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Development of International Business in the Context of International Management

The article theoretically justifies the development of international business in the context of international management. It shows the periodization of the development of international business, which allows you to select areas of international business activity. The reasons for the implementation of the international business, its nature and scope of international business activity are given and the factors affecting the benefits from the implementation of international business are identified. It was defined the content and main characteristics of international business, its main forms, types and subjects. The properties that are inherent in modern international business were identified.

international business, international management, international firm, joint stock company, corporation

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Развитие международного бизнеса в контексте международного менеджмента

В статье теоретически обосновано развитие международного бизнеса в контексте международного менеджмента. Определена периодизация развития международного бизнеса, которая позволяет выделить сферы международной предпринимательской деятельности. Рассмотрены причины осуществления международного бизнеса, его сущность и сферы международной предпринимательской деятельности. Выделены факторы, влияющие на получение выгоды от осуществления международного бизнеса. Определено содержание и основные характеристики международного бизнеса, его основные формы, виды и субъекты. Исследованы свойства, присущие современному международному бизнесу.

международный бизнес, международный менеджмент, международная фирма, акционерное общество, корпорация

Statement of the problem. International business has become an all-encompassing and pervasive phenomenon of modern civilization in the late twentieth – early eleventh century. A key feature of international business is the crossing of borders by business objects, which requires consideration in the management process of the environment of two or more countries.

The current state of international business is the result of the centuries old development since the beginning of international trade. It is important to take into account the historical experience of international business, which has been accumulated at different stages of its development. After all, many countries, including Ukraine, are characterized by the use of various historical forms of international business.

International business is based on the ability to benefit from the benefits of interstate business operations. It is, from the fact that the sale of the goods in another country or the establishment of a firm of one country of production in another country, or the provision of services jointly by firms of two third countries, provide business parties with more benefits than they would have if they do business in their countries. This is a key point not only in understanding the nature and specifics of international business, but also in explaining the emergence and development of international management.

Analysis of recent researches and publications. The process of international business development in the context of international management in various vectors studied in the scientific works of prominent domestic and foreign scientists, in particular: D.G. Lukyanenko [2; 3], A.F. Goiko [1], O.V. Mikhailovskaya [4], S.V. Mocherny [5], O.I. Oleksyuk [6], S.V. Fomishina [7], O.A. Shvidanenko, K. Aswazappa, D. Johnson, S.K. Paulson, S. Robokka, K. Simmonds, K. Turner, B. Toyn, W.G. Tomlinson and some others.

Some aspects of the development of forms of international business activity by transnational corporations (TNC) at the global stage of internationalization deserve attention. However, a more detailed study requires the identification of current trends in the development of forms of international business in the context of international management.

Statement of the objective. The purpose of the article is to substantiate theoretically the development of international business in the context of international management, to determine the immediate essence and main characteristics of international business, its main forms, types and subjects.

The main material. International business involves the movement of resources (raw materials, capital, technology, people), goods (finished components, products, semi-finished products), services (accounting, legal and banking activities) from the one country to another.

Another distinctive feature of international business is that these activities are directly affected by a number of circumstances, including differences in language, distance, exchange rates, tariff barriers, political problems, and other.

It is worth noting that the specific benefits of international business are associated with greater profits, taking into account the following factors:

- access to foreign labor markets (price, qualification);
- access to mineral deposits and sources of raw materials;
- the desire for new markets;
- increase production and reduce the cost of products (scale effect and experience curve);
- reduction of currency risks.

The main goal of international business, the reasons for its formation and development determine a certain system of means to achieve this goal. This system has its own characteristics at different stages of development and operation of international business. Therefore, it is important to identify certain areas of international business, in each of which there are different ways to achieve the goal of international business.

More reasons for international business, its essence and areas of international business are set out on fig. 1.

Thus, international business is a system of business relationships and business transactions that are carried out by business entities of two or more countries for profit.

Modern international business has the following features:

- significant increase of turnover under the influence of scientific and technical progress;
- deepening internationalization;
- the global nature of international business is its most important feature: it covers the global system of information business exchange, the global financial market and the global structure of technological innovation;
- deepening the international division of labor;
- change in the structure of goods and services in world trade (increase in the share of goods, decrease in raw materials);
- the emergence of dependence of some international business entities on foreign

partners;

- taking into account the cultural factor in business, namely the set of requirements and restrictions, that imposed by the culture of the country on those, who conduct business in it (or with it);
- establishment of deep technological connections between world business entities under the influence of scientific and technological progress;
- accelerating the objective process of international division of labor - goods in international trade are intermediate products, but not finished products.

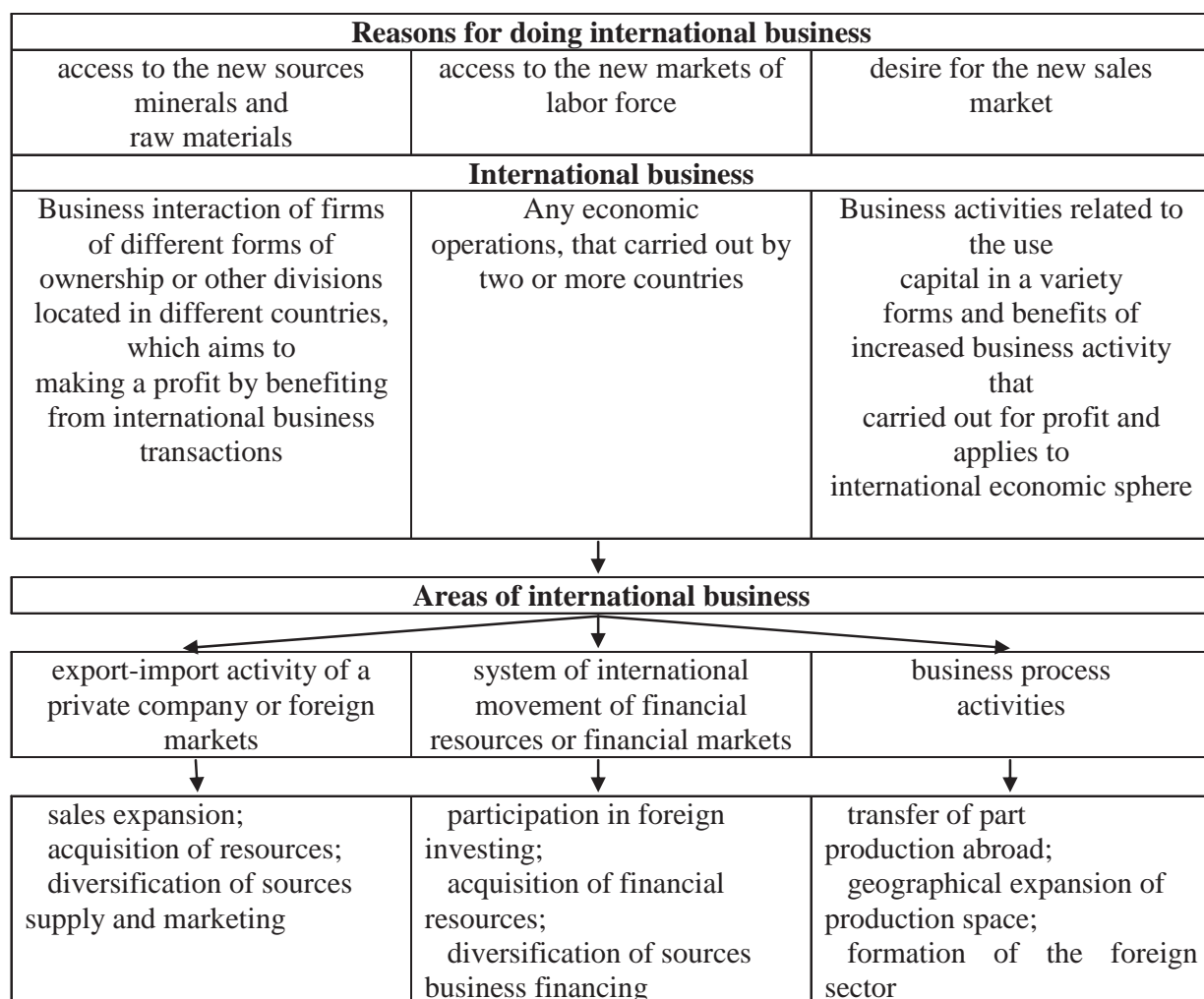


Figure 1 – Reasons for doing international business, its essence and areas of international business
Source: compiled by the author on the basis of [2; 7]

Forms and types of international businesses are varying from simple (international trade) to complex (international corporations with foreign direct investment) during the development of internationalization processes.

The most common types of international business include: exports, licensing, franchising, management and contracts, projects "turnkey", foreign direct investment.

The features of these types of international business are presented in Fig. 2.

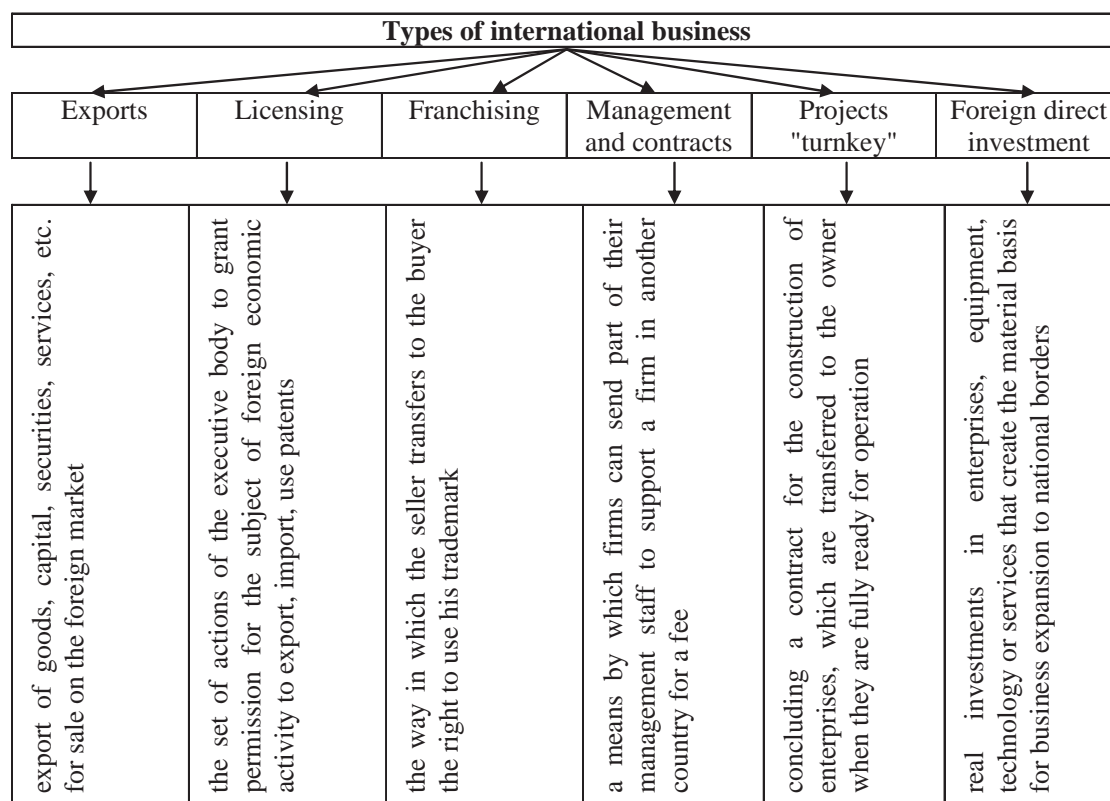


Figure 2 – Types of international business and their essence

Source: compiled by the author on the basis of [1; 2; 7]

It should be emphasized that exports are the simplest form of international business and are goods and services that are produced in one country and sold to buyers in another. This is historically the first and most common form of international business. In modern conditions, foreign trade operations account for more than 80% of international business. In addition, exports are the least risky, but also the least profitable form of international business.

These features force international business participants to modernize exports. The most common forms of such modernization are local warehousing and sale, which means the delivery of large consignments of goods to special warehouses in the host country for further sale of goods from this warehouse-shop.

This form of business reduces the cost of transporting large consignments of goods per product (scale effect), and also allows for resale and after-sales service of goods.

When we consider forms of international business, it should be noted that licensing means the transfer of intellectual property rights to a partner from another country on the terms of receiving certain income. Inventions, "know-how", trademark, etc. act here as intellectual property.

Licensing is a way of organizing production abroad that minimizes capital costs and ensures that the assets of other firms are obtained in exchange for a license. Cross-licensing is also common, which reduces the cost of technology compared to the cost of developing a similar technology on your own.

Licensing is often combined with franchising agreements. Franchising is a way in which a franchisor (seller) transfers to the franchisee (buyer) the right to use its trademark, which is the most important asset for the buyer's business and through which the seller provides ongoing assistance to the buyer in his business.

It should be noted that TNC consider their technologies and brands as important components of the underlying assets. In the USA, 1/3 of retail sales is franchising. About 3/4 of such sales are accounted for dealers, that selling cars and trucks, gas stations, and bottling soft drinks.

The most common way (60%) for a franchisor to penetrate another country is to select the main franchisee and transfer to this company (usually local) rights in the country or region. Then the main buyer opens his own trade or trade through a sub-franchise. McDonald's companies work according to this scheme.

Management contracts are a way for a firm to send some of its management staff to another country to support a foreign firm or to perform specialized management functions for a specified period for a fee. The amount of the fee includes the salaries of managers and the costs of risk that may arise due to mistakes of managers in another country.

It is also worth noting that management contracts apply under the following conditions:

- expropriation of foreign investment by the recipient country, when the former owner is offered to extend the management of the enterprise to train local managers;
- creation the new commercial project in which the recipient country does not have the appropriate management experience, but has the necessary equipment;
- improving the efficiency of the enterprise by attracting management staff of reputable foreign firms.

One of the form of international business is also contracts for the construction of enterprises (projects "turnkey"). In this case, the contractor builds the enterprise (object) at his own expense, and the customer pays for it in a few stages. General contractors are manufacturers of relevant equipment, design, construction or consulting organizations. The customers are state organizations or large international corporations. Usually the calculation is carried out in three stages: the first (advance) payment - 10-25%; current payments in the process of work - 50-65%; final payment after the works on the site and its commissioning - 10-40%.

The appearance and development of TNC are directly related to their foreign investment activities. The international movement of entrepreneurial capital, in particular foreign direct investment, has become the basis for the formation of the global system of branches and international production of TNC. The key feature of foreign direct investment is the acquisition of long-term economic interest when the investor acquires or retains control of an investee.

The subjects of international economic relations at the global, regional, interstate and inter-firm levels are: international economic organizations, integration associations, the state, firms. The main subject of international business is an international firm at all levels.

The classification of firms is carried out depending on the types and areas of activity, forms of ownership and legal status, ownership of capital and control.

The main subjects of international business are presented in Fig. 3.

International Strategic Alliances (ISA) have become one of the most common forms of international business cooperation in recent decades.

An international strategic alliance is a relatively long-term inter-organizational cooperation agreement that involves the sharing of resources and (or) governance structures of two or more independent firms from several countries to accomplish tasks related to the mission of each. ISA are functional structures that are based on a formal or (sometimes) informal agreement. The founding organizations jointly manage and control the activities of ISA.

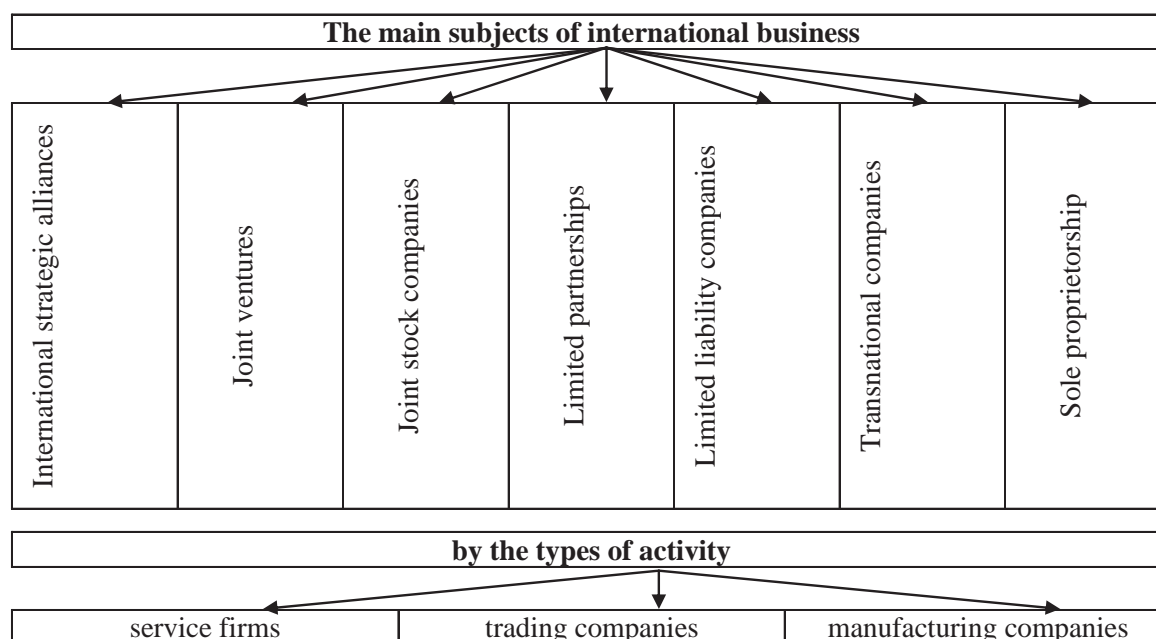


Figure 3 – The main subjects of international business

Source: compiled by the author on the basis of [1; 4]

An international strategic alliance, in contrast to an international alliance, means the following agreements, which:

- compensate for weaknesses or create competitive advantages for participants;
- correspond to long-term strategic plans of partners;
- have rational goals for the relationship of firms.

The strategy of creating alliances includes:

- creation of strategic relations between independent organizations of two or more countries that have common goals, seek common benefits and recognize a high level of interdependence;
- combining the efforts of firms to achieve a goal that would require much more cost if acted alone.

International strategic alliances include: functional agreements for joint research and development; the development and improvement of production; agreements on participation in assets with the creation of a new organization and without the creation of new organizations (acquisition of shares, exchange of shares). In accordance with the goals of creating international strategic alliances, the manager can choose different forms of cooperation: from full merger to independent open market transactions.

Equally important in international business are joint ventures, which provide joint, but not necessarily equal, ownership and control over the use of assets.

A joint venture is a shareholding in which the share capital does not belong to a number of small shareholders, but to several co-owners, each of whom has a certain share of ownership and shares the risk.

The main incentives for the establishment of joint ventures can be:

- legislative prohibition on establishing branches of foreign companies without the participation of local partners and discriminatory actions of the host government;
- the opportunity to receive certain benefits from the local state or use the existing benefits of the local partner (resources, including cheap labor);
- it is more expedient to involve a local partner in the cases where the investment in a particular country is associated with certain economic or political risks;

- an important incentive for joint ventures is the growth of costs associated with the development of entrepreneurship and the intensification of competition in the world market. The firms increase their chances of fighting strong competitors by pooling resources.

Joint-stock company (JSC) - the main organizational and legal form of a large firm (enterprise). Corporate ownership in the form of a joint stock company is a leading form of international business. The majority of employees, manufactured products, and withheld income are concentrated within international corporations. The company's charter fixes its purpose, amount of capital, management procedure, structure of governing bodies, etc. The supreme body of the JSC is the general meeting of shareholders, which is convened, as a rule, once a year. The current affairs of the JSC are managed by the Board, the Supervisory Board, and the Board of Directors.

The capital of a JSC is created by combining many individual capitals and cash income through the issuance of shares and bonds, and then increases through the profit of the JSC and the issuance of new shares. It consists of equity and debt capital.

Equity includes funds received from the issue and sale of shares (actually share capital) and reserve capital, which is created through deductions from profits. Debt capital is created at the expense of a bank loan and funds from the issue of shares.

A limited partnership is an association of persons who participate in a business as co-owners to generate income. The members of such a society are divided into two categories: complementaries, who are unlimitedly liable with all their property, and commanders, who are liable only within their contribution and are excluded from participating in the control. For tax reasons, a limited liability company may be accepted as a complement to a limited partnership. From the point of view of taxation, such an entity is a company, and from the point of view of civil law it makes it possible to transfer unlimited liability to a limited liability company, which becomes the sole bearer of unlimited liability and usually has only small capital.

Limited Liability Company. There are close ties between partners and companies in these companies for the most part. For this reason, it is best suited for family businesses. A limited liability company is liable for all debts with all its capital, and the liability of its members is limited to their share in the share capital. A member of the company does not bear any responsibility over it. Members of the company are allowed to reserve the right to enter into certain agreements.

A multinational company (TNC) is a corporation that carries out international production on the basis of foreign direct investment and has direct control over its foreign affiliates.

The main criterion for distinguishing between multinational companies and national firms engaged in foreign economic export-import activities is the export of capital and the creation of controlled enterprises in different countries. If national companies carry out only export-import operations of goods and services, then TNC organize foreign (international) production of goods and services.

Sole proprietorship is a production that belongs to one person and is often controlled by the same person. In the case of sole proprietorship, the owner fully controls and is liable for the obligations of his enterprise.

By types of activity of international business entities can be grouped as follows:

- service firms - provide services for a fee (this group includes firms that provide transport, banking, insurance, stock exchange, brokerage, information services, communication services, maintenance, tourism and others);
- trading companies - buy ready-made goods for resale to their customers;

- manufacturing companies - buy raw materials, then process them into finished goods, and then sell to another companies or consumers.

The arena for international firms can be scientific and technical, production and investment, trade, monetary and financial and credit spheres. International corporations of global orientation usually cover all types and areas of activity.

Conclusions and prospects for further researches. Thus, international business is an objective basis for the formation of an international management system and a system of pre-planned activities to coordinate the business operations of firms and organizations in different countries.

The main purpose of international business is to stabilize and increase the volume (mass) and profit margins, namely to increase the profitability, efficiency of the overall business of a particular economic entity, entrepreneur.

Periodization of international business development allows us to identify areas of international business. In the first period of development, the main area of international business is the export-import activity of a private company, or foreign markets. In the second period, the main area is the system of international movement of financial resources (capital in various forms, foreign currency, securities), or financial markets. In the third period, the main area is directly the process of entrepreneurial activity. Accordingly, there are different ways to achieve the goal of international business in each area.

The most common types of international business include exports, licensing, franchising, management contracts, projects "turnkey" and foreign direct investment. An experienced participant of international business uses a set of different types at the same time, choosing and combining them depending on the direction and conditions of activity in a particular country.

The main actors of international business at all levels are international strategic alliances, joint ventures, joint stock companies, limited partnerships, limited liability companies, multinational companies and sole proprietorships, which, in turn, are classified according to activities: service firms, trading companies and manufacturing companies.

The prospects for further researches will be the study of the impact of globalization of the information space on the development of international business.

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Розвиток міжнародного бізнесу в контексті міжнародного менеджменту

Сучасний стан міжнародного бізнесу є результатом багатовікового розвитку з давніх часів започаткування міжнародної торгівлі. Міжнародний бізнес базується на можливості отримання вигод саме з переваг міждержавних ділових операцій, тобто з того факту, що продаж даного товару в іншій країні або налагодження фірмою однієї країни виробництва в іншій країні, або надання послуг спільно фірмами двох країн третій, забезпечують залученням у бізнес сторонам більше переваг, ніж вони б мали, якби вели справу у своїх країнах. Це ключовий момент не лише в розумінні природи і специфіки міжнародного бізнесу, але й поясненні виникнення і розвитку міжнародного менеджменту.

Метою статті є теоретичне обґрунтування розвитку міжнародного бізнесу в контексті міжнародного менеджменту, визначення безпосередньої сутності та основних характеристик міжнародного бізнесу, його основних форм, видів і суб'єктів. В статі теоретично обґрунтовано розвиток міжнародного бізнесу в контексті міжнародного менеджменту. Зазначено періодизацію розвитку міжнародного бізнесу, яка дозволяє виділити сфери міжнародної підприємницької діяльності. Розглянуто причини здійснення міжнародного бізнесу, його сутність та сфери міжнародної підприємницької діяльності. Виокремлено фактори, що впливають на отримання вигоди від здійснення міжнародного бізнесу. Визначено зміст і основні характеристики міжнародного бізнесу, його основні форми, види та суб'єкти. Досліджено властивості, що притаманні сучасному міжнародному бізнесу.

Міжнародний бізнес є об'єктивною основою формування системи міжнародного менеджменту та системою заздалегідь спланованих заходів з узгодження господарських операцій фірм, організацій різних країн. Головною метою міжнародного бізнесу є стабілізація та збільшення обсягу (маси) і норми прибутку, тобто підвищення рентабельності, ефективності загального бізнесу того або іншого економічного суб'єкта, підприємця. Періодизація розвитку міжнародного бізнесу дозволяє виділити сфери міжнародної підприємницької діяльності. В першому періоді розвитку головною сферою міжнародного бізнесу є експортно-імпортна діяльність приватної компанії, або зовнішні ринки. В другому періоді головною сферою є система міжнародного руху фінансових ресурсів (капіталу в різних формах, іноземної валюти, цінних паперів), або фінансові ринки. В третьому періоді головною сферою є безпосередньо процес підприємницької діяльності. Відповідно, існують різні способи досягнення мети міжнародного бізнесу в кожній сфері. До найбільш розповсюджених видів міжнародного бізнесу відносяться експорт, ліцензування, франчайзинг, контракти на управління, проекти «під ключ» та прямі зарубіжні інвестиції. Досвідчений учасник міжнародного бізнесу використовує одночасно набір різних видів, вибираючи і комбінуючи їх у залежності від напрямку та умов діяльності в тій чи іншій країні.

Головними суб'єктами міжнародного бізнесу на всіх рівнях є міжнародні стратегічні альянси, спільні підприємства, акціонерні товариства, командитні товариства, товариства з обмеженою відповідальністю, транснаціональні компанії та одноосібне володіння, які, в свою чергу, класифікуються залежно від видів діяльності: фірми послуг, торговельні компанії та виробничі компанії.

міжнародний бізнес, міжнародний менеджмент, міжнародна фірма, акціонерне товариство, корпорація

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Проблеми інвестування та кредитування аграрних підприємств України на рівні макроекономіки: зарубіжний досвід

В статті досліджено проблеми фінансового забезпечення сільськогосподарських товаровиробників України, які в більшості випадків працюють за рахунок власних ресурсів, що є недостатнім для самофінансування. Наведено приклади вдалих приватних інвестицій, які забезпечують не тільки виробництво високоякісної продукції, а й зайнятість селян. Показано основні напрями фінансової підтримки виробництва продукції та зайнятості сільського населення в зарубіжних країнах, в тому числі тих, що входять до складу ЄС. Вказано на необхідність створення сприятливого інвестиційного клімату в сільськогосподарській і несільськогосподарській сферах, у розвитку сільських територій.

фінансове забезпечення сільськогосподарських товаровиробників, інвестування та кредитування аграрних підприємств

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Проблемы инвестирования и кредитования аграрных предприятий Украины на уровне макроекономики: зарубежный опыт

В статье исследованы проблемы финансового обеспечения сельскохозяйственных товаропроизводителей Украины, которые в большинстве случаев работают за счет собственных средств, что недостаточно для самофинансирования. Раскрыты механизмы государственной поддержки сельскохозяйственных товаропроизводителей, вложение частных инвестиций в развитие сельскохозяйственных предприятий. Наведены примеры удачных частных инвестиций, которые обеспечивают не только производство высококачественной продукции, но и занятость сельского населения. Показаны основные направления финансовой поддержки производства продукции и занятости сельского населения в зарубежных странах, в том числе, входящих в ЕС. Указано на необходимость создания благоприятного инвестиционного климата в сельскохозяйственной и несельскохозяйственной сферах, в развитии сельских территорий.

финансовое обеспечение сельскохозяйственных товаропроизводителей, инвестирование и кредитование аграрных предприятий

Постановка проблеми. Стан сільського господарства в значній мірі залежить від обсягів коштів, вкладених в його розвиток, а саме - від інтенсивності інвестиційної діяльності. Активна інвестиційна діяльність сільськогосподарських підприємств є запорукою їх стабільного розвитку. Від кількості вкладених інвестицій залежить матеріально-технічна база підприємства, його забезпеченість ресурсами, якісний склад трудового потенціалу, кількість виробленої продукції та рівень прибутковості.