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**THE IMPORTANCE OF CONSOLIDATION PROCESSES FOR INTERNATIONAL
COMPANIES IN CONDITIONS OF THE WORLD ECONOMIC
GLOBALIZATION**

***Abstract.** According to the results of research numerous advantages and disadvantages of consolidation processes in international companies were revealed and differences in the creation of foreign and Ukrainian companies were examined. On the basis of used examples direct influence of transnational and multinational corporations on strengthening of processes of world economic globalization was grounded and proved. Environmental analysis of global companies is concentrated on problems of discovery and evaluation of economic and business opportunities, threats, strong and weak sides of their activity. Structural planning of productive, technological, commercial processes and working time structuring as the basic factors of successful companies' activities was confirmed by given examples. On the basis of conceptual approach peculiarities of development, economical and political influence of transnational and multinational corporations, strategic alliances and alliances' networks on the world globalization processes were determined, structured and analyzed.*

JEL Classification: F01; F15; F23; F29; O20; O29

Introduction.

In the era of the development of "economic states" that are characterized as transnational and multinational corporations, the creation and development of international economic-political alliances and international alliances' networks, the fact of active consolidation of economies of various countries has become obvious and it has lead towards the creation of basis for effective international cooperation. In its turn, the potential basis of international corporate cooperation of each individual state can be looked upon as the processes of structural and economic integration of business entities and the creation of associations of enterprises. Thus, within the framework of individual economies it can be formed either cores of future transnational and multinational corporate entities or structural divisions of already existing units of domestic or international corporate business.

The expansion of the corporate sector in certain branches of the economy of economically strong states gives them an increase in GDP and in export sales, where is for states with weaker economic systems, the development of corporate business makes it possible to attract investment to the economy. It should be noted that the processes of creating transnational corporate systems are turned to be a kind of manifestation of the consolidation of economic, labor, energy and other resources on the level of international economic and political cooperation, and thus become the basis of the world system of specialization and cooperation.

1. Consolidation processes as the basis of international cooperation

In the modern economic space, consolidation has become the most common way of creating corporations, i.d. the formation of a unified organization on the basis of two or more companies. Consolidation includes the processes of mergers and acquisitions, exchange of shares, sale of business units, repurchase of a controlling stake for borrowed funds and privatization agreements. Concerning the implementation of above mentioned processes it is necessary for a company to universalize and synchronize processes of strategy development, tactics and management decisions, and therefore consolidated companies are inherent in the implementation of functional processes, synergies of interests and opportunities, synergies of motivations and competitive advantages.

Mergers and acquisitions have become the most common forms of association in the modern conditions of the global economy. Mergers and acquisitions, as some components of the consolidation process, are carried out with the aim of expanding the resource base, increasing production capacity, increasing competitiveness and strengthening competitive positions, improving organizational capabilities and increasing the effectiveness of research and development within the framework of a newly created company. An important feature inherent in the processes of merger and acquisition is the cyclicality, which is a kind of vicious circle of transformations, which are in their turn carried out in such like directions as: the transformation of one of the company's enterprise participants into a parent company; transformation of the parent enterprise (company) into a regular member of corporate association of an internal or international nature.

Comparing features of the formation of companies in Ukraine with that of foreign companies we have identified certain discrepancies. Thus the majority of domestic companies created in the 90s of the twentieth century were formed in the process of privatization on the basis of property of enterprises formerly owned by the state, as well as property and financial resources of the former ministries and departments. As foreign companies are concerned, it is characteristic to merge various types of joint-stock companies through merger or acquisition. However, today, with the experience of almost 20 years Ukrainian companies use analogue methods of foreign companies formation, i.e. modern domestic companies are mainly created through mergers and acquisitions.

In the process of research we have accumulated some differences of international corporative business from its national model, which are quoted below:

1. Advantage of transcending national boundaries in effective conduction of business operations.

2. Regulation of national corporative business is accomplished on law basis of a particular country; and simultaneously regulation of international corporative business is accomplished by international economic organizations, or on the basis of two or multilateral agreements among business members.

3. Unlike national corporative business, managed by the national entrepreneur in the country, international corporations can be carried out within the territory of another state by nonresident or joint management.

4. Existence of multisized international corporative business subjects that are equal in size to a particular state are, so called, state in state business subjects. Some of subjects in international business are a state in state in size (as transnational and multinational companies).

5. Usage of global business service, world market of global financial services, and global system of international corporative business information exchange.

6. Possibility of the so called inverse estimation of public situations in case when negative trends in the economy (or some of its branches) are quite differently regarded by international firm because in such situation they can offer additional business opportunities for global companies.

7. International companies business can feel support of the state in many implicit forms in conditions of international competition.

8. Enormous variations of international corporative business can be dependant on the depth of involvement of international relations from isolated export to the creation of global companies in spheres of insurance, chemical and pharmaceutical industries, telecommunications and automobile construction sector.

The importance of understanding of essence of international corporative business can be considered international companies, i.e. organizations which export national capital for the purposes of its investments and business activities to other countries. It can be underlined, that world economic practice points out three groups of international companies:

1. The first group of international companies is named "multinationals" or "multinational companies" (MNC). This type of companies is characterized by unification of different nations capital (the capital of which is a multinational) and nature of multinational status. The first multinational company "Unilever" originated in 1929 by merging firms "Margarine Uni" (Denmark) and "Lever Brothers" (UK). Since then it has extended to one of the largest international companies with more than 500 foreign affiliates in nearly 60 countries and two "Unilever's" headquarters in London and in Rotterdam. Multinational companies also include world known concern "Royal Dutch Shell" (England-Holland), "Dunlop-Pirelli" (England-Italy), "IT&T" – "International Telephone and Telegraph" (the USA) and automobile concern "Fiat-Citroen" (Italy-France) [7].

2. The second group of international companies is described as transnational corporations (TNC). Transnational corporation is a special type of company that is national according to its capital and multinational according to characterized activities. Transnational corporation is a system of enterprises, covering the main company which defines nationality of it and its overseas departments. Parent company controls the assets of their foreign branches and usually owns a share of capital in them.

3. Some economists recognize the third group of international companies, which include international corporate alliances that are organized into consortiums. Such formations are created on industrial, scientific, technical and commercial basis and represent special union concerns to solve major economic problems. However, according to the opinions of the majority of experts, these alliances are forms of international strategic alliances.

Many countries in which international companies have business operations have experienced frequent changes of government as well as unexpected modifications of a government's economic policies. Changes in government policies toward the industrial and commercial sector of the economy and particularly toward foreign firms, foreign trade, and foreign investment have had significant impact on the profits and other goals of international firms. An issue that all planners face involves the allocation of physical, financial, and human resources to old products versus the development of new products, and for the expansion of old country markets versus the development of new country markets. An ideal product-country would provide the firm with a steady flow of cash for new product and market development and a rate of return on investment that is acceptable to top management. Achieving the proper balance between new and old products, and new and old markets is a challenging task for international planners.

An international company should have an overall plan and a well-designed strategy for entry into foreign markets. Many companies have entered foreign markets via licensing, contract manufacturing, or production facilities without a deliberate plan for foreign market penetration only to find later that the particular strategy was wrong. For example, a company may begin its involvement in a foreign market in the form of export sales in response to inquiries from foreign distributors. As export sales grow, the company may begin to experience problems supplying the foreign market via exports because of a variety of tariff and nontariff barriers and import restrictions imposed by the local government. Believing that the foreign market should be protected, the company management may resort to licensing a local company to produce the product. This may turn out to be the wrong strategy if in fact the market for the product expands and becomes large enough to support a local production facility. The option of production abroad would be unavailable to the company now because a local company is already producing the product.

Along with the dominance of multinational corporations in developed market economies (where 90% of multinational firms) can be traced the involvement in the processes of transnationalization of Eastern and Central Europe and the emergence of multinational corporations with headquarters in developing countries ("Daewoo", "Fuji" "Samsung"). Five countries as Germany, Japan, USA, UK and France offered their basic areas for many multinationals parent industrialized countries. These countries account nearly 2/3 of foreign direct investment, in industrial countries can be placed about 46% of all affiliates of multinationals corporations while in developing countries – 42% [8]. Transformation of organizational strategies of multinational corporations towards the formation of regional integrated networks is grounded not only on direct investment movement, but also on contract, shareholding forms of inter-firm relationships and transactions.

Despite the dominative role of consolidation processes that were the basis of corporation formation from the early of 2000s, the world society has begun to investigate just an opposite situation. During recent decades we can observe active decentralization in the management of TNC and MNC as an appearance of identical parts within macrolevel. For example, the Japanese transnational corporations were among the first to set up regional offices in Singapore, which control the production of automobiles and household appliances in South-East Asia. "IBM"-corporation (USA) moved its headquarters from the production of computer systems from home country to the UK and China, AT&T (USA) was established in France and these head office had to guide the global network of production of telephone equipment, and "DuPont" established two foreign headquarters of certain activities. Multinational corporations in different countries want to decide differently and have different expectations about economic problems and implementation of economic decisions. Global influence on economic processes does not fit well all countries worldwide. Globalization enables company-countries to build mixed business teams.

However, inevitable conditions of world economic globalization processes allow international corporations to create modern and comfortable forms of development that can be resulted in consolidation and independent activity of all market participants simultaneously. Strategic alliances and alliances' networks are now considered to be the most modern forms of corporative globalization on associative basis. Establishment of international strategic alliances, which coordinate long-term production base and market activities of two or more companies, is being built continually. The wide spread of strategic alliances is witnessed and proved by the fact that only European multinational companies created in the 80-ies of XX century enumerate more than 700 such unions in scientific field. Great interest was caused by the alliance of TNC "Siemens" and IBM the producers of semiconductors; this alliance was then joined by major Japanese multinationals and the main consumers of semiconductors. This strategic alliance symbolized great and fundamental transformation in the branch of electronics. Such companies as "Toshiba",

"Apple" and IBM entered into strategic alliance in the field of development and exchange of software products for a new generation of computers. Since the mid 80s XX century the number of international strategic alliances in the world has been growing by more than 25% each year [6].

World economic observations revealed the growth of development of international alliance networks, i.e. association of three or more international firms linked by weblike formal and informal agreements on cooperation and in several years, international alliance networks have formed multimedia industry. In the multimedia field alliances had already emerged late in the 80s XX century. Computer companies merged with companies consuming electronics, cable TV operators, providers of telecommunications and entertainment companies to develop new projects and services. Thus, Japanese "Sega" is the manufacturer of video games, which pursued the goal to take the top spot in the first rank of entertainment industry, has created their own network of alliances. Its partners were such American companies as AT&T, Time Warner; among Japanese we can observe Yamaha, Matsushita, and Pioneer. As a result, international alliance network "Sega" has gained free access to technology, allowing running computer games with live graphics and creating virtual amusement parks.

The research of consolidation processes as the basis of international cooperation in the framework of corporate business has resulted in the identification of three scientific trends. Representatives of the first one are included in a group of "corporate skeptics" who call corporations "business sharks", "destructive monopolists" and believe that corporate business representatives care only about expanding their own economic influence and strengthening of their positions in political circles. The representatives of the second stream belong to the group of "corporate supporters" who consider corporations as the driving force of world economic progress. Representatives of the third scientific trend are supporters of the institutional approach to the analysis of market relations and consider international corporations as the basis of the organizational structure of the industrial system of modern society. Such global monopolies as, for example, Mitsubishi Corp., Kawasaki Heavy Industries, General Electric Company, Holiday Inn, Michelin, MMK Nashe Delo, Kalina by Daimler Benz, are the most interesting examples in the field of monopolization of markets of various countries, monopoly relations and competition, management of price dynamics in the world market, the impact on the conjuncture of world stock exchange activity or the formation of a precedent of world labour migration. Analysis and deep study of work experience of above mentioned economic giants allow small and medium-sized businesses to learn how to compete and to be competitive, strive to achieve strategic goals and not to be afraid of economic grows, to be flexible and demanding in their work.

2. Development of transnational corporations as the reflection of world economic globalization processes

International business, economy and management are of great importance in most of the countries and that importance continues to grow. The transnational corporation has been and continues to be the most important force promoting this growth. The world becomes increasingly interdependent and global, which means one big market, one big interdependent system with flexible boundaries in which people, products, technologies and ideas can easily migrate. The need for international management arises when a country becomes involved in foreign direct investments and general market.

Taking into consideration definitions and characteristics of transnational corporation (TNC) as basic unit of international business it can be noted that according to UN classification TNC – is only international associations with branches and subsidiaries in six or more foreign countries that perform coordination of their activities. In recent years can be traced some transformation of views on exact number of countries covered by the activities of TNC. Now, as defined by the UN, TNCs are "enterprises that own or control the production of goods and services outside the country in which they are based" [14].

One more definition is offered by UNCTAD, transnational corporation – is a company that unites legal entities of any organizational forms and activities in two or more countries and conducts generalized policy and strategy with one or more decision-making centers [14].

Difficulties in determining the nationality of TNCs and its relations with foreign subsidiaries can be explained by multistaged origin of these relationships. According to J. Stopford [13], the corporation moves into the category of TNCs, when the structure and nature of international operations department correspond to the third stage of corporation development in the domestic market.

Another approach is offered by R. McDonald and C. Seifert [9], they introduced four main stages of "external" evolution structure of the company during the transition to the TNC:

1. Realization of export and import operations by the firm.
2. Expansion of foreign activities of the company on sale of licenses and transfer of firm technology to other countries.
3. Foreign investment, especially in enterprise construction of production cycle; in this case businesses can be joint, mixed or wholly owned by the parent company.
4. The fourth stage is somewhat different; it is characterized by substantial increase in foreign investments of the company with sharp increase construction of profits in general terms of corporation activities. On this stage corporation can be attributed to multinational one.

We believe that the main principle of the formation of TNC, regardless of its type, is the process of capitalization of capital, as concerns, corporations, holding companies, and financial-industrial groups are joint-stock companies, in which the hierarchy of participants is determined by the ownership factor of other shares of share capital of corporation development in the domestic market.

Scientific views of famous economists on the causes of transnational corporations vary, but among them we can reveal several dominant trends. Thus, the main key reasons for the emergence of TNC can be identified as the following ones:

1. Strengthening the competitiveness of certain sectors of the economy.
2. Formation of strong and self-sufficient segments of the market in separate branches of industry.
3. The willingness to the concentration of capital, factors of production and the territory under the jurisdiction of a competitive leader.
4. The need to reduce production costs in the expansion of production capacity and savings on transaction costs in the organization of the company.
5. Optimization of pricing policy, simplification of pricing and taxation processes.
6. The necessity to reduce risks and overcome the uncertainty of the economic environment.
7. The desire to maximize profits by saving resources and minimizing costs.

Experience of explorations in corporation development direction in recent years confirmed that annual sales of goods and services by transnational corporation (TNC) and their foreign affiliates had reached nearly \$7 trillion i.d. significantly higher than the global exports. Transnational corporations account about 7% of international technological exchange, "know-how", patents and licenses. Global accumulated investment volume of transnational corporations (parent companies and affiliates) has reached \$3.5 trillion and the total sales of their foreign affiliates are \$9.5 trillion. Such increase in trans-nationalization of the world economy was proved by the fact that the amount of internal and external accumulation of foreign direct investment had reached 1/5 of global GDP and exports of foreign affiliates of transnational corporations had reached 1/3 of world export. Statistics shows close relationship between the degree of international (transnational) business transactions and firm size, thus in the 90's XX century foreign transnational companies in the USA, Germany and Japan concentrated nearly 1/3 or 1/4 of all assets. Cross-border mergers and acquisitions at the beginning of the XXI century has reached about 3/5 (60%) of foreign investment and this process has been penetrated into the banking sphere [15].

Analyses of problems and failures abroad have shown that the techniques, practices, and methods that have proved effective in one country may not work well in other countries, and dominant interfering factor is business culture of transnational corporation. Each culture provides certain managerial benefits, differences enrich business world with knowledge we do not have, improve our judgment of reality, and teach different styles of working together.

The international operations of companies have brought executives in tight contact with business cultures of different nations. The importance of understanding cultures of countries in which a contemporary transnational company operates as well as similarities and differences between countries are obvious.

Taking into consideration these basic definitions of transnational corporations (TNCs) we mean an international group, which has its headquarters in several countries and balanced managerial system that can allocate resources, technology and responsibility among members of a company to shape its economic policy and overall strategy to achieve maximum profit.

Transnational corporation as a form of business belongs to an international association, which is based on equal and legal rights and obligations which are separated from the rights and obligations of the participants. TNCs in their organizational form are corporations with assets that are associated with common property. Such type of TNC is significantly different from its predecessors – the cartels, syndicates, trusts, whose members were owners of their capital. Thus, the process of transnationalization can be considered as business organizational formation known as corporation.

Business in a transnational company is far more complicated than in a company that does not operate internationally. What makes it difficult is the complexity of the international environment. In an international company, manager must monitor not only the changes in the environments of every country in which the company currently has operations, but also how these environments are likely to affect one another, as well as how the changes occurring in the global environment will affect the manager's domain.

Despite the sophistication and speed of contemporary communication systems, geographic distance between the parent and the foreign affiliate continues to cause communication distortion. Differences in language between the parent company and its foreign affiliates are also responsible for the distortions in communication, misunderstanding the communications habits of people in other cultures. Managers of different cultures interact but may block out important messages because the manner in which the message is presented may mean something different to the sending and receiving cultures. An international company derives its strength from being able to recognize and capitalize all opportunities anywhere in the world, and from its capacity to respond to global threats.

3. Environmental analysis as the leverage of reaching success in company's activity

Environmental analysis focuses on discovery and evaluation of business opportunities, threats, problems, and risks associated with them. It involves the analysis of certain factors in the environment that could have a significant positive or negative impact on the operations of a firm. Environmental factors with a positive impact may create future opportunities whereas those with a negative impact may represent future threats, risks, and

problems for the firm. International environmental analysis is the conduct of this activity on an international scale. When a firm conducts an environmental analysis it should influence on the critical factors in the economic, political, legal, and cultural segments of the total environment in which the firm operates. However, in an international company, environmental analysis should be conducted on such different levels as: multinational, regional, country.

At the multinational level, environmental analysts at the company headquarters are concerned with the identification, forecasting, and monitoring of critical environmental factors in the world. The analysis is of a very broad nature and corporate environmental analysts may study the global technological developments or trends in governmental economies, or the overall changes occurring in the values and lifestyles of people in industrialized versus developing countries. Then the analysts would make judgments about the probable nature of these trends and the degree of impact on the internal operations of the company now and in the future.

Environmental analysis at the regional level focuses on a more detailed study of the critical environmental factors within a specific geographic area such as Western Europe, the Middle East, or Southeast Asia. The aim is to identify opportunities for marketing the company's products, services, or technology in a particular region. Analysts also research the types of problems that may occur and the appropriate strategies to counter them. Regional environmental analysis points out countries in the region that seem to have the most market potential; these become the focus of country environmental analysis.

Environmental analysis at the country level is concerned with a deep analysis of the critical environmental factors as economic, legal, political, and cultural in a small number of countries. In each country, an evaluation is made of the nature of the opportunities available questions may arise:

1. How big is the country market for our products, services, or technology?
2. How can the market be served by exports, licensing, contract manufacturing, or local production?
3. Which is the best strategy for entering the country market?
4. Can the country serve as a base for exports to other countries, including the company's home market?

Country analysis also identifies the nature of the potential threats, risks, and problems associated with each form of market entry. For instance, serving the local market through exports to it may carry with it the risk of government restraints in the future, such as higher tariffs or import quotas. Country environmental analysis must be oriented to each of the market entry strategies for it is meaningful for planning purposes. A suggested procedure for conducting this analysis is as follows: first, identify the critical external conditions or factors that must exist for the success of a particular market entry strategy; next, evaluate the critical environmental factors associated with each market entry strategy.

Evaluations of the critical environmental factors (economic, legal, political, and cultural) that can affect each form of market entry are made and recorded symbolically in each cell in the matrix. The individual evaluations in each cell may be "averaged" to arrive at a cumulative index of the quality of the critical environmental factors for each market entry strategy, thus permitting a comparison among them.

It must be stressed that the external environment is always changing and hence the critical environmental factors favorable at one time may become unfavorable later, and vice versa. Therefore, global, regional, and country environmental analysis must be done continuously. Moreover, the focus of such analysis must forecast characteristics of the critical environmental factors in the future so that the company may have sufficient lead time to make appropriate modifications in its strategies.

Planning in an international company is more complicated than in a company that does not operate internationally. What makes it difficult is the complexity of the international environment. In an international company, a manager must monitor not only the changes in the environments of every country in which the company currently has operations, but also how these environments are likely affect one another how the changes occurring in the global environment will affect the manager's domain. Global planning evolves changes in the external environment, particularly those over which the company management has little or no control, and changes in the internal environment of the company itself. International planning is concerned with the assessment of the multinational environment, determining the future worldwide opportunities and threats, formulating the global objectives and strategies of the enterprise and the internal audit of the enterprise's strengths and weaknesses. International planning includes the formulation of short- and long-term goals and objectives, and the allocation of resources as people, capital, and technology, information internationally to achieve the enterprise's global aims.

Managerial control is a process that evaluates performance and takes corrective action when performance differs significantly from plans. Using managerial control, any deviations from forecasts, objectives or plans can be located and corrected with minimum difficulty. Managerial control involves several management skills: planning, coordinating, communicating, processing, evaluating information, and people influence.

We can research four main elements in the managerial control process.

1. The setting of standards.
2. The development of monitoring devices or techniques to monitor the performance of the individual or the organizational system.
3. The comparison of performance measures obtained from the different monitoring devices to the plans in order to determine if the current state of performance is sufficiently close to the planned state.
4. The employment of effectuating or action devices that can be used to correct significant deviations of performance.

Thus we can see a close relationship between managerial control and planning. Managerial control depends on the objectives set forth in the tactical plans, which in turn are derived from the strategic plans of the organization. Tactical plans are for the short-term contributions of each functional area toward the strategic plans, goals, and objectives. Control and problems associated with it are more complex in a multinational company than in one that is purely domestic because the multinational one operates in different cultural, economic, political, and legal environment. International economic systems, increased globalization of markets turn our world into one large interdependent market system in which people, goods, technologies, money and ideas migrate. International business is of great importance in most countries and that importance continues to grow. But different countries with various cultures decide differently and have different expectations about economic problems, and how economic decisions should be made and implemented. Even in the epoch of globalization integrated American and Western management approach to economic processes does not fit well for all countries worldwide.

Multinational companies use several forms of monitoring devices to control their foreign subsidiaries. Among the so-called direct controls commonly used are periodic meetings at the headquarters between subsidiary and regional heads and corporate executives; visits by corporate executives to foreign affiliates; staffing subsidiaries by home country nationals, and the organizational structure. Indirect controls include such devices as periodic reports from subsidiaries, detailing their performance for the given period; a whole range of financial controls, such as budgetary control and financial statements; and financial ratios that depict the financial health of an operating unit. Most companies use profits and return-on-investment figures as the two dominant criteria to evaluate the performance of subsidiaries. However, these measures may not accurately reflect the real performance level of a subsidiary because corporate or regional managers, not the subsidiary manager, make many significant decisions that affect the subsidiary's performance. Besides there are several forces in the subsidiary's environment which the subsidiary manager cannot control and which significantly affect, favorably or unfavorably, the subsidiary's performance. Therefore, the profit-and-loss statement or return on investment of a foreign subsidiary should be adjusted to reflect its actual performance by removing from consideration positive or negative results that were due to forces or factors beyond the control of the subsidiary manager.

Problems are also caused by misunderstanding the communications habits of people in other cultures. Managers of different cultures may interact and yet may block out important messages because the manner in which the message is presented may mean something different to the sending and receiving cultures. For example, a manager may make a wrong judgment about a subordinate's performance because he or she is unaware of culturally different communications habits. Cultural distance is as significant as geographic distance in creating communication distortions. Lack of understanding and acceptance of the cultural values of a group may impair a manager's ability to evaluate information accurately, to judge performance fairly, and to make valid decisions about this performance.

This failure could create problems in a multinational company in the area of employee performance appraisal.

Thus multinational operations of companies have brought executives in face-to-face contact with the cultures of different nations and regions. The importance of understanding the cultures of countries in which a company operates, the similarities and differences between cultures-becomes clear when we look at insensitivity to cultural differences. Investigators who have studied the performance and problems of corporations and individuals abroad have concluded that it is usually the human problems associated with working in a different culture that are likely to be critical in the success or failure of their endeavors. Analyses of problems and failures abroad have shown that the techniques, practices and methods that have proved to be effective in one country may not work in other countries.

Misunderstanding between foreign departments of international corporations in cases of cultural differences can be avoided due to exact and structural planning of productive, technological, commercial processes as well as working time structuring. Planning is one of the basic functions in the management process. Every manager must have plans so as to reach maximum organizational effectiveness. Planning involves the assessment of the environment for opportunities and threats of the foreseeable future, evaluation of the strengths and weaknesses of the enterprise, and the formulation of objectives and strategies designed to exploit the opportunities and combat the threats. "Planning is the design of a desired future and of effective ways of bringing it about, a process that involves making and evaluating each of a set of interrelated decisions before action is required, in a situation in which it is believed that unless action is taken a desired future state is not likely to occur, and that, if appropriate action is taken, the likelihood of a favorable outcome can be increased," – says Russel L. Ackoff [1]. All planning is concerned with the future; it is concerned with deciding what an enterprise wants to be and wants to achieve how to attain these aspirations, allocate resources, and implement designs.

Problems of poor planning point out the acute need for the development of a strategy for international business operations. A company that is considering foreign market opportunities should begin by asking the following basic questions: Should we go international? How soon should we embark on our first venture abroad? What is the best way of exploiting the foreign opportunities? Although on the surface it may appear that there are many business opportunities abroad, it is important to recognize that such opportunities vary significantly among industries and individual firms. Different firms have unequal abilities to exploit foreign markets successfully. The assessment of the international opportunities and of the strengths and weaknesses of the resource base should permit the company's management to define the scope of the international business involvement. The next step is to formulate the companywide international business objectives; this is followed by the development of pertinent international corporate strategies aimed at achieving companywide international business objectives.

Sustainable work planning and distribution of working time of company's departments provide continuity of supply-side processes that will lead to the substantial decrease of downtime quantities and potential income of the company will be therefore increased. Proper timing of entry into foreign markets can make the difference between success and failure of a foreign venture. Establishing production facility before the market is large enough to support the required volume for optimum plant utilization results in excess plant capacity and higher per unit production costs. But to wait too long is always equally undesirable because the first entrant in the market has the distinct advantage of being able to capture a huge share of the total sales volume. The experience of many companies has shown the difficulty in taking sales and market share away from a competitor who already has a large proportion of the total market. Absence of effective planning may result in the company's allocating its resources to ventures that may not represent the best among the available global market opportunities. For example, a company that does not have a formalized program for the evaluation of foreign market opportunities is not likely to discover the best ones among the many available; it can make investment abroad merely because the prime opportunities were never identified as such. A multinational company derives its strength from being able to recognize and capitalize on opportunities anywhere in the world, and from its capacity to respond to global threats, to business operations. The objective of managerial control can ensure that plans are being implemented correctly.

Conclusions.

International economic systems, increased globalization of markets turn our world into one large interdependent market system in which people, goods, technologies, money and ideas migrate. International business is of great importance in most countries and that importance continues to grow. But different countries with various cultures decide differently and have different expectations about economic problems, and how economic decisions should be made and implemented. Even in the epoch of globalization integrated American and Western management approach to economic processes does not fit well for all countries worldwide. Contemporary international business is a business relationship between economic operators in different countries. Only deep understanding of international operations for organizations and enterprises can allow understanding the nature and specifics of international business. Taking into consideration the strengthening processes of world economic globalization we can point out main tendencies in the sphere of international business. These tendencies are:

1. Enormous scale of operations of global companies.
2. Decentralization of management in global companies.
3. Economic integration of countries of Eastern and Central Europe.
4. The sharp increase in the mergers and acquisitions of small and medium-sized firms by multinational corporations and attraction of small businesses to foreign economy and foreign trade.
5. Establishment of international strategic alliances.

6. Development of international alliances' networks.

Such trends can be considered as willingness of representatives of international business to integrate into economic society and to strengthening of globalization in the world economy.

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