

Lytvynenko Alina

*PhD in Economics, Associate Professor,
Associate Professor of the Department of International Economic Relations
Simon Kuznets Kharkiv National University of Economics
ORCID: 0000-0003-0372-5130*

Lytvynenko Olena

*PhD in Economics, Associate Professor,
Associate Professor of the Department of Economics and Business
State Biotechnological University
ORCID: 0000-0002-8360-4461*

DIRECTIONS OF FUNCTIONING OF INTERNATIONAL BUSINESS IN THE GLOBALIZED ENVIRONMENT

***Summary.** Modern processes of economic development of business take place under the influence of the global environment. The development of the business environment in the country is crucial not only for the micro level but also for the macroeconomic indicators of the national economy. This takes a leading role in the context of increasing external influences on the economy and seeking its adequate positioning in the world. The subject of research in the article is the definition of global indicators of internal metrics in the international business environment. The research goal is to deepen the methodological foundations of the research of the global business environment for the functioning of international business in the global ecosystem. The article considers the main components of the functioning of international business, its problems, analyzes the factors that ensure stable growth of production and sales of quality competitive products outside the country. The research of the World Bank group*

of entrepreneurial activity in different countries of the world on the basis of indicators is analyzed. It is proved that in the period of globalization in international business there are signs characteristic of modern times. The integration of the state economy into the world economy gives international business certain features. It is emphasized that the business environment operating in international markets constantly needs to collect and summarize information on the state of the global environment, comprehensive assessment of business environment parameters, identify trends in the trend to form and implement business strategy. It is determined that overcoming the complexity of doing business in the global space, leaders of international organizations need to look not only for traditional operating models and ways of working, but also focus on not only the usual internal metrics, but also the needs of users in a globalized international business environment.

Key words: *international business, business environment, globalized environment.*

Statement of the problem. The global business environment can be defined as an ecosystem environment that influences decisions on the use of resources and opportunities. In a fast-paced and highly competitive world, global business is seen as the central one to health and economic expansion.

Modern development and dissemination of new technologies in the global business and global economy is seen as a key factor in promoting employment and economic growth in the country. But it is extremely difficult, even under the most favorable conditions to raise business to the world level and maintaining its competitiveness. With this in mind, the relevance of the research is to determine global indicators of internal metrics in the international business environment.

At the present stage, an important aspect of international business development is the formation of a rational business environment. An important

prerequisite is to identify the factors that influence the intensification of international business processes in the world and the global economy.

Today, the global business environment begins with business schools and I is developed in private organizations and international global firms. Any business that has a global or international dimension is its business territory, where the fundamental role in providing formal business is reflected by the ideology or paradigm of ecosystem development as a whole. This is what contributes to the growth of foreign investment and, thus, national economic growth, employment, technology transfer and support for small and medium-sized enterprises. Thus, countries compete for foreign investment.

Analysis of recent researches and publications. A large number of works by foreign scholars, such as: R. Akoff, I. Ansoff, K. Gallagher, L. Stanley, M. Porter, D. Rodrik, D. Smith, O. Williams, J. Freeman and many others is devoted to theoretical and practical issues of formation and development of international business in the global business environment. Among domestic researchers, the following scientists have studied the problem of forming a global and national model of international business of the global business environment: I. S. Bila, N. I. Nasikan, A. S. Galchynsky, L. N. Pisna, A. O. Lytvynenko, V. P. Golovashchenko, A. V. Sidorova, T. G. Ostapenko and others.

Recognizing the significant contribution of scientists to the development of economic research on the outlined issues, it can be stated that the issues of the global business environment to promote international business activities of the country remain an underinvestigated area of modern economics. Therefore, despite the depth of modern scientific research on issues related to the comprehensive generalization of the preconditions for the development of international business, studies of the global business environment indicate the need for further development in this direction.

Formulation purposes of article (problem). The research goal is to deepen the methodological foundations of the research of the global business

environment for the functioning of international business in the global ecosystem.

The main material. The historical emergence of international business occurred in connection with the development and expansion of the international labour division as well as in connection with the formation of the world market.

The international business functioning is a host of factors to ensure stable growth of production and sales of quality competitive products outside the country, namely [1]:

- a significant relative share of enterprises and organizations engaged in foreign economic activity;
- a significant share of enterprises and organizations that implement the latest technologies in the production of national products in order to increase its international competitiveness;
- providing the commercial sector with an appropriate legal and regulatory framework for their export-import operations;
- increasing the production of innovative products in organizations.

The successful activities and long-term viability of the international business system depend on a continuous sequence of decisions of managers who have an economic impact on the business.

To understand the success and long-term viability of the international business ecosystem, it is necessary to realize that not every country (or region) can produce the same product. The labour cost, the availability of natural resources and the level of know-how vary widely around the world. Most economists use the concepts of absolute advantage and comparative advantage to explain why some countries import certain goods and some countries export.

The state of international business development in the world is very different, that's why for bilateral economic relations establishing and business contacts networking there is a need to compare the quality and simplicity of business among countries. The most well-known and easy to use is the Doing Business Report, which allows you to assess the country's place for ease of

business regulation, protection of property rights, the impact of state regulation on economic growth, etc.

The Doing Business Report is an annual research by the World Bank Group that assesses the ease of doing business in 190 (according to 2019) countries based on ten indicators.

The overall Doing Business Report is based on ten internal indicators [2]:

- registration of enterprises – procedures, time, costs and minimum capital for the establishment of the enterprise;
- obtaining a building permit – procedures, time and costs of building a warehouse;
- connection to the power supply system – procedures, time, costs for obtaining power supply;
- registration of property – procedures, time and costs for registration of commercial real estate;
- obtaining credits – the strength of legal rights, the depth of credit information;
- protection of minority investors – openness of financial indicators, responsibility of management and ease of lawsuits from investors;
- taxation – the number of taxes, time for preparation of tax reports, total tax as a share of profits;
- international trade – the number of documents, costs and time required for export and import;
- enforcement of contracts – procedures, time and costs of forcing the payment of debt;
- insolvency permit – the percentage of compensation, time and additional costs for closing an insolvent firm.

According to the results of the 2019 ranking [3]:

- 128 countries have implemented 314 reforms that improve regulation in all areas measured in the Doing Business Report;

- countries such as Afghanistan, Djibouti, China, Azerbaijan, India, Togo, Kenya, Côte d'Ivoire, Turkey and Rwanda achieved the best results in improving the performance of the Doing Business Report from 2018 to 2019;
- almost 1/3 of all regulatory reforms covered by the 2019 Doing Business Report have been implemented in sub-Saharan Africa. With a total of 107 reforms, sub-Saharan Africa is the leader in this index;
- the BRIC countries (Brazil, Russia, India and China) have implemented a total of 21 reforms. Electricity connections and international trade were the most common areas of reform in these countries;
- the top 10 countries in the ranking of business conditions have common characteristics of efficiency and quality of regulation, including mandatory inspections during construction, automated tools used by electricity suppliers to restore power during power outages, reliable guarantees available to creditors in the process insolvency resolution as well as automation of specialized commercial courts;
- training opportunities for service providers and users are positively related to the indicator of favourable business conditions. Similarly, the expansion of communication between the public and private sectors on legislative changes and processes affecting small and medium-sized enterprises is associated with a large number of reforms and higher performances according to the Doing Business Report indicators.

In the period of globalization in international business there are signs characteristic of modern times. The integration of the state economy into the world economy invest international business with certain features [4-6]:

- transparency of doing business;
- gradual development, when the company decides to enter world markets (starts with a simple form of international trade and develops further);
- technological globalization (computerization, telecommunications and informatization, which have significantly changed the features of international

business).

At this time, the first and main trend that has an impact on the development of international business is the increase in the scale of business structures, the internationalization of business relations and the orientation of business services for a long time. Scientific advances in communications, such as satellite communications, not only accelerate the interaction of partners, but also allow for operational control over any international operations.

According to published research by McKinsey & Company, almost 80 percent of the Fortune 500 Companies use a certain form of business service model, such as invoicing and responding to customer inquiries online, underwriting commercial loans and managing budgeting and planning initiatives [7].

Companies that use modern global business technologies strive to support business operations more effectively, while developing the next generation of leaders. Next-generation leaders in today's global business environment are facing a new geopolitical environment that can limit their capabilities and change the way they set up their service networks. Control measures being studied by governments throughout the world can affect the ability to hire the necessary talented people and create new service business centres in low-cost locations – potentially affecting the quality and scope of services they can provide. Leading companies are interested in doing business and they face a lot of potential violations, which include digital technologies, the geopolitical landscape, service delivery and management methods, and search trends [8; 9].

A lot of international companies are experimenting with business process automation programs and are starting to gain insight from the in-depth data at their disposal. For some business and IT executives, automation is increasingly making sense because the cost of implementing automation technologies has dropped significantly, and productivity, especially for comparative transaction tasks, can be significantly improved.

Incorrect tasks are traditionally entrusted to external service providers with changed expectations regarding lead times and capabilities. However, the supplier's landscape is changing. International companies now have a wider range of options and commercial arrangements to choose from. For example, as part of the financial function, third-party suppliers go beyond assistance in processing invoices, assisting in financial budgeting and financial reporting (traditional internal tasks). Moreover, third-party vendors use more aggressive commercial strategies designed to deliver results, rather than simply providing resources [10]. Thus, international companies are forced to rethink their business strategies in a globalized environment of international business.

Insights from this study and perspectives for further research in this direction. By implementing business strategies in a globalized environment of international business, one can use different business models, each of which can suit different companies and types of business. The traditional business environment model is a profit plan that outlines the company's plans to produce a product or a service and sell it. This plan also includes the costs incurred in producing and selling the service or product as well as the evolutionary model of the business environment, which is based on the development of modern information technologies that provide new competitive advantages of modern international companies in the market.

To overcome the complexities of doing business in a global space, companies' chief executives need not only to look for traditional operating models and modes of operation, but also to focus on the usual internal metrics of the process as well as on users' needs in a globalized international business environment. In particular, they need to adhere to the following basic indicators, which are shown in the figure 1.

Divisions of international companies in doing business face the disruption of digital technologies, the changing geopolitical landscape and a new emphasis on various business strategies and methods of service delivery.

To succeed in such an environment, chief executives of international companies and their teams have to shift their attention outwards, i.e. to the value,

which they can provide by meeting customers' requirements. They need to work more closely with leaders of business divisions and ecosystem partners.

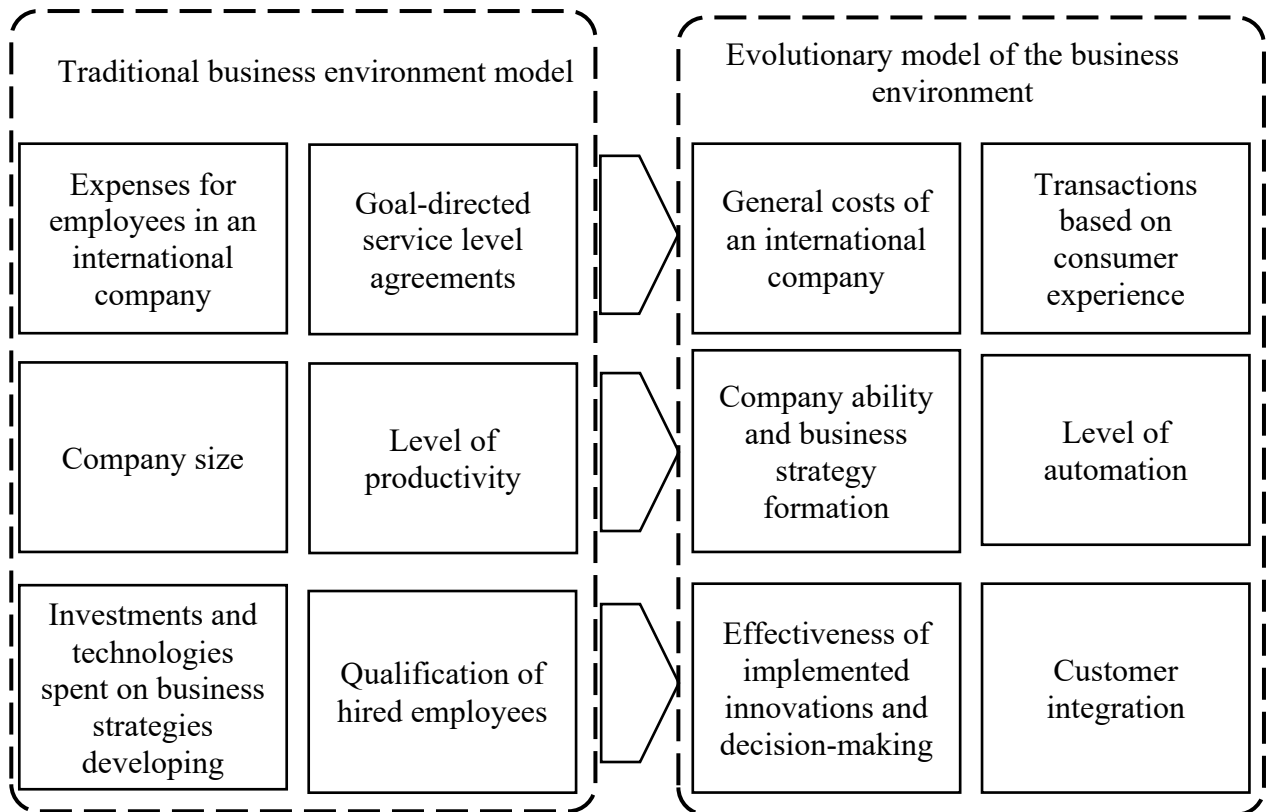


Fig. 1. Global indicators of internal metrics in the business environment

Source: compiled by the authors on the basis of [11-13]

Thus, the process of international business functioning is manifested in a special form of interaction between entities and has a specific structure, technique and it is characterized by the provisions and norms of doing business, the outputs and outcomes achieved in such interaction.

Transformational changes in the global economic system have an impact on business processes, which shape the main challenges and trends for further changes in international business.

According to the research results, the organizational and economic concepts of business services impact on the development of international business in the global ecosystem have been improved, namely the global indicators of internal

metrics in the global business environment to promote international business in the globalization have been identified.

Literature

1. Біла І. С., Насікан Н. І. Бізнес-середовище в Україні. *Глобальні та національні проблеми економіки*. 2017. Вип. 17. С. 127–131.
2. Doing Business 2019. URL: <https://doingbusiness.org>. (date of access: 27.12.2021).
3. The Global Information Technology Report. Офіційний сайт Всесвітнього економічного форуму. URL: http://www3.weforum.org/docs/WEF_GITR_Report_2018.pdf (date of access: 14.01.2022).
4. Портер М. Конкурентная стратегия. Методика анализа отраслей и конкурентов. М.: Альпина Паблишер, 2019. 454 с.
5. Rodrik D. The globalization paradox: democracy and the future of the world economy. New York: W. W. Norton & Company, 2011. 368 p.
6. Gallagher K. P., Stanley L. Capital Account Regulations and the Trading System: A Compatibility Review. Boston University, The Frederick S. Pardee Center for the Study of the Longer Range Future, 2013. 149 p.
7. Official site McKinsey & Company. URL: <https://www.mckinsey.com/Detailing-the-new-landscape-for-global-business-services.pdf> (date of access: 27.12.2021).
8. Литвиненко А. О., Литвиненко О. Д. Формування міжнародної конкурентоспроможної стратегії підприємства. *Economic strategies for the development of society* : collective monograph. International Science Group. Boston : Primedia eLaunch, 2020. P. 312–332.
9. Пісна Л. Н. Трансформаційні тренди у глобальному бізнес-середовищі. *Світове господарство і міжнародні економічні відносини*. Миколаївський національний університет імені В.О. Сухомлинського.

2018. № 23. С. 32–37.

10. Emerging Science and Technology Trends: 2017–2047. A Synthesis of Leading Forecasts. Approved for public release: distribution unlimited. 2017. 56 p.
11. Lytvynenko A., Lytvynenko O. Logistic approaches to management of innovative development of enterprise in the conditions of globalization. *Сучасні інноваційно-інвестиційні механізми розвитку національної економіки в умовах євроінтеграції*. 29 жовтня 2020 р. Національний університет "Полтавська політехніка імені Юрія Кондратюка". С. 169–170.
12. Звіт ООН щодо моделей розвитку економіки після коронакризи та потенціал їх розвитку. URL: https://www.un.org/sites/un2.un.org/files/20200720_un75_uae_futurepossibilitiesreport.pdf (date of access: 27.12.2021).
13. Остапенко Т. Г. Розвиток глобального економічного середовища в сучасних умовах. *Науковий вісник Ужгородського національного університету*. 2019. № 25 (2). С. 37-41.

References

1. Bila I. S., Nasikan N. I. Biznes-seredovyshe v Ukraini. *Ghlobaljni ta nacionaljni problemy ekonomiky*. 2017. Vyp. 17. S. 127–131.
2. Doing Business 2019. URL: <https://doingbusiness.org>. (date of access: 27.12.2021).
3. The Global Information Technology Report. Ofitsiinyi sait Vsesvitnoho ekonomichnoho forumu. URL: http://www3.weforum.org/docs/WEF_GITR_Report_2018.pdf (date of access: 14.01.2022).
4. Porter M. Konkurentnaja strateghyja. Metodyka analyza otraslej y konkurentov. M.: Aljpyna Pablysher, 2019. 454 s.

5. Rodrik D. The globalization paradox: democracy and the future of the world economy. New York: W. W. Norton & Company, 2011. 368 p.
6. Gallagher K. P., Stanley L. Capital Account Regulations and the Trading System: A Compatibility Review. Boston University, The Frederick S. Pardee Center for the Study of the Longer Range Future, 2013. 149 p.
7. Official site McKinsey & Company. URL: <https://www.mckinsey.com/Detailing-the-new-landscape-for-global-business-services.pdf> (date of access: 27.12.2021).
8. Lytvynenko A. O., Lytvynenko O.D. Formuvannja mizhnarodnoji konkurentospromozhnoji strateghiji pidpryjemstva. *Economic strategies for the development of society* : collective monograph. International Science Group. Boston : Primedia eLaunch, 2020. P. 312–332. URL: <https://isg-konf.com/uk/economic-strategies-for-the-development-of-society-ua> (date of access: 14.01.2022).
9. Pisna L. N. Transformacijni trendy u globaljnomu biznes-seredovyshhi. *Svitove ghospodarstvo i mizhnarodni ekonomichni vidnosyny. Mykolajivsjkyj nacionaljnyj universytet imeni V.O. Sukhomlynsjkogho*. 2018. # 23. S. 32–37.
10. Emerging Science and Technology Trends: 2017–2047. A Synthesis of Leading Forecasts. Approved for public release: distribution unlimited. 2017. 56 p.
11. Lytvynenko A., Lytvynenko O. Logistic approaches to management of innovative development of enterprise in the conditions of globalization. *Suchasni innovacijno-investycijni mekhanizmy rozvytku nacionaljnoji ekonomiky v umovakh jevronteghraciji*. 29 zhovtnja 2020 r. *Nacionaljnyj universytet "Poltavsjska politekhnika imeni Jurija Kondratjuka"*. S. 169–170.
12. Zvit OON shhodo modelej rozvytku ekonomiky pislja koronokryzy ta potencial jikh rozvytku. URL: https://www.un.org/sites/un2.un.org/files/20200720_un75_uae_futurepossi

bilitiesreport.pdf (date of access: 27.12.2021).

13. Ostapenko T. Gh. Rozvytok globaljnogho ekonomichnogho seredovyshha v suchasnykh umovakh. *Naukovyj visnyk Uzhgorodskogho nacionaljnogho universytetu*. 2019. # 25 (2). S. 37-41.