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### *Rapid Communication*

# Global Business Risk Assessment and Its Role in Strategic International Decision-Making

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## Abstract

Global business risk assessment involves the systematic identification, analysis, and evaluation of risks affecting international business operations. This study examines the importance of risk assessment in supporting strategic decision-making and sustainable performance in global markets. It explores major categories of risk including political, economic, financial, operational, and cultural risks. The paper highlights challenges associated with uncertainty, information asymmetry, and rapidly changing global environments. It also discusses the role of analytical tools, scenario planning, and risk mitigation strategies in enhancing organizational resilience. By integrating risk management concepts with international business strategy, this study emphasizes that effective global business risk assessment enables firms to anticipate threats, reduce vulnerability, and achieve stable growth in international markets.

**Keywords:** Global Business Risk Assessment, International Risk Management, Political Risk, Financial Risk, Strategic Decision-Making, Risk Mitigation, Multinational Enterprises.

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## INTRODUCTION

Global business risk assessment has become an essential component of international business strategy as firms increasingly operate in complex and uncertain global environments. International markets expose organizations to diverse risks arising from political instability, economic volatility, regulatory changes, and cultural differences. Effective risk assessment enables firms to understand potential threats and make informed strategic decisions. Risk-aware organizations enhance stability and long-term performance. Political risk is a major concern in global business risk assessment. Changes in government policies, trade regulations, taxation, and geopolitical relations can significantly affect international operations. Political instability and policy uncertainty increase investment risk. Assessing political risk helps firms anticipate disruptions and develop contingency plans. Economic risk is another critical dimension of global business risk assessment. Exchange rate fluctuations, inflation, interest rate changes, and economic downturns influence international cash flows and profitability. Firms operating across multiple economies must evaluate macroeconomic conditions carefully (Spedding & Rose, 2007). Economic risk

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assessment supports financial planning and pricing strategies. Financial risk assessment focuses on managing currency exposure, credit risk, and liquidity risk in international transactions. Multinational firms engage in cross-border financing and investment activities that increase financial complexity. Effective financial risk assessment enhances capital protection and profitability.

Operational risks arise from supply chain disruptions, infrastructure limitations, and operational inefficiencies. Global supply networks increase vulnerability to natural disasters, logistical failures, and technological breakdowns. Assessing operational risk supports resilience and continuity planning. Cultural risk is often underestimated in global business risk assessment. Misunderstandings arising from cultural differences can affect negotiations, partnerships, and management effectiveness. Cultural risk assessment improves cross-cultural communication and collaboration. Information uncertainty presents a challenge in global risk assessment. Limited data availability and unreliable information complicate risk analysis in foreign markets. Firms must rely on multiple information sources and expert judgment. Improved information management enhances assessment accuracy.

Risk assessment tools and techniques support systematic analysis. Methods such as scenario analysis, sensitivity analysis, and risk mapping help firms evaluate potential outcomes. Analytical tools improve strategic foresight and preparedness. Risk mitigation strategies are closely linked to risk assessment. Diversification, insurance, hedging, and strategic alliances reduce exposure to global risks. Proactive mitigation enhances organizational resilience (Patil et al., 2012). Leadership and organizational culture influence global business risk assessment effectiveness. Risk-aware cultures encourage vigilance and proactive response. Leadership commitment strengthens risk management practices.

Global business risk assessment has gained increased attention due to the growing volatility and interconnectedness of the global economy. Events such as financial crises, pandemics, geopolitical conflicts, and climate-related disruptions have demonstrated how rapidly risks can spread across borders. Multinational firms are no longer exposed to isolated risks but to complex risk networks where one disruption can trigger multiple consequences. As a result, comprehensive risk assessment has become essential for anticipating cascading effects and ensuring organizational preparedness in international markets.

The increasing complexity of international supply chains further intensifies global business risk exposure. Firms rely on suppliers, logistics providers, and partners located in multiple countries, each operating under different regulatory and institutional environments. Disruptions at any point in the supply chain can affect production, delivery, and customer satisfaction. Global business risk assessment enables firms to identify critical vulnerabilities within supply networks and develop contingency strategies that enhance continuity and resilience. Technological advancement has also reshaped the nature of global business risks. While digital technologies improve efficiency and connectivity, they introduce new risks such as cybersecurity threats, data privacy breaches, and technological dependence. Firms operating internationally must assess both traditional and emerging digital risks. Integrating technological risk assessment into global business risk frameworks ensures that firms are protected against both physical and virtual disruptions (Startienė & Remeikienė, 2007).

Strategic investment decisions are closely linked to global business risk assessment. Before entering foreign markets or committing capital to international projects, firms must evaluate political stability, legal protection, and economic sustainability. Poor risk assessment can lead to financial losses, project failure, or reputational damage. Robust risk analysis supports informed investment decisions and long-term strategic alignment in international business expansion. Organizational learning plays an important role in strengthening global business risk assessment. Firms accumulate experience from past international operations, crises, and market failures (Dang et al., 2020). This experiential knowledge enhances risk perception and response capability. Organizations that institutionalize learning mechanisms are better equipped to recognize early warning signals and adapt risk strategies accordingly. Learning-oriented risk assessment supports continuous improvement. Stakeholder expectations also influence global business risk assessment practices. Investors, regulators, and customers increasingly expect firms to demonstrate risk awareness and responsible management. Transparent risk disclosure enhances credibility and investor confidence. Firms that proactively assess and communicate risks strengthen trust and legitimacy in global markets.

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Cultural context affects how risks are perceived and managed in international environments. Different societies interpret uncertainty, authority, and responsibility in distinct ways. Understanding cultural attitudes toward risk improves communication and coordination across multinational teams. Cultural sensitivity enhances the effectiveness of global risk assessment processes (Sadgrove, 2016).

Overall, global business risk assessment is not merely a defensive activity but a strategic capability that supports opportunity identification and value creation. Firms that effectively assess and manage global risks gain competitive advantage by responding proactively to uncertainty. Integrating risk assessment into strategic planning enables organizations to navigate complexity and achieve sustainable international success.

## CONCLUSION

Global business risk assessment plays a critical role in guiding strategic international decision-making. This study highlights that systematic identification and evaluation of political, economic, financial, and operational risks enhance organizational resilience. Multinational enterprises that prioritize comprehensive risk assessment are better positioned to manage uncertainty and achieve sustainable growth in global markets.

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