

## “OPPORTUNITIES, CHALLENGES AND RISK MANAGEMENT IN INTERNATIONAL BUSINESS”

Mohamed Haneefuddin\*

**Abstract:** This is the matter of fact that business environment has been becoming more complex dynamic and interdependent day by day. The globalization and liberalization across world has ignited enthuse and interest of Multinational companies (MNCs) to expand its business span with more competitive products and services across globe. The recent economical scenarios and technological development have motivated and provide tremendous opportunities for international businesses across globe. In addition to the huge opportunities while functioning across globe, it is also allied with higher risks and the anticipated return on investments in the global market. Business Environment risk has increased obligations of managements to improve their ability to develop, produce and market global brands. In general, the predominant challenges that the business houses or organizations face are market variation, political, economic, commercial and cultural variations along with development in technologies. This paper discusses international business and global opportunities along with associated key challenges. In addition, this manuscript precisely briefs varied risks and respective management strategies to alleviate major risks for successful international business function. This paper suggests that management need to restructure its business strategies and functional styles as per the regions of the world, it is operating in. Managing challenges such as economic and political is highly intricate issue for MNCs and they need to maintain an up to date profile of countries they are functional in.

**Keywords:** International Business, Key challenges, Strategic Management, International business environment.

### I. INTRODUCTION

The renowned term globalization refers the phenomenon of evolutionary transition to a new phase of modern society in the form of socio-political changes, economic system and cultural variations. In fact globalization states the socio-economic development relationships that extend across the world. Globalization in recent decades has ignited competition and motivation among companies, countries etc to attract bigger market, higher business investments to achieve bigger market share etc. The East Asian Economic Miracle (EAEM) illustrated high pace economic development and growth in East Asian Counties such as Japan, Hong Kong, Taiwan and Singapore, during 1960 to 1980 that played a vital role towards globalized

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\* Faculty- Marketing, A' sharqiyah Marketing, Post Box No 42, Postal Code 400, Ibra- Muscat- Sultanate of Oman

business environment. In spite of not much developed political system and conventional egalitarian society these countries accomplished higher business development and economic growth. Later, it motivated many companies and countries to expand its business operation globally or internationally to achieve bigger market share and economic growth. International Business represents the commercial transaction between two or more countries for goods sales, business investments and transportation. In the era of globalization, liberalization and privatization, the significance of international business has increased because of rise in multinational companies (MNCs) globally. In general, the term international business (IB) represents the commercial or economical activities exhibited for promoting the transfer of certain products, services, technologies, resources, ideas, and people across national boundaries. IB can take place under various formats, ranging from the goods transportation from one country or location to other country (export trade); to contractual understanding providing firms in foreign nations certain agreed legal permission to use services, products, and processes from other nations; to the organizations setting up research and development, manufacturing, product sales, and product distribution in international markets. Predominantly, the MNC stake part in IB process because of the business objectives to achieve such as, for increasing product sales, achieving bigger market share, utilizing global resources; reducing risk, etc. Companies operating internationally need to adjust its functional and management strategies to specifically those operational international regions in which they want to expand their business and operate it, whether directly or by means of certain business alliance or partnership. Companies perceive the global market as a market place and hence they make effort to expand its operational horizon of region globally and always try to come out of its domestic market. These organizations perceive international markets as certain optimal opportunity and hence their predominant emphasis is the growth and sustainability by means of global business operations. In order to accomplish these objectives, the companies produce well calibrated, specific and optimized goods for international markets and the organizations employ the international networks, financial markets and human resources. Their prime emphasis is on the globalization of its products and services by means of certain effective business and management strategies that competes across globe for its sustainability and higher market retention or acquisition.

## **II. GLOBALIZATION: A CATALYST FOR INTERNATIONAL BUSINESS**

Globalization has emerged with very fast because of numerous factors. The high pace development in communication technology, and goods transportation has facilitates communities to perform effective and productive interaction with the other communities and the products and services used by them (Elearn, 2005). In order to develop trade and business the governments are flexible enough to promote investment and are imposing minimal restriction and hence permitting

trade of services and varied products across the borders. Such facilities and economical policies have enabled the governments to facilitate better and flexible access to a number of products and services at very competitive prices, while ensuring fulfillment of local requirements. On the other hand, in order to attract investment and business opportunities, all the world economy or countries are enhancing their infrastructures and developing it to meet international standards for providing optimal business environment for foreign investment, which is considered to be the very significant factor for economical development in this competitive market and globalized business scenario. The development in infrastructure and business environment comprises economical and trade policies, laws, commercial flexibilities, banking, transportation etc. On the other hand, now days the consumer behavior is changing because of high pace innovation and competitive products and services that they need to fulfill their requirements and hence pressurize companies to launch or introduce better and economical products and carry out various research and development activities to fulfill customer's expectations to gain bigger market share. Global business operations of multinational companies motivates towards developing better, competitive and economical products as they are capable of utilizing global resources for the development of such products and thus give rise to competition in varied markets. Such competition can be profoundly found among domestic companies. There are a number of key factors that influences Global Business Environment. Some of the predominant factors are; the political factors, economic, technological, cultural and social factors. In general the political and economic factors refer towards global business understanding and mutual agreements, liberalization in international business policies influencing various trade barriers, foreign direct or indirect investments, privatization and the opportunity creation for economical development (John Kew *et al.*, 2005). On the other hand, the technological factor relates to the efficient and innovative communication systems, international communication networks, internet facilities, and various businesses and service oriented network computing, swift and secure logistic facilities, innovative manufacturing facilities, technology enriched production, etc. the other factors constituting global business environment are the cultural and social environment that refers towards the elements of social traditions and cultural behaviors such as consumer behavior, attitude, belief, consumer purchase intention and opinion that characterizes distribution of human population across globe.

In general, international business is different from domestic business activities, as it comprises three predominant environments, domestic, foreign and international (Helen Deresky, 2006). International business environment functions in between the domestic business environmental and the foreign business environmental and thus the interactions between the foreign environmental factors of two countries when an affiliate in one country performs trade or business with the customers of another (Shaomin, 2009). On the other hand, the domestic business

environment is comprised of all the uncontrollable factors or the forces that originate in the home country and influences the organization's life and development. Foreign environment is comprised of all the uncontrollable forces that come into existence outside the home country and influence significantly on the operations of the organization. In fact these forces are similar to those in the domestic business environment but their strengths and values in general vary, thus making its prediction little intricate at some time. International environment perform interaction between the domestic and foreign environment forces or between the sets of foreign environment forces (Paul, 2008). The global business operation issues comprise major international issues, dynamic market analysis, competitive advantage, organizational resource and process management, and effective marketing strategies. Global issues state the significant concern about the existing economical policies, political stability and political systems, legal system, and various socio-cultural factors etc.

### **III. INTERNATIONAL BUSINESS- OPPORTUNITIES AND CHALLENGES**

The following section discusses varied opportunities and challenges in international businesses in global environment.

#### **(a) International Business Opportunities**

The high pace globalization in the recent globalized marketplace has enabled huge opportunities for numerous organizations to expand its fins across global market. The increase in democracies or democratic government has opened the way for foreign investment and various international business opportunities. On the other hand, communism is losing its ground. Specifically, the privatization and liberalization, has had the colossal impact on the global economy. The flexible international business policies and economic freedom has become a significant and vital factor to improve the relative wealth of nations. One of the most striking variations these days us that approximately all countries have swiftly begun to develop decentralized, open to all or free market systems so as to manage a global economy having intense competition, technology enriched industrialization, innovative communication systems and quality enriched production. The revolutionary changes in technologies and varied services oriented organizations have provided the mechanisms that propel the growth of international business. The business oriented intensification of competition at both domestic as well as international levels has propelled organizations to explore opportunities beyond their domestic markets. The constructive and progressive elimination of various obstacles to the international business and capital movements has motivated higher goods exports, imports and foreign direct investment (FDI). In fact, MNCs have emerged as the dominant agents of the international economic coordination. They ensure the provisioning of the capability to generate innovations and deliver

better products and services to the international market. MNCs also provide the capability to exploit the technological advancements and respective applications at global level functions as a depiction of the ability of international managerial co-ordination to operate efficiently across international boundaries.

- At the domestic level, the participation in international business operations assists countries to retrieve advantages of the national expertise in economy for delivering better quality enriched goods and services into the global or international marketplace. International business can potentially increase the various kinds of products and services availability in international markets and exposes consumers to better lifestyles, economic products and services and enhanced ideas. Ultimately, these exposures influence the national cultures comprising their economic institutions, political systems, social behaviour and attitudes towards better product and service alternatives. Governments have significant influences on the international business operations in determining how open or closed the national economies are to the external influences such as international trade and foreign direct investment.
- For multinational companies (MNCs), the international business increases competition in domestic markets and opens up new opportunities in foreign market. Global competition propels organizations to be more innovative and efficient for employing optimal resources and its efficient utilization.
- For consumers, international business can bring multiple options and varieties of products and services and can significantly enhance the living standards globally.

Technology, in general, refers the application of the sciences to achieve optimal objectives of the industry, consumer expectations, business, government systems, and various human endeavors. Innovation and Technology, as a process, represents a socio technical approach to define and solve problems. Now days, the global business is transformed because of high pace innovation and development in the field of information technology (IT). The efficiency, effectiveness and accuracy of information transmission have alleviated the remote or geographic barriers and information can't be centrally or secretly controlled by certain nation or governments. The political economic, market and competitive information is available almost instantaneously across the globe, thus enabling precise and timely decision process that strengthen the possibility of higher business opportunity. Furthermore, the cultural barriers are being eliminated day by day by the role of information in making society aware of one another. The international consumers today have become more sensitive and aware, by means of numerous media, about living standards, tastes and respective preferences. In fact, the development of information technology can be stated as both the cause as well as an impact of

globalism. To achieve these, the information revolution has contributed predominantly for increasing the productivity across the globe. Furthermore, the application of the Internet has been propelling electronic commerce businesses across globe. The organizations across the globe are connected electronically with its customers, potential distributors, service providers, suppliers, and associated partners in many countries. Hence, perhaps IT is not yet “borderless” but rather is subject to the same norms, preferences, and regulations as “human” cross-border interactions. These discussions state that there is immense possibility for international businesses in varied service segments and goods trade across globe. Typical challenges that the organizations face in international operations are political structure, legal, social and cultural system, technology and primarily the opportunities and risks in investment in global markets. Comprehensive political, economic and social changes around the world, today present new challenges to organizations. A brief discussion of varied challenges in international business is given in the following section.

### **(B) Key Challenges in International Business**

The predominant challenges in international businesses are discussed in the following section of the presented paper.

#### ***(a) Changing International Marketplace***

Generally, the global marketplace is characterized by various dynamic variations causing major political, financial, economic, and cultural uncertainties. The following section discusses key challenges in international business and economic globalization.

#### ***(b) Political Changes***

Political change takes place as countries require establishing stability and order within their country. In democratic countries, the uncertainty is general as voters decide which political parties should lead the country. Companies having higher investment commitments in such markets pay attention to the regional, national, and local elections to determine how they will influence the business whether new governments are likely to support economical developments, and how they are supposed to influence national requirements for goods and services. In those specific countries, where there is democracy is not established have market uncertainties as the rival ethnic, religious, cultural and social groups compete for political benefits and recognition. These types of challenges are known as political risk that can be stated to be a nature of risk confronted by major investors, companies and governments. Political challenge is the kind of risk that can be unstated and accomplished with certain coherent and optimistic forethought and speculations (Glenn, 1994). The kind of risk that certain investment’s earnings

might hurt as a consequence of political capriciousness in a country, volatility influencing returns on investment might stem from the change of leadership and government, legislative decision makers, international policy makers and allied subsidiaries and military control. Political risk may also be stated as the “geopolitical challenge,” that turns out to be a significant factor as the time prospect of certain investment gets longer (Atchison *et al.*, 2003). The stabilized political environment globally constructs confidence in organizations and business houses that helps in motivating and promoting business. The business houses require assessing the political risks allied with certain location and countries and the insinuations of those challenges and risks for the commercial or economic success. In fact, the political risks are certain governmental activities or politically enthusiast event that might negatively impact on the long run organizational profitability. International companies should accomplish optimistic political risk assessment for managing their emphasis to risk and to reduce the economical losses. Characteristically, companies examine destabilizing factor and accordingly calculate their future impact on their functions or business operations, introducing optimistic strategy so as to deal with probable future issues. In case of less developed countries, the political risk is found to be higher because of comparatively less distinct governmental policies and laws.

### *(c) Economic Changes*

In recent years the economic variations has become progressively more significant with the increasing interdependences amongst national economies. It is in general defined as the inadvertent that macroeconomic conditions such as currency conversation rates, political stability and administrative regulation have the impact on the investment, especially on the frequently in a foreign country (Gianni De *et al.*, 2003). The prospect an economic decelerate unfavorably has impact on financial investments, as for illustration, start produced unswervingly for extravagance or during a financial collapse has numerous economic risks. In general, the economic risk is very much associated with the political risk, as the decisions of the government, directly influences the investment. Economic downturns in North America or countries belonging to Western Europe reverberate across the global economy. The major issues in developing country (e.g. the U.S./UN-Iraq war in 1990-1991 and the Asian financial crisis during 1997-1999), caused recession throughout global economy. Executives should be capable of analyzing the global as well as regional economic variations, market trends and should realize their influence on corporate activities. At the national or the state level, the executives must recognize various fluctuations, stakeholders’ mood variation and economical mismanagement caused due to governmental decisions: unbalanced budgets, financial irregularity and corruption, unfair tax structures, problems such as balance-of-payment etc. Two critical economic problems are inflation, which causes attritions of savings, purchase power of consumer, and consumer living standards)

and high unemployment. These two major factors result in public dissatisfaction resulting into political instability. The lower value of gross national product (GNP) and per capita income, which is common in low development countries, causes it to get trapped in vicious circle of economy that further constitutes of immature and insufficient infrastructure, unskilled resource and workforce, comparatively less educated population and higher international debt. In general, their economic situations are despondent and so are unable to attract foreign investment as per their requirements. A number of countries, especially in Central and South America, the Middle East and Africa frantically are unsuccessful in attracting foreign investment to encourage economic growth and commercial development. International firms hesitate to invest in such types of economies only because of economic risk, risk of return on investment and political instability caused risks.

#### *(d) Cultural Variations*

Cultural changes have the significant impact creating uncertainties on political and economic environment. Specially, the religious issues have caused trouble at both national as well as international horizon. Inside certain country, religious conflicts might be sometimes highly disruptive. The examples can be conflict between Christians and Muslims in Nigeria and Indonesia; and between mainstream and fundamentalist Muslim faction in Pakistan, Iran, Iraq, Pakistan, Saudi Arabia, Egypt, Algeria, and Palestine). It has been found in numerous studies that the origin of product has also significant impact on the consumer buying behaviour and perception. For many people, religion is the most imperative part of their lives, even more important than wealth and prosperity, more important as compared to the country affiliations, and other worldly factors. It causes numerous issues, as religion in general succeeds national allegiances and introduces certain religious conflicts which are of course most intricate to resolve. Culture is supposed to be the perspective in which an organization functions. It comprises characteristics of groups characterized by its regional customs, values and manners. In fact, it is collective programming of the human mind that distinguishes the one member from other in human society. Without cultural traditions, personal values, manners, shared behavior and beliefs, personal attitudes, norms; rules people would have complicatedness living collectively. The modern cultures and diverse society are thus characterized by the orientation of an individual on the basis of the purchasing power demonstrate exercise of individual independence; prominence on objective accomplishment and values of this area; an economic sense, acquisitive time; the tendency to disrespect the past in relation and association to the future; a high degree of utilitarianism. The impacts of the cultural factors in the complex system level incorporated economical markets, intercontinental trade, international investment, multinational corporations; convergence of technology is predominant significance. Meanwhile, the combination of globalization and culture is a risk



factor that not only impact international trade system, but also the cultures and national identities and recognition. In fact, the global business environment used to be quite different based on the type of response of the receiving area of society and culture. The combination of varied societies and cultures consequences in diversity of cultural products and services, intimidations to the local cultures and emerges out as a mixture of cultures, ultimately resulting into a global blend.

*(e) Financial Changes*

Financial changes takes place as an international businesses conduct transactions in global economy and marketplace having more than 180 currencies. As the majority of the international business transactions take place, the currency exchange rates are to be considered. Organizations should be monitoring two significant kinds of financial variations: (1) the values of numerous currencies fluctuation with respect to each other, influencing product pricing and asset valuations as the products and resources across national boundaries. (2) The liabilities of the countries to make transactions or payments to foreigners are changeable. Merely, very few national currencies are globally acceptable across global markets. A number of developing country currencies, are deplorable and unacceptable to the non-residents as the way of payment (“inconvertible”). Since, the numbers of developing countries are increasingly entering into the international market and business associations; a predominant issue is how these economies would make payment for required products and services. Majority of these economies have built up major economical debts as their economy has fallen behind their capabilities to make payment for their imports. Others companies sometimes undergo critical economic turmoil as they attempt to make their currencies acceptable across global marketplace. A financial crisis took place during 1997-1999 when the Asian market suffered a lot due to recession caused because of the key nations in Asian economy made effort to realign their national currencies with an objective to make it convertible and acceptable across global economy.

*(f) Commercial Risks*

Commercial risks is that certain organization needs to perform financial transaction with international buyer operating in a changed lawful and political environment in international businesses, the risk of even behavior of the commercial transaction increase a number of financial risk accepted by a seller when spreading credit without any collected resources. In fact, commercial risk refers toward all other challenges except the political risk or governmental instability caused risk (Najam, 2001). These risks are to the deprivation loss or in demand to other financial markets. Generally, international business enhance to upsurge in varied ways risk to equate to local risk. It is because of the reason that lengthier distance partner between counterparties, different culture or storage market place and environment,

economic and political environment as well as national and international rules and policies. The custom of commercial transactions term like payment and assortment documentary credit and normal transfer delivery terms like the incoterms decrease or eliminate a number of business risks including to cancellation of orders, delayed payment or late delivery etc (Mary C, Bart, Ay, Sahin& Robert G, 2012).

***(g) Others Risks and Challenges in International Business***

In addition to the aforementioned and discussed international risks, there are some factor that comprises the culture difference, lack of market information, international markets fluctuations, regional language constraints, corruption in political as well as corporate operations and natural factor caused risks, these are the predominant business risks which causes the huge challenges for attracting foreign investment of FDIs (Games, 2011).

Some of the other risks factors in international businesses are given as follows:

- Lack of precise knowledge and business insights for international markets entrance and market fluctuations.
- Natural risks caused due to various kinds of natural disasters that is of course not under the control of human.
- Communication gap and Language differences are some of the predominant issues across the world, such as Japanese and Chinese have big issue to understood English and Arabic, while surprisingly majority of businesses belonging to Chinese, Japanese and Korean economy are operational in gulf countries
- Autonomous risks are like the ability of the country to pay off its debt and imports overdue.
- Inclination towards biased and corrupt business allies or associates such as a number of countries have corrupt elements belonging to government, corporate as well as business policy makers.

Summarizing these discussions, the international business can be stated to be the ability to cope up with the political, economic, and cultural diversity and variations. The purpose of international business leaders and managers is to analyze these risk variations and market environment fluctuations and to craft certain optimal and optimistic strategies to facilitate international transactions and out-compete rivals in the world marketplace. It requires not only an in depth business understanding of the principles underlying a healthy and effective business strategies, but also in-depth knowledge of the world markets and their characteristics, behaviors, and trends. In the following section, a brief discussion of the risk management in international businesses has been discussed.

#### **IV. RISK MANAGEMENT IN INTERNATIONAL BUSINESS**

The significant attribute of international business management is the decision making capability of the managers that means to craft certain optimal strategies and decision from a variety of possible actions, while taking into consideration of various business environment factors. In general, an international business is performed in enormously diverse market environments and in unpredictable situations. The organizations need to accept the productive opportunities and decisions while alleviating and neglecting the unfavorable conditions to confine the possible losses by taking optimal decision at right time. As per this point of view, the incorporated decisions whether short term or long term decisions, for the moment possesses the mark of three conditions, where the precedents may found themselves decisions taken in confidence situations, optimal decisions made and adopted in uncertainty market situations, decisions adopted in risk situations. Under the inclination of the requirement of the conceptual synthesis and practical operability, in general there persists the propensity to define the three decision statuses as succinct and appropriate. In case of the relatively low risk factors in certain country or economy or that a high risk market environment is worth the prospective returns, then business houses make effort to alleviate the risk by employing the next defined strategy or policy.

Equity sharing comprises the initiation of certain joint ventures with regional companies or government to minimize the political risks. Participative management needs that the firm actively involves local associates and companies for managing the subsidiary. The localization of the business operation encompasses the alteration of the subsidiary's recognition; make name, management approach, and many more to adopt various local tastes while fulfilling local political, market attraction, market share, and economic specific requirements. Localization needs the transformation of the subsidiary from an international firm to the national firm or company. Development assistance comprises the active involvement of the organizations in the development of infrastructure and environment for the local country or market place. In general the level of economic development and infrastructure of certain organization determines its economical as well as business stability and, hence, its comparative risk to an international firm. Majority of the industrialized nations pose very few challenges and risks of economic instability; very few developed economies are having any risk. The multinational companies (MNC's) operating overseas represents itself to certain level of economic risk, frequently influencing its everyday operational profitability and market share; companies constantly re-assess the risk level that they might face in future over business operations in any specific country or region of the world. Primarily, there are four approaches for analyzing economic risk, or the creditworthiness of certain organization. These are the quantitative approach that makes effort to estimate the ability of a country statistically for honoring debt obligations;

evaluating the country's economic risk by examining the competence of its business leaders, executives, policy makers, and the kinds of policies they are likely to incorporate; Checklist paradigm relies on straightforwardly quantifiable and timely criteria indicators that calculates the credibility of a nation. Researchers developed a number of susceptible indicators that functions for categorizing the nations in terms of their capability to endure economic volatility and market fluctuations.

Variations in the rules and policies from one country to another are numerous and of course highly intricate. The tax systems and legal imposes of a nation influences the attractiveness of investing in that country and in future impacts on the relative level of profitability for a multinational organization. Foreign tax credits, employee benefits, leaves and holidays, tax exemptions, depreciation allowances and taxation of corporate profits are the supplementary considerations of the foreign investor and it is needed to be assessed before making any investment. A number of countries have signed tax treaties which decide such terms as "income," "source," and "residency" and spell out what constitutes taxable activities. The extent of the government interference and the legal involvement in the business regulatory body and economic environment varies significantly amongst countries and has very critical impact on management practices and decision making processes. On the other hand, globalization has multiplied exponentially the ethical issues facing companies, still, business ethics are confined and efforts have not been made till to globalize it. The attitudes toward business ethics are primarily rooted in social culture and business activities. Now days, the corporate has learned that intercontinental or the global business ethics should be given predominance or priority and the organizations must be paying attention to their relationships with society and other economical entities or variables. One of the most considerable issues with MNCs is rooted with their effort to define a corporate wide ethical recognition and posture is the significantly varying socio-cultural and ethical standards around the world. A number of practices which are supposed to be unethical or even illegal in some business environment or the market place (countries) are accepted approach of doing business in some other market or country. Social responsibility as well as the ethical standards can't be the ultimate alternative but rather integral parts of company's global business activities and its operations. Multinational organizations must adhere from corruption, making illegal transaction or payments or other illegal gifts, or any political contributions to the foreign government officials or decision makers to influence them in business transactions, failing which, in the long run, the multinational companies would be considered as irresponsible outsiders and might dim their global business prospects for the future opportunities.

## V. CONCLUSION

The globalization of markets and business activities led to the manifestation of the global business environment that is concerned about the perspective of the

international economical activities and commercial transaction or business presence on the ground, in the depth of the global work division and the increase of global economy fluctuations and business network realization. The globalization and liberalization of the global economy has caused multinational companies to expand business horizon across the national borders. On the other hand, the emerging global competition existing in regional market as well as international market has forced companies to explore business opportunities in abroad market place. Competitive quality production, economical flexibility and competitive pricing has motivated international first to operate its business globally. In parallel to the emerging possible opportunities, there is also rise in challenges and risks in international business environment. Discussing precisely about the global international business environment, these issues receive a higher complexity, challenges, risk and uncertainty, because the companies or the organizations don't have to deal with only the known and well acknowledged environment and factors, but in real the organizations have to deal with the unknown, unfamiliar environment. The international business environment manifests other factors too than from the original location or origin of the company, barely detectable, controllable and operable ones. MNCs assist the developing economy and low development countries by contributing new products, economical pricing for various goods and services, technology, management skills, infrastructure development, creating employability, and bringing in investment capital from other countries by exporting goods and services. Once, the global business opportunities and associated benefits surpass the business risk and challenges, organizations must take a risk for valuation of the both country and must be involving intellectual property, bureaucratic procedures, human resource restrictions, and ownership restrictions in the analysis, so as to consider all risks comprised before incorporating any venture into any global economy or countries. Then while, even though, this obligation valued treasures that have been in the domestic market place is operated are tackled with a precipitous profit variation curve. Referring in the term of the general principles, but very diverse in practice other risk factor like, capital, and also be familiar particularly exigent in many developing nations and developing economies, where the local or the regional currency is not liberally convertible, companies must examine the risk begin distinguished against domestic firms. Companies must also emphasize on the local as well as federal system of a country so as to incorporate successful international business practices and must be focused with business ethics across global business operations.

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