

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

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MASTER'S LEVEL QUALIFICATION PAPER

on the topic: «Cross-cultural aspects of international business»

Specialty 292 «International Economic Relations»

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It is submitted for the Master's level degree requirements fulfillment.

Master's level degree qualification paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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SUMMARY

of Master's level degree qualification paper on the topic
«CROSS-CULTURAL ASPECTS OF INTERNATIONAL BUSINESS»

student Vladyslava Bieliaieva

The content of the qualification work is presented on 54 pages, including a list of used sources of 48 titles, placed on 5 pages. The work contains 5 tables, 3 figures.

Key words: GLOBAL BUSINESS, CULTURE, STRATEGIC MANAGEMENT, INTERNATIONALIZATION, TNC, CROSS-CULTURAL RELATIONS, CORPORATE VALUES, CROSS-CULTURAL MANAGEMENT, INTERNATIONAL ECONOMY, FOREIGN TRADE.

The purpose of this work is to deepen the scientific and theoretical foundations of the study of cross-cultural aspects of international business and to develop practical areas of cultural adaptation in the implementation of modern forms of international business in Ukraine.

The object of the study is the process of development of modern forms of international business.

The subject of research is cultural factors in the development of modern forms of international business.

The purpose of this work is to analyze how cross-cultural relations and management affect business and economic relations in Ukraine and in the world, and to find ways for improving it.

To achieve this goal, the following methods were used: theoretical and monographic analysis of exchange rates current trends, statistical methods of market analysis in Ukraine, comparison methods etc.

The information base of the qualification paper were the works of leading domestic and foreign scientists.

The methodological basis of the study are methods of abstraction, dialectics, logical-structural and systematic approaches to the analysis of trends in cross-

cultural factors and their impact on the development of modern forms of international business during the globalization processes.

The main scientific results are as follows:

- 1) the author of the diploma work investigates the concepts “culture”, “business culture” in terms of international business;
- 2) systematization of approaches to cultural analysis and classification;
- 3) profound analysis of the effectiveness of managing cross-cultural business relations;
- 4) developed ways of relieving cross-cultural interaction and of improving them.

These results can be used by Ukrainian and foreign companies during strategic management planning in order to managing cross-cultural aspects of business.

Year of writing of qualification work – 2021.

Year of protection of work – 2021.

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«__» _____2021.

TASKS FOR MASTER'S LEVEL DEGREE QUALIFICATION PAPER

(specialty 292 "International Economic Relations")

student II course, group ME.m-01a.an
(course number) (group's code)

Vladyslava Bieliaieva

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1. The theme of the paper: «Cross-cultural aspects of international business»
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4. The object of the research: The object of the study is the process of development of modern forms of international business.

5. The subject of research: The subject of research is cultural factors in the development of modern forms of international business.

6. The qualification paper is carried out on materials of the statistic, scientific and other information.

7. Approximate master's level degree qualification paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose are as follows:

Chapter 1 Theoretical fundamentals of the role of culture in the system of international economic relations.

Date of submission: November 19, 2021.

(title, the deadline for submission)

Chapter 1 deals with: Investigate the theoretical foundations of culture and culture typologies in a context of international business.

Consider the essence and significance of culture in international business.

1.1. Consider the basic typologies of business culture.

(the content of specific tasks to the section to be performed by the student)

Chapter 2 Current trends in the use of cross-cultural aspects of international business.

Date of submission: December 3, 2021.

(title, the deadline for submission)

Chapter 2 deals with: The condition of cross-cultural aspects management these times.

Features of application of cross-cultural aspects of business in Ukraine.

Assessment of cross-cultural aspects in corporate strategies of international companies.

(the content of specific tasks to the chapter to be performed by the student)

Chapter 3 Directions for improving the efficiency of cross-cultural aspects of international business.

Date of submission: December 10, 2021.

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Chapter 3 deals with: Recommendations for improving cross-cultural interaction and dialogue in the international companies, particularly Ukraine.

(the content of specific tasks to the chapter to be performed by the student)

8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		task issued by	task accepted by
1	Professor, Doctor of Economics Fedir Zhuravka		
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9. Date of issue of the task: « ____ » _____2021

Research Advisor

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The tasks have been received:

(signature)

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INTRODUCTION

Relevance of topic. Distinctive features of the late XX early XXI century are internationalization and globalization. The European vector of Ukraine in the political, economic, social spheres forms a clear focus of all segments of the population on rethinking the future. In this regard, it should be noted that the successful professional activity of specialists in any field, especially internationals, diplomats and journalists largely depends not only on their possession of special professional knowledge and knowledge of foreign languages, but also on their language etiquette, awareness of features of the culture of the country with whose representatives business relations are established, national styles of communication, the basics of international etiquette.

Carriers of different cultures are involved in international cooperation, a large number of language contacts appear, and the pace of communication is accelerating. Thus, communication styles are directly related to culture. If there is a large cultural gap, there can be expected significant problems in communication functions.

Today, international relations unite companies in almost all countries of the world. And each one has its own political situation, history, traditions, culture; each company has its own regulations and its own requirements for partners and staff. Therefore, it is impossible to master the world market without knowledge of foreign cultures, languages and business etiquette. All this causes serious complications and difficulties for the development of international relations.

Ukraine`s international contacts with foreign countries are also developing. They cover the full range of interstate relations: political, economic, humanitarian, military, scientific, technical, consular and others. Hundreds of foreign delegations at the level of heads of state, government, foreign ministers, ministries and agencies, representatives of international organizations and business circles are

received in our country every year. And vice versa - representatives of our country make active visits abroad.

The emergence of new companies and their active involvement in business at the international market, the need for negotiation processes to resolve business and policy issues, conflict solving - all this highlights the relevance of the chosen topic due to expanding international relations and, consequently, development interethnic communication. In the current context of globalization, when the development of global integration has affected all spheres of activity, international contacts are becoming closer, and the practice of international negotiations is becoming more intense. In this regard, the role of cross-cultural aspects must not be underestimated.

The cross-cultural aspect of international business has been studied by many foreign and domestic scholars, including: R. Richard, S. John, J. C. Hill, G. Steiner, E. Gray, Geert Hofstede, R. Gesteland, Edward T. Hall, C. Hampden-Turner and F. Trompennars, A. Lauren, R. Lewis, N. J. Holden, A. Ionova, Y. Latov, A. Lipentsev, V. Knyazev, Y. Palekha, Y. Petrushenko, E. Panchenko and others. For the most part, cross-cultural management scholars and researchers agree that a company that goes beyond the national market needs to adapt to a new cultural environment. Therefore, the development of the corporation's business strategy must be consistent with the cultural characteristics that exist in the foreign market. At the same time, achieving cross-cultural efficiency is a prerequisite for the company's success in the process of its internationalization. Despite the existence of a significant amount of research on this topic, the issue of the impact of culture on the formation of company strategy at various stages of its internationalization has not yet been sufficiently systematized.

The purpose and objectives of study. The aim of the work is to deepen the scientific and theoretical foundations of the study of cross-cultural aspects of international business and to develop practical areas of cultural adaptation in the implementation of modern forms of international business in Ukraine.

In accordance with the purpose the following tasks are set:

- to reveal the essence and significance of culture in international business;
- to describe the main typologies of business culture;
- to analyze the features of the application of cross-cultural aspects of business in Ukraine;
- to consider cross-cultural aspects in the corporate strategies of international companies;
- to substantiate directions of increasing the efficiency of cross-cultural aspects of international business.

The object of research is the process of development of modern forms of international business.

The subject of research is cultural factors in the development of modern forms of international business.

Research methods. Methodological and theoretical foundations of the study were the works of leading domestic and foreign scientists. The methodological basis of the study are methods of abstraction, dialectics, logical-structural and systematic approaches to the analysis of trends in cross-cultural factors and their impact on the development of modern forms of international business during the globalization processes.

To solve research tasks for the work, general and special research methods were used, namely: historical and logical method; methods of comparative analysis - to study the methodological apparatus for assessing the factors of international business development; structural-comparative and graphic analysis - in the systematization of cultural factors and the definition of globalization trends and ideologies of cross-cultural management; methods of analysis and synthesis, quantitative and qualitative comparison; substantiation of theoretical and practical recommendations.

The information and statistical data of the work are monographic studies of domestic and foreign economists, information reports and reports of international organizations (OECD, European Commission, Eurostat, Unctadstat, Destatis,

McKinsey, etc.) and a number of rating agencies, research centers, analytical institutions and programs, materials and analytical reports of international and Ukrainian organizations, Internet resources.

The structure and scope of the qualification work. The diploma consists of the introduction, three sections, conclusions, and references. The total volume is 49 pages.

SECTION 1

THEORETICAL FUNDAMENTALS OF THE ROLE OF CULTURE IN THE SYSTEM OF INTERNATIONAL ECONOMIC RELATIONS

1.1. The essence and significance of culture in international business

At the beginning of the third millennium, the impact of globalization, internationalization and integration processes on the development of the national economy is getting more significant. These phenomena are reflected in the growing scale and dynamics of international cooperation. In addition, there is an intensification of competition on the world stage. The center of gravity in the field of global competitiveness is shifting to the cultural and value channel. In connection with this the international competitiveness of companies is increasingly dependent on the position of national cultures in the world market and ensuring effective international relations in cross-cultural interactions.

The classical approach to understanding the impact of culture on international economic activity is based on the concept of culture as an empirical category that reflects a relatively stable, homogeneous, internally consistent system of specific assumptions, values and norms that can be objectively described; something that members of a group, organization, or nation collectively own or enjoy. This approach considers the features of national cultures and allows us to understand how these features affect and determine the specifics of doing business in a particular cultural system. Knowledge of the features and specifics of cultural systems forms a special competence of the firm, carries a charge of fundamentally new competitive advantages, and therefore significantly increases the effectiveness of cooperation with a foreign partner [1, p. 19].

National business culture significantly affects various aspects of the organization - the approach to leadership and attitude to power, the style of negotiation, perception and implementation of laws, planning, forms and methods of control, personal and group relationships, etc. A large number of national business cultures, open markets, globalization trends in the world economy

necessitate multifaceted research and consideration in practice of cross-cultural specifics of doing business. Culture is the fundamental and defining basis for the formation of any economic system.

Cultural conditionality is achieved through the influence of culture on people at different levels: family, social group, geographical region, professional and national environment. The result of influence is the formation of national character and mentality, which determine the specificity of the systems of organization and management of business in a particular country. Culture is a systemic, diverse category, which includes economic, legal, political, business and other types (subsystems) of it. The subject of cross-cultural and international management is primarily business culture.

Business culture is a system of formal and informal rules and norms of behavior, customs, traditions, individual and group interests, features of employee behavior, leadership style, etc. in organizational structures of different levels. National business culture includes norms and traditions of business ethics, norms and rules of business etiquette and protocol. It always reflects the norms, values and rules inherent in this national culture [18, p. 9].

After all, people who belong to different cultures can work in the same organization, have a common ultimate goal, but different views on the ways, methods and interaction in the course of achieving it. Therefore, the behavior of some seems wrong, irrational for others. The task of international managers is to promote successful communication: to set priorities, rational approaches, manage employee behavior and guide it in accordance with the basic principles of international cooperation. Managers must ensure clear interaction of all structural units, branches, people in each working group and between them, to establish interaction with external organizations, infrastructure. In addition, they should facilitate the implementation of plans not only within individual markets, but also in the global economic space.

Cultural differences assume misunderstandings, cultural shocks experienced by the economic agent when entering the world market, and call into question the

need for mergers, acquisitions and globalization of the world community as a whole. However, the classical approach tends to exaggerate the difference between cultures and consider it as a cause of possible contradictions, misunderstandings, and hence failures in international cooperation. In most cases, "sharp corners" - differences in language and culture - come to the fore only when everything else fails. Therefore, culture is not a cause, but only a possible stimulator of tensions in economic relations. Today, in order to meet the requirements of the world market, to get the most out of international cooperation and to promote organizational learning, it is important to see culture as a resource, not a threat.

A fundamentally new approach, which underlies the study and allows a different view of the role of culture in international economic relations, was first used by N.J. Holden, who proposed to consider culture as an object of cognitive economy [15]. By culture he meant the diversity of shared knowledge; "locations" of common knowledge and similar worldview, which are constantly overlapping and redistributed. In this case, we are talking about such knowledge, experience, values, norms, beliefs and images that have been formed over the centuries, rooted in social memory and do not require proof. That is, it is implicit subconscious knowledge. They are difficult to articulate and express without ambiguity and uncertainty. This knowledge is accumulated throughout the life of the organization and allows it to develop intuition and the ability to learn, which, in turn, contributes to a better understanding of business. This process can be called the accumulation of wisdom of the organization. The success of many firms is due to their ability to identify explicit knowledge from the implicit in the process of working together and subsequent reproduction in different situations, thus turning it into an additional corporate resource.

In multinational corporations, culturally-caused knowledge is scattered around the world and, unfortunately, are local and accessible only to a small circle of people. Experience shows that the problem is the ability to acquire knowledge "on a local scale" and disseminate it among other divisions of the same company. Although these skills are extremely important, because culturally

determined knowledge is unique, they have absorbed the specific characteristics only of a given cultural system. A company that leaves knowledge that can be useful to many divisions known to only one division risks losing its unique competitive advantage. Since culture as a set of unique historically formed knowledge is seen as a resource of the organization, cross-cultural management should pay less attention to cultural differences and focus on using this resource (i.e. not to neutralize or control cultural differences, but to build their work on them).

The introduction of the cross-cultural aspect of modern enterprise management into Ukrainian business practice will help Ukrainian businessmen to get acquainted with the behavior patterns of different cultures, which will undoubtedly give them confidence in communication and reduce the risk of mistakes in a multinational environment. A large number of companies enter international markets, build companies in other countries and form alliances with foreign companies. Going beyond the national market, organizations face complex, internal polyethnic and multicultural barriers, which are the causes of contradictions and misunderstandings between agents of international economic relations. This explains the failed agreements, failures in negotiations, distortion of strategies, which entail the negative consequences of international activities [12].

The concept of culture in international business is a multifaceted phenomenon. In cross-cultural management, it is divided into 4 levels, each of which determines the psychology, consciousness and behavior of person. Each level is formed under the influence of family, social group, geographical region, professional and national environment (fig. 1.1).

National business culture significantly affects various aspects of organization, including approaches to leadership, attitudes to power, negotiation style, perception and implementation of laws, planning, forms and methods of control, personal and group relationships. The large number of national business cultures available in different countries, the growing openness of markets,

globalization trends in the world economy necessitate multifaceted research and consideration in practice of cross-cultural specifics of doing business.

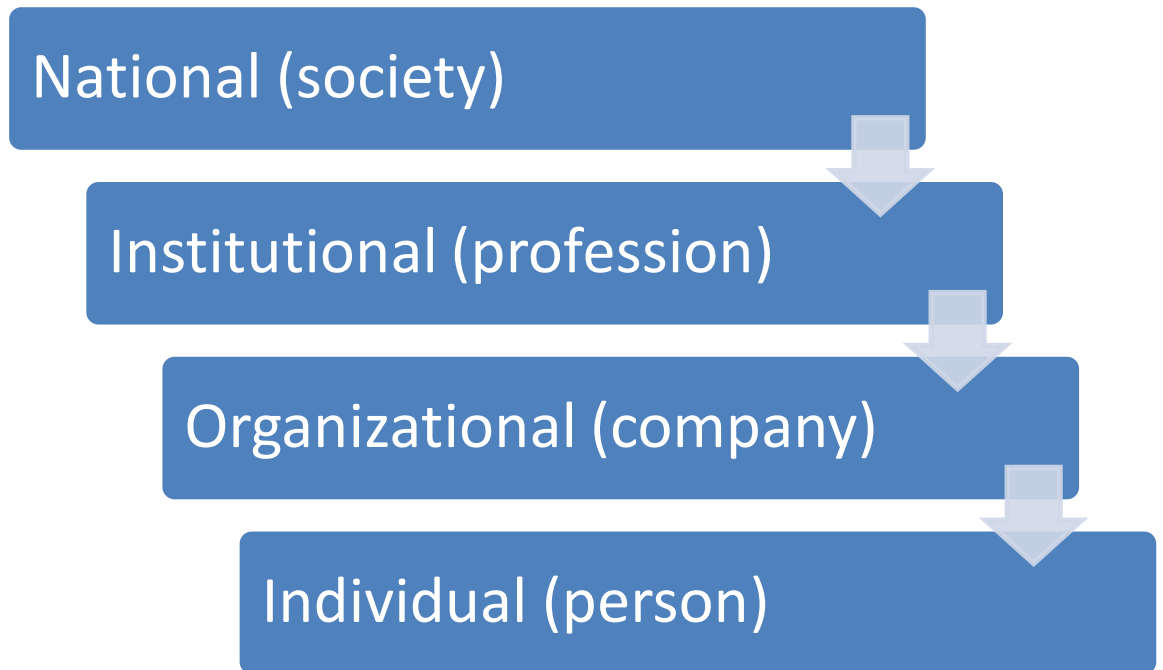


Figure 1.1. Culture levels [3]

Striving to get the most out of foreign markets, the Ukrainian economy is getting built on new ideological principles of international relations, which are based on honest, non-corrupt relations and the neutralization of intercultural conflicts. The formation of cross-cultural management in Ukrainian enterprises is a necessary precondition for competition and product launch in domestic and foreign markets, as this knowledge is difficult to identify and copy, so they become the embodiment of the company's unique competitive advantages will allow the company to firmly establish itself in the international market [6, p 48].

Thus, it is clear that success in new markets largely depends on the cultural adaptability of the firm and its employees: tolerance, flexibility, ability to value the beliefs of others. If this is followed, it is obvious that successful ideas can be applied to international practice and will be more effective.

1.2 Basic typologies of business culture

Culture is a multifaceted phenomenon. It has several levels and determines the psychology, consciousness and behavior of the human being. Knowledge of value systems, behavioral patterns and stereotypes, understanding of national and international characteristics of people's behavior in different countries significantly increase the effectiveness of management, enable mutual understanding during business meetings and negotiations, resolve conflicts and prevent new ones.

One of the components of any national culture is business culture. The existence of different national business cultures determines the need to study and take into account the peculiarities of intercultural communication in international business. Many scholars of the second half of the twentieth century have pondered the nature of the major problems of society that would help to distinguish different aspects of business cultures. They tried to classify cultures, to allocate criteria, indicators, measurements of cultures on which it would be possible to distinguish distinctive characteristics, to unite cultures in clusters, etc. As a result, in the literature there are several approaches to the classification of national business cultures - concepts of culture [10, p. 60].

In our opinion, the classifications of national business cultures of R. Lewis (by type of business behavior), K. Klakhon, F. Klakhon and F. Strodbeck (theory of value orientations), G. Hofstede (based on basic differences of cultural values) are of the greatest interest. E. Hall (based on the contextual ranking of cultures) and F. Trompenaars (type of cultural dimensions).

The most well-known concept of culture in international business is the structure of perception of the value system of Geert Hofstede [15].

G. Hofstede identified the following “cultural dimensions”:

1. The distance of power. This dimension shows the inequality (more / less), but is determined from below, not from above. This suggests that the level of inequality in society is approved by followers as well as leaders. Power and

inequality are, of course, the fundamentals of any society. All societies are unequal, but some are more unequal than others.

2. Individualism / collectivism. On the individualistic side are cultures in which relationships between people are free: everyone cares for themselves and for the closest people in the family. On the collectivist side are cultures in which people from birth are integrated into tightly knit groups, often extended families (with uncles, aunts, grandparents), who continue to protect them in exchange for unquestioning devotion and confront other groups. Most countries belong to a culture that is prone to collectivism. In the traditions of these countries to cultivate respect for certain groups or social clans to which they belong. In such societies, decisions are made collectively, each member of the group is accountable to all members. Relationships between employees are closer, dominated by collective interest, corporate spirit and morale. There is no significant difference between professional life and private life. Risks are taken by all members of the groups.

Rules of conduct depend on belonging to a group. In such countries there is a significant influence of the state on economic life. In most collectivist cultures, direct confrontation with other people is considered impolite and undesirable. The word “no” is spoken less often than in individualistic cultures, because the word itself already means confrontation. Answers such as “maybe you're right” or “we`ll think” are considered more polite and acceptable. In such societies there is no “personal opinion”. Personal opinion is determined by the opinion of the group [15].

3. Masculinity / femininity. If the influence of men prevails in society, they are characterized by such values as self-confidence, success, competitiveness, independence, demonstration of strength, ambition, determination, firmness. These countries are characterized by the desire to make a career, to prove themselves. Work is considered more important than home functions. In these countries, there is a strong differentiation between the roles of men and women. Men occupy dominant positions in society and power structures. A woman in a political career is a rarity.

If society is dominated by the influence of women, then it is dominated by such values as caring for the weak, sympathy, solidarity. The dominant values are quality of life. Home and family relationships are more important than success at work. Spiritual values prevail over material ones. Work is seen as a means of ensuring a comfortable life. Managers focus on human relations, humanity, prone to compromise. Conflicts in such cultures are tried to be resolved through negotiation and compromise, while in masculine cultures conflicts are resolved in free struggle, on the principle of “let the best win”.

4. Uncertainty avoidance. The Uncertainty Prevention Index determines the extent to which people try to avoid situations that cause anxiety, uncertainty. It determines the degree of deviation from uncertain contingencies, the degree of maladaptation of employees to changing market factors.

5. Long-term / short-term orientation. Countries with a long-term orientation focus on the prospects, the future. They pay great attention to such characteristics as social status, thrift, shyness, perseverance and feeling of shame. These societies value traditions, the family is the foundation of society, parents and husbands have more authority than younger men and women, and high work ethic is valued. When working with representatives of these countries, it is necessary to show respect for their traditions, not to show extravagance, not to act lightly. The high level of this indicator in the national culture means work and life focused on the future, thrift and propensity for long-term investment in the future, as well as the desire for stability, predictability and harmony in society. Short-term orientation, on the contrary, is characterized by a look into the past and present and is manifested through respect for tradition and heritage in fulfilling certain obligations.

6. Indulgence / restraint. Indulgence is characteristic of a society that is relatively free to satisfy basic and natural human desires associated with enjoying life and enjoyment. Restraint means for society that it controls the satisfaction of needs and regulates it through strict social norms

At the same time, but regardless of Hofstede`s research, the problem of organization and identification of cultures was dealt with by E. Hall. As a result of his research, E. Hall classified cultures according to four criteria, such as context and information flows, attitudes toward time, attitudes toward space. According to E. Hall, difficulties in intercultural communication arise not because of the language code or set of symbols, but because of the context, which contains several meanings [16]. Depending on how important the context is for people of the same culture to communicate with each other, there are high-context and low-context cultures.

High-context culture is a dialogue-oriented culture that obtains information through professional and personal connections. In highly contextual cultures, much is said and defined by a non-verbal context - behavior, reaction, appearance, hierarchy, status. Representatives of highly contextual cultures are more restrained in emotions - for them open expression of dissatisfaction or hate is atypical. High-context cultures include Italy, Portugal, France, Ireland, Turkey, the Philippines, India, Indonesia, Japan, and African countries.

Low-context is a culture dominated by a freer network of connections in the social environment and less information. Great importance is attached to words, not the context of the conversation - people often express their thoughts and desires verbally, not assuming that it will be clear from the communication situation. Representatives of cultures with a low context tend to speak directly, openly, in fact, calling things by their names, to speak on the topic under discussion, not to leave their thoughts to themselves [4, p. 289].

A classic example of low-context culture is the United States. Human is evaluated here almost exclusively on the basis of his/her own actions and achievements. In addition to the United States, countries with a low-context culture include the Scandinavian countries (Sweden, Norway, Denmark, Finland), the Netherlands, Germany, Australia, England, Israel, New Zealand, Switzerland, and Canada.

The cultural dimensions of F. Trompenaars and C. Hampden-Turner (1986–1994) were widely spread too. This model of differences in national cultures has seven dimensions. These are five dimensions that relate to people's relationships with each other, one dimension is the relationship to time, and one is the relationship to the environment.

Fons Trompenaars and Charles Hampden-Turner propose to classify business national cultures into five dimensions. Let's consider the measurements of Fons Trompenaars in more detail. Universalism – particularism (general - specific): according to the degree of readiness to obey the laws or to find a basis for their violation, F. Trompenaars divided cultures into universal and particularistic. In cultures where universal truths prevail, high obedience to the law is traditional. Universalism means that basic ideas and traditions can be applied everywhere without modifications. Particularism implies that circumstances dictate how traditions should be used [17].

Universalists value abstract social expectations, such as laws or other unwritten but established rules. Particularists value relationships with specific people, relationships with people (such as family) are more important to them than social attitudes. Representatives of cultures with a low value of the index of universalism in doing business with partners from countries with a "universalist" culture need to prepare for a rational, professional argument, and the latter need to keep in mind that personal acquaintances and knowledge - not a waste of time in cultures.

Achievement – origin (what you have achieved - who you are). This dimension makes it possible to determine the role of power and status in society. In every society there are laws that affect the process of formation of personality, regardless of his desire, time of birth, and those that allow him to achieve certain benefits through personal efforts. The status is acquired by those who work hard or who inherit it. Cultures differ in the way they solve this dilemma. In achievement-oriented countries, status is determined by actions and personal qualities.

Determinants are abilities, talent, diligence - i.e., a person is responsible for his own destiny, and the social environment plays a secondary role [13, p. 26].

In origin-oriented countries, status depends on numerous external factors (social environment or social context of human activity), often unrelated to actions and behavior (origin, caste, elite education, religion, race, heritage). In the culture of belonging, for example, the very fact of long work in the company gives a person great importance. In such cultures, status often depends on age, education, relatives and acquaintances, and so on. F. Trompenaars included Austria, the United States, Great Britain, Switzerland, Mexico, and Germany among the cultures of achievement. Leaders in the low values of this index are Venezuela, Indonesia, Chile, CIS countries [17].

Economically successful are those societies in which individual success is rewarded both materially and socially [1, p. 20]. F. Trompenaars' recommendations on the interaction of representatives of these types of cultures are as follows. When operating in countries with a culture of belonging, it is necessary to choose for contacts with partners the most authoritative individuals who have a high status due to age, social ties, etc. To ensure a favorable climate in a country with a culture of achievement, it is necessary to convince partners that your team is professionally competent (has relevant information, technical experts, etc.).

Individualism - collectivism (person – team). This cultural dimension is most often used in practice. Its essence is how an individual determines his position - considers himself an independent person or a member of a group. This cultural dimension determines the conflict that often arises between a person's desires and expectations and the interests of the social group to which he or she feels.

Affectiveness - neutrality (expression of emotions - shelter of emotions). The point is that all people express emotions, but this dimension applies to different ways of expressing them. In emotional cultures it is considered natural to openly express emotions, in neutral cultures it is considered that emotions need to be controlled. Representatives of emotional cultures express their feelings openly

and naturally. They are often noisy and talkative [9, p. 32]. Those persons belonging to an emotionally neutral culture tend to be able to over-control their feelings. In many countries, where there are neutral standards of culture, do not expect the expression of emotions at work, because here we are talking about rational, aimed at solving problems of interaction. This dimension makes it possible to clarify such an important question, whether it is necessary to express emotions in business relations.

Specificity – diffusion (high context - low context). Each person expresses himself differently as a person - from the public level to the personal, private level. In specific cultures, people have a large social space and a smaller personal one. They separate their private life from work, constantly protecting it. In diffuse cultures, the personal space is usually larger, while the social space is smaller and to some extent carefully guarded.

D. Pinto in 1999 proposed the division of cultures on F- and G-cultures. The traditional collectivist F-culture limiting decisions and actions with the rules of conduct. In today's individualistic G-cultures are ethics (developed countries). They revered the cult of youth, make a small difference between the role of women and men in society. Mixed forms are Latin American countries and countries with many immigrants [3, p. 144].

According to the model of R. Lewis, all cultures of the world can be divided into:

1) monoactive - introverts, task-oriented and clear planning of activities (have a balanced nature, committed to their work, plan future actions, punctual, willing to obey schedules and order, strictly follow the facts, prefer information from official sources);

2) polyactive - extroverts, people-oriented (impulsive, impatient, prone to informal communication, easily and quickly move from one case to another, do several things at once, not punctual, prefer oral information first hand, actively gesturing during the conversation, looking for protection);

3) reactive - introverts, focused on maintaining respect (silent, respectful, able to listen well, adhere to a flexible work schedule, punctual, attentive, maintain a reputation, plan and make decisions slowly, avoid confrontation in business communication) [8, p. 122].

Thus, R. Lewis's model takes into account the nation's attitude to space and time, determining the status of others, reaction to different types of leadership, organization of social activities and business, as well as the language factor, which the author considers the most important means of communication.

Harry Triandis's classification of business cultures involves the use of such parameters of business culture as "simplicity – complexity", "openness – secrecy", "individualism – collectivism" by type of information processing (perception of the sender of information, perception, the advantage of associative way of linking information). [7, p. 24]. Richard R. Gesteland identified forty models of behavior of people conducting international negotiations, which he combined into 8 groups [5, p. 51].

The concepts of culture and classification of business cultures known in the literature provide a basis for comparative analysis between cultures, which is especially important for cross-cultural communication of enterprises that seek to work effectively in different countries and different cultural environments.

Hofstede's typology of cultural dimensions can be considered the most famous and popular, due to a well-found set of universal parameters suitable for analyzing the cultures of organizations, regardless of the country in which they are located, in which broader cultural context they operate.

SECTION 2

CURRENT TRENDS IN THE USE OF CROSS-CULTURAL ASPECTS OF INTERNATIONAL BUSINESS

2.1. Features of application of cross-cultural aspects of business in Ukraine

Cooperative activity is the basis of modern management, the problems of group work in companies are closely related to the problems of their internal organization. The more activities of the company, the more complex the products it manufactures, the greater the role of group work and the more highly-organized the company should be. At the same time, the more organized the company - the more independent its internal divisions should be, the more stringent directive management in its internal functioning is replaced by cooperation [7, p. 23]. To work in today's market, companies must be flexible, intelligent, mobile, which should provide, on the one hand, the possibility of constant evolutionary adaptation of companies to market conditions and, on the other hand, the opportunity to take revolutionary and unexpected steps in the development of competitors, which rapidly increase the competitiveness of the company. The competitiveness increasing is possible only on the basis of the process of constant internal development (self-development) of the company.

In the Ukrainian realities, the formation of corporate culture on the basis of the concept of cross-cultural management until relatively recently, in practice, was not considered due to a certain "closedness" of the domestic economy. However, the irreversible processes of European and world integration of our country and business have contributed to the objective need to update this issue. Today we can identify a number of prerequisites for justifying the need to take into account cross-cultural factors in the process of forming a corporate culture (Fig. 2.1).

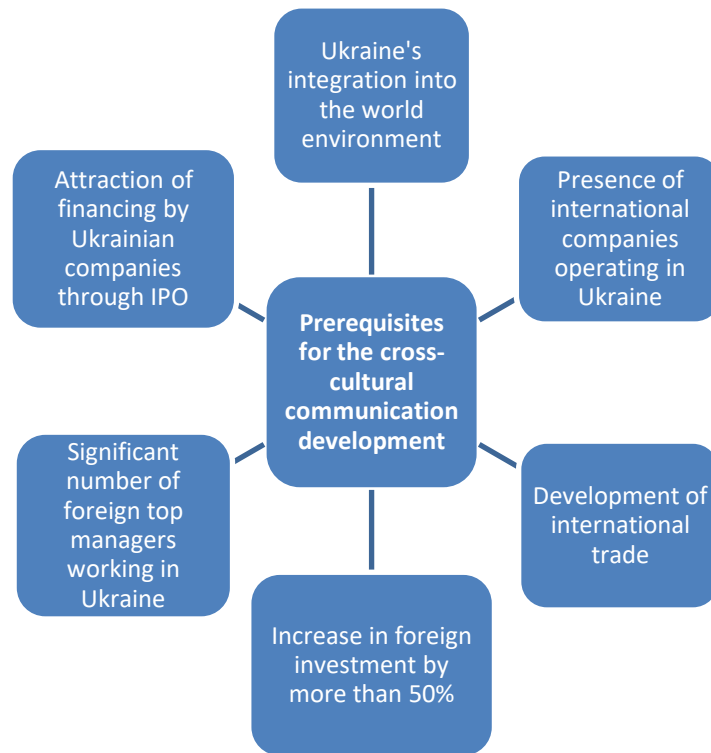


Figure 2.1. Prerequisites for the application of the concept of cross-cultural management in Ukraine

Source: created by author based on [14]

One of the key factors that actualizes the need to apply the concept of cross-cultural management in Ukraine is the presence of a significant number of multinational corporations operating in our country. Moreover, some of them not only have offices, but also locate production facilities in Ukraine, creating jobs and filling the state budget. The largest multinational corporations operating in our country are Coca-Cola, Daewoo, Sigma-Bleyzer, Western NIS Enterprise Fund, Ukrtatnafta, Macdonald`s Ukraine Ltd, Cargill PepsiAmericas and PepsiCo and Nestle, Procter & Gamble, British American French Danone, AB InBev, Mondelez International and many others. In addition, there are about 7,362 branches of foreign TNCs in Ukraine, while in the world there are more than 800,000 of them. This way, Ukraine accounts for only 0.9% of their total number. The list of major investors in Ukraine is given in Table 2.1.

Table 2.1.

The main investors in Ukraine in 2018 year.

Rating	Country	Total FDI in 2019, million USD	Share, %
1	The Netherlands	951,5	33,2
2	Russian Federation	495,6	17,3
3	Cyprus	477,6	16,6
4	Austria	203,7	7,1
5	France	110,9	3,9
6	Great Britain	98,7	3,4
7	Poland	90,6	3,2
	Others	441,3	15,3
	Total FDI	2869,9	100

Source: created by the author based on [24]

Ukraine is of particular interest to TNCs in areas where competitive advantages over domestic companies are pronounced. In 2019, the following sectors of the Ukrainian economy were the most attractive for TNCs and investors from the EU and the US: food industry and processing of agricultural products (16,3% of total foreign direct investment); trade (15,0%); financial sphere (9,1%); mechanical engineering (8.6%); transport (7.6%); real estate transactions (5.2%); pharmaceuticals and petrochemical industry (4.1%) [24].

Today in Ukraine the largest number of TNCs is represented in the processing industry. According to Forbes, in 2020 most of them were profitable (Table 2.2). The best financial results were obtained by TNCs specializing in the tobacco and food industries, namely: JT International, PepsiCo and Philip Morris.

The analysis of TNCs in Ukraine by economic sectors showed that a significant part of these enterprises specializes in trade and repair, processing industry, real estate operations, construction. In other words, foreign companies are reluctant to invest in high-tech industries, and most of their investments are in trade, a sector that allows them to make high profits quickly.

Table 2.2

Income of TNCs in Ukraine in 2020

№	Corporation	Branch	Income, million UAH
1	JT International	Tobacco	17 350,9
2	Philip Morris	Tobacco	29 964,2
3	PepsiCo	Food	10 341,6
4	Nestle	Food	9 503,6
5	Procter&Gamble	Chemical	5 932,3
6	Shell	Oil and gas	4 117,5
7	Imperial Tobacco	Tobacco	3 298,7
8	Toyota	Automotive	1 158,2

Source: generated by the author based on [36]

It should be noted that TNCs are present in all segments of the national market, which, of course, improves the parameters of the national competitive environment and has a positive impact on micro- and macroeconomic dynamics.

The domestic financial sector is also attractive for foreign companies, in particular, represented by such brands as the Austrian Raiffeisen Bank International AG, the Italian UniCredit Group, the French BNP Paribas, the Polish Kredobank (Bank Polski) and others.

The German retail chains REWE Group and Metro Group operate successfully on the Ukrainian market. The problem of adapting the corporate culture of the parent company to the specifics of the Ukrainian mentality and business culture is an essential for each of these enterprises. Keeping in mind Ukraine's consistent European integration, the number of foreign companies entering the domestic market should grow. At the same time, the dynamics of the hryvnia exchange rate makes the location of production in our country (including for re-export) extremely attractive. And this is one of the ways to get out of the crisis for our economy.

Entering new markets is always accompanied by the need to adapt to a new cultural environment. As a rule, during the first few years the top management of representative offices or branches of foreign companies in Ukraine consists of foreigners who need to form a corporate culture that integrates key corporate values of the parent company with the national mentality of the

country. Harmonious combination and harmonization of norms and values of different cultures contributes to the establishment of effective business processes and success in the long run. Ignoring cultural aspects can quickly lead to misunderstandings, conflicts, reduced motivation and productivity, and other negative consequences.

In our opinion, the presence of representatives of different nationalities within one company is no longer a mandatory requirement for the application of the concept of cross-cultural management. The processes of globalization have created the conditions when any of the counterparties can be a carrier of another culture with fundamentally different values and principles. A large number of domestic companies are actively working with contractors from other countries, so they must be ready to interact with completely different cultures. Therefore, managers and other employees must have the competencies needed to work in a multicultural environment. The dynamics of foreign economic activity of Ukrainian companies confirms the importance of mastering such competencies by domestic workers.

Foreign trade is a source of foreign exchange for the national economy, one of the key areas of economic development. Since its beginning, the hybrid war against Ukraine caused a decline in both exports and imports due to reduced purchasing power of the population, significant restrictions on access to traditional markets for domestic goods and services. In 2019 there began a relative recovery and resumption of foreign trade (Figure 2.2). At the same time, after the relative resumption of foreign trade, the crisis caused by the increase in the incidence of COVID-19 slowed down again the development of Ukraine's foreign trade. At the same time, imports in the three quarters of 2020 are 85.7% of imports in the three quarters of 2019 unlike the comparison of exports for 9 months of 2020 to the same period in 2019 which shows a non-significant deviation - 5.6%. In general, domestic foreign trade decreased by 8.9% compared to the same period last year. It should be noted that this reduction is fully consistent with the predicted WTO reduction of world trade in 2020 by 9.2% [36].

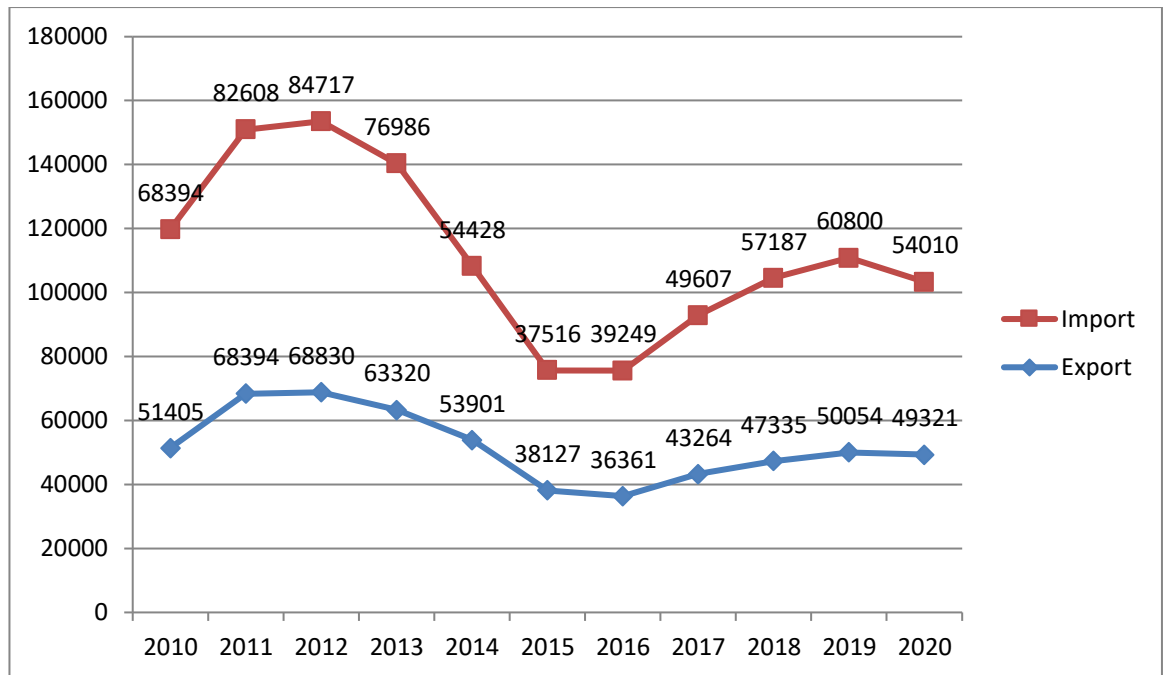


Figure 2.2. Dynamics of foreign trade in goods of Ukraine for 2010-2020, millions of USD

Source: generated by the author based on [39]

The decrease in foreign trade operations led to the formation of a negative balance in the amount of 2 944 248 thousand US dollars. However, the predominance of the rate of decline in imports of goods over the rate of decline in exports, in general, led to a reduction in the negative balance by almost two times. Despite the existing potential of the national economy in providing domestic goods and services to the world economy, in 2020 Ukraine ranked 47th in terms of exports of goods and services, occupying 0,26% of world exports.

Ukraine's exports are mainly raw materials. The leading role in the structure of exports is occupied by sales of plant products – 23,6% of total exports for 9 months of 2020. It should be noted that compared to the same period in 2019, exports of plant products did not suffer significant deviations - decreased by 8,2%. Second place in the commodity structure of exports is occupied by base metals and articles thereof – 19,2% of exports in the three quarters of 2020. This product group had a significant deviation in 2020 compared to January-August 2019 - exports decreased by 16,8%. Exports of raw hides and skins also decreased

significantly - by 14%, footwear, hats and umbrellas by 15,2%, land transport, aircraft, floating vehicles - by 13,9% compared to the same period last year.

Negative trends in the decline in exports and imports of services were manifested in the pandemic period to a greater extent than in foreign trade in goods. Exports of services decreased by 12% in the first 9 months of 2020 compared to the same period in 2019. Analysis of the structure of services according to official statistics reveals a significant reduction in transport services - by 23%, travel-related services - by 17,8%, construction services - by 46.4%, financial services - by 28,9%. Imports of services decreased at a faster pace compared to the decline in exports of services - by 26,5% in 2020 compared to the same period in 9 months of 2019, amounting to 3,7 billion dollars USA.

The largest decrease was in imports of travel-related services – by 47% compared to last year, transport services – by 35.3%, repair and maintenance services, not included in other categories – by 34.3% and business services – by 28.8%. Most of these services were not imported due to the security measures caused by the COVID-19 pandemic. In general, there has been a significant reduction in foreign trade in services related to the physical crossing of the border. After all, trade in services that are sold virtually, using the Internet, grew during the implementation of quarantine measures, in some places – the actual implementation of such measures stimulated the development of Internet services.

The geographical structure of foreign trade in goods in the three quarters of 2020 is dominated by the European Union, including the United Kingdom. However, in contrast to the general trend of changes in exports and imports in 2020, the decline in exports to the EU was faster than imports. For 9 months of 2020, exports to EU countries decreased by 1.6 billion. US dollars, i.e., by 16.2%, and imports - by relatively smaller topics - by 8.7%, i.e. by 1.6 billion dollars. The reduction of foreign trade transactions with the EAEU countries for 9 months of 2020 compared to 9 months of 2019 amounted to 27.5%. In particular, exports to the Eurasian Economic Union decreased by 16.4% in 2020 compared to the same period in 2019, i.e. by 652 million US dollars.

In addition to export-import operations, foreign markets are extremely attractive to the best Ukrainian companies as a source of financing. Thus, a number of leading domestic companies have placed their securities on European stock exchanges. In particular, the shares of some companies are traded on the London (for example, “Myronivsky Hliboproduct”) and Warsaw exchanges (for example, “Kernel”, “Agroton”) [7].

Note that the analysis of a potential object for investment involves not only a study of the financial state of the company, but also other components of its competitiveness and prospects, which include corporate culture and brand in general. However, not only foreign economic activity is the basis for giving corporate culture signs of “global”, adapted to a multicultural environment. Today, about a quarter of a million foreigners officially live in Ukraine [8]. Many of them work in our country, and at the same time, all of them are clients of many Ukrainian enterprises and organizations.

An important factor in the emergence of the need for cross-cultural management in Ukraine is the intensification of labor migration. Traditionally, the most attractive cities for qualified specialists are Kyiv and large regional centers. But the situation has changed significantly due to the tragic events in our country. The extraordinary intensification of internal migration and labor, in particular, is understandable. These circumstances require the management of enterprises and organizations to pay maximum attention to cross-cultural management in the process of forming a corporate culture.

2.2. Assessment of cross-cultural aspects in corporate strategies of international companies

Successful completion by cross-cultural management its main tasks (namely the formation of procedural competence, effective cross-cultural technologies and, consequently, effective interactive broadcasting) allows the company to identify, accumulate and synthesize cultural knowledge, achieving syncretic effects when

intellectual potential greater than the sum of the potentials of its individual members. Cross-cultural translation of knowledge contributes to the creation of new unique knowledge, i.e., one that is unlikely to occur at the headquarters of the corporation. By gaining new knowledge first, the organization can at the same time gain a unique competitive advantage.

On example of some corporations, it can be shown how some of the basic principles and methods of cross-cultural management are embodied. Novo Nordisk, headquartered in Denmark and operating in the biotechnology and healthcare sector, promoted cross-cultural learning through a facilitation process.

The initial tasks of the facilitators were, first, to conduct a structured, systematic assessment of the degree of implementation of Novo Nordisk Management Principles in a particular branch or project team to increase the coherence of their work for the benefit of the company as a whole. Secondly, while working in a situation of cultural diversity, they tried to identify and facilitate the transmission of examples of the most successful work, successful ideas, new applications, new approaches to marketing from one cultural environment to another. Within the framework of intercultural contacts, the facilitators behaved sensibly, with a sense of tact. What the facilitators saw as a multicultural, multilingual team of professionals could not be known to the company in any other way. As for Matsusita Electric (headquartered in Japan; business sectors: consumer electronics, electrical equipment, communications equipment, video and audio equipment), it failed to create favorable conditions for cross-cultural knowledge transfer. The reasons for this were primarily the dominance of Japanese origins (ethnocentrism) and the conservatism of the company's philosophy. In addition, the company's top management in Japan did not take into account the specifics of foreign staff way of thinking and did not encourage creative initiatives of branches and divisions from other countries. The example of Matsusita Electric proves that a company whose work is determined by the worldview of a single national group is misses outer knowledge, which in fact is a potential value for it [24].

The management of LEGO (headquarters: Denmark; business sectors: toys, computer games, LEGO parks, merchandising) generally contributed to the cross-cultural transmission of knowledge. This was due to the following factors:

1) in general, the style of LEGO management is an attempt to maintain “neutrality in relation to culture”;

2) the identity and cultural values of the company, embodied in its brand and adherence to the principle of respect for children, go beyond cultural differences;

3) the headquarters of the company, which is clearly dominated by Danish people, is open to the influence of branches and consciously supports working groups of mixed ethnicities, which, according to one of the managers, is a promotion of common mental space policy.

Sulzer Infa (headquartered in Switzerland; business sectors: infrastructure solutions in construction) contrasts interestingly with Novo Nordisk. The Danish company has created a team of facilitators - agents of organizational change, working in Novo Nordisk offices around the world. Sulzer Infa began to solve the same problems centrally, with the help of a corporate university called the Sulzer Infa Academy. Its activities are largely based on the desire to turn Sulzer Infa into a knowledge-based company. The staff of the Academy is aware that companies need to grow rapidly and form links between European branches. To achieve this goal, they organized special seminars. The seminars were planned to solve such tasks, which can be worked on only at the same time. The peculiarity of such a seminar is the spontaneity of establishing new, undoubtedly useful, contacts [32, p. 127].

Thus, serious complications and tensions were found only in Matsusita Electric and only in relation to its managers in the United States. In general, culture, mostly national, which implies cultural differences, is not perceived by workers as a serious complication. In fact, there are ways of reflecting cultural differences which differ. Therefore, companies develop systems and structures that allow them to overcome intercultural barriers, and consider the experience of cross-cultural interaction as a source of learning for the company.

Coca-Cola is a successful example of international business and consolidation in the world economic market. Coca-Cola is one of the first corporations in the world that created its own special corporate culture, because, being a multinational company, it took into account the need to adapt to different national characteristics. The key to such a successful operation was the choice of behavior, methods of cross-cultural management and their implementation. As a large multinational company that opened external branches, Coca-Cola has constantly adapted to the new culture of the host country, while trying not to lose its unique features.

In our opinion, borrowing the experience of Coca-Cola will allow Ukrainian companies to develop their own strategy for international activities, and a detailed study of ways to implement cross-cultural management will lead to rapid adaptation when entering the international market. Thus, analyzing the management of Coca-Cola, it can be noted that the primary task was to reduce economic risks and losses resulting from intercultural conflicts. Naturally, intercultural incidents significantly affect the sales of companies, and also do not contribute to the growth of popularity among consumers.

Corporations suffer losses and consumers feel offended. This is what helps to form multinational teams, which also include representatives of the host country. The Ukrainian market is becoming more and more attractive for foreign TNCs and investors, so it is necessary to strengthen Ukraine's integration into intercultural relations with other countries in order to take advantage of the single market, create favorable external conditions for national development, strengthen international negotiating positions on economic issues, experience in market reforms and support for national industry and agriculture.

Currently in Ukraine little attention is paid to aspects of the implementation of modern world experience in this field in the business practice of domestic enterprises. Considering mentioned factors of successful international business, it is advisable to highlight the main steps of the company "Coca-Cola", which emphasize the importance of full study of the new market. These steps include:

- tolerant interaction of working conditions and successful business at the intersection of different cultures;
- settlement of intercultural conflicts in the business environment;
- development of cross-cultural competence of business owners, managers, staff.

To determine the place and specifics of the existence of Ukrainian business structures in the general system of Ukrainian economic relations, it is necessary to carry out a comparative analysis of domestic culture and cultures of other countries. To do this, it is advisable to use the model of Dutch scientist Geer Hofstede. His model is based on the following values: PDI (distance of power), IND - individualism / collectivism, UAI - avoidance of uncertainty, MAS - masculinity / femininity, LTO – long term orientation, and IDG - indulgence, [2, p.132].

Table 2.3

Indicators of culture distance of Ukraine from other cultures

Country	PDI	IND	MAS	UAI	LTO	IDG	Culture distance
Ukraine	92	25	27	95	86	14	-
Romania	90	30	42	90	52	20	11,2
Bulgaria	70	30	40	85	69	16	11,5
Turkey	66	37	45	85	46	49	23,5
Jamaica	45	39	68	13	-	-	30,7
Mexico	81	30	69	82	24	97	36,0
Norway	31	69	8	50	35	55	43,5
Canada	39	80	52	48	36	68	47,3
UK	35	89	66	35	51	69	51,7
Denmark	18	74	16	23	35	70	52,2

Source: generated by the author based on [38]

As it can be seen from the Table 2.3, the cultures of such countries as Romania, Bulgaria and Turkey are close to Ukraine, and the most different from our culture are Great Britain, Norway, Canada and Denmark.

Since local workers and expatriate managers represent different cultures, their perceptions and approaches to decision-making, the distribution of powers are quite different. For example, the power distance and collectivism in China is higher than in most Western countries. Therefore, Chinese workers are focused on receiving clear instructions from their immediate superiors, while as

representatives of Western countries will expect the initiative to show. It is also extremely important for the collectivist culture of China to establish friendly relations with people. Therefore, for example, if the manager of an American corporation fails to win the friendly attitude and trust of Chinese subordinates, he may face the problem of improper performance of their duties. This is strange and incomprehensible to American culture, as US representatives tend to clearly distinguish between corporate and private life [1, p. 19].

Gender barriers are also important when formulating a business strategy. In countries with a hierarchical structure of society, women rarely hold managerial positions in companies. In some countries, they are generally undesirable in business. This is especially true of countries such as China, Japan and Saudi Arabia.

In Ukraine, intercultural communication is rather poorly developed. Therefore, it is necessary to strengthen Ukraine's integration into intercultural relations with other countries. To do this, it is necessary to create centers to promote international economic relations, which will provide paid cross-management services [7, p.78]

The problem of choosing between standardization of activities and adaptation to foreign markets is especially acute for fast food companies such as McDonald's or KFC. Their success in the Chinese market is explained by the implementation and enforcement of such marketing decisions, which is in line with China's collectivist and high-context culture. The traditional products of these fast-food restaurants, although largely standardized around the world, have been modified to suit the special tastes of the Chinese population.

Most affected were advertising and services focused on the assertion of family values and indirect, unobtrusive delivery of information to consumers [9, p. 30]. Consumer expectations differ not only among countries with obviously different cultures, but also among quite close in cultural parameters of Western Europe. Thus, English consumers in their choice of food are focused on the taste

and health benefits of the product, while for the French the main importance is played by taste.

An example of the adaptation of goods to cultural differences in foreign markets is the adaptation by Young Digital Planet of educational computer programs in Malaysia. In the alphabet program, the word “dog” has been replaced because these animals are considered “dirty” in that country. The word “hedgehog” was also removed from the list of words because it is not known in Malaysia. When developing the advertisement, the company took care that the children depicted in the promotional products had neatly brushed hair, because even a little disheveled hair in this country is considered a sign of rudeness and untidy. Cultural differences influence design and packaging decisions. In different countries, the same color has completely different meanings and may carry national, ideological or religious symbolism. Also, the names of brands, goods, slogans that do not take into account the specifics of national culture, can lead to ambiguity, different associations and misperceptions of goods.

The practice of successful companies shows that the culture of the organization is generated by leaders who transmit individual values to the group. The leader's task is to manage and control the manifestation of all elements of culture. Cross-cultural management, as a unique phenomenon, reflects the specifics of each organization, its core values, principles, norms and attributes. That is why it's not the specific list of the postulates is important, but the degree of their effectiveness for a particular organization. There is a list of corporate values and missions of the world's leading multinational companies with a high level of organizational culture provided in Table 2.4.

As we can see in this list of corporate values and missions of the world's leading multinational companies with a high level of organizational culture, there are examples of leading companies that show that there are differences in core values and mission statement, which is quite natural. At the same time, a detailed study of the basic corporate values and missions of these companies provides an opportunity to highlight similar features of basic corporate values, namely:

consumers, the desire for development and continuous improvement, innovation and openness, public relations and social responsibility.

Table 2.4

Corporate values and missions of leading multinational companies with a developed organizational culture

Company	Basic corporate values	Mission
Microsoft (USA)	Staff (employees), Consumers, Continuous improvement, Think and act globally, Innovation	To help people and society around the world realize their full potential
Bayer (Germany)	Responsibility, Mutual assistance, Continuous improvement, Trust (client, business partner, shareholders, society)	To be a world leader in the supply of premium goods and services for individual mobility
Toyota (Japan)	Responsibility for their responsibilities, Creativity, Practicality, Respect and gratitude	Produce reliable vehicles and promote sustainable society through the use of innovative and high-quality goods and services
Mitsubishi (Japan)	Corporate social responsibility, Consumers, Integration and honesty, Development	We strive to provide maximum driving pleasure and safety for our valued customers and our society
HSBC (UK)	Responsibility, Openness to different ideas and different cultures, Communication with consumers, citizens and society	We enable businesses and economies to prosper by helping people realize their hopes and dreams and realize their potential

Source: generated by the author based on [40]

But it is worth noting that the presence of these values is formed precisely through the effective systemic interaction of cross-cultural management and personnel management, because they are always carried by specific individuals. It is clear that without systematic and purposeful work to take into account the differences in the national business culture of members of the workforce, the formation of effective cross-cultural management as a factor influencing the success of any organization is almost impossible [36, c. 22].

In Japan, national culture almost always determines the corporate culture of any Japanese company, while in the United States this influence is much smaller. Therefore, the joint activities of American companies are more likely to clash with corporate cultures than the merger of national companies in other

countries. It can be concluded that the probability of a negative impact of corporate cultural differences on the company's activities is higher in free cultures.

An international corporation is characterized by an organizational structure based in one country and the export of products to other countries and / or the import of raw materials from abroad. Such a company must regulate its activities in accordance with the cultural characteristics of exporting countries in order to maintain consumer demand and establish effective cooperation with suppliers [5, p. 262].

It is necessary to study foreign languages and business protocol, as negotiations and business meetings with foreign suppliers and buyers become part of the company's business. Negotiations in international business often fail to achieve a positive outcome due to cultural misunderstandings, cultural clashes and culture shock.

Even negotiating in one language cannot guarantee the avoidance of cultural misunderstandings. In addition, nonverbal communication is also important, as gestures in different countries can have the opposite meaning: a raised thumb means contempt and cynicism in Bangladesh, and a typical gesture for American culture "okay" in France means that the idea is completely meaningless [14, p. 10]. A multinational corporation arises when a company decides to move part of its production abroad. The organization faces a number of important tasks that carry cross-cultural risk: hiring foreign labor, cooperation with government agencies, and so on.

Thus, a company that leaves knowledge that can be useful to many departments, available to only one of them, risks losing its unique competitive advantage. Of course, firms from countries whose cultures are close find it easier to form a relationship structure. However, lightness does not always lead to higher efficiency. If firms understand the need and are willing to work with partners from countries whose cultures differ significantly, then, if they interact, they can have a much greater effect than if they worked exclusively with similar culture countries. This effect can be seen as transactional benefits, namely: the benefits of

mutual exchange of implicit culturally determined knowledge, values, norms, experiences, and so on. These benefits can be remote in time, and therefore difficult to materialize.

However, the activities of leading multinational corporations, which have different production complexes in many countries around the world, are already proving that this effect is indeed happening. In this case, we can talk about culturally determined comparative advantages in international trade.

SECTION 3

DIRECTIONS FOR IMPROVING THE EFFICIENCY OF CROSS-CULTURAL ASPECTS OF INTERNATIONAL BUSINESS

The effectiveness of a corporation's business strategy in a multicultural environment depends on many factors. Obviously, cultural differences are different by their nature and degree of the interaction of representatives from different countries. A specific approach or strategy of cross-cultural management must be applied to each specific case of interaction of certain cultures. However, within the framework of our research we can offer some general approaches to the formation of the business strategy of the organization in the process of its internationalization. In general, using the model of T. Cox and S. Blake, we can distinguish two methods of overcoming cultural barriers in the internationalization of companies: cross-cultural education and strategic method.

Cross-cultural training is an effective method of overcoming cultural incompatibility. In order to cultivate the so-called cultural sensitivity, T. Cox and S. Blake distinguish different forms of achieving cultural education. Analysis and research of these forms allows us to combine them into three common ways of achieving cultural education:

1. Training in cross-cultural management. The training is conducted by experts who lead employees to study the features and basic cultural parameters of a national culture, to master the literature on the specifics of working in a new cultural environment: organize group trainings, seminars and discussions on management style, decision-making methods and more.

2. Modeling of the cultural environment. Provides modeling of possible misunderstandings and problems in the activities of employees in an unusual cultural environment. This form of cultural sensitivity forces employees to think and behave in a way that is acceptable to a particular culture.

3. Learning languages. Communicating in the language of the country in which the organization is represented helps to some extent to facilitate

communication and adapt to cultural peculiarities. Such training includes not only verbal communication, but also the development of country-specific methods of communication, learning gestures, communication style, various rituals and customs [37, p. 54].

Strategic method is an integral part of the organization's business strategy. Analyzing the model of T. Cox and S. Blake, we can distinguish the following three elements:

1. National localization. This method reflects one of the basic principles of internationalization of any company, namely: "Think globally, act locally". Hiring employees in the local labor market is a very important strategic step of the corporation, as employees know local customs and habits, market trends, consumer preferences and legal features. In addition, the employment of local people helps to enter and stay in the market of a particular country. Also, this policy of the company reduces the cost of training and expatriation of personnel to a foreign country. This step helps the company to adapt to cultural peculiarities and avoid the irritation associated with the intrusion of foreign investors into the national economy.

2. Cultural development. This method involves human resource management and is a very long process, as it is extremely difficult for multinational corporations to force local employees to follow the instructions of the parent company. Cultural development is the gradual adaptation of local workers to the peculiarities of the organizational model of the corporation. Although developed countries are showing a steady impact on countries with lower levels of economic development, the cultural dominance of the country of origin of investment should not be imposed, but implemented gradually, step by step, as new advanced technologies develop and introduce in the recipient country.

3. Strategy of the formation of a third culture. Each culture contains distinct cultural values and features that can be used by the corporation to form its own unique corporate culture. By establishing offices in foreign countries, the

organization has a unique opportunity to take advantage of comparative advantages that arise from combining the positive qualities of different cultures. This approach avoids cross-cultural conflicts between the parent company and its branches, as well as to achieve a positive synergy effect that leads to cross-cultural efficiency.

In particular, the comparative advantages of the corporation are manifested in such areas [39, p. 6]:

- market: increases the organization's ability to adapt to consumer needs in different countries;
- resources: increases access to local labor resources;
- costs: reduces the cost of hiring foreign managers;
- creativity and innovation: the coexistence of different cultures promotes non-standard decisions;
- flexibility of management: allows the organization to adapt more easily to changes in market demand.

For effective implementation of cross-cultural management in the practice of Ukrainian enterprises there should be:

- 1) comprehensively studying the cultural diversity of nations;
- 2) creating and maintaining an atmosphere of respect for another culture;
- 3) usage of all the benefits of international partnership;
- 4) studying foreign market specifics in relation to consumer demand before entering.

There should be created cross-cultural management help centers. Such centers will employ socio-cultural specialists, professional psychologists, auditors, economists, managers and other specialists in the field of foreign economic activity. Their services can be used by owners and managers of enterprises that are already participants in international economic relations or are going to become them, because successful cooperation with foreign partners will contribute to the implementation of experience and technology of developed countries, national production and foreign investment [35, p. 10].

Table 3.1

Main approaches to improve cross-cultural management in Ukraine

Strategy	Ways of implementation
Choosing a clear strategy for entering the international market	<p>International business practice identifies three main strategies for entering the foreign market:</p> <ul style="list-style-type: none"> - export - export of goods sold to foreign buyers for their direct consumption, sale or processing; - joint venture - joint efforts of partners from at least two countries in order to organize a joint business; - direct investment - the placement of capital in their own foreign warehouses or manufacturing enterprises, sales branches.
Creating own corporate culture	<p>Currently, corporate culture is seen as the main mechanism that provides a practical increase in the efficiency of the organization. It is important for any organization because it can have positive impact on:</p> <ul style="list-style-type: none"> - motivation of employees; - the attractiveness of the firm as an employer, which affects staff turnover; - morality of each employee, increasing of his reputation; - productivity and efficiency of labor; - quality of work; - the nature of personal scientific and industrial relationships in the organization; - attitude of employees to work
Market segmentation	<p>The main purpose of market segmentation is to ensure the targeting of the product, because it cannot meet the demands of all consumers at once. In this case, the company or organization does not disperse, but concentrates its efforts on the "direction of the main strike". This increases the effectiveness of the forms and methods of sales, advertising, sales promotion.</p>
Clear hierarchy of power	<p>This means full and unquestionable performance of own duties, a professional approach to own responsibilities, adherence to the work schedule and all the specific features of the organization of production.</p>
Improving competence in the field of cross-cultural management of all participants in the production process	<p>Studying cross-cultural topics helps managers to better understand themselves, identify their cultural profile, develop cross-cultural competence, and thus avoid risks, undesirable consequences for business, career and personal life, and helps to become more successful.</p>

Source: generated based on [26; 40]

Thus, the study plays an extremely important role, as it allows to identify obstacles to the cooperation of Ukrainian enterprises with certain foreign partners. In addition, it identifies the main ways to overcome cross-cultural barriers to effective business with partners from leading countries around the world, cooperation with which would be an effective way to adapt to globalization. The

development of cultural education allows to form a new business community, which will meet today's requirements of society and will be a source of maximum profit, because the recognition of cultural differences between countries and building relationships on this basis are prerequisites for achieving positive results in international business.

Commercial and investment ties between different countries, migration flows between them and the participation of countries in free trade areas are additional factors that should be considered as potential factors that cause cultural differences.

Given the European integration course of Ukraine and its participation in the work of international economic organizations, the study of the process of formation and development of intercultural relations in the field of international business in the new geo-economy is extremely relevant. And with the effective use of mechanisms of cultural differentiation, it is possible to achieve effective cooperation in the field of international economic relations, and the processes of cooperation with companies from different cultures can become a source of new knowledge and experience.

The presence of cultural differences in the processes of international interaction allows us to build models of functional dependence of economic behavior in the organization of various forms of international business from the influence of the cultural component [34, p. 79].

The results of the analysis of these differences provide an opportunity to justify the use of the existing potential of international companies to overcome and eliminate the problems that exist in the external environment, through the introduction of modern forms of international business.

Models of reconciling cultural differences between representatives of different countries by harmonizing these models allow to adapt their economic behavior based on the understanding of these differences in relation to the main processes of multicultural interaction. Thus, within the concept of optimizing economic behavior in the implementation of various forms of international

business, these models provide an opportunity to use the benefits of cultural diversity in international business processes.

The cross-cultural relations management should pay attention to relief international communication and to rising of the trust level between different cultures carriers within one company or between interacting parts of different companies.

CONCLUSIONS

The investigation and obtained results allow us making the following conclusions:

1. Modern challenges to global business motivate managers to determine the role of cross-cultural management in the development of international development strategies. The problem of cross-cultural management in the implementation of development strategy requires in-depth systematic study of the relationship of these concepts and their place in the strategic management system, which should be the basis for better understanding of a number of long-term and rapid changes in the environment.

2. In international activities, the factors of the cultural environment create the greatest difficulties. Correct assessment of cultural features and their proper consideration are becoming increasingly necessary. It is necessary to take into account the factors of the cultural environment through the complex and multilevel structure of culture, which determines the diversity of its functions in the life of each society.

Minimization of cultural differences is impossible without a comprehensive analysis of the cultural specifics of the groups and individuals that make up the company with foreign capital. It is advisable to use the adapted method of G. Hofstede and E. Shane, and to assess the variable cross-cultural problems using the qualitative characteristics of a particular representative office of a foreign enterprise.

3. The main tasks of managers should be mastering the mechanism of labor management (individual, psychophysiological, etc.) in strict accordance with the principles of his personal potential effective use and the formation of a person with collective psychology, high qualifications, co-owner and high responsibility, the main method (tool) for the implementation of such a system is cross-cultural management, which should also act as one of the most important components of the entire system of strategic management of the enterprise.

4. Today, national business and corporate cultures work closely together. This leads to a number of problems that are found in all areas of organizational work. Therefore, the main tasks of the manager are to establish work, overcome communication barriers, spread ethical standards as a means of solving problems, education. This will promote the formation of cross-cultural communication, which will help the manager to build communication with a business partner from another culture, develop the ability to adapt to rapidly changing business environment, to form a positive image of the company as a whole. Communicative competence in the cross-cultural aspect creates a basis for professional mobility, attracts entrepreneurs and managers to world standards, increases opportunities for professional self-realization based on communication and tolerance, which allows them to successfully manage business in different business cultures, building intercultural interaction.

5. The effectiveness of a corporation's business strategy in a multicultural environment depends on many factors. Obviously, cultural differences are different in nature and degree in the interaction of representatives from different countries. A separate approach or strategy of cross-cultural management must be applied to each specific case of interaction of certain cultures.

6. As the results of cross-cultural management are significantly affected by the contradiction between the historically formed corporate values of companies and the processes of assimilation of new cultures under the global economic integration influence and international migration, cultural diversity should be used as a resource for international companies.

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Annex A

SUMMARY

Bieliaieva V.V. Cross-cultural aspects of international business. - Masters-level Qualification Thesis. Sumy State University, Sumy, 2021.

The master's thesis focuses on the cross-cultural aspects of interaction in context of business, particularly in Ukraine. The main aim of the research is to analyze how cross-cultural relations and management affect business and economic relations in Ukraine and in the world, and to find ways for improving it.

Keywords: global business, culture, internationalization, cross-cultural relations, corporate values, cross-cultural management, strategic management, international economy, TNC, foreign trade.

АНОТАЦІЯ

Беляєва В.В. Крос-культурні аспекти міжнародного бізнесу. – Кваліфікаційна магістерська робота. Сумський державний університет, Суми, 2021 р.

Магістерська робота присвячена міжкультурним аспектам взаємодії в контексті бізнесу, зокрема в Україні. Основна мета дослідження – проаналізувати, як міжкультурні відносини та управління впливають на ділові та економічні відносини в Україні та світі, та знайти шляхи їх покращення.

Ключові слова: культура, інтернаціоналізація, крос-культурні відносини, корпоративні цінності, крос-культурний менеджмент, стратегічний менеджмент, міжнародна економіка, ТНК, міжнародні відносини.