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## HIGH RISK MANAGEMENT IN FOREIGN BUSINESS

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#### Abstract

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**Keywords:** *Management, integration, globalization, entrepreneurship, international entrepreneurship, business, innovative entrepreneurship*

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*This is in the article foreign entrepreneurship in the circumstances high risks of management scientific and theoretical aspects research done being, then the author by globalization conditions international management issues have also been studied.*

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## INTRODUCTION

In our country, special attention is paid to the development of entrepreneurship, especially in recent years, a lot of opportunities have been created for entrepreneurs. For the last two years, August 20 has been celebrated as "Entrepreneurs' Day". Last year, on August 22, our President held an open dialogue with entrepreneurs, many of their opinions were heard, and the problems raised by entrepreneurs are being solved. New Uzbekistan is being recognized and recognized by the world in every way. In turn, the interest of foreign entrepreneurs in our country is increasing day by day. Therefore, it is necessary to research the scientific and theoretical aspects of high risk management in foreign business conditions. The term "Entrepreneurship" is defined in a broad sense as a set of specific aspects of risk-taking readiness of the persons who organize or manage the firm. The word "Entrepreneurship" comes from the English word "entepeneurship" or the French word "entrependre" and means "fulfillment of needs and wants through the realization, application, or innovative activity of opportunities or establishment of an enterprise."

## LITERATURE REVIEW

In foreign literature, the study of these factors is called STEP-analysis or PEST-analysis. PEST analysis is the main part of the analysis of the external macroeconomic environment, which includes the analysis of the above-mentioned political, economic, socio-demographic and technological factors. Analysis of the external environment is one of the main functional tasks of international managers. This is important when choosing a host country for a firm to engage in foreign business. These aspects have been studied by many foreign scientists, including local scientists F. Nazarova, N. Yuldashev, D. Nigmatova, Sh. Khodjayeva, R. Nurunbetov and others.

**Research methodology.** This article uses methods such as verbal interpretation, observation, induction and deduction, and scientific abstraction of the scientific-theoretical and practical foundations of microinsurance development.

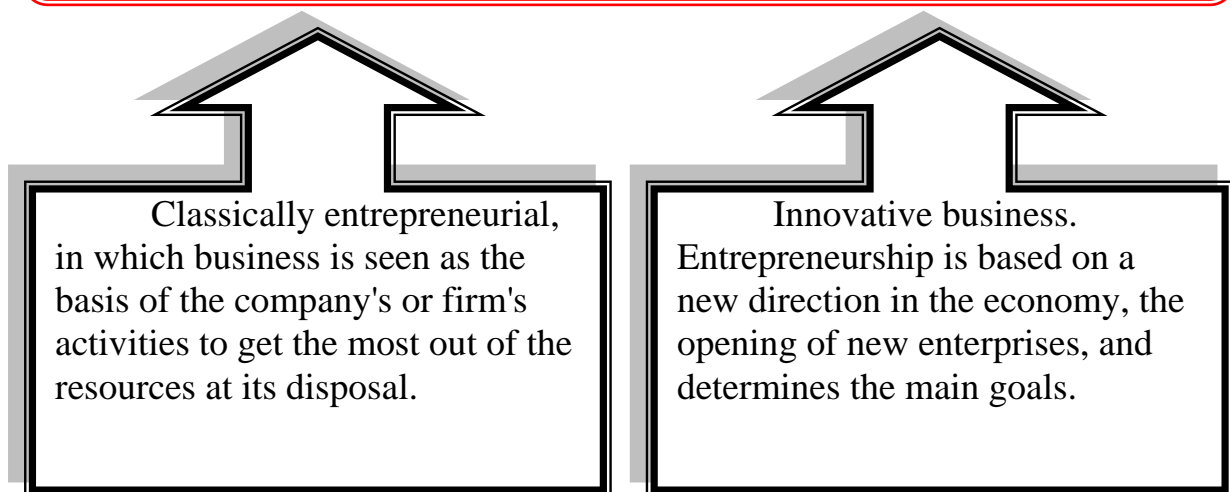
**Analysis and results.**

Entrepreneurship is based on a new direction in the economy, the opening of new enterprises, and determines the main goals. Because entrepreneurship means, first of all, new work, new mission, creation of new types of services, introduction of new technologies and methods. The level of entrepreneurship is determined by the level of introduction of a new product, new production, scientific innovations, new technology. Therefore, entrepreneurship is primarily related to economic innovation, that is, it is innovative entrepreneurship.

The firm develops its activity as an economic unit with the functions of production (or sale) of goods and services, and therefore takes risks in two directions. One of them is **the vertical direction**, which implies the choice of location of the company, the technology used, the logistics of the movement of raw materials, semi-finished and finished products . The second direction of the company's activity is a horizontal direction, which has its own management style, marketing concept, scientific research and experimental construction works (IITKI) and financial activities, with the organization of production and sales .

If the company conducts its activities outside the borders of the state, the risks of operating abroad are cultural differences related to entrepreneurship (law, traditions, ethics), characteristics of demand for goods and services, differences in production and household relations between people, currency will increase several times due to reasons such as the fluctuation of parities, the spread of international terrorism.

**Business activities are mainly divided into two types:**



A comprehensive analysis and assessment of the external environment in which the international business of the firm operates and develops is an important period in the preparation of all strategic and many tactical decisions of the international manager. Here of practical businessmen and international business , management and the unanimity and solidarity of marketing theorists sit down have Such of analysis basic structural parts the following elements to be necessity same about unanimity thoughts stated :

- Economical external environment analysis ;
- Political external environment analysis ;
- Legal external environment analysis ;
- Cultural external environment analysis .

Foreign entrepreneurship with depends slurs complex evaluation for foreign business with engaged in firms to the activity effect doer factors categorize to the goal is appropriate . This to factors the following includes :

- political and legal factors. This to factors the state manage form , political ideology , tax legislation of the government stability of the government foreign to companies relationship , foreign property about legislation , opposition influence , trade legislation , protectionism level , external politics , terrorists activity , legal system enters Political and legal factors foreign firm for acceptance doer country of the government actions as a result own assets , own firms control in the market share loss with depend

- economic factors. These factors include the level of economic development of the country, income per capita, dynamics and direction of GNP, government's financial policy, unemployment rate (necessary in determining the purchasing power of the population and the possibility of attracting local specialists to work in the company in the host country), currency exchange, the level of wages , competitive environment, participation in economic associations and regional integration organizations. The last factor makes it difficult for local partners to make independent decisions, because participation in regional integration groups requires the coordination of principled decisions with partners in the integration association;

- socio-cultural factors. These factors include national customs, language, demography, lifestyle, religion, attitudes towards foreigners, standard of living, social institutions and norms, literacy level. These factors are especially important for managers who want to attract local people to work in their company;

- technological factors. These factors include legal norms for technology exchange, availability and cost of energy carriers, natural resources, transportation networks, labor skills, patent protection, infrastructure, and information flows. Taking into account the primary importance of information in modern conditions, some corporations (Japanese companies) set up their departments abroad in order to receive information about new technologies, the state of operations of the main competitors, changes in legislation, etc.;

is to ensure the competitiveness of the products of the foreign branch of the international company in the world market by using scientific approaches and methods, the principle of marketing and taking into account the human factor. In the approaches to achieving the competitiveness of products and services in the world market, the following five main directions can be distinguished:

1. Effectiveness of the global management system. This is determined by the optimal structure of the management structure of foreign economic activity in an international company, the content and organization of internal and external relations of the TMK system.

2. The degree of readiness of the international company to enter the foreign market with a new type of goods or services. It is determined by the quality of IITKI's results in terms of novelty, technical characteristics and optimality of reliability indicators, environmental, technological, patentability, compliance with design, standardization and unification standards.

3. The quality of products or services provided by the used equipment, technology, raw materials, quality management system, production and labor organization.

4. Costs of main consumers for purchase of goods or use of services, transportation, exploitation, repair and use during the warranty period of goods service.

5. The degree of satisfaction of the basic and additional needs of buyers, taking into account the characteristics of the receiving country. This is determined by the level of compliance with the standards of legal protection of consumer interests, compliance of advertising with the actual consumer characteristics of the product, quality of packaging, conditions of storage, sale, delivery, after-sales warranty service.

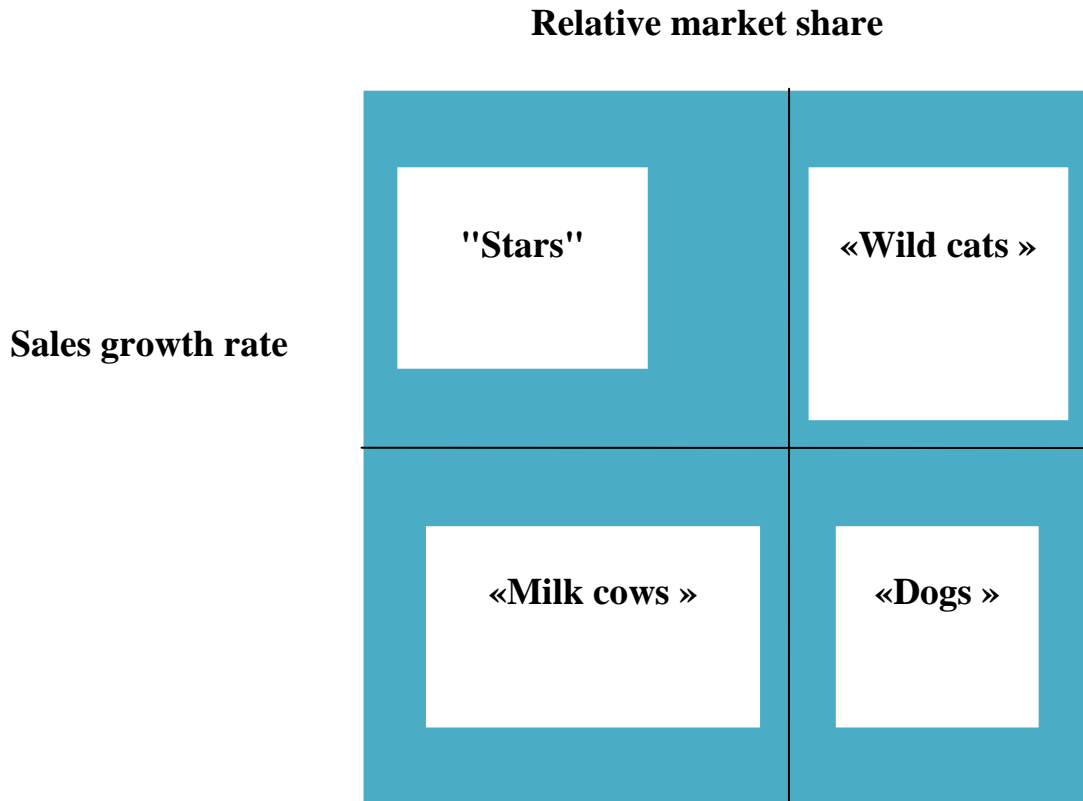
Foreign affiliates of TNCs often achieve a higher level of competitiveness in the markets of host countries than national firms due to higher financial opportunities and more promotional activities. However, the main factor for achieving competitiveness in the world market is the assortment (types) of goods and services, correctly selected based on a competent analysis of the market situation.

To conduct such an analysis, economists of international companies often use the method (Figure 1.1.) developed by Boston Consulting Group and called "Boston Matrix" <sup>i</sup>. This method assumes that the international company depends on factors different from the national market in the world market, that is, factors that the company cannot directly influence. Examples of such objective external factors include the development of technology in this sector, environmental protection conventions of international organizations, changes in consumer demand (for example, high demand for bioproducts in the 90s).

Competition in the global market is more intense than in the national market because the international company faces more and more powerful competitors there. Global market share is the main potential for the success of a particular product or service. In the Boston matrix, according to the market share of the goods or services exported by the international company to the world market, there are goods or services characterized by the highest growth rates of purchases (stars) in four squares. Their share of sales is higher than that of the main competitor and, therefore, they are more profitable for the company. They are produced in large quantities, and their production and marketing costs are among the lowest in this market (including due to economies of scale). In order to prevent the expansion of competitors in the growing market, it will be necessary to make investments in production and market development and reinvest the received income.

the lower left square low growth in the market pace with for sale goods or services will be located . Theirs competitiveness and in sales share this in the market main to that of competitors relatively high , they to the company income brings and " sog' in it is called "cows " . With that together of sales grow pace not so much high it's not and work to the producers big investments necessary not So this is it goods or services international to the company the world in the market high benefit brings

<sup>i</sup>D. Campbell , D. Stonehouse , B. Houston. Strategic management. M.: 2014, pp. 92-95



*1. Figure .Boston matrix*

Goods or services located in the upper right quadrant are characterized by higher sales growth than the market average, but their sales volume is lower than that of the main competitor. They are called "question marks" or "wildcats" that wander by themselves. The growth rate of sales of these goods or services is quite high, but due to the strong competition, if the company wants to maintain its competitive level, it is forced to direct large capital investments to improve the consumer characteristics of these goods or services and increase their quality. will be At the same time, due to the relatively small share of these goods or services in the total volume of sales, they do not bring much profit, but they digest money, as a result, the net profit left from their sale is not high. The best way to do this is to achieve their transition to the "stars" category.

In the lower right quadrant there are goods or services whose sales volume is growing less than the market average, and whose share of sales is lower than that of the main competitor. That is why they are called "dogs". The 20:80 rule applies to them, which means that those goods or services that provide 20% of the profit take 80% of the time of international managers. Maintaining the production of these goods or services involves large investments, and the company will only suffer from them.

Entering the world market with a new product or service begins with a "question mark" according to the "Boston matrix" scheme, because the right selection of the assortment of goods or services is required for rapidly developing markets.

In a favorable market environment, goods or services are competitive only when they meet the requirements of the main consumers, their sales volume increases, their market share is higher than that of the main competitor, and they move to the "star" square.

When the demand for these types of goods or services reaches the stage of maturity, the growth rate of the sales volume decreases, these goods or services move to the "cash cow" square, which brings a lot of profit to the company. When buyers encounter new,

more attractive goods on the world market, the old goods or services move from the "cash cow" square to the "dog" square and are removed from the sales system of the international company.

The structure of the Boston matrix allows the global manager to clearly see and evaluate the current situation and the prospects of selling goods or services produced by a foreign branch in the host country on the world market.

The matrix helps the manager to choose the first priority goods or services necessary to increase competitiveness in the global market. In addition, based on the Boston matrix, the international manager can solve the task of directing the forces of the TMK system firms to increase the competitiveness of goods or services in the world market and to correctly distribute the financial resources of the international company among its foreign branches.

In many cases, international managers find it necessary not to compete with competitors' firms in the world market, but instead to show solidarity and agree on market sharing with competitors or to join forces in the competition with other competitors. They thereby limit the movement of the competitive mechanism that stimulates innovative activity and ensures the growth of the economy and ultimately the well-being of the population. The administrative bodies of the state fight against this restriction of competition with appropriate economic policy, which features of this policy should be taken into account by the international manager. For example, in Germany, anti-restriction law provides for four main areas of state regulation of domestic and foreign business:

- prohibition of agreements, concerted behavior, unilateral actions aimed at restricting competition;
- control of possible abuses of enterprises dominating the market;
- controlling the merger of enterprises;
- spheres of action of separate regulations.

## CONCLUSION

One of the main factors of the success of the foreign activity of an international manager is the knowledge and compliance with the laws of the host country. In the last decades of the 20th century, in the national legislation of most countries and the conventions of international organizations, restrictive work practices from the point of view of competition, distribution of markets between suppliers and buyers, price setting, exporters' discriminatory (discriminatory) prices and commercial conditions delivery of goods based on acceptance of trade partner's restrictions on production and sale of competing goods, delivery by "shipment", etc. are condemned.

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