Negotiated techniques of long-term strategies

Negotiated Agreements/eliminative/Protective Techniques of Long-term Strategies ill. Use of Personal Relationships lb. Proactive Strategies 1 OFF it. Development Introduction The world of business is becoming overcrowded every day, and companies have to develop strategies on a global basis. Political, legal, cultural and economic circumstances vary significantly around the world. Even though investing in an international market may require intensive capital, the reward of such a business ay be enormous.

The sale of products and services in another country enables the company to increase its sales, expand the products life cycle, improve brand recognition, and reduce the risks of operating in a single market (Hill, 2009). Before choosing a foreign country for business, numerous aspects have to be considered. For instance, one must consider the nature of politics in that country as well as the political risks involved. Political risks entail the hazardous impacts that political events or decisions may have on a business. Such risks range from corruption, tax laws, and protests to wars.

To manage these risks, companies must carry out comprehensive research beforehand. Some countries may be extremely conservatives while others may be easy to do business (Harrison, 2009). This paper will examine the political aspects affecting entry into an emerging country in comparison to entry into a less developed country. Special attention will be given to Brazil and Bangladesh. Political Aspects Related to Brazil There are different political systems in Brazil that are likely to affect business. To certain extent, these risks subject the country's investors and their investment at take.

An examination of Brazier's politicalenvironmentindicates that Brazil is a federal republic made up of 26 states and a capital district. It has a dynamic multi- party system of government with twenty parties represented within its congress, this is to suggest that it is a democratic state. The quality and effectiveness of the government services and infrastructure are continuously being improved by the government Jeffrey, 2011). Despite the massive improvements that have been witnessed in Brazil, the country still grapples with corruption related risks that may hinder business.

These cases were most prevalent during the reign of the former president Luis Niacin " Lull" Dad Silva. After taking office in 2002, the president was instrumental in improving the country's poor economic condition. However, scandals tainted his presidency especially in 2007 when it was discovered that government officials were participating in trade of municipal properties. Political protests are a common sight in the streets of key cities in Brazil. This is usually done by local groupings pushing for certain agendas to be addressed by the government.

Such protestors' tendency to involveviolence, looting and destruction of property. For instance, Brazil witnessed a considerable number of protests against ALCOA which intended to set up a hydroelectric power plant in the country in 2004. The protests were sparked by the environmental groups who wanted the company to consider mitigating environmental damages in its project (Hill, 2009). Another risk of doing businesses in Brazil is that of rampantpolice brutalityand gang violence. It is estimated that approximately 50, 000 homicides are reported every year in the country.

It is also alleged that the police are often behind numerous extra judicial executions. This has tainted the image of what is by far one of the most prominent economies in Latin America (Hefted, 2007). While the country presents numerous reasons that defend its position as a strong market, entry requires extensive research and planning. Regardless of the company's consideration, be it acquisitions or restructuring, it needs to understand the strategic and fiscal impact of such decisions and the fore mentioned implementation risks.

Appreciating where the opportunities and risks are positioned, the size of each opportunity and what opponents are doing will arm the company with the confidence to enter the Brazilian arrest (Derek, 2006). Political Aspects Related to Bangladesh Like Brazil, Bangladesh has also experienced massive growth in its political systems. For instance, the country has witnessed the transition of power to democratically elected leaders. Despite this significant change, there are still confrontational tendencies within the political front.

In 2007, for instance, the government was forced to declare a state of emergency after the opposition protested against the ruling presidency of Sheik Hessian Waged. This has, over the course of time, had negative repercussions on foreign business growth (Theodore, 010). Moreover, party politics between the opposition Bangladesh Nationalists Party (BAN) and Bangladesh Miami League (AL) remain rife. It seems neither of the two can back down from confrontations on how to run the government. The ongoing trails on war crimes too catalyst the political unrests.

In fact, these tribunals still have a long way to go before issue of verdicts. However, the courts already issued the first ruling which is expected to stabilize the political air. This goes a distance to remove the fear that Psalmists wars could have begun. The political climate is relatively tense for doing business. Recent cases of violence have been reported in areas around Southeast Chitchatting. Such violence is characterized by ethnic clashes between those in support of a democratic regime and those who desire the status quo to remain. The political risk is further heightened by a high level ofpovertyand inflation.

It is estimated that roughly one in every three Bangladesh is afflicted with abject poverty. Moreover, thousands demonstrate in the streets against the arrest of their trade-union leader. Significantly, the government loses grip of maintaining law and order hence scaring off possible investors. It is no doubt that a country that lacks democratic systems and effectiveleadershipis bound to repel economic growth. Political risks play a significant role of barring investors from investing in the country for fear that their businesses would be at stake.

This comparison has shown the aspects of doing business in both Brazil and Bangladesh. Over the past decade, Brazil has become a progressively attractive and profitable market for international companies. More companies are seen to shift their focus on this emerging economy. Entering Brazil is good, however it's not easy cause of the immense competition and the availability of business know-how among other reasons (Peabody, 2005). On the other hand, Bangladesh is a less developed country whose economy major depends on the garments industry.

Entry into this country is relatively easy because government restrictions are not deterrent to foreign business. All the same, Brazil is a favorite of many because of the immense potential for profitability. Regardless of a relatively splendid performance in the last two decades, theBangladesh economyis plagued with numerous structural weaknesses, which are yet to be addressed. Some of the significant issues include an incapacitated public sector, intellectualized financial sector, lack of export diversification, poor infrastructure, and pervasive corruption (Scheme, 2004).

Thefailureof the government to address these long-standing problems has adversely affected the investment environment. On the other hand, Brazier's problems are on a lower scale, and the government is seen to put structures in place in order to develop all of its sectors. Compared to Brazil, Bangladesh is a poor economy characterized by a vast population living in rural areas. The main economic activity is agriculture armament manufacturing, but many businesses are seen to shift into the service and production industries. The case of Brazil is that of relative advancement.

The country has a mature democracy, sustainable infrastructure and relative ease of doing business. Overcoming Political Risks Multi-national companies wishing to invest in the foreign market must develop long-term strategies based on intensive market research. They must be able to exercise their existing position relatively well and ensure they maximize on their experience in order to succeed. Depending on existing strategies, companies should insider entering into a venture arrangement with the local representatives or distributors.

This is cheaper and will be made easier if the venture company operates the same business. However, any contract agreement should include terms that permit for local production through a Joint venture, an acquisition, or a new plant. Additionally, when entering through these avenues, companies should always embark on a due diligence assessment and channel analysis. This will go a long way in managing any potential political risks (Guppy, 2006). The use of existing advantages within the multinational company will enable it to have a bargaining rower over the foreign nation.

This will work well with corporations who have large economies of scale that can enable them to influence key business decisions in the host country (Hill, 2009). An entry strategy that maximizes on the use of personal relationships will auger well with any foreign situation. Many foreign companies are known to license distributors or dealers to represent their products and services on a non-exclusive or exclusive basis. As these companies become more ascertained in multinational company gains immense power ensuring that the host country doesn't interfere with its affairs.

This is referred to as an integrative technique. Another choice that may minimize political risk would be the operation companies from distant offices situated in politically stable countries either in Southeast Asia or India. The whole company or a part of it may be operated remotely (Hefted, 2007). This is regarded as a protective technique. On other occasions, a multinational corporation may foresee certain future hardships while operating in a foreign country. In this case, it will be crucial to adopt a proactive approach to manage these risks.

This strategy entails the use of campaign financing and intensive lobbying to push the host government towards handling the foreseen adversities. By so doing, the impact of those risks will be reduced before they reach the company. Managing political risks requires the use of negotiated agreements that involve all the necessary stakeholders. For instance, ALCOA managed its risks by agreeing to terms demanded by the protestors. This included an agreement to compensate all citizens who were resettled following the launch of the hydroelectric project.

Similarly, they adopted the use of environmental consultants to assist in the taxation of environmental damage (Hefted, 2007). Similarly, cases of corruption and economic risks may be managed through the hiring of transparent agencies or via diversification of products to other countries. However, sometimes the multinational company may consider withdrawing altogether if the terms are too hostile. Conclusion In conclusion, it is fundamental to note that any decision to enter into international business must be accompanied by an assessment of the potential risks and threats. Political factors form the most crucial part of this assessment.

This is rue because the political environment of any country has the potential to influence how business is carried out (Itchy, 2010). Given Brazier's financial stability and immense support from the state, many investors are streaming into the country. Bangladesh, on the other hand, still lurks behind in terms of political maturity and economic growth. It requires a new company to adopt various entry methods in order to remain viable. Nonetheless, by identifying and managing key elements that influence foreign trade, like political risks, new companies are likely to flourish. Adler, N. (2008).