

Iryna Medvedieva

*Taras Shevchenko National University of Kyiv, Ukraine*

## CONSTRUCTING CATEGORY «INTERNATIONAL BUSINESS»

The paper deals with the essence of international business. Globalization and technological revolution led not only to quantitative changes in international business, but also to qualitative. Accordingly, the essence of international business is changing, that's why this notion needs further analysis. The aim of the paper is to review and generalize existing in economic literature definitions of «international business» and constructing the author's definition of this notion. For this the method of Starostina A.O. is used - method of constructing category by three-component structure. The list of available in literature definitions of this notion is made and existing approaches to its definition are classified by three-component structure. Then all definitions of international business were assessed. According to the research the best definitions are discovered and the author's definition of international business is constructed.

**Key words:** international business, the concept of international business, entrepreneurship, business operations, the system of economic relations, international activities of economic entities.

Under the influence of active processes of globalization and scientific and technological revolution foreign relations and range of entities that engaged in foreign trade activities are significantly expanding. International business changes not only quantitatively but also qualitatively acquiring new forms of expression, and adapting to the current conditions of the global economy. Under the influence of these tendencies the essence of international business is changing that's why this notion needs modern definition.

In economic literature today many aspects of international business are highlighted but few scientists focused their attention on the definition of "international business". The most popular work about International Business is the book of American scientist Charles Gil "International Business: Competing Globally". Definition of this notion are given by such scientists: S.H. Robock and K. Simmonds, Griffin R. and Pastei M., J.B. Cullen, M.A. Carpenter and S.P. Dunung, R.M. Joshi, J. Daniels with L. Radebaugh and D. Villarreal. Among local scientists such professors as Verhun V.A., Yukhimenko P.I., Mocherny S., Chernega O.B. are engaged in the development of this category.

The aim of the paper is review and generalization of existing in economic literature definitions of «international business» and constructing the author's definition of this notion.

In the most popular book among foreign editions "International Business" by Charles Gil a brief definition of international business is given: any company involved in international trade and/or international investments<sup>1</sup>. Scientists Robock S. H. and Simmonds K. define the concept of "international business" as a collection of business transactions related to crossing national borders and movement of goods, services, capital, workers; technology transfer, information and data, management of performers<sup>2</sup>. American scientists Griffin R. and Pastei M. determine this phenomenon as transactions between partners from more than one country. Parties to transactions may be presented by individuals, separate companies,

<sup>1</sup> Charles W.L. Hill (2014). *International business: competing in the global marketplace*. 10 ed. McGraw-Hill Education.

<sup>2</sup> Robock, S.H. (1983). *International business and multinational enterprises*. 3-rd ed. Homewood, IL: IRWIN.

groups of companies and/or government organizations<sup>1</sup>. International business arises in the case of business operations and implementation of company's functions outside the national borders<sup>2</sup>.

Daniels J., Radebaugh L., Villarreal D. claims that international business is all commercial transactions (private and governmental, sales, investments, logistics, and transportation) that take place between two or more regions, countries and nations beyond their political boundaries. And add that usually, private companies undertake such transactions for profit; governments undertake them for profit and for political reasons<sup>3</sup>.

According to definition of Rakesh Mohan Joshi, international business is all those business activities which involve cross-border transactions of goods, services, resources between two or more nations. Transactions of economic resources include capital, skills, people etc. for international production of physical goods and services such as finance, banking, insurance, construction etc<sup>4</sup>.

Mason A. Carpenter and Sanjyot P. Dunung define this category as all cross-border exchanges of goods, services, or resources between two or more nations. These exchanges can go beyond the exchange of money for physical goods to include international transfers of other resources, such as people, intellectual property (e.g., patents, copyrights, brand trademarks, and data), and contractual assets or liabilities (e.g., the right to use some foreign asset, provide some future service to foreign customers, or execute a complex financial instrument)<sup>5</sup>.

Among Russian authors, for example, Filippova I.A. claims that international business envisages the implementation of business operations between partners from more than one country<sup>6</sup>. Popular is definition of Great Dictionary of Economics, ed. Azriliyan A.N.: "International business – is entrepreneurial activity related to the use of capital in various forms and benefits of increased business activity; made for profit and spreads to the international economic sphere"<sup>7</sup>.

Verhun V.A. in his book "International Business" treats it like any business operations, business transactions (deals), carried out by individuals, companies and other (private and public, non-profit) organizations of two or more countries beyond national borders for the purpose of profit. And he adds that at the same time the international business is a whole system of economic relations between the various economic entities of two or more countries, has regularities unique to him and realizes specific interests related to the use of advantages of international labor division and factor placement on principles of partnership synergy<sup>8</sup>.

Yukhimenko P.I. in his book "International Management" gave the following definition of this concept. International Business – business interaction between firms of different ownership or its units located in different countries, the main purpose is gaining profit at the expense of benefits and advantages of business international operations<sup>9</sup>.

According to definition of Mocherny S.A., international business can be regarded as international activity of business entities (private enterprises, companies and banks, government institutions and organizations) aimed at obtaining economic results, profits<sup>10</sup>. International business, according to research of Chernega O.B. – is a business activity of an economic entity (companies, enterprises, banks, etc.) in two or more countries. It is a system of relations between economic entities in the process of international production, distribution, exchange of goods, services, capital, labor, etc.<sup>11</sup>.

<sup>1</sup> Гриффин, Р., Пастей, М. (2006). *Международный бизнес. 4-е изд.* Санкт-Петербург: Питер.

<sup>2</sup> Cullen, J.B., Parboteeah, K. (2009). *Praveen International Business and multinational company*. Taylor & Francis e-Library.

<sup>3</sup> Daniels, J., Radebaugh, L., Villarreal, D. (2007). *International Business: environment and operations*. 11th edition. Prentice Hall.

<sup>4</sup> Joshi, Rakesh Mohan, (2009). *International Business*. Oxford University Press.

<sup>5</sup> Mason, A. Carpenter and Sanjyot P. Dunung *International Business: Opportunities and Challenges in a Flattening World*, v. 1.0. <[http://catalog.flatworldknowledge.com/bookhub/3158?e=fwk-168388-ch01\\_s01#fwk-168388-chpr](http://catalog.flatworldknowledge.com/bookhub/3158?e=fwk-168388-ch01_s01#fwk-168388-chpr)>.

<sup>6</sup> Филиппова, И.А. (2008). *Мировая экономика и международный бизнес: учеб. пособие*. Ульяновск: УлГТУ.

<sup>7</sup> Азрилиан, А.Н. (1994). *Великий економічний словник*. Москва: Правова культура, 229.

<sup>8</sup> Вергун, В.А. (2014). *Міжнародний бізнес: підручник*. Київ: ВАДЕКС.

<sup>9</sup> Юхименко, П.І., Гацька, Л.П., Півторак, М.В. та ін (2011). *Міжнародний менеджмент: навч. посіб.* Київ: Центр учбової літератури.

<sup>10</sup> Мочерний, С., Фомішин, С. (2006). Інтернаціоналізація виробництва і сучасні тенденції розвитку світового господарства. *Економіка України*, 5, 47–55.

<sup>11</sup> Чернеги, О.Б., Білозубенко, В.С., Озаріна, О.В., Семенов, А.А. (2006). *Міжнародний менеджмент: навч. посіб.* Київ: Центр навчальної літератури.

Kokorina V.I. explains that international business is based on possibility of obtaining advantages (economic and technological) precisely the advantages of international business transactions, ie sales of the product in another country or setting up production by firm of one country in another country or joint services by firms of both countries to the third and so on. It provides the parties involved in business more advantages than they would have, if carried out similar activities as subjects only national economies<sup>1</sup>.

Online Business dictionary gives two definitions to international business. First one is the exchange of goods and services among individuals and businesses in multiple countries. Second one is a specific entity, such as a multinational corporation or international business company that engages in business among multiple countries<sup>2</sup>.

To analyze this approaches to determining the essence of international business we use the author's method of A. Starostina – method of constructing category by three-component structure. A list of definitions three-component structure is presented in Table 1.

Table 1.

**The structure of the category "International Business" in the approaches of various authors**

№	Author	Essence of the Phenomenon	Content of the Phenomenon	Result of the Phenomenon
1.	John B. Cullen		arises in the case of business operations and implementation of company's functions outside the national borders.	
2.	Charles W.L. Hill	any company	involved in international trade and/or international investments.	
3.	Robock S.H., Simmonds K.	collection of business transactions	related to crossing national borders and movement of goods, services, capital, workers; technology transfer, information and data, management of performers.	
4.	Griffin R. and Pastei M.	transactions between partners	from more than one country. Parties to transactions may be presented by individuals, separate companies, groups of companies and/or government organizations.	
5.	Great Dictionary of Economics, ed. Azriliyan A.N.	entrepreneurial activity	related to the use of capital in various forms and benefits of increased business activity;	made for profit and spreads to the international economic sphere.
6.	Filippova I.A.		envisages the implementation of business operations between partners from more than one country.	
7.		any business operations, business transactions (deals),	carried out by individuals, companies and other (private and public, non-profit) organizations of two or more countries beyond national borders	for the purpose of profit.
8.	Verhun V.A.	a whole system of economic relations	between the various economic entities of two or more countries, has regularities unique to him and realizes specific interests related to the use of advantages of international labor division and factor placement on principles of partnership synergy.	

<sup>1</sup> Кокоріна В.І. (2010). Імперативи розвитку міжнародного бізнесу в умовах глобалізації. *Держава та регіони. Серія: Економіка та підприємництво*, 3, 67–73.

<sup>2</sup> *Business dictionary*. <<http://www.businessdictionary.com/definition/international-business.html>>.

*Continuation of table 1.*

<b>№</b>	<b>Author</b>	<b>Essence of the Phenomenon</b>	<b>Content of the Phenomenon</b>	<b>Result of the Phenomenon</b>
9.	Kokorina V.I.		based on possibility of obtaining advantages (economic and technological) precisely the advantages of international business transactions, ie sales of the product in another country or setting up production by firm of one country in another country or joint services by firms of both countries to the third and so on.	It provides the parties involved in business more advantages than they would have, if carried out similar activities as subjects only national economies.
10.	Mocherny S.A.	international activity of business entities	(private enterprises, companies and banks, government institutions and organizations)	aimed at obtaining economic results, profits.
11.		business activity	of an economic entity (companies, enterprises, banks, etc.) in two or more countries.	
12.	Chernega O.B.	a system of relations between economic entities	in the process of international production, distribution, exchange of goods, services, capital, labor, etc.	
13.	Yukhimenko P.I.	business interaction between firms	of different ownership or its units located in different countries,	the main purpose is gaining profit at the expense of benefits and advantages of business international operations.
14.		the exchange of goods and services	among individuals and businesses in multiple countries.	
15.	Business dictionary	a specific entity,	such as a multinational corporation or international business company that engages in business among multiple countries.	
16.	J. Daniels, L. Radebaugh, D. Villarreal	all commercial transactions	(private and governmental, sales, investments, logistics, and transportation) that take place between two or more regions, countries and nations beyond their political boundaries.	Usually, private companies undertake such transactions for profit; governments undertake them for profit and for political reasons.
17.	Rakesh Mohan Joshi	all those business activities	which involve cross-border transactions of goods, services, resources between two or more nations. Transactions of economic resources include capital, skills, people etc. for international production of physical goods and services such as finance, banking, insurance, construction etc.	

Continuation of table 1.

№	Author	Essence of the Phenomenon	Content of the Phenomenon	Result of the Phenomenon
18.	Mason A. Carpenter and Sanjyot P. Dunung	all cross-border exchanges	of goods, services, or resources between two or more nations. These exchanges can go beyond the exchange of money for physical goods to include international transfers of other resources, such as people, intellectual property (e.g., patents, copyrights, brand trademarks, and data), and contractual assets or liabilities (e.g., the right to use some foreign asset, provide some future service to foreign customers, or execute a complex financial instrument).	

Source: compiled by the author based on own research

Next we generalize all identified points of view from a position of how well they represent three elements of categories: essence of the phenomenon, its content and result. The results are presented in Table 2.

Table 2.

#### Classification of existing approaches to definition of international business

№	Author	Essence of the Phenomenon				Availability of content	Availability of result
		business transactions	business activity	system of economic relations	other		
1	John B. Cullen					+	
2	Charles W.L. Hill				+	+	
3	Robock S.H., Simmonds K.	+				+	
4	Griffin R. and Pastei M.	+				+	
5	Great Dictionary of Economics, ed. Azriliyan A.N.		+			+	+
6	Filippova I.A.					+	
7	Verhun V.A.	+				+	+
8				+		+	
9	Kokorina V.I.					+	+
10	Mocherny S.A.		+			+	+
11	Chernega O.B.		+			+	
12				+		+	
13	Yukhimenko P.I.				+	+	+
14	Business dictionary				+	+	
15					+	+	
16	J. Daniels, L. Radebaugh, D. Villarreal	+				+	+
17	Rakesh Mohan Joshi		+			+	
18	Mason A. Carpenter and Sanjyot P. Dunung				+	+	

Source: compiled by the author based on own research

The analysis shows that the essence of notion «international business» comes down to three options. First one is a business transaction, which the majority of authors notes (4 of 13 definitions). Second one is

an activity of economic entities, to which most authors are inclined to (4 of 13 definitions). Third one is a system of economic relations between economic entities (2 of 13 definitions). From the table we can see that the content is available in all definitions, but result is in only 6 of 13, that indicates the incompleteness of the definitions. Although the essence of notion «international business» is different in definitions of various authors, but in sense of this notion and its result scientists are unanimous: it is made between two or more countries and for a profit.

After analyzing all identified points of view from a position of how well they represent three elements of categories: essence of the phenomenon, its content and result, the approaches to determining international business was assessed from critical positions. For assessment point scale by the following criteria is used:

- availability of components: essence – 1 point, essence and content – 3, all – 5 points;
- prevalence of definition: from 1 to 5 points;
- theoretical justification: from 1 to 5 points;
- practical accessibility: from 1 to 5 points.

Assessment results allow to identify the most highly-rated definitions that will serve like models for constructing author's definition of international business. The results of assessment are set out in Table 3.

Table 3.

**Assessment of existing approaches to definition of international business**

№	Author	Rating (points)				Total score
		availability of components	prevalence of definition	theoretical justification	practical accessibility	
1	John B. Cullen	1	2	1	1	5
2	Charles W.L. Hill	3	1	1	1	6
3	Robock S.H., Simmonds K.	3	2	1	1	7
4	Griffin R. and Pastei M.	3	4	2	1	10
5	Great Dictionary of Economics, ed. Azriliyan A.N.	5	4	2	2	13
6	Filippova I.A.	3	3	1	1	8
7	Verhun V.A.	5	4	3	3	15
8		3	1	2	1	7
9	Kokorina V.I.	3	1	3	2	9
10	Mocherny S.A.	5	3	3	3	14
11	Chernega O.B.	3	2	1	2	8
12		3	1	2	1	7
13	Yukhimenko P.I.	5	1	3	2	11
14	Business dictionary	3	1	1	1	6
15		3	1	1	1	6
16	J. Daniels, L. Radebaugh, D. Villarreal	5	3	2	2	12
17	Rakesh Mohan Joshi	3	2	2	2	9
18	Mason A. Carpenter and Sanjyot P. Dunung	3	1	3	2	9

*Source: compiled by the author based on own research*

Assessment results show that the best definition are definition by Verhun V.A., Mocherny S.A., Azriliyan A.N., Yukhimenko P.I., J. Daniels with L. Radebaugh and D. Villarreal. On this definitions we will focus in constructing author's definition of international business.

According to the analysis of available in literature definitions of various scientists and based on own understanding of the notion "international business" we will construct author's definition of this notion.

**International business** – a set of business transactions made between partners (individuals,

companies and other private and public, non-profit organizations) from two or more countries beyond national borders in order to profit.

Author's definition of international business by three-component structure is given in Table 4.

Table 4.

**Structure of the author's category "International Business"**

Category	Essence of the Phenomenon	Content of the Phenomenon	Result of the Phenomenon
International business	a set of business transactions	made between partners (individuals, companies and other private and public, non-profit organizations) from two or more countries beyond national borders	in order to profit.

*Source: compiled by the author based on own research*

In our opinion, this definition has significant potential for its practical application. First, because the definition contains the result. It is important to note that international business is carried out for profit. Secondly, because the author's definition reflects the most common approach to the definition of this category, which is shared by most modern domestic scientists.

As a conclusion it is noted that although the essence of notion «international business» is different in definitions of various authors, but in sense of this notion and its result scientists are unanimous: it is made between two or more countries and for a profit. It is revealed that the essence of notion «international business» comes down to three options: 1) a business transaction (the majority of authors notes); 2) an activity of economic entities; 3) a system of economic relations between economic entities. Scientific novelty is in proposed for the practical use the author's definition of international business.

### References

1. Azrylyan, A.N. (1994). *Velykyi ekonomichnyi slovnyk*. Moskva: Pravova kultura, 229.
2. *Business dictionary*. <<http://www.businessdictionary.com/definition/international-business.html>>.
3. Charles W.L. Hill (2014). *International business: competing in the global marketplace*. 10 ed. McGraw-Hill Education.
4. Chernehy, O.B., Bilozubenko, B.C., Ozarina, O.V., Semenov, A.A. (2006). *Mizhnarodnyi menedzhment: navch. posib*. Kyiv: Tsentr navchalnoi literatury.
5. Cullen, J.B., Parboteeah, K. (2009). *Praveen International Business and multinational company*. Taylor & Francis e-Library.
6. Daniels, J., Radebaugh, L., Villarreal, D. (2007). *International Business: environment and operations*. 11th edition. Prentice Hall.
7. Fylyppova, Y.A. (2008). *Myrovaia ekonomyka y mezhdunarodnui byznes: ucheb. posobyie*. Ulianovsk: UIHTU.
8. Hryffyn, R., Pastei, M. (2006). *Mezhdunarodnui byznes*. 4-e yzd. Sankt-Peterburh: Pyter.
9. Iukhymenko, P.I., Hatska, L.P., Pivtorak, M.V. ta in (2011). *Mizhnarodnyi menedzhment: navch. posib*. Kyiv: Tsentr uchbovoi literatury.
10. Joshi, Rakesh Mohan, (2009). *International Business*. Oxford University Press.
11. Kokorina V.I. (2010). Imperatyvy rozvytku mizhnarodnoho biznesu v umovakh hlobalizatsii. *Derzhava ta rehiony. Seriya: Ekonomika ta pidpriemnytstvo*, 3, 67–73.
12. Mason, A. Carpenter and Sanjyot P. Dunung *International Business: Opportunities and Challenges in a Flattening World*, v. 1.0. <[http://catalog.flatworldknowledge.com/bookhub/3158?e=fwk-168388-ch01\\_s01#fwk-168388-chpr](http://catalog.flatworldknowledge.com/bookhub/3158?e=fwk-168388-ch01_s01#fwk-168388-chpr)>.
13. Mochernyi, S., Fomishyn, S. (2006). Internatsionalizatsiia vyrobnytstva i suchasni tendentsii rozvytku svitovoho hospodarstva. *Ekonomika Ukrainy*, 5, 47–55.
14. Robock, S.H. (1983). *International business and multinational enterprises*. 3-rd ed. Homewood, IL: IRWIN.
15. Verhun, V.A. (2014). *Mizhnarodnyi biznes: pidruchnyk*. Kyiv: VADEKS.