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**FUNDAMENTALS OF INTERNATIONAL
BUSINESS: PRACTICE**

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Institute as a textbook for foreign students studying in the specialty

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Fundamentals of International business: practice

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Theoretical and practical issues of organization and conduct of international business are considered in this teaching manual. The methodology of solving practical problems and situations related to the environment, strategy of penetration into foreign markets, management of international marketing, finance and personnel in international companies.

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Topic 1. Subject matter, methods and system of International business

Questions raised on self-study:

1. Identify the factors that contributed to the formation and development International business.
2. Features of modern international business.
3. State the motives of international business.
4. Describe the stages of development of international business.

Questions for self-control:

1. National and international business: common and differences.
2. The structure and content of the international economic environment.
3. The internal environment of international business.
4. Macro- and micro-environment of international business.
6. Communication environment.
7. Model of the international business environment - macro level.
8. International business environment model - meso level.
9. Model of international business environment - micro level.
10. Information environment of international business.
11. Communication environment of international business.

Topics of the essay:

1. Motivation of international business: expanding sales, acquisition of resources and diversification of sources of supply and marketing.
2. Means of achieving goals in international business: operational and functional.
3. The external environment of international business.
4. Political and legal environment of international business.
5. Trends in the competitive environment in international business.

Case

"The Fourth Industrial Revolution in the World Economy: Myth or Reality"

Global companies are already writing new rules of the universe: conveyor production and the rate of cheap labor are a thing of the past.

Ignoring this trend now, Ukraine will forever remain in the backyard of the world economy. Preoccupied with war and internal transformations, it is difficult for Ukraine to pay attention to external events if they do not directly affect it. But an exception must be made to this rule for the industrial revolution, which is beginning to unfold right now in the United States, Germany, China, and a number of other countries.

"The Fourth Industrial Revolution" ("Industry 4.0"). This term launched into use by the industrialists themselves, who started this revolution. About two hundred companies and research centers, many of them world-renowned, have already joined the ranks of revolutionaries. Their representatives meet quarterly in forums, where they not only discuss plans, but also approve them rules of the new world order.

At first glance, these plans and rules do not apply to very important things. In fact, it is only that in industry, construction, transport, tens (and then hundreds) of billions of sensors and devices will be connected to a single network for the whole world - the industrial Internet. It looks (really as it is) as a development at the production level of the idea of the Internet of Things, which has been talked about since the end of the last century.

But there is one significant difference between the production and household levels. None of the household users will get instant benefits from turning their home into a so-called "smart home". On the contrary, it will require many one-time costs that are not a fact that will ever pay off (in the form of heat and electricity savings). And certainly no one risks losing their home because they are in no hurry to turn it into a "smart" house. However, businessmen who initiated the industrial revolution are counting on gaining competitive advantages that will allow them to strengthen their market position and weaken the position of competitors. They can work on the

old principle, until they notice that consumers turn away from their products, income no longer covers costs and it is more profitable to close production than to save it.

Therefore, domestic companies and all Ukrainians should pay attention to the trend that is beginning now in the largest economies in the world.

The changes will not only concern the production process. The fourth industrial revolution promises to radically reorient the industry, returning it from conveyor production, which is designed for the mass consumer, to the so-called additive production, which meets the demands of the individual customer.

There will be new opportunities for inventors and a new field of business, which can be called social production. In turn, these changes will affect the structure of society in various aspects - education, employment, choice of residence and so on. Globally, the "fourth industrial revolution" should lead to significant changes in the international division of labor [1].

Questions for discussion:

1. What impact does the Internet have on international business? What companies and which countries will benefit from the wider use of the Internet in everything the world? Which companies and countries are losing?

2. Are any international ones being implemented at your university programs? If implemented - does it allow you to attribute your work educational institution to the category of international business?

3. What differences may exist between skills and abilities managers of national and international companies?

Topic 2. The essence of international business

Questions raised on self-study:

1. Describe the economic elements of the environment international business.

2. Describe the political elements of the external environment nternational business.

3. Describe the legal elements of the external environment international business.

4. Describe the culturological elements of the environment international business.

Questions for self-control:

1. International business as a sphere of economic activity.
2. International business as an economic category.
3. International business as a science: essence and functions.

Topics of the essay:

1. International trade and international business.
2. International business and its environment.
3. Factors of internal and external environment of international business.

Case

Olympic business

Every two years, the whole world watches the Olympic Games with interest. International business and the globalization of the economy play a crucial role in the life of the modern world in all its manifestations, so it is not surprising that in modern conditions, the Olympic Games most clearly reflect the basic principles of international business. The Olympic Games are organized by the International Olympic Committee (IOC), which is headquartered in

Switzerland. It is the IOC that decides where the next Olympic Games will be held and what sports will be represented at them.

In addition, the IOC oversees the selection process for judges and referees. In each country that intends to send its athletes to the Olympics, a national Olympic committee must also be organized, the task of which is to prepare athletes for participation in the Olympic Games and to carry out the necessary organizational measures. The National Olympic Committees are accountable to the IOC and operate under its control.

Cities claiming to be the hosts of the Olympic Games must submit to the International Olympic Committee a carefully designed plan of action. In addition, they must commit to the construction of the necessary sports facilities, the involvement of volunteers, as well as other issues of organizational support of the Olympic Games. For example, in its bid for the 1998 Winter Olympics, Japan pledged to build a new high-speed rail line between Tokyo and Nagano, the venue for the Games. As you know, in the end, the city of Nagano was chosen as the place holding these Olympic Games.

It should be noted that rivalries between countries that deny the right to host the Olympic Games can sometimes be negative. The following examples can be given as an illustration. As a result, the US Senate passed a resolution that dramatically reduced the chances of the Chinese capital Beijing to host the 2000 Olympics, this right was granted to the city of Sydney, Australia. This led to threats from the Chinese authorities to the United States to start a trade war (Beijing was later granted the right to host the 2008 Olympic Games). The American city of Salt Lake City failed to win the right to host the Olympic Games in 1998. As a result, the local city organizing committee launched a massive campaign to gain the right to host the Games in 2002 at all costs. rich gifts and entertainment. When these events became known, it marked the beginning of a worldwide reorganization struggle for the reorganization of the International Olympic Committee.

What are the reasons for the desire of a city to become a place holding the Olympic Games? Most cities are fighting for this right, as holding the Olympic Games would allow them to assert themselves in the international arena and thus accelerate the process of economic development. In addition, a country or city benefits from the long-term benefits of hosting the Olympics in terms of tourism. Example, skiers, skaters and snowboarders continue to be happy to use sports facilities erected at venues for the previous Winter Olympics, such as Nagano, Lillehammer, Calgary, Albertville, Lake Placid and others, generously investing in the local economy for a long time. as the Olympic flame went out. Among other things, the Olympic Games in many cases accelerate the process of improving the

city's infrastructure. For example, the high-speed railway line between Tokyo and Nagano has halved the duration of travel between these cities. The advantages of this line remain important for both locals and guests of the country.

The high level of costs required to host the Olympic Games is explained by the fact that both the IOC and the National Olympic Committees pay special attention to finding ways to generate revenue. Showing the Olympics on television is one of the most important sources of income. NBC, for example, paid \$ 1.27 billion to broadcast events in the United States during the 2000 Summer Olympics in Sydney and during the 2002 Winter Olympics in Salt Lake City. Subsequently, the company allocated another \$ 2.3 billion to retain the right to host the 2004, 2006 and 2008 Olympic Games, and \$ 2.2 billion to broadcast the 2010 and 2012 Games. The rights to broadcast the Olympic Games in Europe, Australia, Asia and other countries in North and South America are sold local radio and television companies at a lower but no less impressive price. NBC and local broadcasters, in turn, sell advertising time to companies that seek to attract Olympic fans from around the world to their consumers products. For example, despite the fact that NBC had to pay more money for the rights to televise the Olympic Games, it earned \$ 125 million on the round-the-clock broadcast of the Games in 2010, 2012, 2014 on the channels of its five television networks: Bravo, CNBC, NBC, MSNBC and Telemundo.

Another important source of revenue used by the IOC and the National Olympic Committees is contracting with corporate sponsors who want to enhance the prestige of their brands and benefit from the fact that these brands will be associated with consumers with the Olympic Games. The most expensive contract signed by the IOC with partners whose scope covers all countries of the world is \$ 55 million. Such a contract is most attractive for companies that sell their products around the world, in particular, for companies such as Coca-Cola, Visa, Panasonic, Samsung. The main advantage of the international company's partnership with the IOC is that the interested party obtains a pre-emptive right to advertise during the broadcast of the Olympic Games (in the event that the company decides to purchase advertising space or advertising time). For example, Coca-Cola paid \$ 60 million

more than its sponsorship fee for the right to advertise during television broadcasts of the 2008, 2010, and 2012 games.

Historical background: in 2000 completed its 40-year history sponsored by OI IBM. After the Games of the XXVIII Olympics in Athens (2004), spending 42 million dollars. US funding, withdrew from the Olympic sponsorship of Xerox. The XXIX Olympic Games in Beijing (2008) were the last in the top sponsorship for Kodak: a company with a lot of experience cooperation with the Olympic movement will no longer sponsor Olympic sports.

Large television networks and corporate advertisers are spending millions of dollars to acquire the rights to broadcast the Olympic Games. This fact illustrates the process of internationalization of business, which was the result of the desire of such large companies as Coca-Cola, Panasonic and Samsung, to expand the market for its products to the world. The factors that turned the Olympic Games into an international commercial enterprise are the same factors that affect the competitiveness of companies around the world, both domestically and externally.

Changes in the field of communication systems, vehicles and information technology, not only facilitate the foreign expansion of domestic firms in the international market, but also facilitate the penetration of foreign companies in the domestic market. This trend, developed over the last decade, is based on the rapid development of e-commerce, as well as the removal of barriers to international trade and international investment, made possible by the efforts of the World Trade Organization (WTO) and the European Union. Indeed, the changes are so large that many futurists talk about the emergence of a global economy, "without borders" - the world economy, in which the borders of states lose their significance [2, 3].

The global economy greatly influences all the events of everyday life of every person, from the goods he buys and the prices at which these goods are sold, interest rates on loans and ending with the choice of profession.

Questions for discussion:

1. The reasons for the significant expansion of international business.

2. Factors of international business development.
3. Why some sectors of the economy are becoming global, while others remain local or regional?

Topic 3. The main stages of international business development

Questions raised on self-study:

1. History of formation and development of international business
2. Models of business internationalization. Johansson's model (1975).
3. Models Squirrels (1977), Kavugsila (1980), Zinkota, reflecting pre-marketing period of business internationalization.
4. Models of the marketing period of business internationalization.

Questions for self-control:

1. Regulatory theories of international business development: Heckscher-Olin theory, Leontief's paradox, Keynesianism, monetarism
2. The theory of transaction costs as a special case of conditional models. Dunning's eclectic paradigm: advantages of ownership, advantages of location, advantages of internalization.
3. The model of Trannenbaum-Schmidt, Fiedler, Hersey and Blanchard, House and Mitchell, Stinson-Joneon, Vroom-Yetton-Yago.
4. World economic situation at the beginning of the XXI century. and the place of countries in the world economy.

Topics of the essay:

1. Foreign trade as historically the first form of international business.
2. Evolution of organizational and economic forms and models of TNCs.
3. Reasons for business internationalization. Geographical location of the company. Geographical aspects of production costs. Geographical unevenness of technological development.
4. The beginning of the process of internationalization of the company.

Case.

Coca-Cola.

Coca-Cola, an icon of the American carbonated beverage market, has long been the most international of all American corporations. The company first entered the US market in 1902, trading in Cuba. In 1929, Soke was sold in 76 countries around the world. During World War II, Coca-Cola entered into an agreement to supply its products to American troops who fought outside the homeland. During this period, the company has built 63 plants in different countries. The company's global expansion continued after the war, backed by confidence that the US market would soon be fully saturated and that the company had tremendous growth opportunities abroad. Today, more than 59,000 of the company's 71,000 employees work in 200 countries, not including the United States, and more than 70% of Coca-Cola's production is sold in international markets.

Until the 1980s, the company used a localization strategy. Foreign subsidiaries had great independence in managing their operations. But that all changed in the 1980s and 1990s under the leadership of Robert Goisueta, a talented manager from among Cuban immigrants, was appointed CEO of Coca-Cola in 1981. Goisueta gave a new sound to the flagship brands Coca-Cola, which were expanded after the launch of "Diet Coke", "Sherry Soke" and other innovations. He was firmly convinced that the main difference between the US market and foreign markets was the weak penetration of these markets, where consumption Cola-based beverages per capita accounted for only 10-15% of US consumption. Goysueta decided to make Coca-Cola a global company by concentrating management and marketing functions at its Atlanta headquarters, focusing on major brands and increasing Coca Cola's share in the capital of foreign beverage producers to strategically control their operations. This "one size fits all" strategy was based on standardizing products and processes and gaining economies of scale - for example, using the same advertising across the globe.

Hoysueta's global strategy was continued by his successor, Douglas Ivester, but by the end of the 1990s the appeal of such a strategy had waned as more local small soft drinks producers began to squeeze Coca-Cola.

As the company failed to achieve its financial goals for the first time in a quarter of a century, Ivester was fired in 2000 and replaced by Douglas Duft. Duft changed his strategy 180 degrees. He believed that Coca-Cola should return to empowering foreign subsidiaries enterprises. Daft believed that strategy, new product development, and marketing should be tailored to local needs. It cut 6,000 jobs, mostly in Atlanta, and gave foreign managers more autonomy. He also said that the company is stopping global advertising, and handed over control of the budget and content of advertising in the hands of managers foreign subsidiaries.

Daft's actions were partly influenced by Coca-Cola's experience in Japan, the company's most lucrative market, where Coca-Cola's most popular product is not a carbonated beverage, but a Georgia Coffe cold drink in tin cans sold through vending machines. Japanese Experience seems to have signaled that drinks should be tailored to local tastes and preferences, and that Coca-Cola should be given more decision-making power to local foreign managers.

However, the transition to a localization strategy did not deliver the expected growth, and in 2002 a return to more centralized coordination began, with increased control from Atlanta headquarters for marketing and new product development in other countries. However, this time there was no return to the "one size fits all" strategy of the Hoisueta era.

Led by Neville Isdell, who became the company's CEO in March 2004, Coca-Cola tracks and directs marketing and development of new products to the local level, but demonstrates confidence that the strategy (including pricing of product offerings and marketing messages) should vary from market to market with taking into account local conditions. In other words, Isdell's strategy is somewhere in between the strategies of Goysueta and Dafta.

In addition, Isdell has always stressed the importance of collecting good ideas that emerge in different countries. One such idea was related to Georgia Coffe.

Following the success of this beverage in Japan, Coca-Cola entered into a strategic alliance with Italian coffee maker Illycaffè in October 2007 to set up a franchise to produce cold coffee beverages in tin cans. In 2013, one of Coca-Cola's subsidiaries in China developed an inexpensive non-carbonated orange drink, which quickly became one of the most popular drinks in the local market [4].

Considering the potential of this drink, Sosa-Cola has now begun to produce it in other Asian countries. It became a real hit in Thailand, which first appeared on the market in 2015, and has every chance to continue its success in India.

Questions for discussion:

1. How do you assess the company's global expansion?
2. What was the localization strategy?
3. What strategy was used by Douglas Duft, and how did it affect change?

Topic 4. International business entities

Questions raised on self-study:

1. Describe international strategic alliances as actors international business.
2. Describe joint ventures as international business entities.
3. Describe limited partnerships as entities of international business.
4. Describe multinational companies as international business entities.
5. Describe joint stock companies and limited liability companies as international business entities.

Questions for self-control:

1. International business entities.
2. Types of international companies.
3. Transnational corporations.
4. Comparative base of typologies of international companies.

5. Typology of international companies according to M. Brook: directive type, commodity type, matrix type, design type, mixed type.

6. Typology of international companies O. Williamson. His concept of the life cycle of an international organization: a unitary company, a holding company, a multi-division company, a transition company, a joint venture.

7. The concept of international business entities and criteria for their classification.

Topics of the essay:

1. Enterprise (production unit) - the defining business entity.
2. Firms, banks, insurance and trust companies, investment structures as the dominant subjects of international business.
3. Forms of organization of enterprises. Individual, partner, joint-stock companies, their advantages and disadvantages.
4. The essence of corporations, their place and role in the system of international business.
5. Types of corporations. Forms of corporations.

Case

Star Wars.

You've probably seen the movies Star Wars, Attack of the Empire, and The Return of the Jedi and their sequels. But you hardly know that these first three films are one of the best cinematic trilogies that have ever been released. Few films have been successful under-rental, and those that received the attention of the audience, such as Walt Disney's Pinocchio, usually reappeared seven years later. Released in 1977, the movie "Star Wars" was rented 17 times.

The contract for the production of Star Wars was international in nature from the beginning. American director George Lucas wrote short scripts for two films he planned to make and offered them to all Hollywood studios, but did not receive support. In a state of despair, Lucas spent the last \$ 2,000 buying a ticket to France to Cannes film festival. It was there that he managed to sign a contract with one of

the Hollywood studios for the production of two films: "American Graffiti" and "Star Wars".

When it came time to start filming Star Wars, several technically well-equipped studios provided data on the likely costs. The contract was signed with a studio located on the outskirts of London, as lower salaries for British technical staff reduced additional costs for Americans moving from the United States to the United Kingdom. At the time of the filming of "Attack of the Empire" and "Return of the Jedi", the difference in staff salaries was negligible, but to continue filming in British studios was convenient, as the staff worked well.

However, not all shootings were conducted in England. The success of both films was largely due to the fact that the extraterrestrial locations looked like this. Cameramen filmed alien scenes outside Britain. For example, the heroes - the leaders of the allied forces - in the movie "Star Wars" developed a plan to destroy the Death Star with the help of a secret base of Revenge, which was located on the planet Yavin. The area that mimicked the planet Yavin was the real ancient ruins of the Maya tribes in Tikal (Guatemala). In some cases it was necessary to conduct full-scale surveys, because the action of the film unfolded not against the background of a landscape, but directly in it. Scenes in which aircraft crash on the desert planet Tatooine, where they are captured by Javanese and sold to a local farmer and his nephew, Luke Skywalker, were filmed in the Sahara Desert in Tunisia. On the very beginning of the film "Empire Attack" the rebels are in hiding on the icy planet Hoss. One of the places in the Arctic Circle in Norway served as nature for this planet.

But in addition to shooting actors in different geographical locations, the film made extensive use of miniature effects, which were created at a specially built monster factory in California. Immediately after the end of the "Attack of the Empire" series, the videotapes were to be transported over a distance of 6,000 miles.

All this shows that cooperation in film production on a global scale has become possible thanks to the development of transport and communications.

The actors involved in the filming were mostly Americans or the British. Carrie Fisher, Harrison Ford and Mark Hamill, who played Princess Leia Organa,

Han Solo and Luke Skywalker, respectively, represented America. Alec Guinness, who played Ben Kenobi, and Anthony Daniels, who played the robot, represented the United Kingdom. Lord Darth Vader can be called a representative of two nations: the actor David Prowse is an Englishman, but his role was voiced by the American James Earl Jones, because Prowse spoke with a strong accent, typical of farmers from Devonshire.

The distribution of film rental income is also little international nature: about 40% of revenues did not come from the United States, and, however, did not go unhindered. For example, most countries with communist regimes banned the importation of paintings until political and economic reforms began in those countries. In some others in countries such as Haiti and Mali, the state of the economy was so deplorable that only a few could afford to watch movies and rent would be unprofitable. To take into account various issues, the film's distributors signed separate contracts with each of the countries, and expressed their intention to show their viewers one of the films in the Star Wars trilogy. The contracts stipulated that the income should be transferred to the account of LucasFilm Ltd. in dollars. Almost everywhere the film was shown, it got wide feedback from viewers. This was facilitated by positive reviews and a fine marketing policy, although many other films under the same conditions were not among the recognized international hits. What succeeded in this trilogy and what became a decisive factor in its success is the artistic embodiment of themes of universal, universal significance.

The famous French anthropologist Claude Levy-Strauss, studied many widespread cultures, established general trends and connections between the plots of myths, tragedies and fairy tales. He defined their commonality in relation to the fact that thinking is based on the classification of phenomena on the principle opposite absolutes, by the type of opposition of good to evil.

Another explanation may be that each of us still has a child, so we understand the words of George Lucas, who said: "Star Wars is a film for children."

However, the trilogy was not successful in all countries. In Denmark, for example, revenue did not indicate a "stellar" success of the film, probably due to

Danes' indifference to science fiction. standard process, targeted to receive feedback from a mass audience that does not understand the language of the original film. The need for subtitles arose almost everywhere where the characters spoke the languages of other planets, which were based on combinations of rare terrestrial dialects.

Another standard and expensive procedure for international rental of films is their screening by censors from different countries. Without their approval, the film may be either banned altogether or permitted subject to restrictions intended audience. In the Star Wars trilogy, censors in a number of countries described some scenes as excessively cruel to children, although they were originally intended for children. For example, for a screening in Sweden, LucasFilm was forced to cut a series of footage from "The Return of the Jedi", in which the monster devours its victims, replacing them with others where the victims die painfully and slowly during the dinner, which lasts a thousand years.

The means of advertising varied from country to country, as experienced distributors were well aware of what might be of interest to film business workers in a given country. For example, the actors who played the main characters were invited to Australia before the box office to pose for journalists from newspapers, radio and television. In Japan, advertising was more focused on events in movies than on actors. In Spain, the film "Attack of the Empire" was screened at the Madrid Film Festival, where it received acclaim from the audience.

However, not all revenue streams were used when renting the trilogy. It is a television show for which, unlike in cinemas, there are no standards accepted by the international community, as evidenced, for example, by the inability of Italian television equipment to receive french programs. Due to the fact that revenues from television rental play an extremely important role in the success of the film, it seems appropriate to produce high-quality, albeit expensive, television versions of the film, taking into account the specifics of television systems of different countries.

One of the most important sources of income from the Star Wars trilogy was the sale of international rights to companies such as Coca-Cola, Procter & Gamble and Atari, a division of Warner Communications, for the production and sale of

products with scenes from the movie "Star Wars". from chewing gum and books to wallpaper, piggy banks and underwear. At the time of the twentieth anniversary of the premiere of the movie "Star Wars", the turnover from the retail sale of these products is more than 12.6 billion dollars. The companies that acquired these rights sometimes depended significantly on international transactions. For example, retail sales of goods on the topic "Star warriors" in Britain amounted to 900 million dollars. Instead of conducting foreign trade operations themselves, some companies entered into subcontracts with foreign firms for the production and sale of certain types of products abroad. Along with this, the companies produced goods for the United States.

For example, Kenner, a division of General Mills, in Hong Kong has established the production of components for the kit "Interplanetary Military ATV", in Taiwan - the figures of the characters in the movie "Return of the Jedi", in Macau - a laser gun. Another toy set - "Chibka Bendoli Strep" - was assembled in Mexico from parts and parts made in the United States. in Macau - a laser pistol. Another toy set, the Chibka Bendoli Strep, was assembled in Mexico from parts and parts made in the United States [5].

Questions for discussion:

1. What are the differences between business carried out within the country, and international business?
2. What factors affect the conduct of international business?
3. Examples of what types of business are given in the case?
4. What was the main motive for LucasFilm's participation international business?

Topic 5. Foreign direct investment as a type of international business

Questions raised on self-study:

1. Describe product exports and licensing as types international business.
2. Describe franchising as a type of international business.
3. Describe management contracts as a type of international business.
4. Describe turnkey projects as a type of international business.

Questions for self-control:

1. Define the international strategy of the firm.
2. What factors form the strategic profile of the enterprise.
3. Name the sources of competitive advantage, which are not available to companies operating only in their own country.
4. What is the need for strategic planning modern international companies?
5. What are the types of strategic orientations international companies?
6. List the sources of information used by managers to plan and develop strategies.

Topics of the essay:

1. Types of cooperation of scientific and technical worker.
2. Scientific internships.
3. Scientific business trips.
4. Integration of the national research area into the European Research Area.
5. Academic mobility (Erasmus).
6. Attending international conferences, congresses, symposia.

Case

Wall-Mart

Wal-Mart, the world's largest retail chain, which built its success on strategies of daily low prices and on highly efficient operations, logistics and information systems, which allow to have minimal stocks and eliminate both shortages and

surplus goods in stores. The company employs more than 2.1 million people, operates 4,200 stores in the United States and 3,600 stores in other countries, and has a turnover of about \$ 485.7 billion, revenue: \$ 16.4 billion (in 2015).

Almost \$ 91 billion of this amount was provided by sales in 15 foreign countries. Faced with a slowdown in sales in the United States, Wal-Mart began foreign expansion in the early 1990s, penetrating Mexico. In this country, Wal-Mart has set up a joint venture with Cifra, the largest Mexican retailer, and opened several shopping malls, which sold food and a wide range of goods.

Wal-Mart initially faced several unexpected problems in Mexico. He instantly discovered that people in this country have other shopping habits. Most shoppers preferred to buy fresh produce every day at local stores, especially meat, corn cakes, and bread, as Mexicans rarely had large refrigerators in their homes. Most consumers did not have cars and made small purchases, unlike US consumers. Wal-Mart adjusted its strategy to local conditions: it hired local managers who knew Mexican culture, opened several relatively small stores where people could walk and started offering more fresh produce. At the same time, the company was confident that it would be able to change the consumer culture in Mexico and re-educate consumers by showing them the benefits of American shopping culture. Once upon a time, her managers reasoned, Americans also shopped in small stores, but since the 1950s, they have increasingly preferred large stores like Wal-Mart. As he set up his own distribution in Mexico, Wal-Mart was able to cut costs and share the benefits with Mexican consumers by lowering prices. Accounting for local requirements, persistence and low prices have yielded the desired results. Mexicans began to change their shopping habits. Today, Wal-Mart is the largest retailer in Mexico and this country is considered an example of the company's most successful attempt to expand abroad.

Wal-Mart then opened stores in several developed countries, including the United Kingdom, Germany and South Korea. There, the successes were smaller. In all three countries, Wal-Mart had to face strong local competitors who perfectly adapted their suggestions for local shopping habits. Moreover, consumers in these

three countries seem to have preferred higher product quality and were not tempted by low Wal-Mart prices than consumers in the United States and Mexico. After several years of unprofitable work, Wal-Mart stopped in 2006 its activities in Germany and South Korea.

At the same time, he continued to look for commercial opportunities around the world, especially in developing countries, where there were no strong local competitors, where it was possible to change the shopping culture for his own benefit and where his the low price strategy looked attractive. Recently, the focus of the company's foreign efforts has been China.

Wal-Mart opened its first store in China in 1996, but initially expanded slowly, and by 2006 the company had only 66 stores in the country. However, Wal-Mart found that the Chinese like to hunt for bargains and are friendly to the strategy of low prices and a wide range of goods is offered. Indeed, in terms of their shopping habits, the middle class of the Chinese was more like the Americans than the Europeans.

But Wal-Mart also found that in order to succeed in China, it needed to adapt its product and operating strategies to Chinese culture. One of Wal-Mart's conclusions was that Chinese consumers insist that food in stores be fresh or even alive. First Wal-Mart disappointed the Chinese by trying to sell them chilled fish or meat wrapped in cellophane. Buyers did not want to buy what they considered a dependent commodity. That's why Wal-Mart began to hang the carcasses of freshly killed animals, to install aquariums in which buyers personally had the opportunity catch fish for dinner, sell live turtles used to make turtle soup. And sales began to grow rapidly.

Wal-Mart also realized what it takes to succeed in China cooperate with trade unions. While in the United States Wal-Mart strongly opposed the union of workers, in China he quickly realized that local unions were not involved in collective bargaining. Instead, they represent the hand of the state, which provides funding for the party's activities and (from the government's point of view) guarantees the observance of social order. In mid-2006, Wal-Mart changed its long-standing

uncompromising attitude toward unions and agreed to set up union branches in its stores. Many believe it is created favorable conditions for Wal-Mart to buy a stake in the Trust-Mart retail chain, which owns 101 hypermarkets in 34 cities in China.

Wal-Mart recently reported that China is central to its growth strategy. In 2009, Wal-Mart had 234 stores in the country, despite the global recession, the company announced its intention to continue to open new stores in China, without slowing down [4].

Questions for discussion:

1. How did Wal-Mart successfully enter the Chinese market?
2. What approaches to adaptation to Chinese culture did Wal-Mart use?

Topic 6. Globalization

Questions raised on self-study:

1. Conceptual principles of international economic integration.
Forms, stages and mechanisms of international economic integration.
2. Economic consequences of international integration, their impact on international business.
3. Try to evaluate yourself and your colleagues in terms of suitability for international business.

Questions for self-control:

1. What is globalization?
2. How changes in technology have affected the globalization of markets and production? Would globalization of markets be possible and production in the absence of general technological changes?
3. How the Internet affects the activities of international firms and globalization of the economy?
4. How do you understand "Globalization of markets"?

5. What is the globalization of production?
6. The nature, causes and features of modern international integration process.

Topics of the essay:

1. Global competitors.
2. Global manufacturers.
3. Global corporations.
4. Globalization of development, global and national transformations of Ukraine.
5. Global marketing strategies and global business support.

Case

Success programs

Sitting by the window of his office, located in the Kyiv industrial zone on Borshchahivka, the managing director of the IT Company Luxoft Ukraine, watches as cranes load rolled metal into railway cars.

Looking back on his possessions, he says that Luxoft is also a large plant, but only in the production of intellectual products.

Indeed, the resemblance to a large industrial company is present. The company's building occupies an entire quarter - in addition to offices, there is a gym, kitchens, showers, bicycles and parking. Monitors hang at all entrances, showing the time before the arrival of minibuses, which regularly bring and take out workers. Their total number is 1.8 thousand people.

Approximately the same number works, for example, at the big Ukrainian shipbuilding enterprise - the Nikolaev plant. Only Luxoft's main product, unlike ships that can be touched, are outsourced programs. In addition, these programs are composed for very important customers, including banks - Deutsche Bank, UBS, Citybank, car system supplier Harman Becker, energy companies - Alstom, General Electric and Halliburton, as well as Microsoft.

In the Ukrainian market, three companies have been leading in this field for many years - SoftServe, EPAM Systems and Luxoft. The latter is the largest, says

SoftServe's chairperson. Moreover, of the three major Ukrainian developers, only Luxoft and SoftServe are included in the ranking of The 2015 Global Outsourcing 100 of the International Association of Outsourcing Professionals.

The founder of Luxoft, also the president of the Russian IT holding IBS Group (the holding owns 44.2% of Luxoft shares), says that he had the idea to enter the Ukrainian market in 2002. Ukraine has conquered it as the best "producer" of programmers in the world. "Here, so to speak, very strong resource base. If resources are understood as education, brains, talent and desire to work," he said. He did not lose the idea - today the capitalization of Luxoft has exceeded \$ 1.4 billion.

In 2005, Luxoft opened a production office in Kyiv, a year later in Odessa, and then in Dnipro. Currently, out of 8,000 employees in Ukraine, almost 3.9 thousand people work. Three of the company's six training centers are located here. Russia employs only 1.9 thousand workers, and the rest are scattered in other countries.

The founder says that Luxoft was the first of the world's major outsourcing companies to decide to transfer the lion's share of its production to the banks of the Dnieper. Prior to this developer, local companies such as Global Logic were present. However, Luxoft brought the scale, explains the director of the Brain Basket Foundation. Following this company, other large outsourcers began to place software platforms in the country: Russian Artezio, Belarusian EPAM and Intercities, American Service and Softjourn. In 2013, Luxoft went public on the New York Stock Exchange, where today more than 50% of its shares are traded. The company's market capitalization exceeds \$ 1.4 billion. This is more than such Ukrainian agricultural giants as Kernel and Astarte, whose shares are listed on Western stock exchanges.

In Ukraine, the company's influence is such that any negative news from its office can cause almost panic in the market. Yes, in 2014. Luxoft has announced plans to bring about 500 programmers from Ukraine and Russia to Bulgaria, Poland and Romania due to political risks in the region.

The market was immediately rumored to close its business in the country. The head hastened to refute this information. Like, they are not going to leave Ukraine, moreover, for the last year 430 new employees were hired here.

AVentures Capital's managing partner notes that Luxoft's strength is its strong position in the United States and strong customers. However, this is also the weakness of the developer.

According to the head of the analytical unit of the Russian investment bank Uralsib, Luxoft lacks diversification of the customer base. Two large customers - Deutsche Bank and UBS - bring the company 47% of revenue.

The rupture of relations with even one of them will turn into a catastrophe. Luxoft's Russian roots have also become negative - sanctions have been imposed on Russian companies around the world.

However, it is noted that 51% of the company's shares are in free circulation on the stock exchange, among the holders - mostly Western investment funds, so Luxoft should not be called Russian.

However, they see a positive in the sanctions - they force businesspersons from the Russian Federation to more actively supply production to Ukraine.

Some problems for Luxoft stem from the size, which leads to excessive bureaucracy of management. At professional forums for programmers, the company is accused of pathos and that some staff spend more time on smoking breaks, games and coffee breaks than the actual work. The author of one of these posts advises to look for work in companies with more adequate working conditions and not with such strict management. Other forum participants point out that Luxoft saves on everything, even toilet paper.

The programmers also condemn too intrusive recruitment by company representatives. "There is a feeling in the market that we sometimes get bored with our offers. But we don't do it out of evil," laughs the managing director. In addition, already seriously adds that most professionals want to work in company, because it has survived more than one crisis and continues to grow. Now it is expensive.

The staff can still become the Achilles heel of the Ukrainian business Luxoft, but not because of the negative feedback on the forums. The boom in the software development market has led to the depletion of human resources in the country. According to Yanyka Merylo, advisor to the Minister of Economy of UVCA venture capital, there is already a shortage of qualified IT specialists in Ukraine. In addition, as a result, prices for their services are rising. "When we were looking for an Estonian subcontractor in Ukraine, the cost of the services turned out to be uncompetitive, and we had to hire them in the UK," says Merilo. In this situation, Ukraine, according to the adviser, will eventually lose its leading position in the outsourcing market to other countries.

In this situation, Luxoft and other outsourcers need to move. The managing partner of the investment company Hybrid Capital is confident that in five or six years the programmers of India and China will learn to write codes no worse than the Ukrainians and, due to the lower price, will take a piece of the pie from domestic companies. "Therefore, they [IT companies from Ukraine] should strive to move to the manufacture of their own products and their sale, which I do not notice at Luxoft," - says the expert.

However, the president of the company is skeptical about such assessments. He believes that if you reorient the outsourcer to the production of your own product, you can get big problems - too much will depend on success.

"A lot of very good and powerful inventions were made, but they died, they couldn't be promoted," says the businessperson. For this reason, he considers it inexpedient and even impossible to turn an IT company into a factory for the production of new commercially successful programs.

In any case, Luxoft in Ukraine has at least five promising years during which the market will develop. Moreover, although the growth rate has already decreased from 30% to 15% per year, even that is good. Especially against the background of "failure" of other industries - for example, industrial production in the country in 2015 decreased by 22.5% [7].

Topic 7. Free economic zones and offshore zones

Questions raised on self-study:

1. The role of SEZ in international business.
2. Types of free economic zones, which are allocated depending on the activity that prevails in the territory of a particular economic zone.
3. Features of offshore zones. Advantages and disadvantages of offshore zones.
4. Organization of distribution of goods in conducting international business.

Questions for self-control:

1. What is the internationalization of technology policy?
2. What are the goals of technological policy of TNCs?
3. What are the components of the international technology market?
4. What are the features of the development of modern technologies?
5. How is the modern international market organized technologies?
6. What factors affect the forms of cooperation in the field the latest technology?
7. How exactly are scientific and technical developments financed?
8. What types of international organizations operate in the field of scientific and technological progress?
9. How is national science and technology policy related to development the latest technologies in world markets?
10. What are the prospects for Ukraine in the global market of new technologies?

Topics of the essay:

1. The place of international organizations in the system of international business.
2. Tasks and functions of modern international organizations.
3. The main stages of emergence and development of international organizations.

4. International Institute.
5. Organizational structures of the term «International Institute».
6. Criteria for international organizations.
7. Typification of modern international organizations.

Task 1

In an age of globalization that blurs national and cultural boundaries between nations, symbolizing the triumphant march of global corporations and global brands, the need to have its own unique image is greater than ever. In addition, for the country this task is no less important than for any company. After all, states and territories also offer foreign companies and foreign citizens a product, namely themselves as a center of tourism. Suitable places for doing business or investing, supplier of quality goods, etc. To attract money from abroad, a country must have an original, recognizable and, most importantly, positive image - in short, everything that is part of the concept of a brand. A number of countries and territories have already created such brands and now, according to all the rules, conduct marketing campaigns to promote both among their citizens and abroad [6].

Scotland: red and blue

Scotland was one of the first to create its own brand, where the problem of preserving national identity as part of the British Empire has a long and long history. In 1994, the Scottish Enterprise's Economic Development Agency launched the Scotland the Brand project, which originally aimed to promote tourism in Scotland, develop Scottish national culture and promote it abroad, and expand exports of Scottish companies. During the first three years, project activities were limited to cultural activities events such as "tartan festivals" in those cities in the UK where Scottish communities existed, and the publication of brochures about Scotland, which were distributed at airports and tourist offices. However, in 1997, Scottish Enterprises managed to attract a number of large companies such as the Bank of Scotland, the transport company Stagecoach and whiskey maker United Distillers, which brought the Scotland the Brand project to a completely new level. In 1997-

1998, CLK, a company specializing in branding, conducted a study commissioned by Scotland the Brand and partly funded by Marks & Spencer, Stagecoach, United Distillers and British Airways. Its purpose was to define the "image of Scotland" at home and abroad, to identify the concepts associated with Scotland and the Scots, to search for the basic values of the national brand.

After interviewing more than 650 people over several months, CLK found that in the world around Scotland, it has its own original, recognizable, but slightly superficial, image, which combines traditional checkered skirts and bagpipes; beautiful, though harsh nature; proud, patriotic, brave, but patriarchal and a little outdated people. Based on the results of this survey, a strategy was developed to promote the Scottish brand, which aims to consolidate the positive aspects of the country's image and at the same time remove the negative ones. As a priority, the direction was determined to overcome the notion of the technological backwardness of Scotland, which in relation to business has always been in the shadow of a larger and more developed England. For this purpose, it was supposed to use the resources owned by Scottish companies. In 1997, the Scotland Device was created - a logo in a traditional red and blue cell, the presentation of which was held at a solemn ceremony at Edinburgh Castle. The new symbol was presented to the public by Donald Dewar, one of the oldest and most famous businesspersons in Scotland, the head of the company - the manufacturer of alcoholic beverages John Dewar. At the same time, Scotland the Brand was transformed into a kind of national "quality mark", which speaks of the Scottish the origin of the product, which symbolizes the basic values of Scotland as a brand - a sense of identity, hard work, historical traditions. Since then, about 330 companies have received the right to put the Scottish logo on their own goods, and it does not have to be a traditional national product such as whiskey or textiles. In particular, British Telecom Scotland or the Bank of Scotland place this image on their promotional materials, invoices and other documents, the Scotland mark is used by manufacturers of electronics, software, petroleum products and other areas of modern technology with which Scotland seeks

to associate. The system of requirements to the goods applying for reception of this logo is developed:

The product must be manufactured in Scotland and meet industry quality standards. In addition, there are a number of requirements for the manufacturer: an impeccable reputation, annual turnover of not less than 50 thousand pounds, and constant improvement of product quality. About 20% of companies that have applied for a Scotland the Brand license since 1997 have been rejected due to non-compliance with quality criteria. At the same time, companies pay a small amount for the right to place the Scottish logo (for example, £ 1,000 plus VAT per year for companies with an annual turnover of more than £ 10 million), and in all cases the use of the logo must be obtained in advance permission of Scotland the Brand.

In the late 90 within the Scotland, the Brand was created an institution of so-called "envoys", in the role of which are famous artists, athletes, businesspersons of Scottish descent. They take part in the actions organized by the project, as well as assist in the promotion of Scottish companies in foreign markets. In 2002, Scotland the Brand changed. The state-funded project was transformed into a private company led by Niknuv Künsberg, a retired executive who worked for more than two decades in senior positions in a number of Scottish companies. According to Künsberg, the organization plans to further develop the Scottish brand, approve its new values, hold promotions, and transform Scotland the Brand into a real elite club, national companies that will reap the real benefits of belonging to it thanks to the increased advertising of the Scottish brand as a whole. However, not everyone likes this commercialization of the national idea. According to a commentator from The Scotsman, the first and best brand manager in Scotland was and remains Sir Walter Scott, who created a bright and unique image of the country and its people. His current followers seeking to promote abroad have been selected by branding professionals as core values, Scottish diligence, Scottish ingenuity and Scottish commitment to new technologies, risk destroying the old brand without creating a new one.

Australia: a paradise for tourists. Unlike the Scottish, the Australian brand was created with a clearly defined and quite utilitarian goal of attracting to these distant country American, Asian and European tourists.

The Brand Australia project was launched in 1995 under the auspices of the Australian Tourist Commission (ATC), a federal body that promotes the Australian tourism business abroad and is still committed to it. So far, the only exception to this rule was made in 1999, when ATC reluctantly agreed to use the Australian brand by Australian Education International, an international student exchange organization. Brand Australia's promotion program began with the creation of the Australian logo. According to surveys conducted at home and abroad, the most recognizable symbol of Australia is the kangaroo. The silhouette of this typically Australian animal became the main detail of the logo, which also found a place for gold the sun disk and the blue waves of the famous Australian beaches.

In addition, ATC has identified the core values of the Australian brand - the unique nature of the country, endless space, free spirit and optimism of Australians, the pleasure of spending time. In 1995, an international marketing campaign was launched to promote Brand Australia, the protagonist of which was the film actor Peel Hogan ("Dundee nicknamed" Crocodile "). Advertising materials were placed in the print media of a number of countries (primarily in the United States and Great Britain), in addition, several campaigns were conducted for the direct distribution of tourist brochures. The program cost \$ 50 million over five years. Before the 2000 Olympics in Sydney, Brand Australia was accompanied by Olympic symbols, with the idea that this city is not the whole of Australia and there are still many places worth visiting in the country. The results were quite encouraging. In 2000, a record number of tourists visited Australia (4.9 million), and in December of the same year (after the Olympics), the number of foreign guests exceeded the level of the same month in 1999 by 23%, ie the highest achievement was set. Such a serious success led to the fact that some Australian states began to create their own brands. For example, in 1996, a brand of Western Australia appeared where a panoramic symbol of Perth, the state capital, was used as a recognizable symbol on the logo. This brand

had a wider scope than the original Brand Australia. Western Australian symbols were used at international investor conferences organized by the state government, and appeared on the packaging of a number of export goods - wines, olive oil and flowers. In 2001, due to the economic crisis in developed countries and the tragic events of September 11, the tourism business in all countries of the world declined.

In the fourth quarter - the most favorable for travel to Australia - the number of tourists decreased by 10% compared to last year. ATC has responded with a new international advertising campaign to promote Brand Australia \$ 27 million, of which \$ 10 million was earmarked for television and print advertising in the United States. The slogan of the new campaign was "We can't wait to say G'day" ("We desperately want to say hello to you").

Melbourne and Sydney, Australian football (different from both American and European), various natural attractions of the country and its unique landscapes. In May 2002, the innovative website Australia.com was officially launched, containing more than 10,000 pages of text in 9 languages and 2,200 digital photographs. At the same time, according to ATC representatives, even the national specifics of visitors were taken into account. For example, in the Chinese version (mainly for Singaporeans), there were more photos and less text, the German pages gave detailed text, maps and diagrams,

Americans were offered extremely simple texts with colorful pictures and color maps, and finally the Japanese could see photos of Japanese tourists against the backdrop of Australian attractions.

However, there are people in Australia who are not acceptable to this concept of representing a country abroad. According to Australian entrepreneurs, positioning Australia as a tourist paradise is detrimental to national business. According to the head of an Australian company, the image of Brand Australia is appropriate a town where lazy relaxed people lie on the beach or wander through the woods instead of working. Meanwhile, with a population of less than 20 million.

Australia generates 1.5% of global GDP, according to a number of studies, the intensity of labor Australians are second only to the Japanese. In terms of the number of registered inventions per capita, Australia ranks first in the world.

That is what content you need to invest in Brand Australia instead of kangaroos and beaches! However, so far, examples of using Brand Australia in business can be literally counted on the fingers of one hand. Only Australian winemakers, who account for some less than 3% of world wine exports, have managed to use the country's image more or less successfully to support their business. The definition of "wine from Australia" has become a kind of trademark, which is respected in some countries.

Poland: in search of a national symbol

For Poland, the creation of a national brand became an urgent task when the country was going to join the European Union. Then immediately the question arose: what do her future partners in the integration group see? As it turned out, the image of Poland was not too bright. In the early 1990s, the country was often mentioned in the West in connection with the anti-communist Solidarity trade union and the rapid restructuring of the economy through "shock therapy", but by the end of the decade, completely different things had come to the fore. When the advertising agency DDB conducted a study of the image of Poland in the eyes of Europeans in Western Europe in 2001, it turned out that the most common stereotypes were: chaos in the economy, slowness, vodka, the Catholic Church, fraud and, of course, car theft. In Germany and Austria, this type of specifically Polish business was even reflected in folk art.

For example, in these German-speaking countries there is a common saying about stolen cars "Heute gestohlen, morgen in Polen" ("Stolen today, tomorrow - in Poland"). Poland lacked positive symbols that would be recognizable border. The country's coat of arms (eagle) for foreigners merged with similar birds on the coats of arms of other countries, the emblem of "Solidarity" has not been forgotten, but in 1997-2001 it was compromised by the incompetent actions of the government,

which at that time was formed from representatives of a political party that grew out of this movement.

In addition, the transformation of Solidarity into a political category meant that this symbol could not be used as a national one. In the XIX and first half of the XX century, the symbol of Poland was Polonia, a woman who resembles the French Marianne, but due to the difficult political situation in the country at the time, she was so often portrayed chained and crucified that she ceased to reflect positive values. Another problem in Poland was the lack of a recognizable national product similar to Hungarian Tokaj wine or the beauty of the Czech capital. Polish brands of the socialist era could not withstand the opening of the market in the early 90's, in addition, they were not highly competitive even within the country, and the only more or less well-known Polish export abroad - is vodka Wyborowa. The first attempt to reverse the negative trends in the field of national branding was launched by the Polish government in 1996, when the country launched the "Brand - Brand" program (Marka - Markom). Its goals were to support Polish brands in Poland and abroad, to organize promotions for Polish companies, and to publish materials on the traditions of national industry. In the late 1990s, the Foreign Investment Agency (PAIZ) was tasked with promoting a positive image of Poland abroad, developing and conducting an advertising campaign in Western Europe and the United States to attract investment to the country by creating a dynamic and modern image of the Polish economy. The target audience was Western investment executives, leading Western economists and market experts. During the implementation of this project, PAIZ placed commercials in business programs of leading international TV channels, from World Service to CNN, as well as advertising layouts in the largest business newspapers in Western Europe and the United States. In addition, the agency organized several trips to Poland by journalists of well-known Western publications so that they could personally see the seriousness and positive nature of the changes that took place. However, this program was not effective enough due to its narrow focus (attracting investment) and the specifics of the target audience. Therefore, the Ministry of Foreign Affairs of Poland, which took over the baton of

promoting the country's brand in mid-2001, announced a tender for the creation of a national logo that could be widely used in its territory and abroad. The tender was won by the Polish advertising agency Corporate Profiles DDB, which is partially owned by DDB Worldwide. As a sign of respect for the national idea, the agency invited only a symbolic 1 zloty for its services. In late 2001, the agency developed a logo with the name of the country (Polska), made in "free", "informal" font, where the letter "k" resembled a man launching a kite in a red and white cell, resembling the emblem of Polish military aircraft. . According to the agency, the "split" font, in contrast to the condensed letters in the Solidarity emblem, and the kite were supposed to symbolize freedom and individuality, and the very idea of the flight was to remind of many Poles who left their homeland and made a significant contribution to science and the culture of other countries (remember at least the English writer Joseph Conrad, the French scientist Marie Skłodowska-Curie, the Pope of John Paul II). In 2002, the new Polish logo was officially presented Prime Minister Leszek Miller, and at the same time launched a large-scale program for its use - in advertising Poland abroad, on the packaging of Polish exports and printed materials of Polish companies, on billboards dedicated to the rapid accession Poland in the EU. Not in vain hoped the Polish leadership, the kite played its role as a symbol of change, which now, we can observe.

Estonia: a country of contrasts

Estonia, which also entered the "first wave" of Eastern European states admitted to the enlarged European Union, faced similar problems to Poland. In the performance of Western Europeans, it differs little from its Baltic neighbors and does not have any positive image, and for Swedes and Finns, Estonia is often associated with "alcohol tourism", which also does not prove in its favor. The Estonian government has set a clear course to create Brand Estonia, which aims to reflect the country's main national values and distinctive features, to establish a new image of the state in the eyes of its western and eastern neighbors, and to attract tourists and foreign investment. Project management was entrusted to Enterprise Estonia, a state-owned organization that promotes entrepreneurship.

In November 2001, Enterprise Estonia signed a contract with the British agency Interbrand to create a national brand concept. The cost of the project amounted to 13 million kroons (about \$ 700,000), a significant part of these funds was provided by a number of Estonian companies. The first achievement of this program was the creation of a commercial representing the country that was broadcast during the Eurovision Song Contest in Tallinn in 2001. Then, in 2001-2002, British experts conducted marketing research in Estonia and five foreign countries (Germany, Great Britain, Finland, Sweden and Russia). In each of the five countries, 15 people who visited Estonia as tourists or on business trips were interviewed in detail. They were required to summarize their impressions and highlight the most characteristic features of Estonia and Estonians.

After that, another 250 people were interviewed in Estonia and 300 in each of the five target countries, which should help determine the probability of the trends noted during the interview. As shown by the results of these studies, both foreigners and residents Estonia itself is most striking in the country's contrasts. Tallinn's medieval houses are combined with new buildings, Estonian culture and language - with Russian, modernity - with rural patriarchy. According to one of the respondents, he was once deeply impressed by the sight of an Estonian farmer milking a cow by hand, but at the same time talking on the latest model's mobile phone.

In 2002, Interbrand presented the Estonian logo - which remotely resembles the outline of the country on the map with the text "Welcome to Estonia", made, however, for some reason not in national but in red and white (however, according to agency staff, colors can vary depending on the specific situation). At the same time for the first time sounded and the campaign slogan Brand Estonia promotion - "Positively Transforming" (can be translated as "Changing in the right direction"), which symbolizes the emerging contrasts, changes that have taken place in Estonia. This logo is used on postal envelopes, stamps, which are affixed to foreigners in passports when crossing the border, on souvenirs, packaging of export goods. Elements of the national logo are used in the symbols of the national airline Estonian Air and the Tallinn seaport; they appeared on Tallinn taxis and the facades of city

hotels. In addition, in 2002 Enterprise Estonia opened offices in Berlin, London, Helsinki, Stockholm, St. Petersburg and Moscow. The staff of these offices provides various services to Estonian executives working in these countries, as well as foreign entrepreneurs who are or are going to do business with Estonian companies. One of the main tasks of Estonian offices is to further promote Brand Estonia abroad.

Questions for discussion:

1. What values, in your opinion, can be the basis for creating a brand "Ukraine"?
2. Which audience should be the first focus of promotion Ukraine: its own citizens or the world community?
3. What can become a positive symbol of the country? Spend research-mini-research of opinions of Ukrainians and foreigners about what they have associated country.
4. Offer the concept and tools for promoting the country (strategic direction, campaign goals, advancing core values, audience segmentation, promotion tools and slogan).

Topic 8. Transnational Companies (TNCs)

Questions raised on self-study:

1. Transnational corporations (TNCs) as subjects of international business, international corporations
2. Strategic planning and control in TNCs.
3. Innovative activity of TNCs.
4. Financial management and investment in TNCs.
5. Models of the theory of internationalization of international business
6. Historical stages of TNC formation.
7. Evolution of organizational and economic forms and models of TNCs.
8. Stage models of internationalization of the firm.

Questions for self-control:

1. What is the importance of the organizational factor for TNCs?
2. What are the advantages and disadvantages of divisional structures?
3. What are the structures based on strategic units business?
4. What is the difference between traditional and non-traditional forms organization of international operations?
5. How is the merger of international companies?
6. What are the strengths and weaknesses of joint ventures?
7. What are Japanese keiretsu?
8. What is the comparative analysis of western and eastern organizations?
9. What are the integrated structures of international business?
10. What are the features of the organization of international operations Ukrainian companies?

Topics of the essay:

1. Conditional models of internationalization of the firm.
2. Network models of internationalization of the firm. The company's place in the network.
3. Research of the level of internationalization of the company.
4. Corporate governance as the basis of TNC management: stages of formation, features, subjects.

Task 1

A Polish delegation from the Trade Union visited India. In honor of the arrival of the delegation, the Indian side scheduled a reception. The reception program included a welcome meeting for the distinguished guest of honor

Indian parliamentarian and dinner. In the invitations, the reception time was marked as 19:00.

Arriving at the reception at 18:45, the Polish delegation found in the hall only the servants finishing the table setting. Indian participants of the reception began to

arrive in half an hour. At 19:45, the guest of honor arrived. At 20:00, the reception began.

A responsible employee of the Polish embassy, who arrived at the reception at 7.30 pm, reassured the members of the delegation. "This is not a sign of disrespect to you.

That is how it's accepted here," he said.

Task 2

A well-known multinational corporation as a representative in Saudi Arabia hired Mr. Byrd, a former U.S. State Department employee.

The former American diplomat was invited to Mr. Faud's house to discuss his possible participation in a local joint venture with the corporation.

They were introduced to each other, and since this was their first meeting, the conversation began with an informal conversation. Questions were common, such as, "How are you? How did they get there? How is the family? How are your parents? »

Mr. Byrd, familiar with the accepted formalities of greetings and dating, answered the question: "Thank you, well ... My father is fine, but, unfortunately, became worse to hear ... I saw him a few months ago, on Christmas, when we took him for a couple of days from the nursing home ... »

From that moment on, something went wrong ... Mr. Faud was quite hospitable and polite, but showed no interest in doing business with an American colleague.

Task 3

"Why didn't anyone eat?" - This question was read in the surprised eyes of an American executive at a reception of a high-ranking delegation of clients from Japan.

"I made such a huge effort to prepare a buffet for them! The table was served with the best porcelain and silver. I ordered the best Japanese tea ... But no one even touched the food! »

Control questions to determine students' level of learning

1. Identify the factors that contributed to the formation and development International business.
2. Features of modern international business.
3. State the motives of international business.
4. Describe the stages of development of international business.
5. Name the factors influencing the development of international business.
6. Describe the economic elements of the environment international business.
7. Describe the political elements of the external environment international business.
8. Describe the legal elements of the external environment international business.
9. Describe the culturological elements of the environment international business.
10. Describe international strategic alliances as actor's international business.
11. Describe joint ventures as international business entities.
12. Describe limited partnerships as entities of international business.
13. Describe multinational companies as international business entities.
14. Describe joint stock companies and limited liability companies as international business entities.
15. Describe product exports and licensing as types international business.
16. Describe franchising as a type of international business.
17. Describe management contracts as a type of international business.
18. Describe turnkey projects as a type of international business.
19. Describe foreign direct investment as a type of international business.
20. Describe product exports and licensing as types international business.
21. Describe franchising as a type of international business.
22. Describe management contracts as a type of international business.
23. Describe turnkey projects as a type of international business.
24. Describe foreign direct investment as a type of international business.

An example of questions in the scorecard

**Test 1. The system of business relationships and business transactions
Business entities of two or more countries for making a profit:**

- a) International exchange;
- b) International business;
- c) Export;
- d) Interaction.

**Test 2. The company that issues a license or transfers the right to use its
productsign, know-how and operating systems are:**

- a) The franchisor;
- b) Franchisees;
- c) Franchise;
- d) The licensee.

**Test 3. What stage of development of international business is
characterized by powerful development telecommunications?**

- a) The era of concessions;
- b) The era of commerce;
- c) The era of globalization;
- d) The era of expansion.

**Test 4. The process of investing in a project that starts "from scratch"
and, in contrast to purchase of an existing enterprise, involves the creation of
a new object - is:**

- a) "greenfield" investment;
- b) "horizontal" investments;
- c) "brownfield" investment;
- d) "vertical" investments.

**Test 5. A method of organizing production abroad, which minimizes
Capital costs, provides in exchange for a license assets of other firms - is:**

- a) management contracts;

- b) licensing;
- c) franchising;
- d) turnkey projects.

Test 6. The method of activity according to which the seller transfers to the buyer the right to use of your brand, which is most important for the buyer's business asset, and through which the seller provides constant assistance to the buyer in it business is:

- a) management contracts;
- b) licensing;
- c) franchising;
- d) turnkey projects.

Test 7. Periodic payments charged to franchisees for the use of facilities Intellectual property and operating systems owned by franchisor:

- a) lump sum;
- b) investment;
- c) royalties;
- d) all answers are correct.

Test 8. A corporation engaged in international production because of foreign direct investments and has direct control over its foreign branches:

- a) international strategic alliance;
- b) a multinational company;
- c) joint venture;
- d) limited partnership.

Test 9. The form of international business in which the contractor builds at his own expense enterprise (object) and the customer is gradually paid for it:

- a) management contract;
- b) licensing;
- c) foreign direct investment;
- d) turnkey project.

Test 10. What stage of development of international business is characterized by strengthening the role state colonial administration?

- a) the era of concessions;
- b) the era of commerce;
- c) the era of globalization;
- d) the era of expansion.

Test 11. Association of persons involved in the business as co-owners for obtaining income:

- a) joint venture;
- b) international strategic alliance;
- c) limited partnership;
- d) a multinational company.

Test 12. Registers as an independent company and has the status of a legal entity with its own balance sheet is:

- a) equal possession;
- b) a subsidiary;
- c) branch;
- d) branches.

Test 13. Real investments in enterprises, equipment, technology or services that create the material basis for business expansion to national borders are:

- a) management contracts;
- b) licensing;
- c) foreign direct investment;
- d) turnkey projects.

Test 14. Joint ventures in which a foreign investor owns more than half shares, called:

- a) joint ventures with participation of foreign capital;
- b) companies of equal ownership;
- c) companies of predominant ownership;

d) there is no correct answer.

Test 15. The Clearing House is:

a) financial institution, to the main responsibilities of which includes the organization and conducting stock trading derivatives;

b) financial institution, to the main whose responsibilities include security;

c) financial institution, to the main whose responsibilities include storage and transfer of commodity flows.

Test 16. Exchange traders seeking to profit from the game on exchange price and exchange rate differences that arise in exchange trading in time and space is:

a) speculators;

b) hedgers;

c) investors;

d) arbitrators.

Test 17. Exchange licensed warehouses provide:

a) storage and transfer of goods flows;

b) settlement and clearing services for the main participants of this market;

c) the organization and conduct of exchange trading in derivatives.

Test 18. Commodity and financial exchanges, which are traded with the help double auction systems in special trading halls, are:

a) exchange trade;

b) the stock market;

c) merger of exchanges.

Test 19. The institute of intermediary structures is a category of participants, which differentiated into:

a) brokerage and dealer offices;

b) professional and non-professional participants;

c) participants directly involved in carrying out operations on commodity exchanges.

Test 20. Pricing strategy, which involves linking the price level to the price of the market leader is:

- a) cream removal strategy;
- b) strategy of prestigious prices;
- c) pricing strategy leader;
- d) breakthrough strategy.

Test 21. To the sources of formation of the normative basis of activity, international organizations do not include:

- a) international agreements (treaties);
- b) international conferences (symposia);
- c) international customs;
- d) International codes of conduct.

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