
International aspects of economic processes management

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**RECONSIDERATION OF THE INTERNATIONAL MANAGEMENT IN
TERMS OF MODERN TENDENCIES**

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The article analyzes main directions to reconsider modern international management within sustainable development. Attention is paid to the necessity to comprise all aspects of development far from usual boundaries of the economic growth, including material and non-material life needs. Main directions to form new concept of the international management, particularly, natural resources effective use, necessity to reduce emissions of greenhouse gases, care about health and bio-diversity for innovations, are distinguished. It is concluded about mutuality and interdependence of such constituents as corporations and society. It is underlined that being aware and understanding the necessity of changes, society becomes strong and supporting power to realize sustainable development postulates.

Keywords: *international management, sustainable development, social aspects, environmental protection, discrimination.*

Management can be observed as a way to communicate with people; as a power and art of governing; as special abilities and administrative skills; governing body, administrative unit [1]. However, no matter which definition has to be used as a main feature of management, as an activity, there is cooperation with people, and thus, necessity to respond to the modern changes in the socio-ecological and economic environment. Management is a result of the economic development [2]. The

environment, which defines it, is economically centered and depended on social and ecological factors at the same time.

Research of the international management is studied in a number of works, particularly study of social aspects [3-5], economic peculiarities [6-7], international impacts [8-9] and ecological limitations and possibilities [10-12]. At the same time, constant development of society and technologies, extension of globalization processes and international integration makes researches of management rethinking very important (the information is given in detail in previous publication [13]). The choice of the international management is caused by the fact that its aim is to form, to develop and to use competitive advantages of the firm owing to ability to run business in different countries and to the proper use of economic, social, demographic, cultural and other peculiarities of these countries and international cooperation. It means that on the one hand, international management efficiency depends on socio-ecological and economic constituents effective use, and on the other hand, it can form preconditions to improve socio-ecological and economic state, and at the level of transnational corporations to be on the forefront of changes.

In order to define the current management, it is necessary to see tendencies, which define it. Having presented the report, our common future determining the sustainable development, which satisfies current demands, without compromising future generations to satisfy their own demands, social and ecological aspects of development became an imperative of the international cooperation and national policies. Great number of definitions was caused by the necessity to comprise all aspects of development, which go beyond usual borders of the economic growing, and include both material and non-material demands. Management pays much attention to productivity and economic efficiency as a driving force of prosperity and long-term growing and comes from the fact that stable competitiveness [14] is a set of institutions, policies and factors, which enable social and ecological stability provision in long-term perspective. Today, management is considered in such a way that competitiveness has not been limited to productivity, it must be accepted as a wider conception, focused on aspects, which go beyond economic results and include other important elements, providing stable growth of society.

Thus, based on the concept of sustainable development, as a fundamental for current management, the following main directions of its reconsideration and rebuilt have to be distinguished

- *Efficiency to use natural resources* is the most obvious and widely discussed constituent and includes both nonrenewable resources management and renewable resources use within the framework of their assimilative capability with purpose to

minimize production cost and to provide resources acceptability for future generations under conditions of environment pollution degree reducing.

- *Necessity to decrease greenhouse gases emissions.* Although global warming problems solving and emissions reducing require international coordination, the introduction of business practices to reduce emissions will provide competitiveness both in the short and long-term period. According to the estimation of Report about human development during 2007-2008 UNO, to achieve Objectives of millennium development the cost, related to contraction to climate changes since 2007, is about 85 billion dollars per year [15-16].

- *Care about health.* Natural environment of high quality increases efficiency of the working labor owing to the decrease of harm to health, caused by pollution or environmental degradation. Health has an impact on productivity and environmental pollution influences health, so then efforts to reduce environmental pollution will be interpreted as investments into human capital. Empiric data show that in the USA ozone level is lower than federal standards of air quality has positive impact on productivity (10 parts per billion of ozone concentration reducing increases labor efficiency by 4,2 % [17]).

- *Bio-variety for innovations.* According to Convention on biological variety, 1,3 billions of people in the world depend on bio-variety and main ecosystem goods for their consumption [18]. Bio-variety is one of the key factors of the economic growth, especially in the developing countries, because it is the base for many innovations in such sectors as pharmaceutical and cosmetic goods. At the same time degradation of the ecosystem leads to life quality worsening and is the reason for extra cost. That is why, renewing and keeping of bio-variety can create favorable possibilities for business, stimulating development of new technologies and goods for their use at the new markets. Besides, investments into green tourism can reduce energy and water consumption and can decrease wastes amount. In such a way it can increase value of bio-variety, ecosystems and cultural heritage.

Having distinguished main directions for management development in general, let us analyze those aspects of social stability (or social constituent of the sustainable development), which will be able to be catalyzers for the long-term prosperity and management efficiency. Let us notice, that the above classification is conditional, because elements are interconnected between each other, but we distinguish them from positions of stable competitiveness provision:

- *Inclusivity* is a necessary condition, because marginalization of separate social groups leads to the essential reduce of coordination in society to perform aims and to form strategic priorities in development. Typical examples of social isolation, which

have great negative impact on the national competitiveness, are absence of access to the main needs, discrimination by sex, marginalization of youth and labor market and incomes polarization. Any type of social isolation, which confines participation at the labor market, decreases number of talented and qualified workers for companies and organizations, and thus, increasing competitiveness. Absence of access to canalization, drinking water or health protection can greatly worsen labor productivity, decreasing ability of economy to compete at the global level. Discriminated workers receive less training knowledge at the working places, than their colleagues, occupying stable positions, and thus, reducing the whole level of the human capital. Finally, participation and extension of women's rights and possibilities are keys to provide great personnel reserve. It leads to other positive effects, such as decrease of children's death, poverty reduction, improvement of deficit resources management, decrease of conflicts and production security provision.

- *Fairness and unity of society.* Fair society guaranties the same possibilities for all members and redistribution of advantages from incomes and wealth increase at the country level [19-21]. Inequality is a many-sided concept, but discussing management peculiarities first of all one has to pay attention to incomes inequality inside the country and between countries, that leads to discrimination in the international companies. Modern research negate assumptions about positive interrelation between growing and inequality, and confirm that high level of inequality can potentially stimulate political turbulence in the country [22], lead to investments reduction into human capital [23] and market disproportions increase, together with weak institutions to cause social strain, that is a factor of economic loss [24].

- *Elasticity (flexibility)* of social system foresees its possibility to adapt to changes and not to respond negative disturbances, i.e. to amortize negative phenomena. One should note that social provision system is a source of the economic stability in the country; however its redundancy can reduce competitiveness level of the country.

There is also ecological necessary management dimension in the context of sustainable development. We distinguish social and ecological aspects, which will have an impact on management environment and will provide economic growth, because recent studies prove correlation between environmental quality and social wealth.

- *Health and degradation of the environment.* Degradation of the environment negatively influences health and thus, labor productivity, labor power. The last decreases society members' quality of life. Annually, air pollution, poor quality drinking water, and chemicals' impact lead to a number of dangerous fatal diseases both in the developed and developing countries. According to data of OECD [25] water with poor quality, absence of sanitary conditions and poor hygiene cause 3% of all deaths in the

world, 90% of which are children deaths. Dangerous environment reduces economic possibilities, does not allow people to participate in public life, diverts resources from using in the productive purposes, and contributes into growth of cities, as centers of economic growth.

- *Demography, poverty and environment state.* The direct dependence between demography and ecological-social stability has not been revealed yet. Fast growing population can be a source of ecological stress, which leads to greenhouse gases emissions, soil erosion and species extinctions. If there is a fast population growth, which is not followed by ecological management, it will cause tension, competition for scarce resources and, thus, it can be a source for further social instability. Stable poverty can also influence the environment and lead to unplanned mass urbanization, such as slums, where most of population does not have access to the main service. Such settlements can have serious consequences for the environment, including deforestation and water resources pollution, as a result of no waste management.

- *Energy availability and social stability.* Increase of price for energy carriers disproportionately influences real purchasing power in society owing to the demand inelasticity for energy (fuel and electricity) in the short-term perspective. Growth of prices for energy carriers can strengthen incomes polarization. In societies, where purchasing power is low, high prices for energy carriers can endanger accessibility of the main service, if the purchasing power loss is not compensated by politics. Another aspect of interconnection between energy, environment and social stability is using of concrete alternative energy sources and peculiar for them advantages and challenges.

- *Climate changes, food security and conflicts* [26] In future, rising of the sea level and more extreme weather conditions can make millions of people to migrate. Thus, it will lead to do pressure rise on the natural resources in the located regions. The competition increase for these resources will finally lead to the military conflict [27]. Unfavourable changes of temperature and precipitation regime are influencing competitiveness reducing of some regions on food production, increasing population's vulnerability. According to some studies, nowadays 1,7 billions of people live in the countries, which have water deficit. Probably, industrialization and demographic powers worsened situation, and climate change can even more worsen the situation by reduction of river flow and groundwater. Due to the estimations of FAO [28] 12% of population in the world do not have access to food products and starve. The problem of food security is urgent nowadays.

- *Climate change and women's rights and abilities extension.* Modern researches prove [29], that climate changes are not gender-neutral. In a number of rural and traditional societies in Africa, women are obliged to provide family with water, food and

energy to cook food and to heat home. The climate changes consequences, such as droughts, heat, infections, deforestation and uncertain precipitation will mostly affect such women, depriving them of resources, increasing their vulnerability in society.

Thus, current management cannot be observed only from the economic positions, ignoring ecological and social constituents. The mentioned tendencies are right for organizations, which work in real and virtual economic terms, because they are always oriented to people, who must have an ability and health to use their service and goods. Let us mention that it is necessary to consider sustainable development principles both at the internal organizational level (in relation to own resources), and at the level of interconnection with environment. The international business role, particularly the multinational one, is increased in view of such facts as resources availability to carry out scientific and research works on creation of new technologies and products (including ecologically friendly, green, resource-minded etc.), control them during the whole life cycle, reducing their impact on the environment, introduce new corporative standards, which will be implemented then in different countries (for example, concerning equal participation of women in management, flexible wage supplements etc.), realize educational programs for workers and their families, members of the territorial communities (examples of such companies are #LikeAGirl and #ShareTheLoad from Proctor & Gamble, which became «viral» in 22 countries in the world and had 65 millions views from the date of startup. The idea, that 70% of children suppose household routines to be women's work, made 2 millions of men in India take some house work upon themselves).

Large corporations can influence most people's opinions and form new demands, thus, they can assist stability increase. On the other hand, people, as consumers and workers also have ability to influence, including on the large corporations, in order to demand more stable functioning. Such interconnection and interaction, under conditions of some awareness and understanding of necessary changes, will be moving and supporting power to realize sustainable development postulates. Such interconnection will be the object of our further research.

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**ПЕРЕОСМИСЛЕННЯ МІЖНАРОДНОГО МЕНЕДЖМЕНТУ В КОНТЕКСТІ
СУЧАСНИХ ТЕНДЕНЦІЙ**

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У статті проаналізовано основні напрями переосмислення сучасного міжнародного менеджменту в контексті сталого розвитку. Акцентовано увагу на необхідності охоплення всіх аспектів розвитку, які виходять за межі звичайних кордонів економічного зростання для того, і включають як матеріальні, так і нематеріальні потреби життя. Виділено основні напрями формування нового концепту міжнародного менеджменту, зокрема ефективність використання природних ресурсів, необхідність скорочення викидів парникових газів, турбота про здоров'я та біорізноманіття для інновацій. Зроблено висновок про взаємозалежність та взаємообумовленість таких складових, як корпорації та суспільство, підкреслено, що, за умов нагромадження певного рівня обізнаності та розуміння необхідності змін, суспільство стає рушійною та підтримуючою силою для реалізації постулатів сталого розвитку.

***Ключові слова:** міжнародний менеджмент, сталий розвиток, соціальні аспекти, охорона довкілля, дискримінація.*

**ПЕРЕОСМЫСЛЕНИЕ МЕЖДУНАРОДНОГО МЕНЕДЖМЕНТА В КОНТЕКСТЕ
СОВРЕМЕННЫХ ТЕНДЕНЦИЙ**

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В статье проанализированы основные направления переосмысления современного международного менеджмента в контексте устойчивого развития. Акцентируется внимание на необходимости охвата всех аспектов развития, которые выходят за пределы традиционных границ экономического роста, и включают как материальные, так и нематериальные потребности жизни. Выделены основные направления формирования нового концепта международного менеджмента, в частности эффективность использования природных ресурсов, необходимость сокращения выбросов парниковых газов, забота о здоровье и биоразнообразии для инноваций. Сделан вывод о взаимозависимости и взаимообусловленности таких составляющих, как корпорации и общество, подчеркнута, что в условиях накопления определенного уровня осведомленности и понимания необходимости изменений, общество становится движущей и поддерживающей силой для реализации постулатов устойчивого развития.

***Ключевые слова:** международный менеджмент, устойчивое развитие, социальные аспекты, охрана окружающей среды, дискриминация.*