

Global cultural risk

Business



A global business is an organization that functions in both the home country and in one or more host states. The increase of business dealings of an organization across global borders normally causes it to face more risks than an organization that only performs business within its home country. Cultural risk is the most common source of risk that global businesses normally face. Cultural risk is similar to political and economic risk because is a real threat to international business.

Cultural risk is the danger that a global corporation will commit a business to blunder, participate in poor customer associations because of lack of indulgent and adaptation to the cultural differences between the host and home country. Cultural risk can assume the form of national, corporate and business risk. Therefore expansion of business across the border can result into national cultural risk, a threat of not doing stuffs properly within the socio-cultural surroundings of the host state. Business cultural risk, the risk of doing improperly within the business cultural surroundings of the host state, can also be caused by expanding the business across the border. Corporate cultural risk, the threat of building mistakes in dealing with a particular firm, is another cultural risk that can be caused by global expansion of business. Risks normally prevail because of cultural disparities among domestic and foreign markets.

Styles of management therefore cannot be easily adapted. Foreign governments can restrict certain operations. The risks can also prevail because of insufficient distribution of personal income between consumers in foreign markets. The risks can be caused by inadequate systems of

Distribution and technology, for instance the roads can be in a bad state, refrigeration plants and postal system can be inadequate.