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Legal Factors affecting the Business Environment

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ABSTRACT

The Legal business environment determines the success of any business around the world. It promotes economic growth by imposing government taxes and protects the rights of the consumer from any exploitations, unfair means and other illegal factors. It's pivotal that each business should operate per the law of the realm within which it needs to work. Disobeying the principles may end up in legal bother for the business.

This paper was designed with the purpose of finding the legal factors affecting the business environment and also the measures that a business organization should take to overcome those legal issues like signing Non Disclosure Agreements, protecting Intellectual Property, compliance with Business Contracts etc. The authors of this research have also expounded on the legal issues relating to international trade which faces some communication difficulties and cultural differences.

The conclusion of the study is that it is essential for companies to stay up to date with the latest changes in rules and regulations as they arise for a continuous success. Furthermore, a thorough comprehension of the legal aspects influencing business establishes the groundwork for risk management, strategic decision-making, and the development of moral behavior.

Keywords: *Legal business environment, Legal issues, Intellectual Property, International trade.*

I. INTRODUCTION

The term “legal environment of business” relates to the code of conduct of any company. Generally business environment deals with the mixture of all people, organization sectors and other factors that are external power of industry but that may affect its production. The main issue we are here to discuss about is the legal factors affecting the business environment. Prior to establishing or when in the process of running a business, accordingly, it is imperative to understand the role of regional tax measures, legal factors affecting business and regulatory

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measures in the determination of how your business is affected. Legal factors affecting business are organizational law, securities law, contract law, consumer protection laws, employee protection laws and much more. The law affects the way businesses operate and customers behave. That is why any business should have a clear understanding of the legal environment in which it has to function because these factors may determine its success or failure. When people run the businesses they expect that different external factors may also affect the business environment. Legal factors may also influence business and affect how a company operates. Countries and region where the legal system functions effectively have an advantage in encouraging both the local and foreign investment over those where the law is outdated, opaque, slow, and costly.

II. LEGAL BUSINESS ENVIRONMENT

Business environment is the surrounding in which the business enterprise operates. It covers all the factors which can be affected by the plans, strategies, policies and moves of the business

Basically it is the combination of all the individuals' forms, forces and factors which may or may not be under the control of the business organization and has a direct or indirect impact on its survival, growth, performance and profitability

Legal environment can be defined as the legal enactments made by the government with a view to control the business and these enactments assist the business enterprise to be under the scope of Law and government regulations.

A fundamental requirement for all well-functioning economies is a sound legal framework to support companies. Company law specifies the rules that determine how companies are structured, operated, and closed. It regulates the external relationships of a company, identifying the duties of directors and other management, as well as the rights and liabilities of shareholders.³

Laws governing the business environment in India:

Indian Contract Act of 1872 prescribes the law relating to contracts in India and is the key act regulating all contracts and agreements

The Partnership Act of 1932 covers all laws relating to partnership firms.

The Competition Act of 2002 and The Limited Liability Act of 2008 promote sustainable competition in markets, prohibit anti-competitive business practices, and protect consumer

³ Paulina Nogal-Meger, Legal Business Environment, *International Journal of Contemporary Management* Volume 17, 111–136, (2018)

interests while ensuring free trade.

The Companies Act of 2013 features provisions regarding mergers and acquisitions, board room decision-making, related party transactions, corporate social responsibility, and shareholding.

The Trade Unions Act deals with the registration, rights, liabilities, and responsibilities of trade unions.

The Consumer Protection Act, 1986 mandates Consumer Dispute Redressal Forums at local and national levels.

The Foreign Exchange Management Act of 1999 regulates foreign exchange transactions including investments abroad.

The Information Technology Act of 2000 is the primary law for e-commerce regulation in India. Various acts like Payment of Wages Act of 1936, Industrial Employment Act of 1946, Industrial Disputes Act of 1947, Payment of Bonus Act of 1965, and Payment of Gratuity Act 1972 were formatted for the purpose of protection of employees.

III. LEGAL FACTORS AFFECTING BUSINESS ENVIRONMENT

Organizational Law:

The organizational law is the first type of business law that we will talk about here. Any business that is organized as a legal entity is subject to the state law that governs its operation and conduct. There are different types of business entities. For example, corporations, limited partnerships, partnerships, limited liability partnerships, limited liability limited partnerships and limited liability companies all of which have different legal status and issues.

Securities Law:

If a business is seeking to obtain financing through different types of investors, it may be subject to legal issues such as security law. For instance, a decision to offer promissory notes, a type of loan to your investors, will subject the legal factor affecting business to state and federal regulations and security laws.

Every company issues securities and a growing body of law suggests that non-manager interest in a limited liability company is also considered to be securities legal factors. As it is, most small businesses should not worry about business legal factors like federal and state security laws affecting them negatively. But if such a business has plans to raise capital through platforms such as public offerings or online funding.

Consumer Protection Laws:

Some businesses act unfairly towards their consumers. For this reason, most countries have consumer protection laws that are aimed at ensuring that consumers are protected. Here are examples;

- **Weight and Measures Act:** These laws ensure that the goods sold are weighed on Standard weighting equipment.
- **Trade Description Act:** This law ensures that it is illegal to deliberately give misleading impression about products.
- **Consumer Credit Act:** According to this Act, consumers should be given information of the credit agreement and should be made aware of the interest rates, length of loan while taking a loan.
- **Sale of Goods Act:** This Act declares that It is illegal to sell products with flaws or problems and that any goods sold conforms to standards.

Employees Protection laws:

Different governments have passed laws to protect the interest of employees. These laws protect them against unfair discrimination at work and when applying for jobs. It ensures that no one is discriminated against on the basis of such things as race, religion, sex, age, or colour.

Employment law

Employment law, also known as labour law, dictates how companies' employees should be treated. Minimum wage laws can limit the various different employment possibilities a company can offer, child labour laws can affect the way tight-knit home businesses in third world countries operate, and dismissal laws can make firing employees (for whatever reason, perhaps unproductivity) that bit harder.

Tax Laws:

Any business entity is liable to pay taxes based on its location and revenue earnings. Violating tax regulations can end the future of the business. Hence, it is another crucial legal factor affecting business. Tax norms differ from state to state. Some states have more flexible taxation rules than others. Tax filing involves the owner to obtain an Employer Identification Number.

Health and Safety Regulations:

When a company hires employees, it must ensure the safety and health facilities for them. Health and safety regulations include legal attributes that help employees to go ahead with legal proceedings if the company fails to provide required safety and health facilities. These norms

include the following.

- Employees should get adequate protection while working with dangerous machinery and industrial equipment.
- The workers should receive proper clothing and other equipment to meet the safety standards.
- At the workplace, the rooms must have a reasonable air temperature for the employees.
- The organization should maintain hygiene standards in the work site. They should also provide washing facilities to the employees.
- While working, the employees should get enough free time.

General examples of Legal Factors affecting business include:

- Consumer law
- Discrimination law
- Employment law
- Fraud law
- Pyramid scheme legality

IV. LEGAL ISSUES FACED BY BUSINESS ENTITIES AND THEIR SOLUTIONS:

Entrepreneurship is a bold step inside the path of endless growth possibilities inside the industrial market, however like any journey, there are going to be bumps alongside the street to success. Necessarily, no matter how a great deal you making plans is executed, there'll continually be unexpected troubles that stand up, together with felony issues confronted by using marketers from logos to highbrow property and greater. Right here we'll contact on a number of the bigger examples of moral and legal problems in enterprise, the way to recognize them, and what you could do to reduce your exposure.⁴

I. NON-DISCLOSURE AGREEMENT:

Non-disclosure agreements, or NDAs as they are sometimes called, are legally enforceable agreements between parties that are used to ensure that certain information will remain confidential. And while NDAs are known by many names — including confidentiality agreements (CAs), confidential disclosure agreements (CDAs), and proprietary information

⁴ Business Collective, <https://businesscollective.com/7-legal-issues-most-entrepreneurs-overlook-when-starting-a-business/index.html>. Last visited: November 29, 2023.

agreements (PIAs) — they typically have one very important thing in common: once an individual signs an NDA, they cannot discuss any information protected by the agreement with any non-authorized party.

In a nutshell, if you are asked to sign an NDA, you are asked to promise that the sensitive information shared with you should not pass on to any other body or an individual. On the other hand, if you are the issuer of an NDA, you are asking someone else to not share the information with anyone that you might share with them.

Businesses use NDAs in a variety of situations. For example, when a company is looking to sell itself, it may have any prospective buyer sign an NDA to protect any confidential information that the company may disclose during sale negotiations. Similarly, the company may have prospective investors and vendors/suppliers sign NDAs.

Breaches of a Non-Disclosure Agreement

If you breach a NDA, you may be subject to legal action. Depending on the terms of the NDA, the non-breaching party may decide to pursue a number of claims, including a claim for breach of contract, misappropriation of trade secrets, copyright infringement, or breach of fiduciary duty among other possibilities. Legal action taken will depend on what type of information is protected by the NDA and whether, there are any clauses regarding the breach of the NDA.

Failure to disclose “material facts” may constitute misleading and deceptive conduct, enabling a purchaser or tenant to seek appropriate orders from the court to have the contract set aside and an award of damages made in their favour. The agent could also be prosecuted for breaching consumer protection laws.

Some advantages of non-disclosure agreements include:

- **Keeps competitors from accessing your business’ information:** NDAs help prevent your employees from leaving the company and sharing your confidential information with a competitor in exchange for a higher-paying role.
- **Lowers your chances of losing money due to data leaks:** By signing an NDA, your employees are unable to release passwords or company and client data. This helps prevent your business from losing clients and revenue due to data leaks.

Some disadvantages of NDAs are:

- **Misunderstandings from employees:** Employees may not fully understand the terms to the agreement, causing them to accidentally break the terms without realizing it. This can result in the need for legal processes and paying extensive legal fees.

- **Time-consuming and expensive contract process:** Depending on how much information you need to protect, your NDA may be several pages long. It may be time-consuming to write and costly if you hire a legal professional to write it for you. Employees may decide not to read the entire document, which may lead to accidental contract violations.

II. INTELLECTUAL PROPERTY:

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce. IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create.

Copyright: It is the right that creators have over their literary and artistic works. Works covered under copyright ranges from books, music, paintings, sculpture and films to computer programs, databases, advertisements, maps and technical drawings.

Patents: It is an exclusive right granted for an invention. A patent provides the patent owner with the right to decide how - or whether - the invention can be used by others.

Trademarks: It is a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises. Trademarks date back to ancient times when artisans used to put their signature or "mark" on their products.

Trade secrets: These are IP rights on confidential information which may be sold or licensed. The unauthorized acquisition, use or disclosure of such secret information in a manner contrary to honest commercial practices by others is regarded as an unfair practice and a violation of the trade secret protection.⁵

How does Intellectual Property benefit businesses?

1. Legal Certainty

If one wants to create a new business model or improve an already existing tool or provide a catchy brand name then it is important to bear in mind that mere ideas cannot be protected and one cannot exercise rights over those ideas. But once Intellectual property rights are granted they provide you with an exclusive right for a limited period of time for recouping the costs incurred to create your intangibles, benefiting from their exploitation and enforcing them before courts, customs and other authorities whereas lack of registration or protection entails the risk

⁵ World Intellectual Property Organisation, <https://www.wipo.int/about-ip/en/>. Last Visited: November 26, 2023

of misappropriation or even loss of the right

2. Right to exclude the path to uniqueness

In the framework of an international globalized market, fast technological change and more demanding consumers businesses need to look for further ways to differentiate their products and services from their competitors

→ By improving their quality and technical characteristics

→ By reducing production, distribution and management costs

→ By offering greater value to consumers.

So, by using Intellectual property rights one will be able to protect the added value of the business and to build a sustained competitive advantage based on it and it also provides an intellectual property owner with an exclusive right to exclude third parties from using or commercializing the protective products

3. Building your reputation and strengthening your market position

Trademarks, domain names and geographical indications allow customers to link the quality and the reputation of the products to the company. However more and more companies build their reputation over their ability and willingness to innovate in these cases.

Patents, utility models and industrial designs also contribute to making a name in the marketplace and reinforce the innovative image of the company

Therefore all IP rights are relevant to build the company's reputation and strengthen its market position

The combination of a diversified Intellectual property portfolio together with an efficient marketing strategy serves as a good basis for acquiring customer's loyalty, brand name and reputation which results in increasing the company's value and improves future profitability

4. Revenue stream

When it comes to exploitation intangible assets protected by IP rights offer a wider range of options compared to tangible assets. Services owners may choose other means to profit from their creations apart from manufacturing and commercialization of the product by selling their IP rights license

5. Boosting partnerships and cooperation opportunities

Strong and diversified IP portfolios are capable not only of increasing a company's products and services value they may also attract the interest of other enterprises wishing to cooperate

with your company through license agreements, R and D agreements, joint ventures or consortiums in the framework of international projects among others.

Such collaborative relations may facilitate the possibility for owners to expand their business into new geographic areas, new technologies or contribute to the establishment of a strategic partnership in related markets.

Court orders that IP owners can seek in case of IP infringement:

1. Injunction

There are 2 types of injunctions: interim and permanent. An interim injunction is an urgent but temporary order that requires an infringer to stop infringing. Once all the evidence has been presented, if the court continues to be satisfied that infringement has occurred, a permanent injunction can be ordered.

An Anton Piller order (otherwise known as a search order) is a court order which permits inspection of the defendant or respondent's premises and civil search for and seizure of relevant materials and documents.

2. Damages

Damages is an order that financial compensation be paid by the infringer to the intellectual property rights holder for the loss that the intellectual property rights holder has suffered as a result of the infringer.

3. Account of profit

This is also a financial compensation order, but instead of the infringer paying damages, the infringer must hand over the profits they made from their infringing conduct. This amount could be much larger than the damages that might have been ordered.

Not everyone who enforces their intellectual property rights has to go to court the following approaches are also possible:

- **Issuing a letter of demand:**

You have the right to demand in writing to ask someone to stop violating your rights. It's possible that before receiving your letter, the infringer was unaware of violating the law. Even if they were aware that they were violating your intellectual property rights, they might choose not to try your resolve to uphold your rights. A letter could stop their infringement in any scenario.

- **Granting a licence:**

In response to a letter of demand, an infringer can offer to pay you a royalty in exchange for you granting them a licence.

You might take into account that request and create another way to profit from your intellectual property, depending on whether their use of it was in direct opposition to your own company.

- **Alternate Dispute Resolution (ADR)**

If you want to avoid the litigation expenses that you would suffer in order to enforce your intellectual property right then you may consider looking into alternate dispute resolution.

III. BUSINESS CONTRACTS:

A contract is an agreement between private parties creating mutual obligations enforceable by law. The basic elements required for the agreement to be a legally enforceable contract are: mutual assent, expressed by a valid offer and acceptance; adequate consideration; capacity; and legality

Business contracts provide necessary legal protections that you need in any operation. Not only do contracts minimize risk, but they protect both you and your company by helping you understand your rights and obligations under each agreement.

Generally in any contract the parties must comply with their obligations and any non-compliance of obligations by the parties to the contract leads to breach of the contract and that breach can lead to damages

A breach of contract may expose the parties to:

- Damages
- Specific performance
- Indemnity
- Injunction
- Reputational Impact

A party can be excused from performing the contract and yet not be liable for any of the above mentioned consequences if the contract contains a force majeure clause

The concept of force majeure

Force majeure comes from the French term force majeure which means superior force the term itself indicates if a party is unable to perform its obligations because of a superior force or

for reasons beyond its control then a party may be excused from all of these consequences of non-performance

The term ‘force majeure’ has been defined in Black’s Law Dictionary, as ‘an event or effect that can be neither anticipated nor controlled. It is a contractual provision allocating the risk of loss if performance becomes impossible or impracticable, especially as a result of an event that the parties could not have anticipated or controlled.’

While force majeure has neither been defined nor specifically dealt with, in Indian statutes, some reference can be found in Section 32 of the Indian Contract Act, 1872 envisages that if a contract is contingent on the happening of an event which event becomes impossible, then the contract becomes void.

This relief from performance is available only if the contract itself has a Force major clause in it. If there is a clause present then one has to check whether the language of the clause covers the reason for the inability to perform, the reason can be either pandemic, epidemic or government action.

The clause should also check whether that event actually prevents the performance of the obligations and it should confirm that the party has done its best to mitigate the impact.

Inclusive clause:

Force majeure means and includes lightning, earthquake, tempest, cyclone, flood, volcanic eruptions, war, strikes and all other events beyond the reasonable control of and not attributable to the affected party

Exhaustive clause:

Force majeure shall mean war, armed conflict, flood, terrorist act, storm, typhoon, tornado and acts of god.

Key pointers and practical strategies to resolve deadlock:

- Follow procedure laid down in the contract
- Be specific avoid vague and ambiguous notices
- Check if business is exempted under Government of India order
- Back force majeure claim with palatable proposal
- Check if the other party’s obligations are impacted too
- Take legal advice and ask for evidence

- Look into other conciliatory methods to solve the issue

Section 56 of Indian Contract Act applies to contracts without the Force majeure clause

An agreement to do an act impossible in itself is void

Contract to do an act afterwards becoming impossible or unlawful.

A contract to do an act which, after the contract is made, becomes impossible, or, by reason of some event which the promisor could not prevent, unlawful, becomes void when the act becomes impossible or unlawful.

Where one person has promised to do something which he knew, or, with reasonable diligence, might have known, and which the promisee did not know, to be impossible or unlawful, such promisor must make compensation to such promisee for any loss which such promisee sustains through the non-performance of the promise.

IV. ADVERTISING ISSUES

Companies advertise their business in order to increase the awareness of their brand & products, stand out from the competition, attracting current & potential customers and for many other purposes

But while advertising the companies must consider the issues taking into account the pitfalls and benefits of an advertising or pre-advertising audit to enhance brand equity. Whether an advertising campaign is conceptualised in India or first used elsewhere and then extended to India

Advertising Standards Council of India (ASCI) is a non-statutory body that regulates and controls the entire Indian advertising. In the absence of uniform integrated legislation, advertisers should ensure that their advertisement complies with all local and national advertisement laws.⁶

The types of advertisement prohibited under the ASCI guidelines include advertisements which tries to instigate criminal activity or to foment chaos, violence, or intolerance or discourages any race, caste, creed, or nationality that can harm favourable relations with another country, either directly or indirectly, by promoting restricted or illegal items or using certain forbidden terms.

For instance, it is required to follow both the law and the code while using the word "free" to describe a plan or a product.

⁶ Safir Anand, Shivli Katyayan, Advertising guidelines, Legal issues in advertising (2022)

The ASCI code and the Consumer Protection Act of 1986 governs how the word "free" is used in the "Buy one, get one free" promotion in India. No advertisement may be constructed in a way that betrays consumer trust or takes advantage of their ignorance or lack of expertise. According to the code, no advertisement may make a claim that is sufficiently overstated that it causes significant or widespread dissatisfaction.

Therefore, a product cannot be referred to as "free" if the consumer has to pay anything directly (eg, freight, postage). Such expenses shall be identified. Likewise, if a product is offered for free on the purchase of another product, the price of that product must not include hidden costs.

Advertisement laws:

Young Persons (Harmful Publications) Act, 1956: Advertisements for any magazine that seeks to corrupt a young person (a person under the age of 18) by inciting or urging them to commit crimes, acts of violence or cruelty, or in any other way at all, are prohibited.

The ASCI Code states that any illustrations or other content in advertisements directed to kids must not be harmful to their physical, mental, or moral well-being or prey on their impressionable state.

For example: Advertisements should not encourage kids to go into new locations or talk to strangers in order to gather coupons, wrappers, labels, or similar objects or Showcase risky or dangerous behaviour that can inspire young people to imitate it in a way that is harmful.

Advertisements should not show children playing with or using weapons, sharp objects, or mechanical or electrical equipment that, if used carelessly, could cause them to sustain wounds, burns, shocks, or other harm.

Also depict children playing with or using matches, fireworks, or any other combustible or explosive item.

The Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 ("Tobacco Prohibition Act") prohibits all direct and indirect advertising of tobacco products in all media.

Companies Act, 1956: provides that public companies (other than non-banking financial companies) may not solicit deposits from the general public without first publishing advertisements that adhere to the established standards. The law also outlines a number of guidelines for Indian businesses' advertising.

Advertisements related to sexuality are allowed with the provision that there should not be any indecent representation of women under the Indecent Representation of Women (Prohibition)

Act 1986. Products must comply with the Drugs and Cosmetic Act 1940 and other certification rules under the Cable Television Network Rules 1994.

The Transplantation of Human Organs Act, 1994: outlines rules for the removal, preservation, and transplantation of human organs for medical treatment as well as measures to stop the sale of human organs. Advertising that solicits or offers to supply any human organ for cash is forbidden by this law.

Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act, 1992: prohibits the advertising of infant milk substitutes or feeding bottles.

The Food Safety and Standards Act, 2006: No standard, quality, quantity, or grade-composition claims or claims about the need for or utility of any food may be made in a way that is misleading, deceptive, or in violation of the requirements of this legislation or the rules and regulations that have been made in its wake.

V. LEGAL ISSUES FACED BY INTERNATIONAL BUSINESS

Business Structure:

It is crucial to take into account the company's organisational structure and its goals. For instance, whether the corporation intends to produce and manufacture products in such areas in addition to selling or purchasing things there.

Is the firm willing to operate long-term or is it simply exploring short-term projects? Where a cooperation is desired, it can also highlight its connections to regional partners. Before beginning any global expansion, a corporation must properly identify and evaluate its resources.

In addition, it should be aware of its capacity to undertake local projects because exporting the necessary resources will be expensive. In order to properly comprehend the financial and labour requirements to operate locally in those foreign markets, a company must have the following capabilities: prior international experience; legal competence; knowledge of language and cultural variations.

Governing laws:

When a firm wants to expand its operations globally and recruits foreign workers, it must ensure that the filing and payment duties of such workers are safeguarded and governed by the laws of their home country.

Consequently, having a local employment contract in place is necessary. Employees are

protected, and the terms and circumstances of work are made clearer. The corporation must pay attention to any applicable consumer legislation as well as rules and regulations governing data protection wherever it is involved in the sale of goods.

Stocks

Some businesses give employees stock options as part of their compensation, so it pays for employers to research local tax regulations and create an effective offshore tax strategy to minimise tax liabilities. Due to the strict tax laws in the nation, some employees might not be eager to accept shares.

Intellectual Property

It should be registered in order to prevent infringement of intellectual property like patents, trademarks, and designs in every foreign market in which the corporation conducts business. Any company may apply for EU-wide protection if it desires to conduct business in three or more EU nations. However, it can choose to file in each nation where it has specific markets in mind.

Localization of terms:

The Corporation must ensure that the terms are legally localised and translated into the local language wherever it intends to conduct business and sell its products in international markets. Inaction on the part of the company will lead to complaints about unspecified conditions and will not reduce the company's culpability.

Foreign Policies, Politics and Relations

International company operations are significantly impacted by foreign laws, policies, politics, and connections between nations. It is crucial to stay current on news and information in the nation in which you want to run your business. Political decisions frequently have an affect or influence on international laws and regulations, including labour laws, taxation, and the cost of raw materials, transportation, and other issues.

Tax

As tax laws vary from nation to nation, choosing tax structuring counsel will help reduce tax liabilities, and intercompany agreements may be subject to international transfer pricing regulations. Local payroll taxes and social security payments may be withheld at the source in order to encourage local firms to make the maximum contribution, which is the goal of any tax authority.

Data security

To safeguard the personal data and information firms receive, the UK has rigorous data protection regulations in place. Without appropriate safety measures in place to secure such information and possibly with the previous approval of the person to whom the information belongs, any private information pertaining to such owners may not be used or shared overseas. Other than these legal concerns, the following intrinsic difficulties or hazards must be taken into account when evaluating the advantages of doing business internationally:

Inflation and foreign currency exchange:

The value of a foreign currency varies from one country to the next and is typically not the same as your native currency. As a result, you must think about and be familiar with the exchange rates between your home currency and the currency of the country where you want to run your business.

One must maintain track of both the exchange rate and the inflation rates. These vary by nation and can affect local labour costs, material costs, and other pricing factors for goods and services. Knowing and comprehending currency conversion rates as well as inflation rates is helpful for determining the value of goods in other jurisdictions.

Language Issues

When preparing to conduct international business, it is important to take linguistic limitations into account. Knowing the languages spoken and utilised in a foreign location where you intend to expand your business is crucial.

It is important to determine whether your product's or business's message can be effectively translated into a foreign language without the use of interpreters or native speakers. It is true that investing in or hiring translators is preferable if you plan to run your business internationally and for it to run smoothly.

Cultural Variations

Each nation has its own language, just as it has its own culture, which includes things like its cuisine, traditions, social mores, and artistic expression. The citizens of those particular nations respect and celebrate their cultural peculiarities. Wherever a corporation wishes to conduct business, familiarising oneself with local cultures is not only crucial but also enriching.

Understanding cultural differences improves team management, international relations, and conducting business abroad. It also emphasises the importance placed on understanding and respecting the cultures of others, which is required to carry out effective worldwide business.

Different time zones are an excellent illustration of cultural differences.

Leading International Teams

Managing the workforce globally is a crucial factor to take into consideration when developing an international business venture. It is crucial but challenging to take into account aspects like language hurdles, cultural differences, different time zones, and other issues when trying to function as a team. It is preferred to facilitate regular meetings via video conferencing for improved interaction and communication as well as to develop a strong global team.

VI. SUGGESTIONS

Regular Legal Audits: Conduct routine legal audits to assess compliance with laws and regulations specific to your industry. Ensure that your business practices align with legal requirements, and be proactive in addressing any compliance gaps.

Engage Legal Counsel: Build a relationship with legal professionals specializing in business law. Seek their advice for major decisions and when entering into significant agreements. Having legal counsel can provide valuable insights and protect your business interests.

Stay Informed: Keep yourself informed about changes in local, national, and international laws that may impact your business. Subscribe to legal updates, newsletters, and participate in industry forums to stay ahead of regulatory changes.

Document Everything: Maintain accurate records of business transactions, contracts, and agreements. Document internal policies and procedures to demonstrate a commitment to legal compliance. Good documentation is crucial in case of legal challenges.

Employee Training: Regularly train employees on legal compliance, ethical practices, and the consequences of non-compliance. Foster a culture of legal awareness within your organization to ensure that everyone understands and adheres to legal standards.

Data Protection: Comply with data protection and privacy laws, especially when handling customer information. Implement robust cybersecurity measures to safeguard sensitive data and protect your business from legal and reputational risks.

Dispute Resolution Strategies: Develop effective dispute resolution strategies, such as arbitration or mediation, to address conflicts without resorting to lengthy and costly legal battles. Include dispute resolution clauses in contracts to streamline conflict resolution processes.

Intellectual Property Protection: Safeguard intellectual property through trademarks,

copyrights, and patents. Conduct thorough searches before launching new products or services to avoid infringement issues and protect your brand.

Contract Management: Establish a standardized contract management process to ensure clarity and legality in all agreements. Regularly review and update contracts to reflect changes in the business environment and mitigate legal risks.

Ethical Practices: Promote a culture of ethics and integrity within your organization. Ensure that all business activities align with legal and ethical standards to build trust with stakeholders and maintain a positive reputation.

Insurance Coverage: Evaluate and secure appropriate insurance coverage to mitigate legal and financial risks. Regularly review insurance policies to ensure they align with the evolving needs of your business and provide adequate protection.

Government Relations: Cultivate positive relationships with regulatory authorities and participate in industry associations. Engage in advocacy efforts that can positively influence relevant legislation, helping to shape a regulatory environment conducive to your business interests.

VII. CONCLUSION

There is a significant difference between what India is now and what it can become. With a big population's unmet needs and a strong focus on technology and innovation, India has the potential to be a bright light in the global economy. The COVID19 epidemic has marked a watershed moment in India's landscape, with rising demand for digital solutions allowing the creation of new unicorns in the same manner that they did after the global financial crisis, albeit many small businesses will fail. The epidemic also laid out the future digital economy. Cycles include booms and busts. During a bust, some of the finest businesses emerge, and India may be home to many more towering businesses.

It is absolutely tough for small companies to face these issues legally and the penalty they acquire for this also might be excessive. So, neglecting all of the prison filings and proceedings will purpose intense harm for any size of groups. Even before beginning a commercial enterprise, it is recommended to take criminal assist and installation all of the business enterprise in a structure to have a near protection.

VIII. REFERENCES

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