Shodh Sari-An International Multidisciplinary Journal

@2024 International Council for Education Research and Training
2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376
DOI: https://doi.org/10.59231/SARI7673

The Challenges of Conducting Business in a Global Context

Negatu, Baharu Sisay

Ph.D. Scholar, Department of Applied Management, Punjabi University, Patiala, Punjab, India

https://orcid.org/0000-0001-5180-7638

Abstract

The objective of the study is to identify the challenge of conducting business in a global context and specifically aims to identify the cultural, legal, and regulatory problems. As the world becomes increasingly interconnected, businesses are faced with both challenges and opportunities when it comes to accompanying business in a transnational milieu. To achieve the objective of the study three researcher selects exploratory research with a mixed approach is used, data collected from 265 sample respondents selected purposively and information's are gathered from both primary and secondary sources like journals, books, unpublished and published, reports of government, International Monetary Fund and World Bank report. Cultural difference, regulatory environment, and corruption have negative relationship with the dependent variable and economic difference, political situation, and foreign exchange have positively significant relationship with conducting business in international area. It is recommended that gov't make as a first remedial on create a setting that supports innovation, zero level of corruption, encourage global trade, construct infrastructure, create a staff with expertise, promote cooperation, address issues on the environment and society. Suggested implications include a more significant managerial emphasis on challenge and opportunities with the management in a holistic manner, taking into account all economic, political, and cultural factors influencing global business.

Keywords: International business, challenge of global business, legal factors, global business context, investment, foreign direct investment, and opportunities of global business.

1.1 Introduction:

The challenges and prospects of accompanying commercial in a worldwide framework have become increasingly relevant in today's interconnected

@2024 International Council for Education Research and Training 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 DOI: https://doi.org/10.59231/SARI7673

world. As the global economy continues to grow and evolve, businesses are faced with the need to navigate a complex landscape of cultural, legal, and regulatory frameworks in order to successfully expand their operations across international borders. This presents both challenges and opportunities for organizations seeking to establish a global presence, access new markets, and leverage economies of scale. The purpose of this research is to discover the encounters and chances of directing occupational in an international situation, and to identify strategies that organizations can use to effectively manage these challenges and capitalize on the opportunities presented by globalization. Specifically, this research will examine the cultural, legal, and regulatory factors that impact global business operations, as well as the key risks associated with conducting business in a global context, such as foreign exchange risk and political instability. By examining these factors, this paper aims to provide insights hooked on the key trials and occasions of done corporate in a universal setting, and to identify best practices that organizations can use to successfully navigate this complex landscape. Ultimately, this research seeks to contribute to a better understanding of the issue, and to provide practical guidance for organizations seeking to establish a global presence.

1.2 Statement of the Problem

As the global economy continues to grow and evolve, businesses face increasingly complex challenges and opportunities in conducting their operations across international borders. These challenges include navigating differences in cultural norms and business practices, complying with diverse legal and regulatory frameworks, managing foreign exchange risk, and building effective international partnerships. At the same time, comprehensive offers many choices for businesses to increase their marketplaces, entrée new capitals, and leverage economies of scale. However, to successfully navigate this complex landscape, organizations must develop the essential skills, strategies, and over all techniques that asked by the global business environments. Therefore, the problem to be addressed is how businesses can effectively manage the challenges and opportunities of conducting business in a global context.

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

1.3 Specific Objective

- To examine the cultural factors that impact global business operations
- To examine legal factors that impact global business operations
- To examine regulatory factors that impact global business operations
-

1.4 Study Gap:

One potential study gap in the challenge and opportunity of global business was the impact of cultural differences on international business relationships. While globalization has made it easier for businesses to operate across borders, there are still significant cultural differences that can affect communication, negotiation, and decision-making. Understanding and effectively navigating these differences could be a key factor in the success of global business ventures.

Another potential study gap was the impact of political instability on global business. Political instability, including issues such as trade disputes, sanctions, and regulatory changes, can create significant challenges for businesses operating in multiple countries. Understanding the political landscape and its potential impact on business operations could be critical for companies seeking to expand globally. Finally, a third potential study was is the role of technology in global business. As technology continues to advance, it is changing the means that businesses go and relate with clients. Understanding how to leverage technology to improve global business operations, as well as the potential risks and challenges associated with technological innovation, could be an important area for future research.

2. Review Related Literature

The challenges and opportunities of conducting business in a global context are a critical area of research and practice in the fields of accounting and finance. As businesses become increasingly globalized, they must navigate a complex set of economic, political, and cultural factors that can impact their operations, financial performance, and overall success (Aster, 2020). One of the key challenges of conducting business in a global context is managing the risks associated with operating in diverse markets with different legal and regulatory frameworks. Businesses must be able to comply with local laws and regulations, while also ensuring that their operations meet their own internal standards

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

for ethical conduct and social responsibility. This requires careful attention to issues such as corruption, labor and human rights, environmental sustainability, and data privacy and security. Another key challenge is managing foreign exchange risk, which tin take a significant bearing on a firm's financial performance. Fluctuations in currency values jerry can affect the CGS, as well as the value of assets and liabilities, creating potential risks and opportunities for businesses operating in global markets Mohamed, E. K., & Lashine, S. H. (2003)The paper argues that developing a working definition of knowledge, dealing with tacit knowledge and utilization of information technology, adaptation to cultural complexity, attention to human resources, developing new organizational structures, and coping with increased competition are the main knowledge management challenges faced by global business today. At the same time, Businesses have a lot of chances thanks to globalization to grow their markets, access new resources, and leverage economies of scale. For example, businesses can tap into new sources of talent and innovation, access new customer bases, and benefit from lower costs of production and distribution. Overall, there are complex and multifaceted constraints and positive sides in investing in an international scenario, and require careful attention to a range of economic, political, and cultural factors. Effective management of these factors is critical to the success of businesses operating in today's globalized economy.

2.1 Research Model

Different literatures and empirical findings showed that there are a number of influences that affect the business when conducted in overseas country. The researcher formulates the model below based on literature which shows the relationship between the dependent variable the challenges of conducting business in a global context and the independent variables (cultural difference, legal and regulatory, economic difference, political situation, foreign exchange, and corruption).

@2024 International Council for Education Research and Training
2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376
DOI: https://doi.org/10.59231/SARI7673

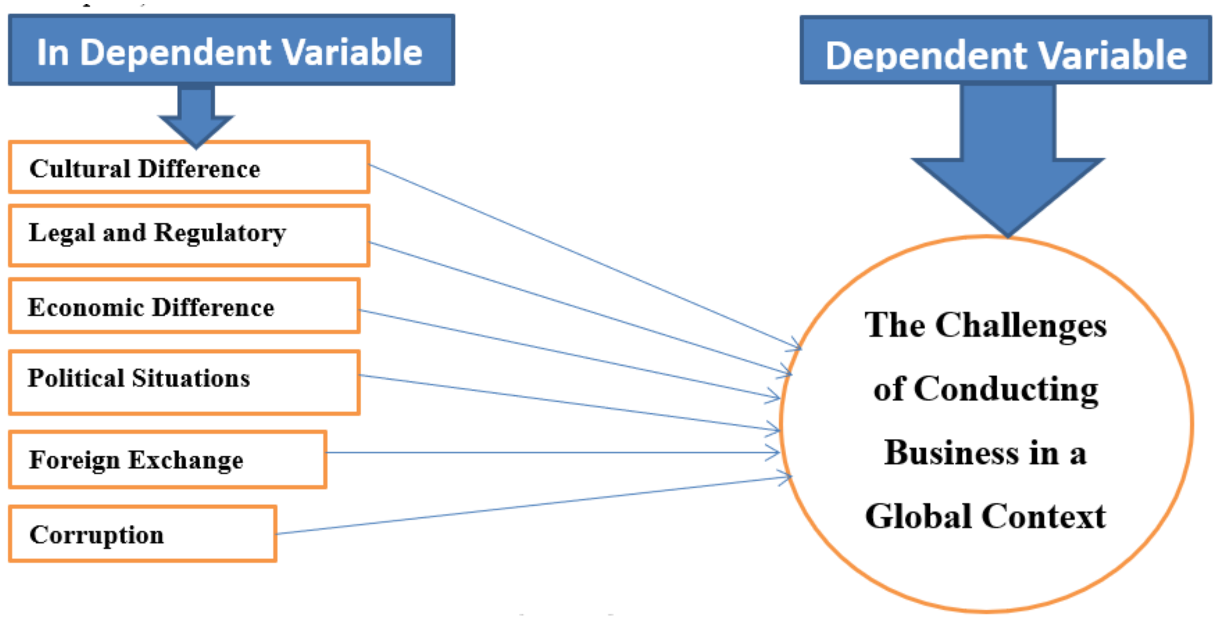

Figure 1 Conceptual model

Source: - researchers' own sketch from literature:

Figure 1 illustrates that the direct relationship between the independent variables of the study which are (cultural difference, legal and regulatory, economic difference, political situation, foreign exchange, and corruption) have a significant impact on doing business in an international country in which one country transact with other.

$$Y = B_o + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6$$

$$Y = B_o + B_1CD_1 + B_2LR_2 + B_3ED_3 + B_4PS_4 + B_5FE_5 + B_6CO_6$$

<u>Where</u>:

- Bo= The constant (intercept) and B_1-B_6 Regression coefficient of the independent
- X1= Cultural Difference
- X2= Legal and Regulatory
- X3= Economic Difference
- X4= Political Situation
- X5= Foreign Exchange
- X6= Corruption
- Y= The dependent variable (challenges of conducting business in a global context**)**

@2024 International Council for Education Research and Training
2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376
DOI: https://doi.org/10.59231/SARI7673

2.2 Opportunities of conducting business in Global context

Conducting business in a global context presents numerous opportunities for organizations seeking to expand their operations and access new markets. Some of the key opportunities include:

1. Access to new markets and Economies of scale: globalization provides organizations with the opportunity in order to get access to new markets and capitalize on fresh sources of demand for their goods or services. By expanding their operations across international borders, organizations can leverage economies of scale to reduce costs and increase efficiency. This can help organizations to improve their profitability and competitiveness.

2. Access to new talent and access to new resources: globalization provides organizations with access to a broader mere of capacity, including various cultural and skill sets and help organizations to build an extra diverse and pioneering labor force, which tin in shot prime to increased productivity and competitiveness, Globalization can also provide organizations with access to new resources, such as raw materials or specialized expertise, that may not be available in their home markets. This can help organizations to improve their product quality and reduce their costs Porter, T., & Ronit, K. (Eds.). (2011).

3. Brand recognition and innovation and knowledge transfer: by establishing a global presence, organizations can increase their brand recognition and build a reputation as a trusted global player. This can help to enhance customer loyalty and improve the organization's overall market position; globalization can provide opportunities for innovation and knowledge transfer by exposing organizations to new ideas, technologies, and business practices. Organizations can learn from the best practices of their global counterparts and adapt them to their own operations, leading to increased efficiency and competitiveness.

4. Diversification and reduced barriers to entry: conducting business in a global context can help organizations to diversify their operations and spread their risks across different markets. This can help to reduce their exposure to domestic economic fluctuations and mitigate potential losses, in some cases, globalization can help to reduce barriers to entry in foreign markets, making it easier for organizations to establish a presence and

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

compete with local players. This can provide new opportunities for growth and expansion.

5. Access to financing and corporate social responsibility: conducting business in a global context can also provide organizations with access to a wider range of financing options, such as international banks or capital markets. This can help organizations to raise capital more efficiently and at lower costs, by conducting business in a global context, organizations can also have a positive impact on the communities in which they operate. This can include creating employment opportunities, investing in local infrastructure, and supporting local social and environmental causes Porter, T., & Ronit, K. (Eds.). (2011).

6. Access to technology and strategic partnerships: globalization can provide organizations with access to new technologies that may not be available in their home markets. This can help organizations to improve their products or services, increase efficiency, and enhance their competitive advantage, conducting business in a global context can also provide opportunities for organizations to form strategic partnerships with other companies. These partnerships can help organizations to access new markets or resources, share knowledge and expertise, and achieve economies of scale Guillén, M. F., & Baeza, E. O. (2012).

7. Brand differentiation and talent development: by operating in multiple markets, organizations can differentiate their brand from competitors and build a global reputation for quality and innovation. This can help to increase customer loyalty and drive growth, operating in a global context can create opportunities for talent development and career growth for employees. Exposure to diverse cultures and business practices can help employees to develop new skills and expand their professional networks.

8. Improved supply chain management: Conducting business in a global context can help organizations to improve their supply chain management by accessing new suppliers, reducing costs, and increasing efficiency. This can help to improve product quality and reduce lead times. Overall, the opportunities presented by conducting business in a global context are significant and can provide organizations with a range of benefits. However, in order to realize these benefits, organizations must also be prepared

@2024 International Council for Education Research and Training 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 DOI: https://doi.org/10.59231/SARI7673

to effectively manage the challenges associated with operating in a global context, such as cultural differences, legal and regulatory frameworks, and political instability Guillén, M. F., & Baeza, E. O. (2012).

2.3 Challenges of conducting business in Global context

Obeng et al. however there are challenges for entrepreneurs in Africa due to the risky business environment and political condition. Conducting business in a global context can present a number of challenges that businesses must address to succeed. Some of the major challenges include:

1. Cultural differences and language barriers: different cultures have different customs, values, and ways of doing business. These differences can create misunderstandings and communication problems that can hinder business relationships and transactions, language differences can also create communication problems.

2. Legal and regulatory issues and political instability: businesses must comply with a wide range of legal and regulatory requirements in different countries, also stable or fertile political culture is the main one Guillén, M. F., & Baeza, E. O. (2012).

3. Economic differences and supply chain disruptions: economic differences, including currency fluctuations, inflation, and differences in taxation and pricing, can make it challenging for businesses to operate profitably in different countries, global with several suppliers and partners engaged in the manufacture and delivery of goods, supply chains can be complicated.

4. Intellectual property protection, infrastructure and logistics: intellectual property rights can be difficult to protect in some countries, which can lead to infringement and loss of competitive advantage, infrastructure and logistics can vary widely from country to country, making it difficult for businesses to transport goods and conduct operations efficiently.

5. Competition and technology: businesses operating globally face increased competition from local and international competitors. This can make it more difficult for businesses to gain market share and maintain profitability, technological advances can create both opportunities and challenges for businesses operating globally. On the one hand, new technologies can improve

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

communication, increase efficiency, and create new business models. On the other hand, technological disruptions can also lead to job losses, increased competition, and other challenges.

6. Ethical considerations and talent management: businesses operating globally need to be aware of the ethical considerations involved in doing business in different countries. This includes issues such as labor practices, human rights, and environmental sustainability. Failure to address these issues can lead to reputational damage and legal and financial penalties, businesses need to be able to attract and retain talent in different countries to succeed in a global context. This may involve developing new talent management strategies, such as offering competitive compensation packages and providing opportunities for professional development.

7. Currency fluctuations and time zone differences: currency fluctuations can impact the profitability of businesses operating in different countries. Changes in exchange rates can lead to increased costs for importing/exporting goods and services, and can impact profit margins, time zone differences can make it difficult for businesses to communicate excellently with partners and patrons in diverse areas. This can lead to delays in decision-making and increased costs.

8. Risk management and communication technology: businesses need to be able to manage a range of risks when operating in a global context, including financial, legal, and reputational risks. Risk and return have two sides of investment coin, and have a direct relationship, risk increase return also improved and decrease in risk return also same. So, understanding how to manage risk and return is based on the investor's temperament. For example, communication breakdowns can occur due to technical issues or misinterpretation of messages, which can lead to misunderstandings and delays.

9. Cultural adaptation, logistics and transportation: businesses need to be able to adapt to different cultures to succeed in a global context. This includes understanding local customs and values, and being able to tailor products and services to meet local needs, shipping products internationally can be complex and expensive due to differences in transportation infrastructure and regulations. Businesses need to be able to navigate these challenges.

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

10. Corruption and cyber security: corruption can be a significant challenge when doing business in certain countries. It can lead to unfair competition, legal and financial penalties, and reputational damage. So, mitigate them, with the increasing use of digital technologies for conducting business, cyber security has become a major concern for businesses operating in a global context. Data breaches, financial losses, and reputational damage are all possible outcomes of cyber-attacks.

11. Taxation and environmental regulations: It can be difficult for firms to comply with tax laws and regulations and Environmental laws can also differ because they might differ greatly from nation to nation. In summary, conducting business in a global context presents a range of challenges that businesses need to address to succeed. This requires awareness of competition, technology, ethical considerations, talent management, currency fluctuations, time zone differences, and risk management strategies. By developing effective strategies to address these challenges, businesses can succeed in the global marketplace.

2.4 The cultural factors that Impact global business operations

Cultural factors play a crucial role in global business operations. Different cultures have different customs, values, and ways of doing business, which can impact the success of a business in a particular country or region. Understanding these cultural differences can be critical to building strong relationships with partners and customers, and avoiding misunderstandings that can hinder business operations. Other cultural factors that can impact global business operations include attitudes towards time, hierarchy and authority, decision-making processes, and business etiquette. Businesses that are able to adapt to different cultures and tailor their products and services to meet local needs are more likely to succeed in the global marketplace Michailova, S. (2011).

2.5 Legal factors that impact global business operations

Global corporate operations can be significantly impacted by legal considerations. Every nation has its own legal framework, laws, and rules that companies operating there are required to abide by. Failing to comply with these regulations may result in legal penalties, reputational damage to the business,

ICERT
Shodh Sari-An International Multidisciplinary Journal
@2024 International Council for Education Research and Training 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 DOI: https://doi.org/10.59231/SARI7673

and even criminal prosecution. Legal considerations that may have an impact on international corporate operations include those pertaining to labor, taxes, intellectual property, import/export, and the environment. International rules and regulations, including trade agreements and treaties, must also be known by businesses as they may have an impact on their day-to-day operations. Furthermore, when resolving disputes between parties in different nations, variations in legal systems and regulations may provide difficulties. Risk identification and comprehension are prerequisites for engaging in international trade. This could entail engaging legal professionals on a contract basis, creating compliance initiatives, and carrying out extensive due diligence before engaging in cross-border business dealings. There are two primary methods that businesses operate. First, the governmental institutions that create and implement laws are influenced by business. Second, business establishes its own private institutions to uphold privately created laws as well as a private judicial system. Publicly and privately created laws are intertwined and have a reciprocal and dynamic influence on one another Shaffer, G. C. (2009).

- Labor laws: Labor laws vary widely between countries, and businesses need to comply with these laws when hiring, managing, and terminating employees. This includes laws related to minimum wage, working hours, overtime, and discrimination.
- Intellectual property laws: Patents, trademarks, copyrights, and trade secrets all fall under the purview of intellectual property laws. To preserve their intellectual property rights, businesses must be aware of the legal requirements in each country where they conduct business. These rules can differ between nations.
- Taxation laws: Taxation laws can be complex and vary widely between countries, making it challenging for businesses to comply with them. Businesses essential to be conscious of the tax requirements in individual state they function in, and develop strategies to manage their tax liabilities.
- Import/export regulations: Import/export regulations can also vary widely between countries, and businesses need to comply with these regulations when importing or exporting goods and services. This includes regulations related to customs, tariffs, and trade agreements.

@2024 International Council for Education Research and Training 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 DOI: https://doi.org/10.59231/SARI7673

➢ Environmental regulations: Environmental regulations can impact the operations of businesses, particularly those operating in industries with a significant environmental impact. These regulations can vary widely between countries, and businesses.

➢ International laws and regulations: International laws and regulations, such as trade agreements and treaties, can impact the operations of businesses operating in different countries. Businesses need to be aware of these laws and regulations, and develop strategies to comply with them.

➢ Dispute resolution: Differences in legal systems and regulations can create challenges when resolving disputes between parties in different countries. Businesses need to be aware of these challenges and develop effective strategies for resolving disputes, such as mediation or arbitration.

2.6 Regulatory factors that impact global business operations

The report concludes that the following factors may have an impact on the growth of the Islamic finance sector: the existence of solid accounting practices; enhanced protection of stakeholders of Islamic Financial Institutions; and increased involvement in Islamic finance by Western authorities and credit rating agencies Alexakis, C., & Tsikouras, A. (2009). Regulatory factors can have a significant impact on global business operations. Governments around the world create regulations to protect their citizens, promote economic growth, and ensure fair competition. These regulations can impact businesses in a variety of ways, including market access, product safety, and environmental standards. Some of the regulatory factors that can impact global business operations include:

➢ Product safety and Environmental regulations: Governments create regulations to ensure that products sold in their countries are safe for consumers. Businesses need to comply with these regulations to gain market access and avoid legal and financial penalties., also create regulations to protect the environment and promote sustainable development. Businesses need to comply with these regulations to minimize their environmental impact and avoid legal and financial penalties.

➢ Competition and Financial regulations: Governments create regulations to promote fair competition in their markets, again create regulations to ensure the stability of their financial systems Ball, D. A., McCulloch, W.

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

H., Frantz, P. L., Geringer, J. M., & Minor, M. S. (2004).

➢ Data privacy and Labor regulations: Governments create regulations to protect the personal data of their citizens, similarly create regulations to protect the rights of citizens and maintain their reputation.

➢ Intellectual property and Trade regulations: Governments create regulations to protect the intellectual property of businesses including tariffs, quotas and trade agreements either bilateral or multilateral to promote a fair trade, also need to comply with these regulations to protect their intellectual property rights and avoid legal and financial penalties, mainly create trade regulations Businesses need to comply with these regulations to access foreign markets and avoid legal and financial penalties.

➢ Health and safety regulations: Governments create regulations to protect the health and safety of their citizens. These regulations can impact businesses in industries such as food and beverage, pharmaceuticals, and manufacturing. Businesses need to comply with these regulations to gain market access and avoid legal and financial penalties.

➢ Tax regulations: Governments create tax regulations to generate revenue and promote economic growth. These regulations can impact businesses in a variety of ways, including corporate tax rates, tax incentives, and transfer pricing rules. Businesses need to comply with these regulations to manage their tax liabilities and avoid legal and financial penalties Ball, D. A., McCulloch, W. H., Frantz, P. L., Geringer, J. M., & Minor, M. S. (2004).

➢ Employment regulations: Governments create employment regulations to protect the rights of workers. These regulations can include minimum wage laws, working hour limits, and anti-discrimination laws.

➢ Anti-corruption regulations: Governments create anti-corruption regulations to prevent bribery and other corrupt practices. These regulations can impact businesses in industries such as construction, energy, and telecommunications. Businesses need to comply with these regulations to avoid legal and financial penalties and maintain their reputation.

➢ Consumer protection regulations: Governments create consumer protection regulations to protect the rights of consumers. These regulations can include product

@2024 International Council for Education Research and Training 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 DOI: https://doi.org/10.59231/SARI7673

labelling requirements, warranty laws, and advertising restrictions. Businesses need to comply with these regulations to gain market access and avoid legal and financial penalties.

➢ Intellectual property regulations: Governments create intellectual property regulations to protect the rights of inventors, artists, and other creators. These regulations can include patent laws, copyright laws, and trademark laws. Businesses need to comply with these regulations to protect their intellectual property rights and avoid legal and financial penalties. In summary, regulatory factors can impact global business operations in a variety of ways. Businesses develop effective strategies for complying with them. This may involve hiring regulatory experts, developing compliance programs, and conducting thorough due diligence when entering into business relationships in different countries. By effectively managing regulatory risks, businesses can succeed in the global marketplace.

3. Methodology

To achieve the desired objective of the researcher used the exploratory research method with a mixed approach which is a qualitative and quantitative method. Since data are collected from the respondents in terms of quantity and qualitatively by means of open-ended interview and secondary sources the method is best fit. Data are collected primarily by using questionnaire from 265 respondents selected purposively and models are fashioned to test the liner relationship between the variables.

4. Result and Discussion

Primarily the researcher asks to the respondent's gender and below the table shows from the majority of the respondent are male which is 203 and the rest are female 62 from this majority of the respondents are male.

Table 1 gender of the respondent

Respondents Gender	Frequency	Percentage	Cumulative %
Male	203	76.6	76.6
Female	62	23.39	100
Total	265	100	100

@2024 International Council for Education Research and Training 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 DOI: https://doi.org/10.59231/SARI7673

4.1 Regression Analysis:

There is no relationship between independent variables and the residual:

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.827[a]	.684	.680	.315	1.796

a. Predictors: (Constant), cultural difference, legal and regulatory, economic difference, political situation, foreign exchange and corruption

b. Dependent Variable: challenges of conducting business in a global context.

Table 3.2 Regression Table

Table 3.2 presents the model summary in which the researcher wants to test the relationship between the explanatory variables and the residual at the same time weather there is the correlation between the predictor variables based on this value of the table are explained below:

R: The coefficient of determination (R-squared) is a measure of how well the independent variables explain the variation in the dependent variable. In this case, the R-squared value is 0.684, which means that approximately 68.4% of the variation in the challenges of conducting business in a global context can be explained by the independent variables included in the model.

Adjusted R-squared: The adjusted R-squared takes into account the number of predictors and the sample size to provide a more accurate measure of how well the model fits the data. In this case, the adjusted R-squared is 0.680, which is slightly lower than the R-squared value. It suggests that the independent variables collectively explain a good amount of the variation in the dependent variable, even after accounting for the number of predictors and the sample size.

Std. Error of the Estimate: This value represents the average distance between the observed values of the dependent variable and the predicted values from the regression model. In this case, the standard error of the estimate is 0.31510, which indicates the

Shodh Sari-An International Multidisciplinary Journal
@2024 International Council for Education Research and Training 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 DOI: https://doi.org/10.59231/SARI7673

average amount of error you would expect when using the model to predict the challenges of conducting business in a global context.

Durbin-Watson: The Durbin-Watson statistic is used to test for autocorrelation, which is the presence of correlation between the residuals (the differences between the observed and predicted values) in a time series or panel data analysis. In this case, the Durbin-Watson value is 1.796, which falls within the acceptable range of values (between 0 and 4). It suggests that there is no significant autocorrelation present in the residuals.

Overall, based on the model summary, it appears that the independent variables included in the model (cultural difference, legal and regulatory factors, economic difference, political situation, foreign exchange, and corruption) collectively explain a significant portion of the variation in the challenges of conducting business in a global context. The model seems to fit the data reasonably well, as indicated by the R-squared and adjusted R-squared values. Additionally, there is no significant autocorrelation present in the residuals, which is a desirable characteristic in regression analysis.

If the value of the Durbin-Watson is in between (**1.5 to 2.5**) there is no relationship between the residual variable and the independent variable. So here the assumption is satisfied because the value is 1.796. Model fit test: again, base on the table below the value of ANOVA which is significant (000), so, the model is fit enough.

Table 3 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	12.870	6	2.312	110.662	.000b
1	Residual	5.6	259	.021		
	Total	18.470	265			

a. Dependent Variable: challenges of conducting business in a global context.

Shodh Sari-An International Multidisciplinary Journal

@2024 International Council for Education Research and Training
ISSN: 2959-1376

2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

b. Predictors: (Constant), cultural difference, legal and regulatory, economic difference, political situation, foreign exchange and corruption

Table 3.3 Analysis of variance

Source: own data

Table 3.3 presents the analysis of the variance (ANOVA) in which the researcher wants to test whether there are the multi-collinearity problems or not among the independent variables based on these values of the table are explained below:

<u>Multi collinearity test:</u>

H0: there is a multi-collinearity problem.

H1: there is no a multi-collinearity problem.

We can test this in two ways

A. If the value of VIF is less than 10%, or

B. the tolerance level must less than 10%

So based on the test there is no problem of multicollinearity, since the value of Variance Inflation factor value is less than 10%.

Table 4 Collinearity statistics

Model	**Collinearity statistics**		
1.		**Tolerance**	**VIF**
	(constant)		
	Cultural difference	.546	1.830
	Legal and regulatory framework	.532	1.880
	Economic Difference	.741	1.349
	Political situation	.694	1.440
	Foreign exchange	.595	1.680
	Corruption	.552	1.811

Table 3.4 Collinearity statistics

The collinearity statistics provided in the table are the tolerance and Variance Inflation Factor (VIF) values for each of the independent variables in the model. These statistics are used to assess multicollinearity, which is the presence of high correlation between independent variables in a

regression model. Tolerance is the reciprocal of the VIF and measures the proportion of variance in an independent variable that is not predictable from the other independent

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

variables. A tolerance value close to 1 indicates low multicollinearity, while a value close to 0 suggests high multicollinearity. VIF quantifies how much the variance of an estimated regression coefficient is increased due to multicollinearity. A VIF value greater than 1 indicates the presence of multicollinearity, with higher values indicating stronger multicollinearity. Typically, a VIF value above 5 or 10 is considered problematic.

Here's an explanation of the results based on the provided collinearity statistics:

Cultural difference: The tolerance value of 0.546 and VIF value of 1.830 indicate that there is no significant multicollinearity issue with this variable. The tolerance value suggests that approximately 54.6% of the variance in cultural difference is not predictable from the other independent variables. Legal and regulatory framework: The tolerance value of 0.532 and VIF value of 1.880 also indicate no significant multicollinearity problem. Around 53.2% of the variance in the legal and regulatory framework is not predictable from the other independent variables. Economic Difference: The tolerance value of 0.7412 and VIF value of 1.349 suggest no substantial multicollinearity concern. Approximately 74.12% of the variance in economic difference is not predictable from the other independent variables. Political situation: The tolerance value of 0.6944 and VIF value of 1.440 indicate no significant multicollinearity issue. Around 69.44% of the variance in the political situation is not predictable from the other independent variables. Foreign exchange: The tolerance value of 0.5952 and VIF value of 1.680 suggest no substantial multicollinearity concern. Approximately 59.52% of the variance in foreign exchange is not predictable from the other independent variables. Corruption: The tolerance value of 0.55218 and VIF value of 1.811 indicate no significant multicollinearity problem. Around 55.218% of the variance in corruption is not predictable from the other independent variables.

Based on these results, it appears that there is no significant multicollinearity issue among the independent variables in the model. The tolerance values are relatively high, indicating that a large proportion of the variance in each independent variable is not predictable from the other variables. The VIF values are all below 5, further supporting the absence of strong multicollinearity. This suggests that the

Shodh Sari-An International Multidisciplinary Journal

@2024 International Council for Education Research and Training | 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 | DOI: https://doi.org/10.59231/SARI7673

independent variables can be considered as separate and distinct predictors in the regression model.

Table 5 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	12.870	6	2.312	110.662	$.000^{b}$
1	Residual	5.6	259	.021		
	Total	18.470	265			

a. Dependent Variable: challenges of conducting business in a global context.

Table 3. 5 Analysis of variance

GENERAL FORM OF LINEAR REGRESSION EQUATION $Y' = a + bX$

Table 6 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
	(Constant)	2.437	.229		10.645	.000	1.986	2.888
	Cultural difference	.333	.028	-.694	-11.890	.000	-.388	-.278
	Legal and regulatory	.214	.036	-.371	-5.896	.000	-.285	-.142
1	Economic difference	.515	.064	.381	8.018	.000	.389	.642
	Political situation	.092	.027	.198	3.376	.001	.038	.146
	Foreign exchange	.220	.047	.241	4.679	.000	.127	.312
	Corruption	-.157	.027	-.223	-5.748	.000	-.211	-.103

a. Dependent Variable: challenges of conducting business in a global context.

Table 3.6 Coefficients

Table 3.6 the table presents the coefficients and statistical significance of a multiple regression analysis predicting the challenges of conducting business in a global context.

The "Unstandardized Coefficients" column shows the raw coefficients for each predictor variable in the model. These coefficients represent the estimated change in the dependent variable for a one-unit change in the corresponding predictor variable while holding all other variables constant. The "Standardized Coefficients" column provides the standardized coefficients, also known as beta

@2024 International Council for Education Research and Training 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 DOI: https://doi.org/10.59231/SARI7673

coefficients. These coefficients indicate the standardized impact of each predictor variable on the dependent variable, allowing for a comparison of the relative importance of the predictors.

The "t" column displays the t-values, which measure the statistical significance of each coefficient. A higher absolute t-value suggests a stronger relationship between the predictor variable and the dependent variable. The "Sig." column represents the p-values associated with each coefficient. A p-value less than the predetermined significance level (usually 0.05) indicates that the coefficient is statistically significant, suggesting that the predictor variable has a significant impact on the dependent variable. The "95.0% Confidence Interval for B" column provides the interval estimates for the coefficients. This interval gives a range within which the true population value of the coefficient is likely to fall.

Cultural difference (Beta = -0.694, $p < 0.001$) has a negative and significant impact on the challenges of conducting business in a global context. This suggests that as cultural differences increase, the perceived challenges of conducting business also increase. Legal and regulatory factors (Beta = -0.371, $p < 0.001$) have a negative and significant impact on the challenges. This implies that as legal and regulatory differences increase, the perceived challenges of conducting business in a global context increase. Economic difference (Beta = 0.381, $p < 0.001$) has a positive and significant impact on the challenges. This indicates that as economic differences increase, the perceived challenges of conducting business also increase. Political situation (Beta = 0.198, $p = 0.001$) has a positive and significant impact on the challenges. This suggests that as the political situation becomes more complex or unstable, the perceived challenges of conducting business in a global context increase. Foreign exchange (Beta = 0.241, $p < 0.001$) has a positive and significant impact on the challenges. This implies that as fluctuations in foreign exchange rates increase, the perceived challenges of conducting business also increase. Corruption (Beta = -0.223, $p < 0.001$) has a negative and significant impact on the challenges. This suggests that as corruption levels increase, the perceived challenges of conducting business in a global context decrease. The constant term (2.437, $p < 0.001$) represents the predicted

@2024 International Council for Education Research and Training 2024, Vol. 03, Issue 01, 291-316
ISSN: 2959-1376 DOI: https://doi.org/10.59231/SARI7673

value of the dependent variable when all predictor variables are zero.

Overall, this regression model suggests that cultural difference, legal and regulatory factors, economic differences, political situations, foreign exchange fluctuations, and corruption levels all have significant impacts on the challenges of conducting business in a global context.

$$Y = B_o + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6$$

$$Y = B_o + B_1CD_1 + B_2LR_2 + B_3ED_3 + B_4PS_4 + B_5FE_5 + B_6CO_6$$

Y= 2.437+.333+.214+.515+.092+.220-.157

5. Concluding Remarks

No country grows economically, politically and socially without the absence of working in the global arena even developed countries today work on this unless difficult to offer goods and services by their own. The globalization of business has presented both challenges and opportunities for companies operating in a global context. The challenges include issues such as communication breakdowns due to technical issues or cultural differences, adapting to different cultures, navigating complex logistics and transportation systems, dealing with corruption, cyber security threats, taxation and environmental regulations. On the other hand, globalization also presents opportunities for companies to expand their customer base, access new markets, and take advantage of cost efficiencies. Businesses must be aware of these possibilities and encounters in order to succeed in a broad environment, and they must also build efficient management plans for these encounters. This may involve hiring experts in international business, developing cross-cultural competencies, leveraging technology, and building strong relationships with partners and customers. By effectively addressing these challenges and leveraging the opportunities, businesses can thrive in the global marketplace.

6. Findings of the study

The findings from the regression analysis indicate the following relationships between the independent variables (cultural difference, legal and regulatory factors, economic difference, political situation, foreign exchange, and corruption) and the dependent variable (challenges of conducting business in

Shodh Sari-An International Multidisciplinary Journal

@2024 International Council for Education Research and Training
ISSN: 2959-1376

2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

a global context): Cultural Difference: This variable has a negative and significant relationship with the challenges of conducting business in a global context (β = -0.694, $p < 0.001$). As cultural differences increase, the challenges of conducting business also increase. Legal and Regulatory Factors: There is a negative and significant relationship between legal and regulatory factors and the challenges of conducting business (β = -0.371, $p < 0.001$). Higher levels of legal and regulatory factors are associated with increased challenges in conducting business globally. Economic Difference: Economic differences have a positive and significant relationship with the challenges of conducting business (β = 0.381, $p < 0.001$). As economic differences increase, the challenges of conducting business globally also increase.

Political Situation: The variable representing the political situation has a positive and significant relationship with the challenges of conducting business (β = 0.198, p = 0.001). A more challenging political situation is associated with increased difficulties in conducting business globally. Foreign Exchange: There is a positive and significant relationship between foreign exchange and the challenges of conducting business (β = 0.241, $p < 0.001$). Greater fluctuations in foreign exchange rates are associated with increased challenges in conducting business globally. Corruption: The variable representing corruption has a negative and significant relationship with the challenges of conducting business (β = -0.223, $p < 0.001$). Higher levels of corruption are associated with increased challenges in conducting business globally. These findings suggest those cultural differences, legal and regulatory factors; economic differences, political situations, foreign exchange, and corruption all play significant roles in influencing the challenges of conducting business in a global context.

7. Recommendation for policy makers

Some general recommendations that policy makers may consider when addressing the challenges and opportunities of global business:

- Foster an environment that encourages innovation: Innovation is a key driver of global business success. Policy makers can encourage innovation by supporting research and development, creating tax incentives for businesses that invest in research, and streamlining the process for obtaining patents.

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

- Promote international trade: International trade can provide businesses with access to new markets, products, and services. It is mandatory may encourage trade by lowering trade obstacles like tariffs, negotiating trade agreements, and assisting small and medium-sized businesses to engage in international trade.
- Develop infrastructure: Infrastructure is critical for businesses to operate efficiently and effectively. Policy makers can invest in infrastructure such as transportation networks, energy systems, and communication technologies to improve the business environment.
- Build a skilled workforce: A skilled workforce is essential for businesses to compete globally. Policy makers can spend money on programs that give people the knowledge and abilities they need to operate in high-tech fields and other sectors that are essential to international trade.
- Address environmental and social concerns: Global businesses face increasing pressure to address environmental and social concerns, such as climate change, human rights, and labor standards. Policy makers can work with businesses to develop policies and regulations that promote sustainable business practices.
- Encourage collaboration: Collaboration between businesses, governments, and other stakeholders can help address the challenges and opportunities of global business. Policy makers can encourage collaboration by creating platforms for dialogue and cooperation and fostering partnerships between businesses and other stakeholders.

Limitation of the study:

- Mainly there are methodological (sample, model, approach) and empirical limitations since there is no any earlier study on the area.

For future research:

- The process of the international business is a very critical area of study so future researchers done their study is better of focusing on social, economic and political factors also including quantitative data.

Declaration:

- The availability of data: the data is available on the hand of the researcher and I can provide it to editors when needed only the secondary data used as a reference.

Competing interest:

- No conflict of interest.

Funding:

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

- Not applicable (researcher used own fund) only. No any governmental or other NGO funded this research.

Acknowledgement:

- NA

Author's contribution:

- The theoretical review of the study, research design, data collection from secondary sources, all are done by the researcher.

Transparency: The author confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

Reference

1. A, A. (2020). *the challenge and opportunities of conducting business in global*. (pp. 245–263). Debre Tabor, Ethiopia.
2. Alexakis, C., & Tsikouras, A. (2009). Islamic finance: Regulatory framework–challenges lying ahead. *International Journal of Islamic and Middle Eastern Finance and Management*, *2*(2), 90–104. https://doi.org/10.1108/17538390910965121
3. Ball, D. A., McCulloch, W. H., Frantz, P. L., Geringer, J. M., & Minor, M. S. (2004). *International business: The challenge of global competition*. McGraw-Hill.
4. Behrman, J. N., & Grosse, R. E. (1990). *International business and governments: Issues and institutions*. ~~Columbia, SC:~~ University of South Carolina Press.
5. Budhwar, P. S., & Varma, A. (Eds.). (2010). *Doing business in India*. Routledge.
6. Business, D. (2020). World Bank Group. *Електронний ресурс:* – *http://www*. doing*business. org/ExploreTopics/PayingTaxes/CompareAll. aspx*~~.~~
7. Conklin, D. W. (Ed.). (2010). *the global environment of business: New paradigms for international management*. SAGE.
8. Daniels, J. D., Radebaugh, L. H., & Sullivan, D. P. (2019). *International business: Environments and operations*. Pearson.

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

9. Fan, P., & Zigang, Z. (2004). Cross-cultural challenges when doing business in China. *Singapore Management Review*, *26*(1), 81–91.

10. Farhoomand, A., Markus, M. L., Gable, G., & Khan, S. (2021). *Managing (e) business transformation: A global perspective*. Bloomsbury Publishing.

11. Gupta, S., & Bhaskar, A. U. (2016). Doing business in India: Cross-cultural issues in managing human resources. *Cross Cultural and Strategic Management*, *23*(1), 184–204. https://doi.org/10.1108/CCSM-09-2014-0112

12. Guillén, M. F., & Baeza, E. O. (2012). *Global turning points: Understanding the challenges for business in the 21st century*. Cambridge University Press.

13. Harrison, A. (2013). *Business environment in a global context*. Oxford University Press~~, USA~~.

14. Kah, S., O'Brien, S., Kok, S., & Gallagher, E. (2022). Entrepreneurial motivations, opportunities, and challenges: An international perspective. *Journal of African Business*, *23*(2), 380–399. https://doi.org/10.1080/15228916.2020.1838835

15. Katsioloudes, M., & Hadjidakis, S. (2007). *International business*. Routledge.

16. Lefebvre, L. A., Lefebvre, E., & Mohnen, P. (Eds.). (2012). *Doing business in the knowledge-based economy: Facts and policy challenges*. Springer Science+Business Media.

17. Michailova, S. (2011). Contextualizing in international business research: Why do we need more of it and how can we be better at it? *Scandinavian Journal of Management*, *27*(1), 129–139. https://doi.org/10.1016/j.scaman.2010.11.003

18. Mohamed, E. K. A., & Lashine, S. H. (2003). Accounting knowledge and skills and the challenges of a global business environment. *Managerial Finance*, *29*(7), 3–16. https://doi.org/10.1108/03074350310768319

19. Parboteeah, K. P., & Cullen, J. B. (2009). *International business: Strategy and the multinational company*. Routledge.

@2024 International Council for Education Research and Training
ISSN: 2959-1376
2024, Vol. 03, Issue 01, 291-316
DOI: https://doi.org/10.59231/SARI7673

20. Peng, M. W., Meyer, K., & Meyer, K. (2011). *International business*. ~~London:~~ Cengage Learning.
21. Singh, M. (2023). Emerging trends of e-commerce in India. *Shodh Sari-An International Multidisciplinary Journal*, *02*(4), 382–391. https://doi.org/10.59231/SARI7646
22. Porter, T., & Ronit, K. (Eds.). (2011). *Challenges of global business authority, the: Democratic renewal, stalemate, or decay?* SUNY Press.
23. Romm, C. T., & Sudweeks, F. (Eds.). (1998). *Doing Business Electronically: A global perspective of electronic commerce: With 34 figures*. Springer Science+Business Media.
24. Schaffer, R., Agusti, F., & Dhooge, L. J. (2015). *International business law and its environment*. Cengage Learning.
25. Zahradeen, M. M., Muhammad, A. I., Jogana, M. A., Haruna, R., & Kamin, Y. B. (2023). Confirmatory Factor Analysis (CFA) of Managerial Entrepreneurial Competencies model required by technical college students for self-employment. *Edumania-An International Multidisciplinary Journal*, *01*(2), 138–153. https://doi.org/10.59231/edumania/8979
26. Shaffer, G. C. (2009). How business shapes law: A socio-legal framework. *Connecticut Law Review*, *42*, 147.
27. Srinivas, K. M. (1995). Globalization of business and the third world: Challenge of expanding the mindsets. *Journal of Management Development*, *14*(3), 26–49. https://doi.org/10.1108/02621719510078957
28. World, B. (2018). *About doing business*

Received on Dec 15, 2023
Accepted on Dec 26, 2023
Published on Jan 01, 2024