 billion (U.S.) by next year.

Almost any pharmaceutical formulation can be counterfeited. High priced lifestyle medicines like drugs for treating erectile dysfunction, fat reducers and sleep remedies, in addition to antibiotics, anticancer drugs, and inexpensive versions of painkillers or histamines can be counterfeited. What constitutes a fake drug differs from country to country (Martino, Malet-Martino, Gilard, & Balayssac, 2010). This causes difficulties for consumers and health and safety authorities. The most commonly used definition is that of the World Health Organization. It defines a counterfeit drug is one that is purposely and fraudulently mislabeled with respect to identity and source. Years ago counterfeit medicines could be identified by physical appearance or by reading labels for ingredients. However, over the past few years, counterfeiters have become more sophisticated, causing visual inspection to be ineffective. Today, chemical analysis is the only way to detect whether a drug is fake or legitimate (Martino, et al., 2010).

Conclusion

All things considered, counterfeit goods are extremely harmful to the health and safety of the American people. Counterfeit products are not only harmful to the economy, but also to each individual's well being. It is important that consumers understand the multi-faceted complexities of counterfeit markets: the economic impact on businesses, the enormity of counterfeit Internet sales, and the significance that counterfeit medications present in health and safety issues. By spreading the word about the harm caused by counterfeit goods, people could potentially put an end to these lucrative industries of counterfeit products.

As regulating authorities work constantly to keep American consumers safe, citizens of the world must join the fight against illegal commerce. If consumers continue to make transactions with counterfeit merchants, these black markets will never diminish. All consumers should share the responsibility of verifying the authenticity and origins of their purchases. The only way to put an end to the fast-growing market of counterfeit products is to stop purchasing these products. Without revenues or support, counterfeit sales will decrease and force the fraudulent criminals out of business.

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Beyond China: Is Burma a New Frontier Market?

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Abstract

Global outsourcing enables organizations to compete at the best levels of efficiency and effectiveness (Ball, Geringer, & Minor, 2009). Over the past few decades, China has been a major hub for outsourcing goods and services. However, as China produced more and more goods and services, it became more industrialized and the labor rates started to increase. Now, organizations are searching for new frontiers in which to outsource. One nation that some global organizations are considering is Burma. Infrastructure in Burma is limited and there has been a history of economic and political unrest (“Background note”, 2011). This paper will discuss the potential aspects and the limitations of outsourcing to Burma and whether Burma is ready for outsourcing. Although the military government officially changed the nation’s name to Myanmar in 1989, the democratic opposition to the military government recognizes the name to be Burma (Howard, 2012). For reasons of partiality to the Democratic Party in Burma, and the fact that the United States still recognizes the country’s name as Burma, this paper will utilize the name Burma. This paper will address the endeavors of Aung San Suu Kyi, the leader of the National League for Democracy (NLD), and will conclude by considering whether outsourcing to Burma is advantageous to organizations in foreign nations (Wilson, 2012).

Overview

China has long since been the hub of outsourcing operations for many organizations in developed nations. Upon entering the international markets, many organizations moved manufacturing and supplier activities outside domestic arenas (Ball et al., 2009). Global organizations have invested, built, developed, and maintained monumental manufacturing facilities, transportation infrastructure, packaging and handling procedures, and information systems in China to increase profits (Ball et al., 2009). As global competition increased, organizations chose to do business in China to benefit from low labor rates, lower taxes for subsidiaries, inexpensive materials, lax environmental regulations, and more efficient methods of operations. Organizations around the world have experienced the benefits of outsourcing to China, enabling China to emerge from its status as a developing nation to a New Industrializing Country (NIC) (Ball et al., 2009). As China emerged from the poverty of the past, a new middle class surfaced, resulting in increased labor rates and operating costs to outsourcing organizations.

Now that outsourcing in China no longer provides maximum profits, organizations are looking for other developing nations that will benefit them with cost efficiency. Of the many nations being considered, Burma is high on the list (Wilson, 2012). Located in Southeast Asia and situated on the Andaman Sea, Burma has a rich culture and an abundance of natural resources (Howard, 2012). Extraction and processing of these natural resources requires technology and capital that Burma lacks, but welcomes from developed nations. Global organizations are expressing interest in tapping into these natural resources in the future as sanctions (the result of a military junta takeover in 1962) are slowly being removed against Burma from western nations (Nehru, 2012). Since the parliamentary by-elections of April 1, 2012, the military government in Burma is beginning a new movement towards democracy and a free market system. Although there has been long-standing political unrest in Burma between the military junta and the pro-democracy movement, a major turning point occurred after the 2012 by-elections when a democratic majority was elected to Parliament. This change of power induced the onset of new moves by the ruling military government towards reforms (Choudhury, 2012). The outcome of the by-elections has prompted several nations to lift sanctions against Burma and to consider investing in the telecommunications industry, energy industry, securities market, and in education (McNulty, 2012). A newly seated Member in Parliament in Burma and leader of the NLD, Aung San Suu Kyi, is petitioning developed nations to invest in Burma for ethical reasons to promote jobs and to help Burma become a more prosperous nation (“Aung San Suu Kyi”, 2012). Should the government continue to align policies with the appeals of the NLD, Burma could become the new frontier market for outsourcing.

Introduction to Burma

Demographics

Burma has been officially known as the Republic of the Union of Myanmar since 1989. However, Aung San Suu Kyi, the NLD, the United States, and the United Kingdom recognize the country's name to be Burma (Howard, 2012). Burma borders the Andaman Sea and the Bay of Bengal (United States Department of State, 2011). The countries that surround Burma are China, India, Thailand, Bangladesh, and Laos, which can be seen on the map in Appendix A (Howard, 2012). The terrain of Burma includes central lowlands outlined by steep and rugged highlands. The climate consists of rainy, cloudy and hot humid summers. Heavy tropical

rainfalls are frequent during the summer months with temperatures ranging from 80°F to 85°F. During the winter, rainfall is mild and temperatures range from 68°F to 77°F with lower humidity levels and sporadic drought throughout the nation. There are three monsoon seasons during the year (Howard, 2012.). The chief leader of Burma is President Thein Sein. The former capital, Rangoon, was officially replaced by the new capital, Naypyitaw, in 2005. Naypyitaw means “abode of kings” (“Myanmar’s new capital”, 2011). The geographical area of Burma is 678,500 sq km. with a population of over 54,584,560 and a 1.07% population growth rate (Central Intelligence Agency, 2012). The majority of the population is Burmese, who consist of 53.99 million people (Central Intelligence Agency, 2012). The major language is Burmese and the major religion is Buddhism with very small percentages of other religions (United States Department of State, 2011). The Burmese are a friendly and extroverted people who practice various religious rituals. According to Burmese etiquette, emotion is not to be shown in public and anger should not be displayed (Howard, 2012). Although the military regime has created several annual holidays and festivals to promote socialistic recognition, most of the Burmese, especially those who strive for a true democracy, prefer to celebrate the older festivals associated with Buddhism and their agriculture (Howard, 2012). Natural resources in Burma include sapphires, jade, pearls, rubies, wood, textiles, agricultural goods, metals, oil, hydropower, and natural gas. The natural resources of metal include tin, antimony, zinc, copper, tungsten, and lead (Central Intelligence Agency, 2012).

History

The history of Burma records dynastic rule since 1044 A.D. until the British conquered Burma in 1885. The final dynasty was ruled by the Konbaung, and the last king of the Konbaung was King Thibaw, who fell from power at the beginning of three wars with the British in 1824 (Howard, 2012). At the start of World War II, the Burmese nationalists, led by General Aung San, united with the Japanese to force the British out of Burma; however, the Burmese Army recanted and aligned with the British to fight against the Japanese in 1945 (United States Department of State, 2011). After the war, General Aung San stipulated to the British the need for complete economic freedom from Britain. The British Government consented to his stipulations and a constitution of independence for Burma was granted in 1948. Unfortunately, General Aung San was assassinated by political rivals before the constitution became effective. The vision and passion of General Aung San was to promote and strive to develop a peaceful free Burma that was independent and prosperous (United States Department of State, 2011). The Burmese enjoyed a democratic nation under a parliament during the period of the constitution from 1948 until 1962. However, there was a great deal of internal conflict that arose due to differences between political and ethnic groups in Burma. The democratic rule began to dissipate in 1958 when the Prime Minister U Nu allowed military rule over Burma in hopes that order might be established in the nation. In 1962, General Ne Win brought an end to democracy by creating a harsh military junta rule (United States Department of State, 2011). This new socialism destroyed the free market system and the business environment in Burma. For the next several years, there were student demonstrations at universities opposing the tyrannical rule of the military junta, but the government declared martial law and killed many students and their supporters. As the military government continued to squelch and destroy the Burmese economy, a large student-led demonstration ensued in 1988 as a call to action for change (Howard, 2012). As a result of the protest, the government suspended the constitution, declared martial law, and massacred thousands of students. Many more thousands of students were forced to flee the country (United States Department of State, 2011). During the demonstration, General Aung

San's daughter, Aung San Suu Kyi, assumed the leadership role of the democratic opposition. Her famous political speeches promoted her father's philosophy of democracy in Burma. Aung San Suu Kyi was put under house arrest where she remained for almost twenty years (Turnell, 2011). In the 1990 general elections, the government supposedly allowed free voting at the elections. The NLD party won 392 out of 485 seats in parliament; however, the military government refused to honor the results and imprisoned many political opponents. The military government changed its name to the State Peace and Development Council (SPDC), but the autocracy retained the goal to repress democracy. Although the military rule remained the same, the government allowed some investment and trade in Burma from 1990 to 1992. In 1992, however, the government completely seized power over all political and economic entities. Aung San Suu Kyi was awarded the Nobel Peace Prize in 1991 during the time she was under house arrest (Greene, 2012). In 2007, monks led another demonstration protesting harsh autocratic rule in Burma. The government imprisoned, beat, tortured, and killed thousands of monks and other protestors (Turnell, 2011). In 2008, the regime developed a new constitution that seemed to support democracy, but did not allow amendments or debates. The regime dictated a multi-party vote on the constitution which was government-controlled (United States Department of State, 2011). On the surface, the new laws supposedly allowed a free market to stimulate the economy; but the military power remained unchanged (Turnell, 2011). In 2010, the leader of Burma, General Than Shwe, passed power over Burma to President Thein Sein. During the 2010 general elections, the military government enforced a referendum designed to protect the ruling government's outcome in the elections. Although the government claimed to have won the elections by 92.48%, the members of the NLD considered it severely flawed and boycotted voting in the elections. The figures were considered to hold no credibility by the NLD (United States Department of State, 2011). In 2010, the government released Aung San Suu Kyi from house arrest because of pressures from the United Nations concerning human rights issues. Aung San Suu Kyi began making political speeches throughout Burma in support for the people, and in 2012, she made a belated acceptance speech in Norway for her 1991 Nobel Peace Prize award (Hookway, 2012). Due to vacant seats in parliament, Burma held by-elections on April 1, 2012. Aung San Suu Kyi and the NLD won 43 out of the 45 parliamentary seats in the legislature (Hermine, 2012).

The 2012 by-elections covered 37 seats in the lower house, 6 seats in the upper house, and 2 seats in two regional areas. The NLD won all 37 seats in the lower house, 4 seats in the upper house, and both regional seats. Although these by-elections only covered 8% of the total Burmese legislatures, and the democratic victory consists of only 6.4% of total legislature, the overwhelming majority of the democratic votes surprised the military government of Burma (Hermine, 2012). This may seem like a small step toward progress as a whole, but the government is finally allowing the development of a free market society as President Thein Sein and the NLD start to develop more collaborative communication sessions (Nehru, 2012). President Thein Sein is promising to reform various laws concerning foreign investment, trade, human rights, education, and other economic issues (Nehru, 2012). If Thein Sein adheres to his new policies of democracy, Burma will become a rich environment for investment.

Human Development in Burma

Education

From 1853 to 1878, the British implemented a secular education system which prospered in Burma until 1962. Both men and women attained a relatively high level of literacy. Since 1962, the military regime has controlled the education system in Burma and restricted the material taught in schools and universities (“Myanmar”, 2012). After the military repression of the student demonstration in 1988, the government closed down many universities, thereby limiting the availability of education in Burma (Howard, 2012). Languages other than Burmese are not allowed to be taught in schools. Although there are currently 45 universities and colleges and 154 technical schools, higher education has declined since 1962. Today, most children drop out of school before the fifth grade. Currently, 89.9% of Burmese adults are literate (United States Department of State, 2011). The Australian education project, AusAID, has a goal to influence Burmese children to remain in primary schools and to provide them with a valuable education (“Burma education aid”, 2012). Australia is providing \$80 million in aid over a four year period to improve education in Burma (“Burma education aid”, 2012). With such a high rate of literacy among adults and endeavors to reform education for children, investors will benefit from an educated work force in Burma.

Health Care

Public health in Burma is among the worst in the world. The infant mortality rate is 79.84 deaths out of every 1000 births. Life expectancy for the Burmese is 62.91 for males, and 67.71 for females (Central Intelligence Agency, 2012). Although the Burmese have historically practiced traditional health care according to the Buddhist religion, this is a dying practice of medicine (Howard, 2012). At the same time, nontraditional health care is deteriorating as the government allocates less than 2% of total government spending on health care (United States Department of State, 2011). There are only 0.6 hospital beds per 1000 people and 0.457 doctors per 1000 people in Burma (Central Intelligence Agency, 2012). Health problems are severe throughout the country. For example, diseases and intravenous drug use are becoming rampant. Tap water is contaminated throughout a large part of Burma, forcing the people to rely on ground water for drinking. The inadequacy of the sewer system in Rangoon caused an overflow of human waste which contaminated the ground water, and caused mass sickness among the Burmese (Turnell, 2011). In 2009, many people suffered from an outbreak of diarrhea in the poorer sections. As a result, the Medical Assistance to Travelers Health Advisory for Myanmar stated that water used for any purpose is to be boiled (Asia Trade Hub, 2012.). Health care is a part of the new reform agenda was introduced after the 2012 by-elections.

The living conditions in the new capital of Naypyitaw compared to the rest of Burma clearly demonstrate that the government has the capability to provide proper living conditions for the Burmese. Government officials, their families, and oligarchs who have favor with the government live in the new capital. In Naypyitaw, there is a clean potable water system, an electrification system that provides electricity 24 hours per day, pristine paved roads, a new airport, and a new rail way to the capital; however, the remainder of Burma is left with one of the lowest standards of living world-wide (Turnell, 2011). With the new changes promised in 2012, Aung San Suu Kyi stated that immediate attention is needed to address power generation, water quality, public transportation, and general infrastructure in order to better human development in Burma (Nehru, 2012).

Domestic Living

Most Burmese live in rural areas which are densely populated. The architecture in Burma imitates the colonial heritage of Burma and Buddhist temples. Houses are made of bamboo and hardwood with thatched roofs made of leafed grass or palm fronds, tiles, wooden shingles, or zinc sheets (Howard, 2012). Home owners entertain guests on verandas in front of their houses and use the center of their homes for the family living area. The Burmese buy food from local markets unless food is home-grown by families. Rice, raw salad, fruit, soup, fish, eggs, turmeric and chili are some common foods eaten (Howard, 2012). Extended families live and work together with domestic responsibilities. Agriculture is the main occupation in Burma with rice being the chief product (Howard, 2012). Although many families live in traditional homes, some are very poor and need aid to enable them to exist with adequate standards of living. Better living conditions for all Burmese people will provide a healthier and happier work force in Burma.

Tourism in Burma

With the positive potential for democratic reform resulting from the 2012 by-elections, countries such as the European Union (EU), Australia, and recently, the United States (Rubinfeld, 2012), are starting to lift sanctions against Burma which, in turn, may cause an influx of visitors to the area (Buncombe, 2012). Tourism in Burma is increasing for the first time since the military seized power in 1992; however, the tourism infrastructure must be upgraded to handle the future influx of visitors. Although the annual count of tourists in Burma is equal to less than one week of tourist activity in Thailand, people are showing increased interest in what Burma has to offer. Western hotel businesses may reenter the competition in Burma by opening subsidiaries in existing locations which will be renovated or completely rebuilt (Montlake, 2012). Some of the areas that are attractive to tourists are the temples, Inle Lake, markets, and the white beaches of the Andaman Sea and the Bay of Bengal. Chaungtha Beach provides guesthouses, restaurants, and souvenir shops. Currently, tourism is fairly sparse in Burma due to travel restrictions and poor infrastructure that enable travelers to visit just a few locations (Howard, 2012).

Economic Environment in Burma

Organizations that are considering moving business operations to Burma must perform analyses of the political and economic environments (McNulty, 2012). Land ownership, commercial enterprises, and manufacturing businesses are controlled by the military government. The government has tried to limit imports with the majority of imports originating from China (Turnell, 2011). Large organizations and financial institutions are controlled and owned by the government, which leaves private industry to only small businesses. Industrial production in Burma is centered on local consumption. These local plants “produce textiles, footwear, wood processing, mining, the production of construction materials, pharmaceuticals, and fertilizer manufacturing” (Howard, 2012, para. 13). Goods that are exported from Burma include timber, rice, beans, pulses, fish, garments, and gems. In the past, Burma exported large quantities of timber; however, because the methods of timber exportation were environmentally hazardous and unrestricted, timber is now exported from China and India. Although Burma has an abundance of natural resources, the government is not fully capable of extracting and processing most of them due to inadequate technology and capital. There is a large amount of illegal exportation of narcotics, timber, and gems (Howard, 2012). “Burma is the World’s third largest

supplier of opium and heroin” and increasingly, amphetamines (United States Department of State, 2011, para. 6). Burma’s position on the Transparency International Corruption Perceptions Index is 1.5, which indicates that it is among the most corrupt nations in the world. In developing nations, there is a correlation between those nations that are listed near the bottom of the Corruption Perception Index and those listed low on the Human Development Index (United Nations Development Programme, 2011). These issues must be dealt with, if Burma is going to be ready for outsourcing. Along with the recent formal lifting of sanctions on Burma by the United States, there is still a concern over transparency issues with the Burmese government (Rubinfeld, 2012).

Financial Structure

The financial system in Burma includes government-owned banks, insurance programs, and private banks (Asia Trade Hub, 2012). The fiscal year in Burma is from April 1 to March 31. The Burmese currency is the Kyat. Although the government has created multiple exchange rates in Burma, according to the statistics from 2011, the exchange rate between Burma and the United States was Ks 815 to \$1 (Central Intelligence Agency, 2012). By comparison, 1 Chinese Yuan equals Ks 138.23 (Central Intelligence Agency, 2012). The Central Bank of Myanmar has authority over financial institutions in handling reserve activities. The Myanmar Foreign Trade Bank carries out trade and non-trade foreign exchange activities, and has authority to perform commercial activities to finance export trades. Foreign Direct Investment (FDI) and foreign investment decreased in the 1990s when the government seized the free market system under the military leadership of General Than Shwe (Asia Trade Hub, 2012). Burma’s GDP per capita in 2011 was \$1,300. By comparison, the GDP per capita in China was \$2,425.47, and \$37,527.35 in the United States (Central Intelligence Agency, 2012).

Foreign Relations

Although the United States imposed several sanctions against Burma from 2003 to 2008 including travel, investment, and trade, the United States is currently lifting those sanctions (Rubinfeld, 2012). Burma has commercial ties with Thailand and India, but the strongest connection in trade lies with China (United States Department of State, 2011). China is funding debt relief for Burma, providing economic development grants and soft loans for certain infrastructure, and supplying munitions for the military (Turnell, 2011). Burma also has military ties with India and North Korea, which concerns the United States on the issue of whether Burma is violating its international obligations and transparency laws. The United Nations (UN) still has concerns with human rights in Burma (United States Department of State, 2011). Burma is a member of the Association of Southeast Asian Nations (ASEAN). During the 1990’s, Burma hosted ministerial meetings, conferences, and became a member of the World Trade Organization (Howard, 2012). Since the release of Aung San Suu Kyi, the government claims to have increased economic growth in forming alliances with neighboring countries by way of reforming its centrally planned economy into a market system (Hermine, 2012). These reforms, if fully implemented, should enable Burma to become a frontier market. On July 11, 2012, the President of the United States announced that the United States eased sanctions against Burma to enable American organizations to invest in Burma as a strong support for the political reform of the 2012 by-elections (Rubinfeld, 2012).

Trade in Burma

Turnell points out that the military government in Burma took control over private sectors, and much of the trade and enterprise was performed by oligarchs within the military government. These oligarchs had government connections with the nation's movement of trade and enterprise by pledging patriotism and loyalty to the government (2011). The revenues gained from exportation of the gas and oil through pipelines connecting Burma's gas fields in the Bay of Bengal to China's Yunnan Province will be deposited in the central banking system and utilized to buy defense weaponry and military equipment (Turnell, 2011). However, with the new reforms promised by Thein Sein, more government revenues will hopefully be utilized for economic growth and human development throughout Burma (Nehru, 2012).

Burma's neighboring nations have transitioned to more free market economic methods via international trade participation and by securing good trade relations with foreign nations. In Burma, the government has been pressured by the United Nations to relieve autocratic military rule to mimic other ASEAN nations (Turnell, 2011). For example, by dramatically raising prices of Internet and mobile phones usage, the government stifles the flow of information (Howard, 2012). Before the 2012 by-election reforms were introduced, pressures from other Southeast Asian nations to open more trade with foreign nations did not have much effect on the Burmese government. What substantiated the autocratic strength of the military government even after 50 years? Turnell (2011) points out that Burma's strongest trade activities, funding, and military support come from China. China, an authoritarian government, is willing to aid Burma in building up the military and applies no pressure to the Burmese government to support a free market system. China has also defended the military regime of Burma at the United Nations Security Council. As a deterrent to a Chinese veto, the Security Council has refused to address the issues about Burma (Turnell, 2011). However, with the new democratic victory in parliament in 2012, many developed nations are looking for positive changes in the trade industry to take place as the Burmese government enables investment (Hermine, 2012). If future outsourcing is to be successful in Burma, the government must strengthen the private sector (Buncombe, 2012).

Business Environment

If the government and the NLD work together to develop strategic actions to foster foreign investment in Burma, global businesses may lay the groundwork for financial and market infrastructure. This will enable Burma to compete with other developing nations in exporting goods and services to developed nations (Nehru, 2012). However, some investors may be skeptical about the removal of the military blockages over free market investment and business ownership. The blockages may appear to be removed on the surface, but are the changes concrete? For example, international business proprietors who think they may own 100% of businesses in Burma without having to secure a local partner are finding that these companies are owned under the former foreign investment laws that existed before the 2012 by-elections ("Asia: Myanmar: what's actually changed", 2012). Also, foreigners who want to renew land-leasing agreements are finding that those agreements are subject to leasing laws under the pre-election investment laws as well. Land must be leased either from the state or from private owners who rent from the state. This land-leasing law presents problems for contracts that do not allow sub-letting. Another change that may not be helpful to investors is the new 5-year tax exemption plan. Investors must investigate which tax is exempt and whether the exemption provides advantages for investment activities. For example, the investment laws require a profit

tax as well as a sales tax. Another concern for investors pertains to repatriation, as investors are not sure whether they may take their company profits to their home countries (“Asia: Myanmar: what’s actually changed”, 2012). An additional financial issue for investors is the multiple exchange rates. Burma presently has more than one exchange rate issued by the government, a situation that causes confusion in business relations and trade. The government in Burma has announced plans to streamline the currency exchange rate under the new reforms (McNulty, 2012).

During the 2012 World Economic Forum, President Thein Sein vowed that the implementation of new economic reforms would “triple its per-capita economic output by the end of 2016” (Hookway, 2012, para. 2); however, Aung San Suu Kyi warned foreign investors that currently, “Burma’s courts remain too weak to implement laws and the government is not transparent” (Nehru, 2012, para. 5). Although Aung Sang Suu Kyi has addressed several issues that need to be reformed in Burma, Nehru states that Suu Kyi did not present proper strategic plans of implementation (2012). The government of Burma and the NLD must come to agreements with the implementation process of acquiring investment and aid from other nations before Burma will be ready for outsourcing.

Physical Infrastructure in Burma

Natural Gas and Oil Pipelines to China

The Burmese government is constructing a monumental project to export natural gas and oil to China (Turnell, 2011). Much of Burma’s export income results from the project. The “2,800 km natural gas pipeline will pump 12 billion cubic meters of natural gas annually to Nanning, where it will be used to generate electricity to the southwestern China” (Shwe Gas Movement, 2011, para. 11). Also, a 1,100 km oil pipeline will ship about 22 million tons of oil annually to Kunming. The exportation of natural gas and oil will continue to increase as off shore production occurs. The construction of the pipelines is projected to be completed in 2013 (Turnell, 2011).

In the Shwe Gas Movement report, the author discusses the ramifications of the construction of pipelines in Burma (2011). Due to the construction encroaching onto private properties, an uprising has ensued among fishing communities and farms. Homes and farms are being destroyed and many people are losing their livelihoods. The government has confiscated properties along the pipeline right-of-way, leaving people homeless and jobless. The government promises jobs to those who have lost livelihoods, but the only jobs to be found are very low-paying, temporary, and life-threatening. Many people have had to migrate to Thailand in order to work to support their families. The Burmese government has shown no sympathy nor indicated any plans to compensate the displaced people. Abuse of human rights has been reported by workers on the pipelines. The route of the pipelines can be seen in Appendix B. (Shwe Gas Movement, 2011). Burma must correct these issues of human rights concerning pipeline construction, reforms of the working conditions, and compensation to those who have lost personal properties and livelihoods.

Airports in Burma

Of the 77 airports in Burma, only 37 have paved runways. The main International Airport is in Rangoon. The airport serves 2.2 million passengers per year (Asia Trade Hub,

2012). Myanma Airways is a government owned national airline; however, Myanma Airways is known to have very poor safety records (Asia Trade Hub, 2012). Air China, China Airlines, China Eastern Airlines, China Southern Airlines, Indian Airlines, and the Thai Airways International are the airlines that utilize the airport in Rangoon. The flights include routes to Bangkok, Beijing, Chiang Mai, Guangzhou, Kuala Lumpur, Singapore, and Taipei (Asia Trade Hub, 2012). There are no U.S. or E.U. airlines or air freight companies serving Burma. Airports in Burma must meet global standards of safety, technology, and infrastructure before they are able to transport goods for global business.

Roads and Highways in Burma

The most widely-used mode of transportation in logistics is road transportation. Organizations that outsource to foreign nations depend on trucks and other vehicles to transport goods to destinations or to other transportation modes during shipments (Asia Trade Hub, 2012). This report describes and gives data about the road systems in Burma. Of the 27,000 km of roads in Burma, only 3,200 km are paved. Most roads are in very poor condition and lighting on roads is inadequate. According to statistics from 2007, 11 Union Highways that include 3,946 km, connect to a total of 80 other highways. The highways include 15,208 km that run north and south, and 9,160 km that run east and west. The highway that is in the best condition in Burma is the Yangon-Pyay Highway. Although only a two-lane road, it is smooth compared to other roads. The most important highway in Rangoon is the Yangon-Mandalay Highway, which is considered to be in very poor condition. The Western Union Highway is the worst highway in Burma. Located on the bank of the Irrawaddy River, the quality of Western Union Highway is rated between very poor to extremely poor. The road is made of stone and dirt in various areas. The Burma Road has had the most renovations of all the highways, because it handles a great deal of transportation between Burma and China for trade (Asia Trade Hub, 2012).

Railways in Burma

Data about the railways in Burma are discussed in the report “Myanmar railways” (Asia Trade Hub, 2012). Railways have been in operation in Burma since 1896. The center of railway operations is located in Rangoon. Burma employs 5,031 km of railway. Myanmar Railways (MR) is owned by the military government and is the central route in Burma. There are 858 stations along the railways that run north and south with some lines running east and west. The military government also owns Yangon Circular Railway, which is a commuter railway. Railways in Burma are, for the most part, in poor condition. Tracks are flooded during monsoon seasons. Speeds of the trains, running at only 24 km per hour at most, are hampered due to the poor quality of the tracks and the state of the bridges. According to the statistics from 2011, MR utilized 389 locomotives and 4673 railway coaches. (Asia Trade Hub, 2012) Rail transportation is one of the most important modes of shipping goods. The rail system in Burma will be an essential factor when global organizations initiate outsourcing there.

Ports in Burma

The government-owned ports in Burma are controlled by the Myanmar Port Authority (MPA) and managed by the Ministry of Transport (Asia Trade Hub, 2012). The Port of Yangon is the major port in Burma and transports 90% of exports and imports. The Port of Yangon is positioned Latitude 16. 47°N and Longitude 96. 15°E on the Yangon River. The tidal range is about 19.3 feet during the spring and 8.4 feet at high tide. The Yangon River runs 4 to 6 knots during the spring. The Yangon Port handles vessels that are 167 m LOA, 9m Draft, and 15000

DWT, and Thilawa Port handles vessels that are 200 m LOA, 9m Draft, and 20000 DWT. Although there is good potential for international organizations to utilize the ports for trade, substantial additions to the ports will be necessary for Burma to become a major partner in global trade.

Energy in Burma

The report, “Myanmar oil and gas” describes the prospective and traditional sources of energy in Burma (Asia Trade Hub, 2012). Sources of energy in Burma include hydropower, geothermal energy, oil, coal, and natural gas. There are 16 major coal deposits in Burma. The use of coal for energy has been a minor option due to insufficient funding for extraction. Coal is primarily used as a source of energy for the steel industry and cement plants.

Traditional forms of energy have been fuel, wood, charcoal, and biomass. Due to the military government giving energy production priority to the central demand, production of electricity has been produced using commercial methods rather than traditional methods. Energy sources from hydropower have accounted for a large percentage of the energy consumption in Burma in the past. If Burma opens up trade and empowers the private sector, the demand for energy will grow exponentially. Natural gas is the most abundant form of energy produced; however, the Burmese government is exporting almost all of its natural gas resources to China (Asia Trade Hub, 2012). Currently, coal, hydropower, and natural gas are the best methods of energy to support the needs of outsourcing. If Burma is to support mass production and transportation, processing energy on large scales must be utilized proficiently and effectively. With the expectations for new economic growth from external and internal forces, alternate energy sources may be needed to handle future capacity. Burma is considering nuclear energy. Nuclear energy is very costly and entails harsh environmental processing. Burma will need technical aid and extensive capital to build and maintain nuclear energy. Another potential source of energy in the stage of research is wind energy. Like nuclear energy, the construction of wind turbines requires excessive capital and technology. The only part of the country that will be able to use wind energy is the west end off the coastline of Burma (Asia Trade Hub, 2012).

Telecommunications in Burma

Burma has a very sparse telecommunications system. Due to government control, tight restrictions over mobile and landline phone systems and the Internet stifle the production of telecommunications (Asia Trade Hub, 2012). The government charges residents exorbitant prices to discourage interest in purchasing modes of communications. For example, there were only 604,700 landline telephones in Burma as in 2009, and the number of mobile phones came to 594,000 (Asia Trade Hub, 2012). Only minimal telecommunications requirements are met for business and government activities currently (Central Intelligence Agency, 2012). As far as domestic requirements, the system provides service to less than one communication mode per person (Central Intelligence Agency, 2012). The Internet usage in Burma is very limited because the government fears that the flow of information will foster free thinking in opposition to the autocratic rule (Asia Trade Hub, 2012). As with mobile phones, the expense to install the Internet is so cost prohibitive that very few individuals purchase Internet installation. The Internet providers for Burma are Myanmar Teleport, Information Technology Central Services, and Myanmar Post and Telecommunication (Asia Trade Hub, 2012). The Internet country code is .mm. According to 2010 statistics, only 400,000 users of the Internet were identified in Burma (Asia Trade Hub, 2012). Of the ten television stations, nine are government-controlled and

highly censored. The one democratic television station is stationed out of Norway. Of the three radio stations in Burma, two are government-controlled and highly censored. The democratic radio station is stationed out of Norway and is a short wave broadcast (Central Intelligence Agency, 2012). Burma will certainly be required to ease up on information restrictions and further develop the telecommunications industry to handle all aspects of global business.

Recent Investment Interest in Burma

There are a few organizations and national agencies that are considering investment and the development of infrastructure in Burma. GE ASEAN executive Stuart Dean, stated that GE is interested in providing power generator equipment to Burma. GE ASEAN is communicating with the government of Burma with the intentions of providing portable gas turbines (Wiriyabunditkul, 2012).

Honda Motor Company is interested in opening a motorcycle plant in Burma. This manufacturing facility will be a groundbreaking accomplishment for outsourcing in Burma. If circumstances permit, Hiroshi Kobayashi, president and chief executive of Asian Honda Motor, states that there may be a consideration in the future for a plant in Burma (Wiriyabunditkul, 2012).

The Tokyo Stock Exchange (TSE) and Daiwa Securities Group Inc. have confirmed discussions with the Central Bank of Burma “to establish a stock market by 2015” (Inagaki, 2012, para. 1). Plans are underway for the signing of a memorandum of agreement among the TSE, Daiwa, and the Central Bank of Burma. The establishment of a securities market in Burma has been initiated to promote a market-oriented economy in Burma and strengthen the private sector (Inagaki, 2012). In 1996 Daiwa made a previous attempt to establish a stock exchange in Burma. Myanmar Securities Exchange Center was a joint venture with Daiwa Institute of Research and the government-owned Myanmar Economic Bank. The market was weak and unsuccessful for the most part (Inagaki, 2012). With success this time, the securities market in Burma will launch major possibilities for Burma to be a prime player for international business.

The nation of Australia is investing \$80 million in primary education in Burma to slow the drop-out rate of elementary students. The four-year plan will provide training for teachers, textbooks for students, and food aid in remote areas (“Burma education aid”, 2012). With a current high literacy rate among the adults in Burma, reform in the education system will enable a more capable work force to fill upper level positions in Burma. Australia is lifting travel and financial sanctions as well to encourage the democracy movement in Burma (“Burma education aid”, 2012).

The CEO of Malayan Banking from Malaysia is very interested in “applying for a banking license in Myanmar” (Ng, 2012, para.1). He feels optimistic about opening a branch in Burma (Ng, 2012). If Malayan Banking moves forward to open a bank in Burma, the organization will be valuable in enabling the outsourcing of services.

Is Burma Ready for Outsourcing?

With the many decades of political and civil unrest in the past, how can investors be confident in Burma? General Aung San wanted independence from British rule before the

breakout of World War II; he wanted an economically sound Burma that had the structure to stand on its own. Unfortunately, General Aung San's vision was demolished when the Burmese military seized power in 1962 (Howard, 2012). Since that time, when General Ne Win declared leadership as the "Burmese way to socialism" (Hermine, 2012, para. 2), the military rule has proven to be extremely corrupt, exploitative of the people, destructive to human lives, and wasteful. However, the NLD has stood for peace and freedom in opposition to the military junta rule (Turnell, 2011). Although promises in the past have been made, no concrete measures for change were acted upon until 2012. Following in her father's footsteps, Aung San Suu Kyi assumed the leadership position of the NLD in opposition to the military junta (Hermine, 2012). She has stood for, suffered for, and become a voice for democracy in Burma. After being released from 15 years under house arrest, she has been instrumental in the gradual release of the many other political prisoners after 2011 (Hermine, 2012). She has recently toured throughout the world, requesting developed nations to invest in Burma so that it will become an independent nation ("Aung San Suu Kyi," 2012). In her speech before the International Labor Organization (ILO) in June of 2012, Aung San Suu Kyi appealed to foreign nations to give aid to and invest in Burma to promote a better future for the Burmese and to provide jobs for the unemployed. In her speech, Suu Kyi stated "What I would like to see for our country is democracy-friendly development growth. I would like to call for aid that would strengthen the democratization process by prompting social and economic progress that is beneficial to political reform" (International Labor Organization, 2012, para. 3). It seems that her leadership may foster a free market society in Burma ("Aung San Suu Kyi", 2012). For one such as Aung San Suu Kyi, who has known Burma at a time when democracy and independence in her country was progressing, it must be a pivotal time of triumph to be closer to living that experience once again. She hopes to finally see her father's passion for his nation become reality.

For the first time in many decades, negotiations between the United States and Europe with Burma are possible for business operations (Hookway, 2012). For example, in the past, voting in Burma was unfair, the human rights deplorable, there was a government-controlled judicial system, and political liberties were almost nonexistent (Hermine, 2012). With the NLD victory in parliament at the 2012 by-elections, these issues will be addressed through new strategic planning by the democratic parliament and the government, as well as with help from other nations (Nehru, 2012). Developed nations and the ASEAN nations are gaining confidence to invest and trade with a more transparent Burma (Greene, 2012).

Conclusion

In the wake of China moving from being a developing nation to an NIC, global organizations that once benefited in terms of profits by outsourcing to China are now paying higher wages and operations costs. Organizations are searching for new frontiers in which to invest and outsource (Ball, et al., 2009). Burma has had a history of autocratic rule by the military government, which has stifled foreign relations and investments. The Burmese have been oppressed and have suffered very poor living standards due to the abuse of human rights (Turnell, 2011). Corruption and lack of transparency have been standard within the government. However, the decades have witnessed sporadic actions from the democratic opposition working to denounce the junta rule and return Burma to a democratic nation with a system of free enterprise (Howard, 2012). Two prominent voices of leadership that have stood in opposition to autocracy have been General Aung San and his daughter, Aung San Suu Kyi (Turnell, 2011).

Suu Kyi has relentlessly appealed to the government, western nations, and the various ethnic states in Burma to join her endeavors to develop and promote a democratic and prosperous Burma (Nehru, 2012). There are hopes that, in time, the government will build a much better infrastructure in Burma, abide by international transparency laws, open friendly trade with foreign nations, and reverse all negative human rights issues in the land (Hookway, 2012). If the democratic constitution is put into action, investors and global organizations may help Burma become a more industrialized nation. In the words of Aung San Suu Kyi, “Please encourage your governments, your businesses, your workers to build the kind of society that will build the future of our country” (Greene, 2012, para. 21). Burma is on the cusp of a golden age of renewal and expansion. Burma will be ready for outsourcing only if President Thein Sein and the NLD continue to work together to enable Burma to be a new frontier market.

Appendix A
Map of Burma



Appendix B

The route of the Burmese natural gas and oil pipelines to China



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