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## INTERNATIONALIZATION AS A MODERN IMPETUS FOR THE DEVELOPMENT OF THE ORGANIZATION

## ІНТЕРНАЦІОНАЛІЗАЦІЯ ЯК СУЧАСНИЙ СПОСІБ РОЗВИТКУ ОРГАНІЗАЦІЇ

*In today's world entrepreneurs are forced to operate not only in the local or national market, but also internationally. Thanks to this they have a chance to develop their business and get more profit. In the context of international activities we can talk about internationalization. What does this concept mean and what does it mean for business owners themselves? Practically any activity of a company in foreign markets can be regarded as a signal of its internationalization. In addition, internationalization can be an element of a company's development strategy related to its foreign expansion. The article reflects the internationalization, which allows expanding the scope of sales of goods. The main approaches, motives, reasons for this economic process are investigated and highlighted. International marketing, its specificity, main objectives and direct influence on the process of activity of enterprises are given and characterized. Speaking of internationalization, we must remember that this process can take different forms. Which one will be chosen depends not only on our personal sympathies, but also on what solution would be most beneficial for the company.*

**Key words:** business, internationalization, market, export, import, marketing.

*У статті розглянуто інтернаціоналізацію як пошук міжнародних співробітництв, тісної взаємозв'язок між державами та регіонами, які на цьому етапі набувають великого поширення, що є характерним для економічного розвитку сьогодні. Для України цей процес сприяє відновленню економіки, що має вагомий позитивні результати, тому саме в сучасних умовах вона набирає великих масштабів у світовому економічному просторі і є досить актуальною на світовому ринку, визначає певний хід у розвитку нашої економіки. Інтернаціоналізація охоплює всі сфери життя, що дає позитивний поштовх для підприємницької діяльності. Дослідження та виокремлення головних підходів, мотивів, причин цього економічного процесу дають можливість стверджувати, що фактично будь-який вид діяльності компанії на зовнішніх ринках можна розглядати як сигнал її інтернаціоналізації. Крім того, інтернаціоналізація може бути частиною стратегії розвитку компанії, пов'язаної з її експансією за кордон. Коли справа доходить до інтернаціоналізації, ми повинні мати на увазі, що цей процес може набувати різних форм. Те, який з них буде вибраний, залежить не тільки від наших особистих уподобань, але й від того, яке рішення*

буде найбільш вигідним для нашої компанії. На основі зазначеного наведено та охарактеризовано міжнародний маркетинг, його специфіку, основні цілі та безпосередній вплив на процес діяльності підприємств. Практична цінність процесів інтернаціоналізації економіки полягає у її міжнародній конкурентоспроможності. З точки зору інтернаціоналізації економіки важливим елементом розроблення політики, що проводиться, є створення сприятливих умов для потенційних інвесторів. Ці заходи є важливим проявом ефективної політики національної та регіональної влади щодо стимулювання процесів інтернаціоналізації економіки. При цьому чим міцніше та ефективніше економіка, тим більше внутрішніх структур буде залучено до міжнародного співробітництва. Йдеться про широкий спектр фінансових інструментів для підтримки внутрішнього експорту. Важливим елементом, який опосередковано визначає процеси інтернаціоналізації економіки, є її інноваційність, що значною мірою визначає її міжнародну конкурентоспроможність.

**Ключові слова:** бізнес, інтернаціоналізація, ринок, експорт, імпорт, маркетинг.

**Target setting.** Expansion into the international market through involvement in production activities abroad involves the use of new subsidiaries and affiliates. Business owners use direct investment and their own financial resources to expand their activities in foreign markets, not only in trade, but also in production. Therefore, one of the prerequisites for successful international economic relations is to take into account the interests of any kind of company activity.

**Analysis of the latest research studies and publications.** Both foreign and domestic scholars were engaged in the study and research of internationalization, namely A. Smith, B.M. Danylyshyn, B. Olin, V.D. Bazylevych, V. Leontiev, R.Z. Aliber, W. Stolper, D. Ricard, J. Boltz, E. Heckscher, L. Daringer, R. Vernon, P. Samuelson, S. Heimer, C. Kindleberger, F.T. Knickerbocker, P. Kotler, H. Meffert, H. Mülbacher, H. Leichs, and H. Linnemann.

**Purpose of the article.** Despite the large number of scientific papers devoted to the study of international market relations, the generalization of the essence of the category of internationalization, the main aspects and approaches of enterprise development in its process remain relevant.

**Presentation of basic material of the research.** The internationalization of a company is a process in which certain stages can be distinguished. As a rule, it begins with exports to nearby countries, and only then does the company realize the presence and importance of foreign markets [2, p. 115–118].

There are two approaches to internationalization:

– dynamic (the enterprise considers actions abroad and starts them – this process consists of several stages, its course is influenced by various factors that promote and inhibit the development of internationalization);

– static (the activity abroad is determined by the enterprise using various indicators (e.g., the volume of turnover in foreign markets, the volume of investments and assets abroad), which should inform about the degree of their intensity).

We can talk about the phenomenon of internationalization in two main sections: macroeconomic, which concerns the entire economy and all the actors involved, and microeconomic, which treats the process of internationalization individualized, as a process of internationalization of enterprises. We can also look at internationalization from the inside as well as the outside. The internationalization of a company is defined as internal, when it is based on imports and its development, and as external, when a company enters foreign markets through its export activities. Internal internationalization precedes and even enhances external internationalization.

The main motives for the internationalization of the company, distinguished by the type of benefits, include:

– market (marketing) are the most important, as they mean the opening of new markets while remaining in existing markets, which may be associated with unused production. Power, stagnation in domestic markets, or spreading risk by operating in several markets;

– cost, such as the possibility of economies of scale, lower operating costs, lower labor costs, easier access to financing, less risk of economic fluctuations;

– supply (imports), such as favorable differences in the prices of raw materials, materials, and energy; this statement is also important when it is necessary to ensure continuity of supply of these raw materials;

– political and legal are most often associated with state protectionism (it can be, for example, incentives for investors, tax benefits, VAT refunds), they are formal determinants of the company's decisions on the possible internationalization of its activities.

The reasons for internationalization [1, p. 305, 307] can be divided according to the role played in this process by company management.

1) Proactive (“push” factors) stem from the awareness, initiative and dynamics of the company's management. More often than not, company executives decide to enter foreign markets through expected profits from operations, realizing that they have a unique product range or have a technological advantage, special knowledge of the foreign sales market or customer, expect economies of scale and experience effects, tax benefits; company board members are personally involved in the process.

2) Reactive (pull factors) come from factors and changes in the internal and international environment of the company, they are associated with the reaction of the company's management to external signals, which are:

- competitive pressures and the internationalization of competing companies;
- overproduction in industry and in the enterprise;
- reduction of sales of the company's products in the domestic market – saturation of the domestic market;
- excessive production capacity in the industry and company – proximity to foreign customers and international ports;
- unwanted request or order from abroad;
- internationalization of the company's internal customers.

The motives for the internationalization of the company are external and internal [3]. External ones have their basis in the current situation in the domestic and international market and in the environment. This could be, for example: saturation of the domestic market, low taxes in the foreign market, or the internationalization of competition.

Internal motives, in turn, derive from the strengths, resources, and awareness of the company's management. Here we can highlight, among other things, a strong brand, the company's competitive advantage, and the attitude of management. The enterprise can gain knowledge of the international market not only on the basis of its own experience, but also through the takeover (buyout) of foreign companies or cooperative cooperation, entering into strategic alliances and joint ventures [3]. The most noticeable reaction of enterprises to changes in the conditions of functioning in the international market is the deepening of the degree of internationalization of their activities.

The variety of motives for internationalization is the basis for specifying several varieties of internationalization. Among them we can distinguish:

– marginal (this means that production and sales are related to the home country, while sales abroad are of marginal importance; this type of internationalization is predominantly spoken of in relation to smaller companies, with few resources);

– development (the production of finished products or parts thereof takes place abroad, while sales take place mainly in the domestic market);

– export occurs when production takes place in the home country, and sales are directed mainly to foreign markets;

– full motive (means that all functions in the company are internationalized; it can be locally oriented, when the company is focused on national markets, applies individualization of the offer, and the requirements for selling and serving foreign markets differ on a national or regional level; or it can be integrated, which means that all functions are unified globally, the company adheres to standardization, and its presence in the global market is significant).

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A company operating in such chains (e.g., as a producer of an end product or a supplier of components) partly uses resources controlled by other network members and thus seeks to strengthen its position in the foreign networks to which it belongs, due to the accumulation of a variety of interactions [5, p. 430–433]. Networks of connections (often loose) arise most often where the environment of the enterprises is dynamic. The enterprise focuses on its competitive advantage, with other network members as a reference point, with whom it interacts in a complementary way. Entering the network of such links can in a certain way “testify” to its international position, give an opportunity to better focus on the opportunities to develop its activities in foreign markets, establish new contacts in conditions of mutual trust, etc., and accelerate the internationalization of the enterprise.

International marketing – this term refers to coordinated activities carried out by enterprises in foreign markets. They concern familiarization with the needs and expectations of buyers in the international market, as well as recognition of the company’s environment, preparation and implementation of marketing strategy [4, p. 122, 167]. This type of marketing includes all marketing activities of a company carried out as part of its economic activities outside or outside the political boundaries of its own country. It also refers to the analysis, planning, implementation, coordination and control of an enterprise’s market activities in more than one country. It is also defined as planned activities carried out by enterprises in order to attract customers in the markets of selected countries or as the transfer of a company’s marketing orientation and the marketing methods they use to international markets.

We can also talk about euro-marketing, which, simply put, is defined as marketing in the countries of the European Union. There is also intercultural marketing, which is a form of enterprise activity in a diverse multicultural environment. Culture becomes the main differentiator of marketing strategy. A company uses similarities and cultural differences to build a strategy implemented in the global marketplace.

**Conclusions.** Consequently, enterprises that are guided by proactive motives when choosing markets have a better chance of developing long-term strategies because they are focused on serving foreign markets.

The forms and dynamics of internationalization of marketing, goals, marketing strategies, as well as all decisions of the company’s management are largely dependent on the adopted focus of the company. In general, it can be stated that the international orientation of enterprises is a set of attitudes of the company’s management to the problems of internationalization, a kind of philosophy of the company’s activities in international markets.

The internationalization of enterprises can be an element in the development of long-term relationships and interactions between suppliers and their foreign customers and other cooperating entities. Such networks of relationships are often the result of international strategic alliances and therefore need further research.

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