Journal of Marketing & Social Research
ISSN (Online): 3008-0711
Volume: 02 | Issue 03 | 2025
Journal homepage: https://jmsr-online.com/

Research Article

Developing a Risk Indicator System for Chinese MNCs Entering High-Risk Markets: A Case Study of Yemen

Yaqob Abdullah Saed Qaid and Lixiufei
[1]Master Student, Business Administration, Dalian Jiaotong University
[2]PHD, Business Administration, Dalian Jiaotong University
Received: 28/09/2025; Revision: 20/10/2025; Accepted: 08/11/2025; Published: 27/11/2025

***Corresponding author: Yaqob Abdullah Saed Qaid (yaqobqaid@gmail.com)**

Abstract: The globe is divided. Principles and practices have given alternative options which have shaped global economies and their functioning. Communism is a realistic core integrative principle which has been formulated and implemented across global countries. The principles of labor and equality for all has been the determinal motive which has shaped communistic philosophy and attitude. In contrast we do find market oriented principles and functioning has shaped American and European economies which are categorized as developed countries. Although we could accept that development has been there in these countries the range and extent of development has never been neither progressive nor inclusive across all social strata. In the modern 20 th century era – in order to remain more competitive Chinese communistic philosophical oriented country has also been competing with global countries. These transformative purposive approaches have changed Chinese MNC and their progressive outlook. Chinese MNCs have focused on cost and quality as it has delivered cheaper products across global countries which have ensured its market advantage. Chinese MNC products have also entered Yemen and it has been providing its products and services competing with other global countries. This study is exploratory and conclusive as it explores in to the various risk factors which are associated with Chinese MNC operations in Yemen. For this study empirical data has been collected from various published sources as mixed research method is adopted. This study also evaluates the various types of risks associated with Chinese MNC operations as it provides an overall score as well. This would help Chinese MNC companies to operate in the most effective way in Yemen. Case study method has been used as a mathematical model has been provided as the outcome of this study. This would also lead to sustainability of Chinese MNCs operating in Yemen to operate with efficiency and effectiveness towards 2035.

Keywords: Chinese MNCs, Yemen market and associated risks, sustainability strategy 2035, risk assessment indicator, risk factors, risk score

INTRODUCTION

Yemen, as a key geopolitical node at the southern end of the Arabian Peninsula, holds a special strategic position coupled with China's energy security needs, forming a dual driving force. Yemen possesses the world's 14th largest crude oil reserves and controls the Bab el-Mandeb Strait—a channel through which 11% of global maritime trade passes. Since the establishment of a strategic partnership between China and Yemen in 2000, China's cumulative investment in Yemen has exceeded USD 2 billion, involving oil exploration, infrastructure, electricity, and other fields, such as the oil and gas development project in Marib Province by China Petroleum & Chemical Corporation (Sinopec). However, since the "Arab Spring" in 2011, Yemen has fallen into continuous turmoil, with multiple overlapping crises including the conflict between Houthi forces and the Hadi government, intervention by a Saudi-led multinational coalition, and the activities of al-Qaeda in the Arabian Peninsula, making it one of the highest investment risk countries in the world. The World Bank's 2023 Doing Business Report shows that Yemen ranks at the bottom globally in indicators such as political stability and rule of law. This high-risk environment poses unique challenges for Chinese enterprises: they must not only cope with asset damage risks caused by war and conflict (such as the 2015 attack on the Aden refinery, which caused Chinese investment losses of more than USD 300 million), but also deal with non-traditional risks such as tribal intervention, foreign exchange controls, and a fragmented legal system (Yemen's current laws include provisions from the Ottoman Empire era and British colonial period acts). Studying the risk evaluation system in such special situations has strategic value for safeguarding the overseas interests of Chinese enterprises.

At present, academic research on transnational business risks has formed multiple paradigms such as institutional theory, resource-based view, and institutional escape theory, but there are still significant limitations in practical application. Existing studies mostly focus on mature markets (such as Europe, America, and Southeast Asia) or large-scale resource-based investments (such as mining in Africa),

with insufficient attention to the special risk mechanisms of "fragile states" like Yemen. The "institution-resource" risk interaction model is enlightening but does not take into account extreme situations such as armed conflict. The political risk classification framework fails to cover the

Name: Yaqob Abdullah Saed Qaid
Email: yaqobqaid@gmail.com

impact of non-state actors such as tribal governance. In practice, most Chinese enterprises in Yemen adopt a "localization + high salary to maintain integrity" strategy to cope with risks, but data shows that from 2015 to 2022, 42% of Chinese projects were interrupted due to sudden conflicts. This disconnection between theory and practice highlights the necessity of constructing a targeted risk evaluation system. By integrating conflict risk management theory and institutional escape theory this study attempts to reveal the multi-dimensional risk transmission mechanisms of armed conflict, tribal governance, and legal vacuums, and to provide decision-making tools for investment in high-risk areas along the "Belt and Road." This is not only an academic pursuit to improve China's outward investment theoretical system, but also a strategic need to safeguard the country's overseas interests.

Significance of this research

The significance of this study is mainly reflected in the following aspects:

(1) Theoretical significance: This study helps to gain an in-depth understanding of the key elements and success factors of transnational operations. By comprehensively studying the operating models, market strategies, and risk management of multinational enterprises, it can reveal the core elements and key success factors in transnational operations, providing useful references for other enterprises.

This study is committed to building a scientific and comprehensive transnational business risk evaluation system. By constructing a risk evaluation system, it can help multinational enterprises better identify, assess, and manage these risks, thereby formulating more effective response strategies, reducing operational risks, and ensuring the long-term stable development of enterprises.

(2) Practical significance: This study will also propose a series of optimization suggestions for transnational business strategies. These suggestions will cover multiple aspects such as market positioning, product strategies, marketing strategies, and risk management, aiming to help multinational enterprises improve market adaptability, competitiveness, and sustainable development capability. It will help to reveal the complexity and diversity of transnational operations, providing possibilities for proposing innovative ideas and strategies. This will not only help promote the development of relevant disciplines but also provide more comprehensive and in-depth guidance and support for the practice of multinational enterprises.

This study has important theoretical significance and practical value, and helps to promote research and development in the field of transnational operations, providing useful guidance and support for Chinese enterprises in transnational operations.

LITERATURE REVIEW

In terms of strategies for coping with transnational business risks, previous scholars have proposed a variety of strategies and methods. For example, diversification strategies, localization strategies, risk transfer strategies, and risk avoidance strategies. These strategies aim to reduce transnational business risks by adjusting corporate business strategies, strengthening risk management, and improving adaptability.

Ye Yong (2020) had done research study on government role and financial risks stated that the government can control financing risks by implementing measures such as tax reductions, optimizing fiscal policies, and reducing foreign exchange controls. However it is also found that research studies on MNC operations in Yemen has not been studied as this study is an attempt on it.

Tian, X., 2020, through research on the prevention strategies of enterprises in the United States, Japan, and Singapore, proposed learning from and drawing on the experiences of other countries: for example, the United States signs bilateral investment treaties and multilateral investment guarantee treaties; Japan, in addition, provides comprehensive support in funding, technology, and insurance through government initiatives; Singapore signs free trade agreements with partner countries and has its government establish an International Enterprise Bureau to provide comprehensive investment services. However it is also found that research studies on Chinese MNC and its operations in Yemen has not been studied as this study is an attempt on it.

He, Z., 2023 proposed macro-level risk prevention strategies: first, to jointly build the "Belt and Road" with countries around the world, share new development opportunities, establish inclusive risk avoidance mechanisms, and adopt multilateral cooperation to protect the interests of all parties; second, to strengthen policy communication, enhance benefit coordination, increase political mutual trust and economic/trade support among countries, resolve political risks, eliminate

differences and misunderstandings, and share the dividends of the "Belt and Road." Flynn, A., 2026 suggested that petroleum enterprises should improvise technological innovation capabilities, core competitiveness, and risk early warning capabilities when developing abroad, and establish emergency handling mechanisms. However research studies on Chinese MNCs and its operations in Yemen has not been studied as this study is an attempt on it.

Rezapour, D., 2025 proposed countermeasures from five aspects—strengthening employees' language and knowledge/technical training, conducting in-depth research into the host country's investment environment, formulating risk prevention mechanisms and management systems, improving methods of communication with the media and the public, and implementing reciprocal localization strategies—to address the challenges faced by Chinese enterprises investing in Africa.

Harutyunyan, A., 2021 mentioned that private enterprises' risk response

measures mainly include establishing a comprehensive risk management project team, formulating a risk control implementation plan, building a risk control organizational structure, and forming a normalized working mechanism, among others. However the strategies to retain Chinese investments in Yemen has not been studied as this research is an attempt on it.

Al-Sharafi, M.A.A., Tong, S. and Aloqab, A., 2021 proposed risk prevention and control strategies for Chinese-funded enterprises "going global" under new circumstances, mainly focusing on strengthening situation analysis and seeking support from all parties; coordinating epidemic prevention and promoting international development; innovating business models and optimizing project management; and building law-based enterprises and strengthening compliance management to effectively prevent risks. However it is also found that risk management strategies for Chinese MNCs operating in Yemen indicating various risk factors & its impact has not been researched as this study is an attempt on it.

In summary, previous studies in the field of risk evaluation and coping strategies for transnational business have yielded fruitful results. These achievements not only provide us with scientific evaluation methods and models, but also offer abundant cases and experiences.

Research gaps

Previous scholars have been deeply engaged in the field of enterprise transnational business risk evaluation and coping strategies for many years, producing fruitful results of far-reaching significance. In the dimension of risk evaluation, methods and theories show a diversified trend, with the risk assessment matrix, fuzzy comprehensive evaluation method, and analytic hierarchy process becoming mainstream tools. These methods have significant advantages: the risk assessment matrix, with its concise and intuitive features, helps enterprises quickly identify key risk points; the fuzzy comprehensive evaluation method introduces fuzzy mathematics theory to cleverly resolve the ambiguity and uncertainty in risk evaluation; the analytic hierarchy process determines weights through hierarchical structuring and pairwise comparison, making the evaluation logic clear and systematic. They comprehensively consider multiple dimensions such as politics, economy, culture, market, and law from different perspectives, providing a combined quantitative and qualitative analysis framework for transnational business risk, thus laying a solid foundation for scientific risk management.

Many scholars have conducted in-depth research from different perspectives, enriching the connotation of risk evaluation. Research studies focused on overseas investment by resource-based enterprises, deeply analyzing the interaction between "institutional" and "resource" risks in the host country and bilateral political risks, and using a large amount of sample data to reveal that different countries face different risks due to differences in "institutions" and "resources," providing precise references for resource-based enterprises' transnational investment decisions.

Research studies have focused on risk management in the process of new product development, proposed a new model, and used descriptive statistics and hierarchical regression to verify its relationship with new product development performance, emphasizing the key role of risk management in improving the performance of innovation activities, and providing new ideas for risk evaluation in innovation activities in transnational operations.

Researches indicate that targeting countries along the "Belt and Road," used the fuzzy comprehensive evaluation method to construct an investment risk evaluation index system from five aspects—economic fundamentals, debt servicing capacity, social resilience, political risk, and relations with China—providing practical tools for enterprises to accurately identify investment risks along the route and optimize investment layouts.

Political Risks of Chinese Enterprises' Foreign Direct Investment, deeply analyzed political risks in terms of type, characteristics, and causes, and evaluated them in combination with industry and China's geopolitical relations, providing specific management insights and feasible reference methods for enterprises to cope with political risks.

At the level of coping strategies, the diversification, localization, risk transfer, and risk avoidance strategies proposed by previous scholars provide enterprises with a rich choice of methods to reduce transnational business risks. Diversification strategies spread risk by expanding business fields and market scope; localization strategies enable enterprises to better integrate into the host country's market, reducing cultural and social risks; risk transfer strategies, such as purchasing insurance or signing risk-sharing agreements, transfer part of the risk to other entities; risk avoidance strategies reduce risk exposure directly by avoiding entry into high-risk regions or business fields.

RESEARCH METHODOLOGY

Aim of the study

This study aims to provide Analytic Hierarchy Process and the fuzzy comprehensive evaluation method as the main risk assessment approach for Chinese MNCs operating in Yemen. This study also aims to evaluate the various risk assessment factors which can provide new impetus for Chinese MNCs operating in Yemen.

Problem statement

Risk assessment indicator system should be based on a systemic perspective, comprehensively covering various risks faced by Chinese multinational enterprises operating in Yemen and their interrelationships. Risk factors in Yemen such as political instability, economic fluctuations, socio-cultural differences, infrastructure deficiencies, and an imperfect legal system do not exist in isolation; rather, they influence and transmit to each other. For example, political conflict directly undermines the environment for economic development, leading to currency depreciation and market contraction, which in turn affect enterprise production, operations, and investment returns; economic recession may further intensify social contradictions, triggering tribal conflicts and social instability, thereby increasing operational risks for enterprises. Therefore, the indicator system should encompass multiple dimensions including politics, economy, socio-culture, infrastructure, and law, and the indicators under each dimension should be interconnected to form a complete risk assessment system.

Objectives

1. To provide Analytic Hierarchy Process and the fuzzy comprehensive evaluation method to assess risk for Chinese MNCs operating in Yemen.
2. To evaluate the various risk assessment factors which can provide new impetus for Chinese MNCs operating in Yemen?

Data collection and analysis

This paper adopts a combination of multiple research methods to ensure the comprehensiveness and accuracy of the research. The following is a detailed introduction to these research methods, combined with relevant professional knowledge, to further elaborate on their application methods and purposes.

(1) Literature research method: Extensively consult domestic and foreign academic literature, industry reports, and case studies on transnational business risks, risk management strategies, and enterprise internationalization strategies.

(2) Case study method: We take the operational practices of Chinese multinational companies in Yemen as cases and conduct in-depth analysis. By collecting and analyzing first-hand and second- hand materials such as business data, market reports, and news reports of Chinese multinational companies in Yemen, we reveal the types of risks faced by multinational enterprises in complex market environments and their coping strategies. (3) Inductive and deductive methods: In the final stage of the study, inductive and deductive methods are used to extract the universal framework and insights of transnational business risk management. Through induction, we summarize the successful experiences of Chinese multinational companies in Yemen in risk management, including their practices in risk identification, assessment, monitoring, and response. These experiences provide important references for us to extract the universal framework of transnational business risk management.

Data analysis:

Risk Dimension — Secondary Indicators — Indicator Description and Quantification Method

Risk Dimension	Secondary Indicators	Indicator Description and Quantification Method
Political Risk	Regime Stability Index	Frequency of government changes (times/year), scale of political conflict (number of conflict events/year)
	Regime Change Risk	Frequency of foreign investment policy changes (e.g., number of revisions to tax, entry clauses/year)
	Degree of International Intervention	Frequency of multinational coalition military actions, number of UN sanction resolutions
Economic Risk	Macroeconomic Volatility	Standard deviation of GDP growth rate (past 5 years), inflation rate (annual CPI growth rate)
	Currency Depreciation Risk	Annual volatility of Rial-to-USD exchange rate
	Resource Dependence	Proportion of oil export value in GDP (reflecting economic structure singularity)
Socio-Cultural Risk	Social Security Index	Number of terrorist attacks/year, crime rate (cases per 10,000 people)
	Religious and Cultural Conflict Intensity	Number of religious conflict events/year, rate of complaints against enterprises violating religious prohibitions
	Education Level	Adult literacy rate, proportion of skilled workers
Business Environment Risk	Degree of Tribal Relationship Penetration	Proportion of local employees, frequency of regular communication with tribal leaders
	Stability of Power Supply	Average daily power outage duration (hours), rate of enterprise generator use
	Transportation Efficiency	Port cargo turnover time (days), percentage of main roads in good condition
	Communication Coverage Level	4G network coverage rate (%), frequency of enterprise communication interruptions
Legal Risk	Integrity of Legal System	Number of amendments to foreign investment law/year, intellectual property protection index (0–100)
	Fairness of Law Enforcement	Average time for enterprise litigation (months), exposure rate of judicial bribery cases
	International Sanctions Risk	Litigation rate for commercial contract disputes (%), arbitration enforcement cycle (months)

Risk assessment factors and its modes of measurement:

Political Risk Assessment Indicators

- ❖ Regime Stability Index: Reflects the frequency of regime changes and the degree of political stability in Yemen, which can be quantified by indicators such as the number of regime changes and the duration of government tenure.
- ❖ Scale of Political Conflict: Measures the intensity of internal political conflicts in Yemen, including the number of armed conflicts and the scale of armed forces involved.
- ❖ Degree of International Relations Tension: Assesses Yemen's relationship with the international community, especially the degree of tension with major powers and regional countries, which can be reflected by the number of diplomatic conflict events and the number of international sanctions.
- ❖ Policy Continuity: Examines the continuity of Yemen's government in areas such as economic policy and foreign investment management; frequent policy changes will increase uncertainty in enterprise operations.

Economic Risk Assessment Indicators

- Economic Structure Singularity: Measures Yemen's dependence on the oil and gas industries, which can be quantified by indicators such as the proportion of oil and gas exports in GDP.
- GDP Growth Rate: Reflects the overall economic growth of Yemen, directly related to the market potential and profitability of enterprises.
- Inflation Rate: Assesses changes in Yemen's price levels; a high inflation rate will erode enterprise profits and increase operating costs.
- Currency Depreciation Rate: Measures the rate of depreciation of the Yemeni Rial; currency depreciation will directly affect enterprise asset value and import costs.
- Adequacy Ratio of Foreign Exchange Reserves: Reflects the Yemeni government's ability to meet international payments and stabilize the exchange rate; insufficient foreign exchange reserves will increase enterprises' foreign exchange risks.

Socio-Cultural Risk Assessment Indicators

- Religious and Cultural Difference Degree: Assesses the degree of difference between
- Chinese corporate culture and Yemeni religious culture; excessive differences may lead to cultural conflicts, affecting enterprise operations.
- Social Security Situation: Measured through indicators such as crime rate and the number of terrorist attack incidents, reflecting the security situation in Yemen; poor security will increase enterprise safety costs.
- Tribal Influence: Examines the degree of influence of tribal culture on Yemeni society, especially the potential threats to business operations from tribal conflicts.
- Labor Force Quality: Assessed through indicators such as education level and vocational training conditions of the labor force in Yemen; a high-quality labor force helps enterprises improve production efficiency.
- Social Stability Index: Comprehensively reflects the stability of Yemeni society, including public satisfaction with the government and the degree of intensification of social conflicts.

Infrastructure Risk Assessment Indicators

- Completeness of Transportation Facilities: Assessed through indicators such as highway mileage, railway operation mileage, and port throughput to evaluate the state of Yemen's transportation facilities; inconvenient transportation will increase enterprise logistics costs.
- Stability of Power Supply: Measures the reliability and stability of power supply in Yemen; power shortages will affect normal production of enterprises.
- Coverage Rate of Communication Facilities: Assesses the penetration of communication facilities in Yemen; poor communication will affect information transmission and operational efficiency of enterprises.
- Difficulty in Accessing Water Resources: Examines the ease of enterprises obtaining water resources; water scarcity will increase production costs.
- Level of Medical Conditions: Assessed through indicators such as the number of hospital beds and the number of doctors to evaluate medical conditions in Yemen; poor medical conditions will affect employee health protection.

Legal Risk Assessment Indicators

- Completeness of Laws and Regulations: Assesses the comprehensiveness and soundness of Yemen's laws and regulations; imperfect laws and regulations will increase enterprises' legal compliance risks.
- Efficiency of Contract Enforcement: Measured through indicators such as the time taken to resolve contract disputes and the success rate in litigation, to evaluate the efficiency of contract enforcement in Yemen's judicial system; difficulty in contract enforcement will affect the protection of enterprise rights and interests.
- Friendliness of Foreign Investment Policies: Examines the degree of policy support for foreign investment by the Yemeni government, including tax incentives and investment facilitation measures; unfriendly policies will increase enterprises' investment costs.
- Strength of Intellectual Property Protection: Assesses the legal system and enforcement strength in intellectual property protection in Yemen; weak protection will undermine enterprises' innovation enthusiasm. Transparency of Law Enforcement: Measures the fairness and transparency of Yemen's law enforcement agencies; non-transparent enforcement will increase operational uncertainty for enterprises.

Criterion Layer	Indicator Layer
Political Risk (A1)	Political Stability (a11)
	International Relations (a12)
	Regime Change Risk (a13)
Economic Risk (A2)	GDP Growth Rate (a21)
	Inflation Rate (a22)
	Exchange Rate Fluctuation (a23)
	Oil Price Fluctuation (a24)
Social Risk (A3)	Religious Conflict (a31)
	Social Security (a32)
	Education Level (a33)
Legal Risk (A4)	Legal Completeness (a41)
	Fairness of Law Enforcement (a42)
	International Sanctions Risk (a43)
Business Environment Risk (A5)	Degree of Infrastructure Completeness (a51)
	Stability of Tax Policy (a52)
	Administrative Efficiency (a53)

The above chart clearly provides us the various criteria of risk assessment and its indicators.
In this study data analysis has been done to indicate the various risk assessment indicators for Chinese companies operating in Yemen. In the first level various risk assessment factors has been identified as the indicator method & quantification has also been clearly indicated. This study also intends to provide a robust risk assessment model for Chinese companies operating in Yemen.

In this study risk assessment has been done by taking in to consideration of the operational characteristics and risk attributes of Chinese multinational enterprises in Yemen, this study chooses a combination of the Analytic Hierarchy Process and the fuzzy comprehensive evaluation method as the main risk assessment approach.

The Analytic Hierarchy Process (AHP) is used to determine the weights of each risk indicator. Ten experts in the fields of international trade, international politics, and Middle East regional studies were invited to score the relative importance of the elements in the criterion and indicator layers through pairwise comparisons, constructing judgment matrices. Taking the judgment matrix of the criterion layer with respect to the target layer as an example, it is shown as follows:

The eigen values and the largest eigen root of the judgment matrix are calculated by using the square root method. First, the product of elements in each row of the matrix is calculated:
M1=1×3×2×4×3=72
M2=13×1×12×2×12=16
M1=12×2×1×3×2=6
M1=141213×1×13=172
M1=13×2×12×3×1=1

Then calculate the square root:
W1=572≈2.371
W2=516≈0.699
W3=56≈1.431
W4=5172≈0.436
W5=51≈1
W=2.3712.371+0.699+1.431+0.436+1,0.6992.371+0.699+1.431+0.436+11.4312.371+0.699+1.431+0.436+1,0.4362.371+0.699+1.431+0.436+112.371+0.699+1.431+0.436+1
W=0.432, 0.127,0.260,0.079,0.182
AW1=1×0.432+3×0.127+2×0.260+4×0.079+3×0.182=2.163
*A*W1=13×0.432+1×0.127+12×0.260+2×0.079+12×0.182=0.638
AW1=12×0.432+2×0.127+1×0.260+3×0.079+2×0.182=1.302
*A*W1=14×0.432+12×0.127+13×0.260+1×0.079+13×0.182=0.397
*A*W1=13×0.432+2×0.127+12×0.260+3×0.079+1×0.182=0.913
max=152.1630.432+0.6380.127+1.3020.260+0.3970.079+0.9130.182≈5.112

Conformity test is carried out and the conformity index CI is calculated:
CI=*max*-nn-1=5.112-55.1=0.028

The random consistency index RI can be found from the relevant table. When n=5, RI=1.12. When calculating the consistency ratio CR:

CR=CIRI=0.0281.12=0.025<0.1

The judgment matrix passes the consistency check, indicating that the expert scoring has high logic and rationality. Similarly, similar calculations are carried out on the judgment matrices of the indicator layers under each criterion layer to obtain the weights of each indicator relative to the target layer

Criterion Layer (Ai)	Weight	Indicator Layer (aij)	Weight
Political Risk (A1)	0.432	Political Stability (a11)	0.539
International Relations (a12)		0.297	
Regime Change Risk (a13)		0.164	
Economic Risk (A2)	0.127	GDP Growth Rate (a21)	0.278
Inflation Rate (a22)		0.302	
Exchange Rate Fluctuation (a23)		0.204	
Oil Price Fluctuation (a24)		0.216	
Social Risk (A3)	0.260	Religious Conflict (a31)	0.417
Social Security (a32)		0.355	
Education Level (a33)		0.228	
Legal Risk (A4)	0.079	Legal Completeness (a41)	0.463
Fairness of Law Enforcement (a42)		0.327	
International Sanctions Risk (a43)		0.210	
Business Environment Risk (A5)	0.182	Degree of Infrastructure Completeness (a51)	0.505
Stability of Tax Policy (a52)		0.278	
Administrative Efficiency (a53)		0.217	

Based on this analysis it has been found that based on empirical evaluation of the operating risks of Chinese multinational enterprises in Yemen using the Analytic Hierarchy Process and the fuzzy comprehensive evaluation method, this section will provide a detailed analysis of the risk assessment results to serve as a basis for enterprises to formulate targeted response strategies in the future.

Overall Risk Level The overall comprehensive evaluation vector B = (0.139, 0.254, 0.362, 0.183, 0.062) obtained through the fuzzy comprehensive evaluation clearly shows that Chinese multinational enterprises operating in Yemen are at a “medium risk” level, with the degree of membership to the “medium risk” category being the highest at 0.362. This means that enterprises face the influence of numerous complex factors when conducting business in Yemen. Although the risk level has not yet reached the high-risk range, it cannot be underestimated, and enterprises must remain vigilant and respond actively at all times.

Suggestions & Recommendations

1. Strengthen political risk monitoring and assessment: Enterprises should establish a dedicated risk monitoring team to closely track dynamic changes in Yemen’s domestic political situation, including power struggles between political factions, election developments, and adjustments in government policies. At the same time, they should continuously monitor the policy direction of the international community toward Yemen and the evolution of the regional situation, such as political interventions by neighboring countries, sanctions or aid programs by international organizations, etc.
2. Enterprises should take the initiative to establish regular communication mechanisms with all relevant Yemeni government departments, actively participate in local policy discussion activities, and appropriately express their development demands and reasonable suggestions.
3. In view of the unstable financial system and difficulty of financing in Yemen, enterprises should actively expand diversified financing channels. On one hand, strengthen communication and cooperation with international financial institutions to secure loan support from them, such as special loans for projects in developing countries offered by the World Bank, Asian Development Bank, etc.
4. Before entering the Yemeni market, enterprises should organize professional teams to conduct in-depth and detailed research on Yemen’s religious beliefs, customs, and social values to gain a comprehensive understanding of local cultural characteristics. In daily operations and management, respect local religious beliefs and customs to avoid unnecessary conflicts caused by cultural clashes.

CONCLUSION:

Chinese multinational enterprises operating in Yemen are overall at a “medium risk” level. Among them, political risk, due to Yemen’s long-term political instability, frequent regime changes, and complex international relations, is in the transition zone from “medium risk” to “relatively high risk”; economic risk, influenced by the country’s singular economic structure, oil price fluctuations, high inflation, and currency depreciation, is in a “medium risk” state; in terms of social risk, religious conflicts, unstable public security, and lagging education levels place the risk level in the “medium risk” range; legal risk, due to an imperfect legal system, questionable fairness of law enforcement, and international sanctions risk, is also at “medium risk”; business environment risk, caused by weak infrastructure, unstable tax policies, and low administrative efficiency, is likewise assessed as “medium risk.”

The degree of impact of each risk factor on enterprise operations varies. Factors such as political stability, religious conflict, and the degree of infrastructure completeness have higher weights and more significant impacts on enterprise operations. For example, political stability is directly related to the continuity of policies and operational security; once the political situation deteriorates, enterprises may face sudden policy changes and threats to asset security. If religious conflicts are not Handled properly, they can easily trigger social tensions, affecting normal production and market expansion.

REFERENCES:

1. Ye, M., 2020. The belt road and beyond: State-mobilized globalization in China: 1998–2018. Cambridge University Press.
2. Tian, X., 2020. Private security companies: Emerging protectors of China’s overseas interests. China Quarterly of International Strategic Studies, 6(02), pp.205-221.
3. He, Z., 2023. The Rule of Law in Foreign-Related Affairs in Building China into a Great Modern Country. Frontiers L. China, 18, p.497.
4. Flynn, A., 2026. Egypt’s Strategic Hedging in Economics with the United States and China from 2014-2024.
5. Rezapour, D., 2025. The Impact of the China-Pakistan Economic Corridor on the Economies of the Arab Countries in the Middle East. Journal of Chinese Research, 1.
6. Harutyunyan, A., 2021. Chinese Belt and Road Initiative in the Countries of the Gulf Cooperation Council. Bulletin of the Institute of Oriental Studies, 1(2), pp.112-143.
7. Al-Sharafi, M.A.A., Tong, S. and Aloqab, A., 2021. The effective role of internal factors on reconstructing telecom companies: The case of Yemen telecom. Sustainability, 13(3), p.1501.
8. Al-Eryani, H. and Zainullin, S., 2023. THE ROLE OF FOREIGN COMPANIES IN THE OIL AND GAS INDUSTRY OF YEMEN. In ВОПРОСЫ ЭФФЕКТИВНОГО ПРИМЕНЕНИЯ НАУЧНОГО ПОТЕНЦИАЛА ОБЩЕСТВА (pp. 119-122).
9. Chang, I.W.J., 2020. The Chinese perspective on the Yemen crisis. In Global, Regional,and Local Dynamics in the Yemen Crisis (pp. 97-111). Cham: Springer International Publishing.
10. Wang, Y., 2023. Overseas Chinese in the Middle East and North Africa: Proposing a Research Agenda. Routledge Companion to China and the Middle East and North Africa, pp.401-412.
11. Al-Jaifi, H.A.A., Abdullah, N.A.H. and Regupathi, A., 2016. Risks and foreign direct investment inflows: Evidence from Yemen. Jurnal Pengurusan, 46, pp.89-97.
12. Musibah, A. and MALAYASIA, U.U., 2015. The Effect of Macro-Economic Variables and Business Environment on Foreign Direct Investment in Yemen: Role of Political Stability and Economic Stability (Doctoral dissertation, Doctoral dissertation). Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia. https://etd. uum. edu.my/5738).