



LOCAL INDUSTRIES AND THEIR MANAGEMENT METHODS TO OVERCOME MULTINATIONAL TRADE BARRIERS

Natarajan Lokanathan

Dr. Karishna Gopal Chaubey

Research Scholar, Kalinga University

Prof. Kalinga University

Naya Raipur, Chhattisgarh

Naya Raipur, Chhattisgarh

Abstract

The advancement of technology makes a number of commercial breakthroughs conceivable, as well as economically practical. These developments have the potential to overcome the impediments that many countries place in the way of international commerce and investment. These obstacles can take many different forms, such as imposing taxes and quotas on trade or placing limitations on the ownership of domestic companies by foreign investors. Nevertheless, the contemporary multinational corporation is always learning new ways to circumvent these challenges, although at a cost. In economies that are part of the OECD, small and medium-sized businesses (also known as SMEs) make up more than 95% of all firms, account for 60%–70% of all employment, and create a significant number of new jobs. They have particular strengths and limitations, which may call for individualised approaches to policymaking. The potential contribution of smaller enterprises is strengthened as a result of new technology and globalisation, both of which lessen the significance of economies of scale in a variety of activities. However, in a globalised and technology-driven environment, many of the traditional problems that face small and medium-sized enterprises (SMEs), such as a lack of financing, difficulties in exploiting technology, constrained managerial capabilities, low productivity, and regulatory burdens, become more acute.

keywords: Management, Industries, Barriers

INTRODUCTION

National governments regularly create obstacles to international commerce for a broad variety of various political reasons, and these causes might vary greatly from nation to nation. The vast majority of these restrictions are put in place with the intention of "protecting" local company owners, managers, and employees, while some of the others are periodically justified on the grounds of putative concerns for national security. Tariffs, quotas, restrictions on domestic content, and reciprocity regulations are some of the more noteworthy examples of the types of legislation that fall under this category. More than half of the American businesses that participated in a poll that was conducted in 1991 stated that the most major obstacle that hindered them from exporting their goods was the trade restrictions that were placed on them by other nations.

Exporters, even when they are acting in a passive mode of operation, have the capacity to shoulder some of the additional expenses that governments impose on them. When there are restrictions placed on the amount of a certain commodity that may be imported, many businesses make the decision to purchase commodities that are substantially more expensive. In the late 1970s, this was the response that shoe manufacturers in Korea and Tawania made in response to numerical limitations that were imposed on the importation of shoes from those two countries into the United States of America. These limitations were placed on the importation of shoes from

those two countries because of the high volume of shoes imported from those two countries. The importation of shoes originating in Korea and Tawania were both subject to these restrictions.

When confronted with such obvious barriers to international trade, firms look for a wide range of alternative strategies to direct exporting in order to expand their range of available possibilities. Importing is one of these potential options. In order to do this, they established brand new manufacturing facilities in the country that was going to operate as their host. These establishments are commonly referred to as "green field operations." Either that, or they will purchase already established and successful businesses in the region. Subcontracting manufacturing, acquiring goods and services locally, and developing new products in collaboration with local businesses are some of the additional options that are routinely utilised in order to establish a foothold in the markets of other countries. This is done in order to increase the likelihood of a successful market entry. All of these are examples of things that may be done in order to get a footing in the markets of other nations. There are many additional things that can be done as well.

It is likely that an organization's ability to effectively market its wares in a foreign country would be hampered by the existence of indirect obstacles. Legislation that does not offer adequate protection for patents is one example of this type of obstacle. Marsh McBirney is of the opinion that inadequate patent protection in other countries has played a particularly significant role in the demise of the corporation and that this has been a contributing factor. The company's representatives think, in particular, that if their patented goods were completely protected in India, their company's export business there would grow by a factor of two. This expansion would be driven by increased demand.

At other times, firms are confronted with stringent limitations on the ownership of local businesses by multinational corporations. Businesses may face difficulties as a result of these regulations. It's possible that they are official investment obstacles, but it's also likely that they're less formal regulatory and tax benefits that are only available to local businesses. Either way, it's possible that they're not open to outside investment. Whatever the case may be, it's quite likely that they're a hybrid of the two. For instance, it is against the law for a foreign company to establish a new business or purchase an existing one in the country of Indonesia (except in a very few designated areas). As a direct consequence of this fact, multinational organisations will frequently enter into joint ventures with regional businesses. In the most severe of these circumstances, the multinational corporation would outright surrender notional majority control to the regional corporation. This is how things are in a lot of other regions along the periphery of Asia as well. When trying to establish a foothold in the market of a particular country, the most common strategies utilised by multi-national corporations in Asia and Eastern Europe are joint ventures and other types of strategic alliances. In Western Europe, the most common strategy is to acquire a local company. This is due to the elements that were mentioned previously in the paragraph, which can be seen here.

OBJECTIVES

1. to educate oneself on management practises in general and specific to the business
2. to identify the gaps that exist between the management method practises that are now fashionable and the management technique that is most ideally suited for the sector.

REVIEW OF LITERATURE

Chun Hey Men and Rashad Yazdanifard are responsible for this (2014) When it comes to running their businesses, multinational corporations confront a myriad of challenges due to the fact that their personnel are located in a variety of nations. This is to define and explain factors within a business enterprise that are obstacles

to successful communication. The objective of this is to describe and explain these barriers. There are many various ways that barriers to successful communication in an organisation can manifest themselves, ranging from the individual level all the way up to the company as a whole. The ability to communicate clearly and effectively is very necessary for any attempt to be productive inside an organisation. Therefore, in order to successfully achieve organisational goals, a global company will need to address the problem of effective communication. Effective communication is essential for a company to maintain if it want to comprehend the cultural aspects of its customers.

The employment of nonverbal behaviours, the use of different languages, the transmission of information, and the consideration of time all contribute to the creation of communication obstacles. In order to accomplish effective intercultural communication, global managers need to put themselves in the position of residents of the countries they work in and interact with clients. In order to successfully complete commercial transactions, it is essential to understand and listen to one's consumers. A company should reevaluate its personnel practises in order to increase their ability to communicate across cultural lines. If managers are unable to engage with workers or superior individuals in an effective manner, this might have a detrimental impact on the organisation. Companies may accomplish a variety of goals via the use of efficient communication. In addition, efficient communication offers a crucial incentive in an organisation by empowering individuals to carry out their responsibilities and enabling them to do so more effectively.

Himanshu Gupta (2020) The purpose of this study was to compile a list of the obstacles that stand in the way of the manufacturing industry adopting, implementing, and scaling up innovations concerning sustainable supply chains. In addition to this, it suggests overcoming tactics that are intended to assist management decision-making in systematically addressing these hurdles. The Best-Worst Approach (BWM), which is a multi-criteria decision analysis method, is utilised to help in the evaluation and prioritising of the barriers and their methods for overcoming them within the Indian manufacturing industry, which is part of a rising economy in India. According to the findings, the top five obstacles that Indian manufacturing companies face on their path toward adopting and putting into practise sustainable supply chain innovation practises are "lack of technical expertise and training," "lack of R&D and innovation capabilities," "popularity of traditional technology," "high initial investment in latest technology," and "fear of extra workload and loss of flexibility." In addition to this, a strategy approach for overcoming these obstacles and coping with them is presented here. If Indian manufacturing companies want to include sustainability into their supply chain innovations, the findings give managerial and policy insights that may guide the construction of a strategic operations framework and the allocation of resources.

Małgorzata Rozkwitalska (2012) The purpose of this study is to examine both successful and unsuccessful approaches to human resource management (HRM) in cross-border acquisitions in Poland. The obstacles to interactions in cross-border acquisitions that have an effect on people management are the primary subject of this discussion. There is the presumption that successfully overcoming these hurdles would lessen tensions in human interactions in acquisitions and will thus contribute to winning HRM strategies. Using examples from Poland, the author makes an effort to determine the factors that contribute to the effectiveness of different methods for managing the interactions of individuals working within the overseas subsidiaries of multinational corporations (MNCs) that were created via acquisitions.

Louise Guillouet (2021) Multinational corporations are distinguished by their three-tiered management structure, in which foreign managers (FM) oversee local managers (DM), who in turn oversee production personnel. According to surveys conducted in Myanmar, communication between FM and DM is difficult because of language limitations. Free English classes are provided to DM as part of a first experimental

protocol, which also demonstrates that reducing the cost of communications increases the number of contacts DMs have with FMs. A second experimental methodology that polls human-resource managers working for domestic companies and asks for their ratings Experience working in a global setting, and more especially, DM-FM interactions, are highly desired in the local job market, according to hypothetical resumes. These findings, taken as a whole, lend credence to the hypothesis that eliminating linguistic obstacles contributes to enhanced knowledge transfer in the management realm. This interpretation is supported by the findings of the first experiment, which found that treatment DMs improved their soft skills. A model in which communication within MNCs is non-contractible, which is a realistic feature of workplace life, reveals that the experimental results are consistent with underinvestment in language training and provides a rationale for policy intervention. This model also reveals that underinvestment in language training is consistent with the results of the experiments.

RESEARCH METHODOLOGY

This paper outlines the research method that has been applied in this thesis and how the research was done. In addition, the process of collecting, organising, and analysing the data in order to achieve the purpose from this study as well as an explanation of why this study is reliable and valid is also discussed in this chapter.

3.1 RESEARCH APPROACH

There are two distinct techniques to research, namely qualitative and quantitative research. Both have their advantages and disadvantages. The researcher, on the other hand, has the option of combining qualitative and quantitative approaches. The primary distinction between the two approaches is in the manner in which the data analysis, data collecting, and research strategy are approached. This distinction is determined by the objectives of the study. "In terms of research approach, there are distinctions between quantitative and qualitative research, and many researchers and authors on research technique feel this to be the case" Quantitative researchers approach always have a clear idea about what it is that they are looking for by using statistical methods starts with the collection of data, which is based on the hypothesis or theories by using a tool such as a questionnaire or survey to collect the data. Quantitative researchers approach always have a clear idea about what they are looking for by using statistical methods. On the other hand, qualitative research can be thought of as being composed of words rather than numbers, and it can be generated through a wide variety of different methods, such as case studies, ethnographies, participant observation, interviews (semi-structured, open), questionnaires (structured or semi-structured), focus groups, life/career histories, discourse analysis, and organisational stories. Several researchers looked at the differences between qualitative and quantitative research; the following table summarises the most important distinctions between the two types of studies for your convenience.

Some common contrasts between quantitative and qualitative research	
Quantitative	Qualitative
Numbers	Words
Point of view of researcher	Points of view of participants
Researcher distant	Researcher close
Theory testing	Theory emergent
Static	Process
Structured	Unstructured
Generalization	Contextual understanding
Hard, reliable data	Rich, deep data
Macro	Micro
Behaviour	Meaning
Artificial settings	Natural settings

Figure 3.1 Quantitative and qualitative research

Source: (Bryman & Bell, 2011, p. 410)

DATA ANALYSIS

After the data have been collected, they will be organised, summarised, and analysed in the form of tables, graphs, and statistics in order to be able to explain and investigate the patterns and trends that are associated with this data. As a result, the questionnaire will be examined using software that has been specifically programmed for statistical science (SPSS). During the quantitative analysis process, the steps will include preparing the variables so that they are in a form that can be used to answer the study questions and inputting them into the computer; selecting appropriate diagrams and tables to present the data; selecting appropriate statistics to describe the data; and finally, selecting appropriate statistics to examine the relationships and trend of the data.

Both independent variables and dependent variables are involved in the investigation. The size of the company has been treated as an independent variable. The growth in workforce has been tracked throughout time and used as a metric for analysis. Both the policies of the government and the obstacles to the expansion of small businesses make up the independent factors. As a result of the fact that some of the ideas cannot be quantified directly, it is necessary to quantify them in terms of other variables that are both adequately representative and capable of being quantified.

The investigation included both descriptive statistics and the product moment correlation coefficients of variables calculated using Spearman. When doing a descriptive analysis, the researchers choose to display the data using relevant statistical diagrams and/or tables. The researchers conduct an examination of the correlation coefficients for each pair using Spearman's coefficient analysis. According to Saunders et al's research (2009, page 459), a strong negative correlation is indicated by a coefficient correlation of -0.7 to -1 , whilst a moderate negative correlation is indicated by a coefficient correlation of -0.3 and above up to below 0 . On the other hand, values more than 0 up to 0.3 are considered to have a weak positive sign, but values greater than 0.7 are considered to have a strong positive sign. The term "perfect negative" refers to -1 , whereas "perfect positive" refers to 1 . 0 symbolise perfect independence. According to Shiu, Hair, Bush, and Ortinau (2009, page 555), a correlation between 0.00 and 0.2 can be described as having no correlation, 0.21 to 0.4 can be described as

having a weak correlation, 0.41 to 0.60 can be described as having a moderate correlation, 0.62 to 0.8 can be described as having a strong correlation, and 0.81 to 1.0 can be described as having a very strong correlation.

4.5 ENTRY MODES & BARRIERS TO ENTERING THE MARKET

The writers adopted a few key words and comments made by Mr. Raj, the CEO of the company, during their conversation with him regarding the various entrance ways and hurdles throughout the debate. When considering expansion into new international markets, one of the most important factors to take into consideration is available finance. The home market and overseas markets each require a different type of financial investment, particularly when entering for the first time. It is in the best interest of the firm to hold off on entering overseas markets until the perfect moment, but not so long that they miss the chance. In addition, collaborations play an important part as entrance modes. This is due to the fact that when a firm works with local markets, not only is it able to fulfil its tasks more effectively, but it also saves time. The second option is to go the route of franchising, which is considered to be the safer and more cost-efficient option. However, it might be challenging to locate reliable indigenous. As a result, we made the decision to utilise the connections with the Swedish Universities, and at the same time, the organisation partnered with foreign agents hailing from a variety of locations throughout the globe. In order to accomplish such a wide variety of tasks, management has to build a relationship with existing staff members who are well-versed in the current business plans of the firm and have experience working in international markets.

In spite of the fact that the interview went on with a number of questions concerning the challenges of accessing international markets, the opinion that was disclosed is that

It's possible that cultural differences will prevent you from breaking into new markets. A culture always matters a lot; there is a culture change from one country to another; a service-oriented company like ours should always take this aspect into consideration in order to build the business in a pleasant way that is free of obstacles; the management should be responsible for gentle concerns."

There will be occasions when decision-making will play a significant role in the new international marketplaces. Especially when it comes to selecting management for the new international markets to be entered. In regard to the process of making decisions, Mr. Raj CEO states that "As the owner of the firm, making judgments is extremely important. These decisions entail everything from selecting a market and management to collaborating with other businesses and hiring employees. For me, the most important factors are having trustworthy management and working with reliable partners. Because if we are unable to make judgments that are in the best interests of the company, our sales growth will suffer.

Cross---Case Analysis--- Entry modes and Barriers entering the market

Because the decision will have an impact on the development of the business, making the option of where in the world to establish a worldwide presence is not an easy one. When opposed to cases 2 and 3, which picked nations that are geographically close to them as their target markets for international expansion, Case 1 involves a higher level of risk-taking because the geographical destination is more diversified. In contrast, finding the suitable market is not a challenge in scenario 2, because the firm is already internationalised and maintains the same culture and physical location around the world. Yet, case3 had significant expertise regarding the Tanzanian market; however, in practise, the firm was unable to acquire the appropriate people during the initial stage of internationalisation.

Table 4.2 Cross--- Case analysis--- Entry mode and barriers

Cross-Case Analysis- Entry mode and Barriers			
Literature	Case1- Adroit Guide	Case2- TEC Co	Case3- LMC Co
Entry mode			
	Out sourcing and own subsidiary (in process).	Joint venture.	Own subsidiary and joint venture.
Barriers			
Finding the right market	Yes, to some extent	No	Uncertain
Finding customers	Yes, to some extent	No	Yes, to some extent
Lack of entrepreneurial and marketing skills	No	No	No
Taxes & Government regulations	Yes (taxes)/ No (Government regulations)	Yes	Yes
Risk of selling abroad	Yes	Yes	Yes
Bureaucracy	No	Very high	Very high
Product Differentiation	No	Yes	No
Inadequate behavior from multinational companies	No	Yes	Yes
Culture difference and language barrier	Yes	No	Yes, to some extent

From a purely pragmatic standpoint, it is obvious that both methods of admission come with their own set of benefits and drawbacks. Therefore, the next question an author should ask is, "Reveal of the Good and Bad Things." According to Mr. Dirar, the primary advantage of this entry technique is that it enables one to maintain the highest possible level of control and ownership. In addition, the company anticipates a greater profit by utilising a certain entrance strategy in the market.

Direct or indirect exporting is the primary mode of entry that was utilised by the three case studies. Case1 wanted to establish their own subsidiary similar to case3's entry mode in the Sudan market. As was mentioned earlier, case2's company adopted the born global concept in order to enter the international markets directly after establishment through joint venture. The examples that have been presented thus far illustrate how

businesses select their method of entrance in accordance with their requirements and the strategy that is most relevant to the objectives of the organisation. The initial location is seen as an essential stage for small and medium-sized enterprises (SMEs), particularly in terms of gaining more experience and increasing their global reach. The table that is displayed above illustrates the primary obstacles that are produced by the empirical data. The obstacles that are discussed should be carefully studied by SMEs in their process of internationalisation in order to overcome them.

CONCLUSION

The goal of this study is to construct a model for comprehending the obstacles that stand in the way of the expansion of small businesses. In order to accomplish this goal, the researchers investigated the factors that inhibit the expansion of small businesses and determined whether or not government policy favours the expansion of small businesses. However, there was not enough statistical evidence to support all of the hypotheses that were created, and as a result, there is a need to expand the sample size. The hypothesis was developed, and then it was evaluated, by utilising data from Maputo.

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