Universe International Journal of Interdisciplinary Research
(Peer Reviewed Refereed Journal)

© UIJIR | ISSN (O) – 2582-6417
DEC. 2020 | Vol. 1 Issue 7
www.uijir.com

INTERNATIONAL BUSINESS MANAGEMENT CHALLENGES AND ISSUES UNDER FOREIGN LAWS AND REGULATIONS: A STUDY BASED ON THE SOUTH ASIA REGION

Author's Name: P.K.B. Isuru Premarathna

Affiliation: *University of Kelaniya, Sri Lanka*

E-Mail: isurupremarathna100@gmail.com

DOI No. – 08.2020-25662434

Abstract

International management is the management of business operations in an organization serving markets and operating in more than one country. This definition stresses the need for a much more advanced set of skills than managing within national borders. International business refers to the trade of goods, services, technology, capital, and/or knowledge across national borders and at a global or transnational scale. It involves cross-border transactions of goods and services between two or more countries. Transactions of economic resources include capital, skills, and people for of the international production of physical goods and services such as finance, banking, insurance, and construction. International business is also known as globalization. The South Asia region is very important in the business sector. At the same time, the Region occupies a significant area of the international economy. The main focus of this research was to study the challenges, foreign laws, and regulation issues in the south Asia region in the international business arena. The main objective of the research is to study the current challenges in international business and the problems under foreign laws and regulations. TheResearch methodology is qualitative research. Secondary data were collected through literature review and referring sources such as statutes, international treaties, academic writings, journal articles and sources. according to the research, some several major challenges and issues can be identified in the south Asian region, namely the International company structure, Foreign laws and regulations, International accounting, Currency rates, Choosing the right global shipment methods, Communication difficulties and cultural differences, Political risks, Cost calculation and global pricing strategy, Supply chain complexity and risks of Labour exploitation and Worldwide environmental issues. Furthermore, it can be seen that there are economic, legal and political problems and challenges for international business activities in the south Asia region today.

Keywords: *International Business Management, challenges and issues, foreign laws and regulations, South Asia Region*

INTRODUCTION

"The Definition of INTERNATIONAL BUSINESS"

As the Google case study suggests, international trade refers to any situation in which the production or distribution of goods or services crosses the country's borders. **Globalization, the shift to a more interdependent and integrated world economy, creates greater opportunities for international trade.** Such globalization can occur in terms of markets, where trade barriers are falling and buyer preferences are shifting. It can also be seen in terms of production, where an enterprise can easily procure goods and services from other countries. Some managers view the definition of international trade as "business" only, as suggested in the Google case. But a broader definition of international trade can better serve you personally and professionally in a world that has evolved beyond simple industrial production. **International trade encompasses a full range of cross-border trade in goods, services or resources across two or more countries.** These exchanges can go beyond exchanging money for material goods to include international transfers of other resources, such as people, intellectual property (for example, patents, copyrights, brand trademarks, and data), and contractual assets or liabilities (e.g., the right to use certain foreign assets, to provide a future service to foreign clients or to execute a complex financial instrument).Entities involved in international trade range from major multinationals with thousands of employees doing business in many countries around the world to a small business of a person acting as an importer or exporter. This expanded definition of international trade also includes for-profit cross-border transactions and transactions driven by non-financial gains (e.g. Triple result, corporate social responsibility and political benefit) that affect the future of a company.

International trade refers to trade in goods and services among countries around the world. Selling goods from one country to another is called export trade and purchasing from another country is called importation. International trade takes place because a country cannot effectively produce all the goods and services it needs in its own country. Each country specializes in producing goods that it can better produce depending on the amount of resources it receives, and the surplus production that it gains by exporting to another country and gaining other goods that it cannot effectively produce imported from countries. For example, the cultivation of tea in Sri Lanka is effective due to the favorable climate for the cultivation of tea and the export of its surplus products. By contrast, goods such as cars, TV sets, computers, etc. They are not countries that can be produced effectively in Sri Lanka.

International Business (IB) is described in the literature as a limited and underdeveloped hybrid of various elements borrowed from many related basic disciplines. Due to the continual changing nature of IB and new ways of doing business, the knowledge developed until 1950s carries mainly a historical value. As recent literature on IB suggests that the mode of market entry is the most important decision in IB which determines the ability of the firm to deal with its foreign customers, control the IB process and its resource commitment to the foreign market. The study of international market entry or internationalization of firms has attracted increasing interests in the academic literature is an indication of the importance of this subject.

Every country in the world today is involved in international trade through imports and exports. If a country isn't involved in international trade, it will have to become self- sufficient by producing everything it needs it its own country. It is very clear that without international trade many countries won't have the opportunity to procure many goods that can't be manufactured in their own countries. For example, since Sri Lanka can't manufacture goods such as cars or televisions locally, they can only be obtained through international trade. Even if it is possible to produce such goods in one's own country, the amount of resources required to produce such goods will be very large. Therefore, instead of trying to produce all the goods in one's own country, one can reap the net benefits by opting for a product that is more advantages to oneself. Doing so will enable them to export the surplus produce produced in their country and import goods at a lower cost which can't be produced more profitably than their own country. The advantages of international trade are that any country can use any product or service that doesn't have the resources to produce in its own country. At the same time, the growth of many services. Such as transportation, banking and insurance will lead to an expansion of employment opportunities and an increase in earnings. Due to the enhanced international

Relations through foreign trade, it is possible to obtain foreign investment, foreign aid, etc. For the development of their countries.

The world is rapidly becoming a global village with no limits to stop trade and communication. Moving fast with it, the way we do business has changed in an unprecedented way. Competition in the global market is at its peak and all companies want to sell their products to everyone anywhere in the world. International business are mainly concerned with the border deals governments. It has a wide application not only in the movement of goods and services but also in various other sectors.

International business can be defined as defined as any business that transcends the national boundaries of a country. It incendiaries of a country. International business relates to any situation where the production or distribution of goods or services crosses country borders. Globalization the shift toward a more interdependent and integrated global economy—creates greater opportunities for international business. Such globalization can take place in terms of markets, where trade barriers are falling and buyer preferences are changing. It can also be seen in terms of production, where a company can source goods and services easily from other countries. Some managers consider the definition of international business to relate purely to "business," as suggested in the Google case. However, a broader definition of international business may serve you better both personally and professionally in a world that has moved beyond simple industrial production. International business encompasses a full range of cross-border exchanges of goods, services, or resources between two or more nations. These exchanges can go beyond the exchange of money for physical goods to include international transfers of other resources, such as people, intellectual property (e.g., patents, copyrights, brand trademarks, and data), and contractual assets or liabilities (e.g., the right to use some foreign asset, provide some future service to foreign customers, or execute a complex financial instrument). The entities involved in international business range from large multinational firms with thousands of employees doing business in many countries around the world to a small one-person company acting as an importer or exporter. This broader definition of international business also encompasses for-profit border-crossing transactions as well as transactions motivated by nonfinancial gains (e.g., triple bottom line, corporate social responsibility, and political favor) that affect a business's future.

What Is International Trade?

International trade theories are merely different theories for explaining international trade. Commerce is the idea of trading goods and services between two individuals or entities. *International commerce is then the concept of this exchange between persons or entities from two different countries.* People or entities trade because they think they profit from the exchange. They may have a need or need for goods or services. At first glance, these numbers seem very simple, but there are many theories, policies and trade strategies that make up international trade. In this section, you will learn about the various business theories that have evolved over the past century and that are most relevant today. In addition, you will explore what factors affect international trade and how businesses and governments use these factors for their respective benefits to advance their interests.

What Are the Different International Trade Theories?

In order to understand how modern world trade has evolved, it is important to understand how countries have traded with each other historically. Over time, economists have developed theories to explain how world trade works. The principal historical theories are called classical and are from the point of view of a country, or country-based. In the mid-20th century, theories began to shift to explain trade from a business perspective to a country. These theories are considered modern and are based on companies or undertakings. These two classes, classic and modern, consist in several international theories

Figure no: 01

Classical Country-Based Theories	Modern Firm-Based Theories
Mercantilism	Country Similarity
Absolute Advantage	Product Life Cycle
Comparative Advantage	Global strategic Rivalry
Heckscher-Ohlin	Porter's National Competitive Advantage

CLASSICAL OR COUNTRY-BASED TRADE THEORIES

Mercantilism

Developed in the sixteenth century, mercantilism was one of the first efforts to develop a theory of economics. This theory showed that the wealth of a country was determined by the amount of its assets in gold and silver. In its simplest sense, mercantilists believed that a nation should increase its reserves of gold and silver by encouraging exports and discouraging imports.In other words, if people in other countries buy more of you (exports) than they sell to you (imports), then they should pay you the difference in gold and silver.The aim of each country was to receive a trade surplus, or a place where the value of exports is greater than the value of imports, and to avert a trade deficit, or a place where the value of imports is greater than the value of exports.

A closer examination of world history from the 1500's to the late 1800's helps to explain why mercantilism flourished. The 1500s marked the rise of new nation-states, whose leaders sought to strengthen their nations by constructing larger armies and national institutions. By increasing exports and trade, they were able to bring more gold and wealth to their countries. Many of these new nations have encouraged exports by limiting imports. This strategy, known as protectionism, remains in use today.

Nations have increased their wealth by using their colonies across the globe in an effort to control more trade and accumulate more wealth. The British colonial empire was one of the most successful examples; it sought to increase its wealth by using commodities from what are now the Americas and India. France, the Netherlands, Portugal and Spain also succeeded in building big colonial empires which generated considerable wealth for their governing nations.

Although mercantilism is one of the earliest business theories, it is still part of modern thought. There are countries like Japan, China, Singapore, Taiwan and even Germany continue to promote exports and discourage imports through a form of neo-mercantilism in which countries encourage a combination of protectionist policies and restrictions and subsidies.

industry that is produced in this country. Almost all countries, at any given time, have implemented some form of protectionist policy to protect key industries in their economies. While export-oriented businesses typically support protectionist policies that promote their industries or businesses, other businesses and consumers are harmed by protectionism. Taxpayers pay for government grants.
select exports through higher taxes. Restrictions on importation result in higher prices for consumers, who pay more for goods or services manufactured abroad. Free trade advocates stress how free trade benefits everyone in the global community, while protectionist policies of mercantilism only benefit certain industries, to the detriment of consumers and other businesses, both within and without the industry.

Absolute Advantage

In 1776, Adam Smith challenged the principal mercantile theory of the period in The Wealth of Nations. Adam Smith, A Survey of the Nature and Causes of the Richness of Nations, London, W.Strahan and T. Cadell, 1776). Recent editions have been edited by academics and economists. Smith proposed a new trade theory called the absolute benefice, which focused on a country's ability to produce a far more efficiently than another nation. Smith argued that trade among countries should not be regulated or restricted by government policy or intervention. He said that trade should flow naturally as a result of market forces. In a hypothetical two-country world, if country A could produce a cheaper or quicker product (or both) than country B, then country A had the advantage and could specialize in producing that good. Similarly, if country B is more successful in producing another commodity, it may also focus on specialization. Through specialization, countries would produce efficiency gains, because their workforce would become more qualified by doing the same tasks. Production would also become more effective, as there would be an incentive to create faster and better production methods to increase specialization. Smith's theory argued that with greater efficiencies, people from both countries would benefit and trade should be encouraged. His theory was that the wealth of a nation should not be judged by the quantity of gold and silver it possessed, but rather by the standard of living of its inhabitants.

Comparative Advantage

The challenge of the absolute advantage theory is that some countries are perhaps better at producing both products and, as a result, have an advantage in many areas.On the other hand, another country may lack useful absolute advantages.To meet that challenge, David Ricardo, an English economist, introduced the theory of comparative advantage in 1817.Ricardo believed that even if country A had the absolute advantage in producing both products, specialization and trade could still occur between two countries.

"Comparative advantage occurs when one country cannot produce a product more efficiently than another; however, it can produce that product better and more efficiently than other goods."

The distinction between the two theories is subtle. Comparative advantage focuses on the relative productivity differences, whereas absolute advantage looks at the absolute productivity. A simplified hypothetical example is used to illustrate the subtle difference between these principles. Miranda is a Wall Street lawyer requesting $500 an hour for her legal services. Having Miranda and her assistant focused on their respective tasks increases their overall productivity as a team. It's a relative advantage. One person or one country will specialize in what they do relatively better. The truth is that the global economy is more complex and consists of more than two countries and products. Trade barriers can exist and goods must be moved, stored and distributed. But this simplistic example illustrates the fundamentals of comparative advantage theory.

HECKSCHER-OHLIN THEORY (FACTOR PROPORTIONS THEORY)

Smith and Ricardo's theories have not helped countries identify products that would give a country an advantage. Both theories assumed that free and open markets would lead countries and producers to decide what goods they could produce more effectively. In the early 1900s, two Swedish economists, Eli Heckscher and Bertil Ohlin, focused their attention on how a country could achieve a comparative advantage by producing products that used factors that were plentiful in the country. Their theory is based on the factors of production of a country, namely land, labor and capital, which provide the funds necessary to invest in factories and equipment. The factors that were in large supply versus demand would be cheaper; the factors of large demand versus supply would be more costly. Their theory, also called factor ratio theory, indicated that countries would produce and export goods that required resources or factors that were in large quantities and therefore less expensive factors of production. On the other hand, countries would import goods that required resources whose supply was inadequate but whose demand was higher.

LEONTIEF PARADOX

In the early 1950's, Wassily W, an American economist born in Russia. Leontief carefully studied the US economy and noted that the US was abundant in capital and thus expected to export capital-intensive goods. However, his research using actual data showed otherwise: the US imported capital-intensive goods. Based on the theory of factor proportions, the United States should have imported labor-intensive goods, but instead they exported them. Its analysis became known as the paradox Leontief because it was the reverse of what was expected by the theory of factor proportions. In the following years, economists noted historically at that time, work in the US was both available in stable supply and more productive than in many other countries; therefore, exporting labor-intensive goods was logical. Over the decades, many economists have used theories and data to account for and minimize the impact of the paradox. However, what is still clear is that international trade is complex and affected by many factors that often change. Trade cannot be explained clearly by any single theory, and more importantly, our understanding of international trade theories continues to evolve.

MODERN OR FIRM-BASED TRADE THEORIES

Contrary to traditional country-based business theories, the category of modern and dematerialized theories emerged after the Second World War and was largely developed by business school teachers, not economists. Business theories have changed with the growth of the multinational (MNC).Country-based theories could not adequately address the expansion of NCMs or intra-industry trade that relates to two-country trade in goods produced in the same industry. For example, Japan exports Toyota trucks to Germany and imports Mercedes-Benz cars from Germany. Unlike country-based theories, business-based theories integrate other product and service drivers, including brand and customer loyalty, technology and quality, into understanding trade flows.

Universe International Journal of Interdisciplinary Research
(Peer Reviewed Refereed Journal)
© UIJIR | ISSN (O) – 2582-6417
DEC. 2020 | Vol. 1 Issue 7
www.uijir.com

COUNTRY SIMILARITY THEORY

Swedish economist Steffan Linder developed the theory of national similarity in 1961, attempting to explain the concept of intra-industrial commerce. Linder's theory suggested that consumers in countries at the same or similar developmental stage would have similar preferences. In this business theory, Linder suggested that businesses should produce first for domestic consumption. When exploring export, businesses often find that markets that resemble their domestic market, in terms of client preferences, offer the greatest potential for success. The similarity theory of the Linder countries then suggests that most trade in manufactured goods will be between countries with similar per capita incomes and that intra-industry trade will be common. This theory is often the most useful for understanding merchandise trade where brand names and product reputations are important factors in buyers' decision-making and purchasing processes.

PRODUCT LIFE CYCLE THEORY

Raymond Vernon, a professor at Harvard Business School, developed product lifecycle theory in the 1960s.The theory, which comes from the commercialization field, indicates that there are three distinct stages in a product's life cycle: (1) new product, (2) maturing product, and (3) standardized product. The theory was that the production of the new product would occur entirely in the source country of its innovation. In the 1960s, it was a useful theory for explaining American manufacturing success. The American manufacturing sector was the world's major producer in many industries after the Second World War. It was also used to describe how the personal computer (PC) has crossed its product cycle. The CP was a new product in the seventies and became a mature product in the eighties and nineties. Today, CPs are at the standard product stage, and the majority of manufacturing and production processes occur in low-cost countries in Asia and Mexico. Product lifecycle theory has been less able to explain current business trends where innovation and manufacturing occur around the world. For instance, overall companies even conduct research and development in developing markets where highly skilled workers and facilities are generally less expensive. Although research and development is generally associated with the first or new phase of the product and is therefore completed in the country of origin, these developing or emerging countries, such as India and China, offer a high-skilled workforce and new research.
Installations at a material price advantage for global firms.

GLOBAL STRATEGIC RIVALRY THEORY

The theory of global strategic rivalry appeared in the 1980s and relied on the work of economists Paul Krugman and Kelvin Lancaster. Their theory was about multinationals and their efforts to gain a competitive advantage over other global businesses in their industry. Companies will face global competition in their industries and, in order to thrive, must develop competitive advantages. The key ways in which businesses can gain a sustainable competitive advantage are called barriers to entry into this industry. Barriers to entry relate to the barriers a new business may face when attempting to enter an industry or a new market. The barriers to entry that corporations may seek to optimize include:

• Research and development,
• The ownership of intellectual property rights,
• Economies of scale,
• Unique business processes or methods as well as extensive experience in the industry, and

• The control of resources or favorable access to raw materials.

PORTER'S NATIONAL COMPETITIVE ADVANTAGE THEORY

In the ongoing evolution of international business theories, Michael Porter of Harvard Business School developed a new model to explain Canada's competitive advantage in 1990. "**According to Porter's theory, a country's competitiveness in an industry depends on the ability of the industry to innovate and perfect itself."** The theory was that some countries are more competitive in certain sectors. To explain the theory, Porter identified four related determinants. The four determinants are

(1) local market resources and capacity,
(2) local market demand conditions,
(3) local providers and complementary industries, and
(4) local business characteristics.

BACKGROUND OF THE STUDY

An international business is the trade of goods and services, technology, capital and or knowledge across national and international borders and globally or internationally. This is a very complex process. When goods and services are traded across borders or internationally between two or more countries. Economic resource transaction include capital, skills, and personnel to produce liquid goods and finance, banking, insurance, and construction. International business is also known as globalization. In order to do business overseas, multinational corporations need to link separate national markets into one global market. There are two macro-scale factors that first is to remove barriers to facilitating cross-border trade. The second is the development of technological advances in technology such as communication, information processing and transportation. International management is the business management of an organization that serves a market and operates in more than one country. This definition emphasizes the need for a more advanced set of skills to manage across a wide range of nationalities.

The south Asia region is an important hub for economic business. It is mainly countries are Bangladesh, Bhutan, India, Pakistan, Nepal, Sri Lanka, Afghanistan and the Maldives. The study looked at four key countries in the south Asian region, namely Sri Lanka, India, Bangladesh and Nepal. The primary process of research was to study the legal issues and regulation faced by these states in international business. The role of international business in international management directly affects the economy of any state. It is important, in practice and academically, to take all of these states as a research sample and to study the legitimacy and regulations facing international business management in these countries.

THE OBJECTIVE OF THE STUDY

The main focus of this research was to study the challenges, foreign laws, and regulation issues in the south Asia region in the international business arena. The main objective of the research is to study the current challenges in international business and the problems under foreign laws and regulations. A to study of the Identify legal issues in international businesses in India, Sri Lanka, Nepal and Bangladesh. And identify risks in international business management.

RESEARCH METHODOLOGY

- Research design and approach

The Research methodology is qualitative research. Secondary data were collected through literature review and referring sources such as statutes, international treaties, academic writings, journal articles and sources. The quality research methodology was used primarily for this research. Thirty (60) specialists were used for the research sample. The ethnographic methodology was also used as the subject-matter methodology of the research and the in-depth interview methodology and observation methodology related to the research were used.

- Methodological framework (The selection of the data collection/ Secondary sources /Primary sources/Process of data analysis)

The study recognizes the importance of experts, researchers and policymakers, suggestions and recommendations as a tool to understand policy and strategy marking in both countries. The methodology for this empirical study is explained below.
The sources of data are both primary and secondary in nature. The descriptive analysis was used by the research. Apart from this study method, a detailed questionnaire was employed among the selective sample of the study. To get more information on maritime security, structured interviews using a questionnaire guide were also held with the respondents in recognized institutions and authorities in sri lanka. Some foreigner respondents agreed to respond via voice mail such as Gmail voice chat. Secondary data such as textbooks, journals, publications, websites and online journals were used to collect secondary dada.

LITERATURE REVIEW

There is a very limited literature in this area. There is extensive documentation on relations between companies and international 5 institutions, but almost all of them deal with corruption. This is well reflected in empirical studies looking at institutional development in the context of FDI flows, see for example Javorcik and Wei (2009) or Henisz (2000).Meyer (2004) and Rodríguez et al (2006) also propose conceptual approaches to the linkages between political and social institutions, international trade and corporate social responsibility. These issues are explored in the analysis of Cuervo-Cazurra and Dau (2009) which establishes a link between institutional development and the performance of the company, and indirectly with the location of the company. More recently, Branzei and Abeldelnour (2010) examine the extreme cases of terrorism in developing countries and the effects of the terrorist threat in developing countries. However, their approach is part of a psychological analysis of resilience to the threat and uses intelligence at the household level rather than intelligence at the business level. Their article deals with the development of local businesses rather than international trade. Indeed, Czinkota et al (2007) concentrate on the extreme example of terrorism, underlining the impact of terrorism on international trade. As they point out, however, they are looking for a research agenda, rather than presenting new empirical work or an additional theoretical framework. The FDI literature in developing countries considers political capital in the context of a company's resource-based perspective. Frynas et al (2006), for instance, highlight the importance of the first-mover advantage in the context of political capital production. Similarly, there is a relatively important literature that seeks to link FDI to corruption (e.g., Cuervo-Cazurra, 2006).Javorcik and Wei (2009) argues that increased risk (in the form of increased corruption) reduces the probability of IEDs. However, very little has been done to analyze which types of companies invest in systematically risky environments 6.Addison and Murshed (2001) highlight

© UIJIR | ISSN (O) – 2582-6417
DEC. 2020 | Vol. 1 Issue 7
www.uijir.com

the fiscal dimension of conflict resolution, highlighting the role that inequality can play in driving local conflict. Multinationals that invests in unstable places run the risk of being seen as more than innocent bystanders, where their investments are used to increase inequality, or to increase the return on certain resources. However, the analysis of investments in conflict zones is subtly different from this literature. The key issues relate to the motivation of enterprises to engage in FDI in such places and the types of enterprises thus motivated. We are therefore seeking to expand the existing literature in an attempt to explain this EDI decision. As the UN (2009) recently noted, conflict and post-conflict countries face a broad range of issues, including corruption, lack of governance structures and protection of property rights. The existing literature reflects the evidence that such conditions deter FDI at some point it can be argued that new capital investment is crucial for infrastructure and private sector development, Just as civil society is necessary for the rebuilding of the state. This is also raised by Rose-Ackerman (2008) in an analysis of post-conflict countries, stressing the role that corruption plays in facilitating short-term development in post-conflict countries. However, as RoseAckerman (2008) points out, institutions need to replace this informal process and lessen the cause. However, this literature does not emphasize the nature of the companies investing or their motivation. There are two theoretical frames that provide a helpful overview here. The first is Peng et al (2008), which focuses on the institutional vision of the strategy and the role that institutions can play in making markets work and facilitating strategic decisions through the flow of information. This is an extension of Doukas and Lang (2003) that emphasize the importance of ownership structures in explaining FDI, through FDI risks and returns to “external” shareholders. It could be argued, following the link established by Peng (2006), that FDI in corrupt areas should be a core activity, motivated by market considerations.

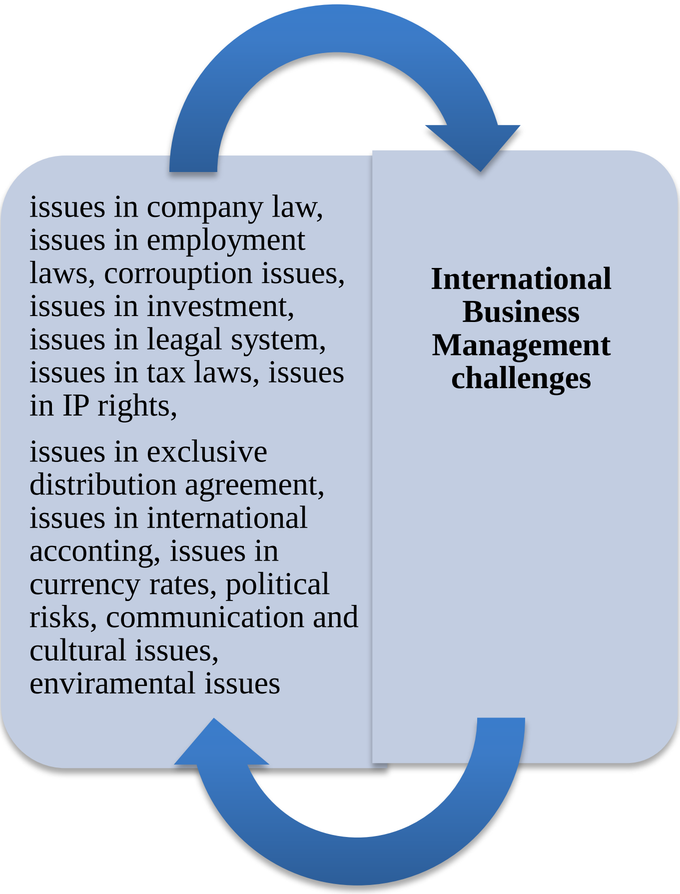
The IB's research can advance its own theories and paradigms, and contribute to a significant strengthening of management research through efforts to unravel and analyze the impact of environmental dimensions. Bartlett and Ghoshal (1991) noted that IB research frequently provides the stress lab for management research. Aharoni and Burton (1994) have positioned it as the pursuit of universal rules and the generalization of management research (SHENKAR & VON GLINOW, 1994).Boyacigiller and Adler (1991) have been critical of parochialism in much of the national culture research; and noted that researchers often fail to adapt instruments or evaluate the true significance of theoretical constructs in the specific culture in which they are applied. Furthermore, focusing on a single environmental dimension may not be enough and it is very useful to adopt a multi-dimensional perspective because many phenomena are motivated by several environmental dimensions. By contributing to a better understanding of the context, IB research identifies which theories are universal and which are unique (TRIANDIS, 1978).This is especially important since the attention paid to research has gradually shifted from technical viewpoints to social viewpoints (see ROSENZWEIG, 1994), where the environmental context is of great importance. The environment has an impact on society's strategy and structure. For example, Lachman and colleagues (1994) described how organizational structures change as a function of the particular culture in which they are designed. Shane (1993) noted the evolution of entrepreneurial activity in the international geography. Graham et al. (1994) noted how cross-national negotiation behaviors change. However, many other areas of management research still warrant research to demonstrate their universal validity and generalizability. Without generalizability across space, we are dealt a set of domestic, uni-national, and narrow scope theories. Krathwolhl (1985, p. 74) put it better when he asked a fundamental question for external validity of models, constructs and theories:

Universe International Journal of Interdisciplinary Research
(Peer Reviewed Refereed Journal)
© UIJIR | ISSN (O) – 2582-6417
DEC. 2020 | Vol. 1 Issue 7
www.uijir.com

"[w]ould this relationship replicate with people or other cultures, in other countries of the world?"

FINDING AND DISCUSSION

There is a great deal of innovation in international business, and the international business management process is complex. The main objective of this research was to study the legal and regulatory issues that arise in international business emerging from countries such as India, sri lanka Nepal and Bangladesh in the south Asian region. Here, several challenges and problems were identified under the main objective of the research process. There, an international business in line with multiple courts is a very difficult task. Also, compliance is a mandatory process. In conducting international business in foreign law must be complied with. The legal and regulatory issues in international business identified in the research study were identified as follows.



These are the key factors identified by the research study.

Also known as corporate (company) law, business law or enterprise law or sometime corporate law, this has become a major challenge in international business. Company law is a law firm that governs the rights, relationships, and conduct of individuals, companies, organizations, and businesses. This term refers to the legal application of the law applicable to corporations or the theory of operations. Cooperate law often describes law that are directly derived from the life cycle of a corporation. It includes setting up a corporation, funding, controlling, and dying.

The nature of corporate governance, privatized by stock ownership, the capital market, and business culture laws, is changing. Similar jurisprudence and legal issues exist in many jurisdictions. corporate law regulates the way other stakeholders deal with each other, such as corporations, investors, shareholders, directors, employees, the environment and consumers, the community and the environment. Law, business law is often the broader concept of commercial law, that is the law that applies to commercial or business- related activities. In some cases, this many include matters relating to corporate governance or financial law. When used as a substitute for corporate law, the law application, such as raising capital, establishing companies, registering etc., is legalized.

The legitimacy of a company is very important to a business and international business. The legitimacy of a company offers significant economic benefits. The main problem here is the lack of adequate knowledge of company law. Also, not every country has a business- friendly legal environment. There is no proper counseling or knowledge of time in bureaucracy in international business in corporate law and in present international business. At the same time, there is a lack of understanding of the underlying goals and objectives and a lack of tendency to seek the knowledge of experts. As a complex process in the international business, it is clear that these fundamental issues have arisen in the complexity and expansion of the business background.

Labor law, also known as employment law or labor law. Intervenes in the relationship between workers, employers, trade unions law relates to the tripartite relationship between the employee, the employer and the union. Individual labor law also concerns the rights of employees. Employment standards are socially norms for the least socially acceptable conditions that allow employees or contractor to work. Government agencies enforce labor law.

There should also be a broad understanding of local laws and regulations in the globalizations of business within the foreign legal framework. From tax indications to trade standers, the legal background of each country is different. With the advent of business globalization, the regulation of countries and the knowledge of analysts about them should be based on experience. This is basically another problem. It is very important that a multinational enterprise is abound to pay corporate taxes in the country. They have also become fundamental changes in accounting for different taxes, tax rates and various conformities, requirements, international operations, and so o on. The company is liable to pay tax on the income of its operating country and possibly the country of residence. By paying multiple taxes, the company can reduce its total revenue and be burdened with double taxation. Lack of proper knowledge of tax concepts such as lease agreements, dual tax ovation agreements in a country puts the company at risk of multiple taxation.

Quoting prices for products and services that serve overseas is another important challenge. Factor such as cost, labor and marketing, as well as costs, can be cited as challenges here along with profit assurance. Overseas business operating abroad will determine an acceptable payment method and its accuracy and security. This can also be identified as a major challenge of a business. Currency rate fluctuation is a challenge for businesses operation overseas. Since major fluctuations affect cost and profit, the exchange rate should be monitored throughout. This is basically a problem. Communication skills should be effective for business strategies implemented in the home country or cultures and language can be identified as another challenge. Businesses need to focus on basic communication methods and skills.

Each country has different ethics which are influenced by differences in cultures. This is the main reason why most business people find it challenging to start a business in a foreign country. It is therefore important for companies to develop a sense of responsibility when operating their business internationally to avoid conflicts (Litka & Blodgett, 2009).

There are various measures that have been taken to reduce the challenges faced by foreign companies. Some of these measures include the formulation of the General Agreement on Trade and Tariffs (GATT). The aim of this agreement is to promote harmony and cooperation in the international trade.
Many multinationals do not know how to differentiate between giving a gift and bribery. When a person in authority is given a gift in exchange for a favor, that is termed as bribing (Whalley, M. & Semler, 2007). However, gift giving is considered to take place when there is no favor expected for giving a gift.
International bribery slows down economic growth. This is caused by the lack of competition which contributes to the production of low quality products. Bribery interferes with justice and enhances violation of laws by multinationals such as environmental pollution regulations. It is also unethical to pay customs officials to avoid taxes on imports. In addition, bribing a person in authority with the aim of facilitating requests like visa applications constitutes unethical business practice.

LABOR COSTS SAVING

It is unethical to close down a factory and open it in another country in order to save labor costs. This leaves many people who were working in that plant jobless. Although labor costs in some countries like the U.S.A are expensive, saving labor costs should not be a reason for manufacturing firms to close and open in foreign countries. It is important for companies to be socially responsible instead of focusing on making profits alone.
Firms are therefore advised to learn different socio-cultural forms and socioeconomic conditions so that they can run their business in a proper and fair way in foreign countries. This includes understanding different cultural traditions of people in those countries they are operating in.

LEGAL ISSUES IN INTERNATIONAL BUSINESS

Legal issues that mostly arise in foreign countries include protection of the intellectual property, payment issues, taxation among others (August, Mayer & Bixby, 2009). The General Agreement on Tariffs and Trade (GATT) gives out rules that govern the operation of a business that is functioning internationally. These rules are international and they help to solve legal issues.
Before a firm start operating in a foreign country, it is important for it to check some constitutional clauses that govern foreign business. This will help the company avoid court battles.

PAYMENT ISSUES

Many countries have laws that restrict the amount of money that a foreign company can repatriate to host countries. These laws are aimed at ensuring that the host country does not lose in the balance of trade. They also serve as a precautionary measure for stabilizing a country's currency.
If foreign companies are allowed to send to their home countries any amount of profit that they make in the host countries, the host countries stand to lose in the balance of trade especially if such countries do not have a lot of multinationals to counteract this outflow of investments. The balance of trade has a long-term impact on the exchange rate of a country's currency. Sometimes, a country may suffer from exchange rate instability if massive amounts of funds are removed from the country's economy, for instance, during a political crisis.

Multinationals are the main actors in the international trade, and they should be responsible for such a monetary out flux. To guard against this situation, countries have introduced caps on the maximum amount of money that foreign companies can repatriate to their home countries. This essentially means that there is a limit for the amount of foreign profits that shareholders of multinationals can enjoy.

INTELLECTUAL PROPERTY

There is a tendency for laws protecting intellectual property to favour local firms and discriminate against foreign firms. This is an unfavourable situation for foreign companies considering that these are credited with introducing revolutionary technologies, products, and ideas to the host countries, leading to improvement in the quality of life in such countries.
However, governments in a bid to protect local interests usually fail to enforce intellectual property laws against local firms when they are liable for violating the intellectual property rights of foreign firms.

TAXATION

Taxation double standards are very common in international business. Local firms usually face a lower corporate tax rate compared to foreign firms. This basically means that local firms have an absolute competitive advantage making the situation more difficult for foreign firms.

CONCLUSION

The purpose of this paper was to critically analyze the theories of International Business (IB) and gain a clear understanding of the influence of information and communication technologies (ICTs) on existing theories of IB. In order to achieve this purpose, the basics of IB and current trends in the IB environment affecting firm internationalization was analyzed and discussed in detail. This paper has initially reviewed the vital literature on international business (IB) and observed that mode of foreign market entry of firms is the way of understanding IB. The review highlights that among the main entry mode theories discussed in this paper, the Eclectic paradigm, the Staged model and the Network approach are prominently used in explaining firm internationalization some several major challenges and issues can be identified in the south Asian region, namely the International, Foreign laws and regulations, International accounting, Currency rates, Choosing the right global shipment methods, Communication difficulties and cultural differences, Political risks, Cost calculation and global pricing strategy, Supply chain complexity and risks of Labor exploitation and Worldwide environmental issues. Furthermore, it can be seen that there are economic, legal and political problems and challenges for international business activities in the south Asia region today.

REFERENCE

- David Lewis (31 October 2011). Bangladesh: Politics, Economy and Civil Society. Cambridge University Press. p. 44. ISBN 978-1-139-50257-3. In 1346 ... what became known as the Bengal Sultanate began and continued for almost two centuries.
- "World Economic Outlook (April 2017) – Inflation rate, average consumer prices". IMF. Archived from the original on 26 August 2017. Retrieved 26 August 2017.
- "World Economic Outlook - GDP current prices, in billions of dollars". International Monetary Fund. October 2019. Retrieved 9 January 2020.

- "World Economic Outlook - GDP current prices, per capita". International Monetary Fund. October 2019. Retrieved 9 January 2020.
- "World Economic Outlook (April 2017) – Real GDP growth". IMF. Archived from the original on 26 August 2017. Retrieved 26 August 2017.
- "World Bank Report". The World Bank. 2009. Archived from the original on 18 December 2008. Retrieved 13 March 2009. World Bank Report on Malnutrition in India.
- "Agriculture in South Asia". World Bank. Archived from the original on 6 July 2008. Retrieved 21 February 2009.
- Mapping and Analysis of Agricultural Trade Liberalization in South Asia Archived 19 March 2009 at the Wayback Machine, Trade and Investment Division (TID), United Nations Economic and Social Commission for Asia and the Pacific.
- Kim, W. C., & Hwang, P. (1992). Global strategy and multinationals' entry mode choice. Journal of International Business Studies, 23(1), 29. Accessed 30 September 2015.
- Luthans, F., Doh, J. P. (2015). International Management: Culture, Strategy and Behavior, 9th edition. McGraw Hill. ISBN 0-07786244-9.
- Okolo, S. (n.d.). Global Business: Risks in International Business. [online] Globalpaarisite.blogspot.com.es. Available at: http://globalpaarisite.blogspot.com.es/2012/08/risks-in-international-business.html[Accessed 10 May 2015]
- August, R., Mayer, D., and Bixby, M (2009). International Business Law. August Publisher: Pearson
- Litka, P. & Blodgett, M. (2009). International Dimensions of the Legal Environment of Business. New York Thomson Learning Custom.
- Whalley, M. & Semler , F. (2007). International Business Acquisitions: Major L O. Andersen. On the Internationalisation process of firms: A critical analysis, Journal of International Business Studies, Vol. 24, No.2, 209-230, 1993
- E. Anderson, H. Gatignon. Modes of foreign entry: A transaction cost analysis and propositions, Journal of International Business Studies, Vol. 17, No.3, 1-26, 1986.
- S. Andersson, I. Wictor. Innovative internationalisation in new firms: born globals-the Swedish case, Journal of International Entrepreneurship, Vol. 1, No.3, 249-275, 2003.
- E. Autio, H. Sapienza, J. Almeida. Effects of age at entry, knowledge intensity and imitability on international growth, Academy of Management Journal, Vol. 43, No.5, 909-1014, 2000.
- J. Barney, Organisational culture: can it be a source of sustained competitive advantage?, Academy of Management Review, Vol. 11, No. 3, 656-665, 1986.
- J. Barney, (1991), Firm resources and sustained competitive advantage, Journal of Management, Vol. 17, No.1, 99-120, 1991.
- J. Barney. Looking inside for competitive advantage, Academy of Management Executive, Vol. 9, No. 4, pp. 49-61, 1995.egal Issues and Due Diligence. London: Kluwer Law Intl.