

Influence of Economic system on International Business:

Mixed Economy:

- *Influence:* Companies from mixed economies can compete globally, and they bring innovation. They might face challenges with rules and freedoms in different countries.

Command Economy:

- *Influence:* Companies might not be as competitive globally because they have less experience with competition. The government decides what to sell, and this can limit international business.

Market Economy

- A Market economy influences international business by shaping competition, consumer preferences, economic policies, and technological innovations. Companies engaging in international trade must adapt to these dynamics to be successful.

The Impact of political system on International Business

Political Stability and Risk:

- Impact on Investment: Political instability can deter foreign investment. Countries with stable political environments are more attractive for long-term business investments.
- Changes in Legislation: Frequent changes in government can lead to shifts in policies, affecting trade tariffs, taxation, and business regulations.

Government Regulations and International Business:

- **Trade Policies:** Tariffs, quotas, and trade agreements can significantly impact international trade. Businesses must stay informed about these policies in countries they operate in or trade with.
- **Legal Environment:** Understanding and complying with local laws is critical. This includes labor laws, environmental regulations, antitrust laws, and intellectual property rights.

Corruption and Ethics:

- **Corruption Levels:** Corruption in political systems can pose challenges for international businesses, affecting fair competition and leading to ethical dilemmas.
- **Adherence to Ethical Standards:** Companies must navigate these challenges while maintaining their ethical standards, which might include avoiding bribery and ensuring transparent business practices.

Impact of Political Relations:

- **International Relations:** Diplomatic relations between the home country and host country can influence business operations. Positive relations can lead to favorable trade conditions, while tensions or sanctions can pose significant barriers.
 - **Global Organizations:** International organizations like the WTO, IMF, and World Bank play a role in shaping global economic policies, which impact international business.
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