

## ABSTRACT

China is the most visited state in Asia to build investment and expand products. Carrefour Company is the famous retailing originated from France and the second largest company in the world trade. The first expansion of Carrefour was in Shanghai with full ownership under Carrefour properties and management systems. But as globalization has driven MNCs to enter China, the competition between retail groups has shifted Carrefour existence. Meanwhile, China's government is on a period of developing the domestic economy by increasing the local industries. And so, the government announced a new policy of double payment and tax for foreign retail groups which operated under rented properties. Because of this policy, Carrefour had lost several stores and its ownership because of a joint venture in order to save the other stores.

Based on the issue, this undergraduate thesis would analyze the Carrefour operations under China's strict regulations of franchising. During its operational period, Carrefour Company was facing many challenges from its consumers and government new policy. Because of this issue, Carrefour has to set up new strategies to prevent the loss of its stores ownership. The analysis also includes the negotiation process between Carrefour and China's government concerning the ownership matter. Therefore, this undergraduate thesis focuses on the Carrefour movement of new market strategies and its dynamics negotiation with descriptive and qualitative research.

In this research, the author examines two important concepts to analyze the issue. Theory of ownership explains the division of firm-specific advantages (FSAs) between entities. This concept also defines the advantages and disadvantages for each entity that included. Besides ownership concept, state and MNC controls explain about the interest of a state to the MNC, and the MNC concerns to the state. Both China and Carrefour have their own interest and together cooperate toward their goals. Carrefour Company has rights to manage stores and its raw materials, while the China's government has its regulations concerning Carrefour market activities on its territory. Therefore, the power of the state to control its domestic economy influences the existence of MNC.