

International business

Business



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Assignment There are 5 key dimensions to Hofstede's framework on culture presented by power distance, masculinity/femininity, uncertainty avoidance, individualism and pragmatism. Power distance and uncertainty avoidance are two key dimensions to Hofstede's framework that are really important for cross-cultural business. Power distance is the dimension that means that some societies are more hierarchical than others. People who have different social statuses are not equal; accordingly, people are expected to treat representatives of different social classes differently. For example, in Western cultures, ordinary employee can speak with the director of the company equally while in Eastern cultures it is almost impossible that the opinion of the ordinary employee would be considered seriously. In other words, cultures with high score of power distance believe that every person has its place and they should act in accordance with their role in society. Uncertainty avoidance is a dimension that identifies people's attitude to their inability to predict future. Some cultures let things happen in their natural flow; others tend to control the future. Pragmatic cultures with high uncertainty avoidance scores tend to pay more attention to planning than those cultures where the score is low. This score helps to predict people's attitude to planning and define the best way to build long- and short-term relationships with them. Also, pragmatic cultures rely on planning, experts and analysts who try to define future obstacles and prepare people and organizations for changes.

Overall, power distance and uncertainty avoidance are really important for successful cross-cultural business. If people ignore these cultural dimensions, they can fail to build good relationships with representatives of the opposite culture. On the contrary, they succeed if they pay enough attention to

features of every culture they deal with.

2. Conflict and violence, terrorism and kidnapping, property seizure, police changes and local content are 5 main types of political risk. Out of these 5 types, conflict and violence and policy changes affect international business directly. In case of external and internal political conflicts, any society experiences crisis related to unstable political and economic situation. All international companies suffer from this instability and it results in a sequence of unwanted consequences for any organization. Business becomes dangerous in terms of safety; in many cases the best solution to the issue is to ship the business to a better place.

Policy changes are also very influential for international business. As far as international business depends on local regulations, any changes in these regulations can lead to numerous consequences. For instance, changes in taxation for international organization can make business not profitable for the owner. There are also issues with legal side of international business because the regulations for foreign organization and local ones are often different in order to stimulate local organization to grow. Overall, international businesses have to be highly reactive to any police changes in order to work effectively in terms of foreign countries. Policies related to legal employment, business registration, taxation, import and export laws and regulations tend to change regularly. It is the reason why the consideration of this political risk is so important for international business success.