**Market Research and Country Risk Assessment for Proposed International Factory:**

**India, Venezuela, Poland, Turkey, Namibia,and The United Arab Emirates**

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Taking the big step to extend reach into the international market has an almost incalculable number of factors that need to be managed to achieve success. In an analysis published by Harvard Business Review, “of 20,000 companies in 30 countries, we found that companies selling abroad had an average Return on Assets (ROA) of minus 1% as long as five years after their move” (Stadler et al., 2015). This shows that without due diligence global expansion has a high rate of failure. When deciding between India, Venezuela, Poland, Turkey, Namibia, or the United Arab Emirates, there are several key risk factors that must be accounted for. We will discuss the factors of corruption, political rights, civil liberties, freedom status, and economic freedom of all six relevant countries and surmise why Poland is the most risk-averse choice for an international factory expansion.

India is a country whose risk assessment is not bad, but it certainly not the greatest either. The factor of corruption is particularly worrying. While its rating by Transparency International has stagnated the past few years, they state “there are concerns over the country’s democratic status, as fundamental freedoms and institutional checks and balances decay” (Transparency.org, 2022). These early signs are warnings of the potential degradation the country could face soon. Just like the threat of increasing corruption, the political rights and civil liberties of India are back sliding as well. India was given a rating of “Partly Free” by Freedomhouse.org (2022). Under the current ruling party, the Bharatiya Janata Party, the political rights of citizens are being squeezed tighter and tighter. They face discriminatory policies as the Muslim population has come under stronger persecution in recent years. Also, journalists and non-governmental organizations have faced increasing harassment despite supposed constitutional protections. Along with the shrinking political rights, the BJP has begun tightening the civil liberties afforded to the India peoples as well. The disappearing religious freedoms is especially worrying to India’s Muslim population. Freedom House writes that, “freedom of religion is constitutionally guaranteed. However, a number of Hindu nationalist organizations and some media outlets promote anti-Muslim views, a practice that the government of Prime Minister Modi have been accused of encouraging” (Freedomhouse.org, 2022). India’s risk factors continue the worrying trend with their economic freedom ratings as well. Ranked by The Heritage Foundation (2022) as the 131st overall and 27th out of 39 Asia-Pacific countries with a score of 53.9, India’s growth has slowed. What was once a burgeoning industrial country has stagnated and no longer looks as good of a prospect for international expansion as it once did.

In a stark contrast to India, Venezuela is a country with a risk assessment that would have a difficult time sinking any lower. The United States has strict sanctions in place that prevent U.S. businesses from transacting with the Venezuelan government. Transparency International (2022) has given them a dismal 14 out of 100 rating, which makes them the 177th out of the 180 ranked countries. As one of the lowest ranked countries in the world, their “widespread corruption has led to serious violations of social rights, including in access to education, healthcare and food” (Transparency.org, 2022). Along with the widespread corruption comes political rights infringements like fake elections, and non-existent civil liberties as there sever free media persecution and no due processes of law. Their Heritage Foundation (2022) rating is a painful 24.8 as the country reals from horrible hyperinflation. Even without the U.S. sanction in place, Venezuela would be the last place a business would want to expand into.

Unlike Venezuela, Poland has much brighter outlooks when examining its risk factors. With a Transparency International (2022) corruption rating of 56 out of 100, it ranks in the top 75 percentile of the 180 ranked countries. However, like India, the corruption rating has been steadily declining since 2015. This is showcased by the restrictions placed on women’s and LGBTQI+ rights brought about “by the excessive political control over the judiciary” (Transparency.org, 2022). When it comes to the political rights and civil liberties of the country things are a little better. With a political rights score of 34 out of 40 and civil liberties score of 47 out of 60, Freedom House (2022) gives Poland a “Free” rating, and a total aggregate score of 81 out of 100. Their elections have been free and fair, their opposition parties face little restrictions, and those free elections are strongly cemented in their constitution. On the other hand, the recent strengthening of the conservative Prawo i Sprawiedliwość party is slightly worrying. Their civil liberties are also going the way of slightly worrying. Freedom of speech is guaranteed, but recently passed libel laws may open overreaching opportunities and could slowly erode the independence of the media. Poland is free in its current form, but the PiS party is making moves that could slowly chip that away. Their economic freedom is another brighter spot compared to some of the other potentially countries. Their Heritage Foundation (2022) rating of 68.7 out of 100 is above the global average. Poland makes one of the best candidates for an international factory expansion.

Turkey, unfortunately, follows in the footsteps of Venezuela. A Transparency International (2022) corruption rating of 38 out of 100 begins to tell the story of the country’s transition under authoritarian rule. In 2014 Recep Tayyip Erdoğan became the President, and the country’s corruption rating has been declining ever since. With Erdoğan’s election the political rights of the country have been dissolving. The position of Prime Minister was removed, state-run media gives unfair election coverages, and the election overseers are appointed by Erdoğan’s presiding AKP political party. This political strangle hold diminished the civil liberties as there is no freedom of speech, and academic freedom is non-existent as many scholars are persecuted for their beliefs. As goes hand in hand with heavy corruption, Turkey’s economic freedom ratings is poor too. An overall ranking of 56.9 by the Heritage Foundation (2022), which is propped up by their favorable tax burden, is nothing remarkable.

Namibia, like Poland, is another promising prospect. On a corruption scale, Transparency International (2022) gives them a 49 out of 100 which ranks them 58th out of 180, only 16 places behind Poland. Their rating has been oscillating up and down since 2014. This is because they are a relatively new country, gaining independence from South Africa in 1990. Their strong constitutional framework gives the country a good political rights rating of 31 out of 40 (Freedomhouse.org. 2022). Where Namibia is still lacking is their civil liberties. Their lower score of 46 out of 60 is brought down by the high rates of gender-based violence and heavy LGBTQI+ discrimination. This gives them an aggregated score of 77 out of 100 which is overall strong and evidence of a country on the rise. Their economic freedom rating can be misleading. The Heritage Foundation (2022) rates their overall economic freedom as 59.2, but this is pulled down by a fiscal health rating of 22.4, while other metrics are strong. This is potentially due to the fact that Namibia is still a new country with only 32 years of economic independence. When considering all factors, Namibia is a country in relative infancy that is showing great promise for the future and makes an excellent candidate of factory expansion.

Lastly is the United Arab Emirates, whose risk factors have mixed ratings. Their corruption rating (Transparency.org. 2022) of 69 out of 100 is quite good. Unfortunately, this good rating comes at the cost of an iron fisted ruling dynasty, which is reflected in their political rights and civil liberties scores. The dynasty allows no political parties, and there are no elections. Instead, the ruler is appointed by council vote. There is little to no free media, strong academic censorship, and international human rights groups have even been denied entry into the country (Freedomhouse.org. 2022). A strong-armed ruling class does have a few perks though. The economic freedom rating given by the Heritage Foundation (2022) is a glowing 70.2, due largely in part to the 100.0 tax burden rating and the lack of income and federal-level corporate taxes. The complete economic control the dynasty wields makes a business expansion to the UAE riskier than it first appears.

As all the risk factors are considered, the strongest options for expansion in order are Poland, Namibia, the United Arab Emirates, India, Turkey, and finally Venezuela. Poland and Namibia are extremely close in the rankings.

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|  | **Corruption (*out of 100)*** | **Political Rights (*out of 40)*** | **Civil Liberties (*out of 60)*** | **Political Freedom Aggregate Score (*out of 100)*** | **Economic Freedom (*out of 100)*** |
| **India** | 40 | 33 | 33 | 66 - Partly Free | 53.9 |
| **Venezuela** | 14 | 1 | 13 | 14 - Not Free | 24.8 |
| **Poland** | 56 | 34 | 47 | 81 - Free | 68.7 |
| **Turkey** | 38 | 16 | 16 | 32 - Turkey | 56.9 |
| **Namibia** | 49 | 31 | 46 | 77 - Free | 59.2 |
| **UAE** | 69 | 5 | 12 | 17 - Not Free | 70.2 |

When considering the corruption risk Poland is the stronger 56 rating to Namibia’s 49. This is most likely from the fact that Poland is a much older country and has a longer track record to reflect on. Poland and Namibia have almost identical political freedom ratings, as they both are lagging the major global players in terms of women’s rights and LGBTQI+ rights. Where Poland really separates itself from Namibia is in their economic freedom assessment. It sits almost a full 10 points higher than Namibia. As shown in the figure below, Poland also has an overall upward trend, while Namibia as stagnated the past 7 years (The Heritage Foundation, 2022).

In summation, while Namibia has promise to become a thriving country in the distant future, things are still too uncertain to spend the capital and resources to extend a factory into the country. Poland, with its long history, political and civil freedoms, and promising economic outlook, is the least risky and best choice for international expansion.

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