

Impact of Political Systems on International Business

Democracy vs. Dictatorship

Overview: Political Systems

- Political systems play a critical role in shaping the environment for international businesses. Two major political systems are Democracy and Dictatorship, and both impact companies in different ways.

Democracy: Impact on Business

- In democracies, citizens elect leaders and governments are often transparent. This leads to a stable environment for businesses with predictable legal systems and regulations.
- - Political stability ensures smooth business operations.
- - Transparent legal systems protect contracts and property rights.
- - Free trade policies foster international business growth.

Dictatorship: Impact on Business

- In dictatorships, power is centralized in a single leader or group, and government decisions are often unpredictable.
- - Unstable political environment can deter foreign investment.
- - State control of industries limits competition for foreign companies.
- - Corruption may be more prevalent, complicating business operations.
- - Example: North Korea, Venezuela

Key Areas of Impact: Democracy vs. Dictatorship

- Political systems affect international business in several ways, including:
 - - Government Regulations
 - - Trade Policies and Barriers
 - - Political Stability and Risk
 - - Legal Systems and Corruption