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INTERNATIONAL MANAGEMENT AS A FACTOR OF INCREASING ECONOMIC GROWTH IN UKRAINE DURING THE WAR

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Abstract

This article is devoted to the study of key aspects and improving the quality of personnel management based on the analysis of economic indicators of the countries of the European Union in order to assess the prospects for the entry of Ukrainian enterprises into the international market in wartime conditions. Achieving the set goal involved solving such tasks as researching the concept of "international management", calculating the economic indicators of the development of EU countries (in particular, Poland, Slovakia, Romania and Hungary), as well as reviewing the strategy of cooperation. The results of the analysis provided grounds for determining the potential of these countries as potential markets for Ukrainian companies to expand their international presence in the conditions of a complex geopolitical context. This study confirmed that Poland is the most attractive country for Ukrainian enterprises to enter the international market in the European Union, while Romania is considered less promising. This indicates the need for the development of new directions in Ukraine, which are based on the introduction, development and use of the latest scientific and technical developments and improved solutions.

Keywords

International management, management, business, strategy, promotion, entrepreneurs, analysis.

Problem statement

In today's rapidly evolving environment with increasing competition, entrepreneurs must sustain their businesses amidst numerous challenges for stable economic functioning. Foremost among these challenges is the complex task of managing personnel, which presents unique challenges to leadership. Traditional management approaches, relying on long-term planning and cautious risk management, often fall short in addressing the unpredictable nature of business disruptions. During times of uncertainty, managers are forced to make quick decisions with limited information, adapt to constantly changing locations, and provide support to their teams amidst the uncertainty of warfare.

Therefore, international management becomes a crucial component, transitioning from regional to potentially global operations in the future, offering companies new opportunities on the international stage. Amidst growing globalization, managers must exhibit adaptive thinking and the ability to effectively manage

personnel. Business growth frequently demands expansion beyond familiar environments, and successfully entering the international market requires a clear understanding of the opportunities presented by new environments. It is essential for company managers to possess the necessary knowledge to analyze external factors influencing their operations within an international context.

Relevance of the chosen topic

In the modern world, where business conditions are constantly changing, entrepreneurs must continuously improve their business management. Therefore, the role of personnel management is particularly relevant in today's conditions, especially when the country faces profound economic challenges due to warfare. Implementing effective international management can be a key factor in maintaining stability and fostering the development of the Ukrainian economy. Moreover, it is critically necessary for ensuring sustainable economic growth and the country's recovery after the conflict.

Analysis of recent research and publications

For many years, researchers have devoted significant attention to the development and formulation of approaches aimed at enhancing economies through international management. Among these works, notable scholars and authorities in this field, both foreign and domestic, include P. Vernon, D. Ricardo, and A. Smith (Yukhymenko, Hatska, Pivtorak, et al., 2011), who have made substantial contributions to the concept of "International Management." M. Matveyev and B. Kisil (Matveev & Kysil, 2021) analyzed the processes of foreign economic activity of enterprises as a prerequisite for their sustainable economic development through the expansion and increased activities in international markets. L. Hetman (Hetman, 2017) conducted research on the key components of the business environment in which international trade and economic relations are currently being realized. M. Razinkova (Razinkova, 2019) studied and structured the problems arising in the development of international business, identifying possible directions for their resolution.

Despite the significant contributions and extensive volume of research on international management as a factor in economic growth and the role of management in the economic environment, there still remain unresolved issues today. These unresolved issues hinder the ability to maintain current market positions and explore new opportunities, which could ultimately contribute to enhancing economic activity in the contemporary environment.

Purpose of the article

The purpose of this article is to investigate key aspects and enhance the quality of personnel management based on the analysis of economic indicators of EU countries, specifically exploring prospects for Ukrainian enterprises to enter international markets amidst wartime conditions.

Achieving the set goal required solving the following tasks:

- Researching the concept of international management;
- Conducting calculations of economic indicators for the development of countries in the European Union, namely: Poland, Slovakia, Romania, and Hungary;
- Overview of the strategy of cooperation.

Presentation of the main research material and results obtained

In today's environment, in order to maintain a high level of economic performance, businesses must continually improve not only at a regional level but also internationally. It's crucial to consider the challenges and constraints that arise when making management decisions.

Effective management plays a critical role in the sustainable operation of any business activity, particularly because Ukraine's economy constantly faces the risk of losing its functional capabilities. The situation is exacerbated by the fact that key economic entities — the business entities — either cease operations, limit them, or are compelled to relocate production to other regions due to the inability to operate under new conditions.

In the current environment, strategic decisions must be aimed at preserving existing potential and ensuring the sustainable development of planning, organization, leadership, and foremost such resources as human, financial, material, and informational to achieve the company's goals. To succeed in managing personnel in such complex conditions, management involves not only people management but also directly includes aspects such as financial management, material resources, information, and other elements necessary for achieving entrepreneurial objectives.

In the context of armed conflict, our domestic enterprises must seek new opportunities to expand their economic activities. One possible direction for growth could be entering new markets, hence the focus needs to be on international management. Let's delve more deeply into what "International management" entails, drawing on concepts such as absolute advantages, comparative advantages, international product life cycle, and foreign direct investment. Please refer to Table 1 for further details.

Table 1: Conceptual perspectives on defining the concept of international management

| № | Author | Definition |
|---|--|--|
| 1 | The concept of absolute advantage, A. Smith | He argued that certain countries can more efficiently produce specific goods due to natural advantages such as climate, soil quality, availability of natural resources, and so forth. Countries export goods that have absolute advantages in production and import goods where the advantage belongs to their trading partners. |
| 2 | The concept of comparative advantage, D. Ricardo | Production volume can increase through international trade even if one country lacks absolute advantages in producing any type of goods. The theory of comparative advantage applies to any quantity of production and countries, making it applicable for analyzing trade relations between different regions, areas, or republics within a state. As a result, countries specialize in certain goods based on the ratio of costs within a country to the average cost. |
| 3 | The concept of the international product life cycle, R. Vernon | He defined that each product goes through a cycle consisting of four stages: introduction, growth, maturity, and decline. The production of the product shifts internationally depending on which stage of the cycle it is in. These four stages are part of a continuous spectrum and are not isolated. Throughout the product life cycle, production becomes more capital-intensive and moves to other countries. |
| 4 | Foreign Direct Investment | Based on the purchase of long-term investments by a resident of one country in an enterprise that is a resident of another country. This encompasses both the initial acquisition of assets abroad and all subsequent transactions between the investor and the invested enterprise. International capital movement contributes to the growth of global production by facilitating more efficient redistribution and utilization of production factors. |

Source: (Yukhymenko, Hatska, Pivtorak, et al., 2011, pp. 124-127)

Therefore, international management can be defined as a specialized form of management whose primary goals include shaping, developing, and leveraging a firm's competitive advantages through conducting business opportunities in different countries and utilizing the economic, social, demographic, cultural, and other specificities of these countries for international interaction.

The main feature that distinguishes international management from national management is its focus on seeking strategies and methods for developing international business and transforming them into competitive advantages for the company across different countries, as well as within the framework of international relations.

Therefore, to enhance and expand business in Ukraine, one can consider entering new markets, such as the European market.

The European market offers a wide range of opportunities for Ukrainian companies willing to compete internationally. A key advantage is that Europe provides more stable and transparent business conditions, which are critically important during times of conflict in our country when local markets may become unstable and less attractive to investors.

Despite all the challenges, entering the European market presents significant benefits for Ukrainian enterprises. It can help reduce risks, decrease dependence on the domestic market, and stimulate the modernization and overall development of the Ukrainian economy.

The external environment in which a company operates is critically important for any business, regardless of its specialization or size. In times of war, management must be vigilant towards external challenges, which are often unpredictable. Practice has shown that businesses face several key issues in such situations, so let's examine them in more detail (Current issues in management and public administration, 2022):

- Delay in response and decision-making.

During sudden escalation of conflict, leadership may experience temporary inertia due to shock or

information overload. This can lead to delays in decision-making and create an atmosphere of uncertainty among the team. Such conditions adversely affect morale and team efficiency, and can complicate the adoption of critically important decisions, which are crucial for successful management of the situation and maintaining stability within the organization.

- Mismatch in organizational structure and lack of clear goals.
Different management models, from rigidly hierarchical to more decentralized systems, can be vulnerable if they are not complemented by clearly defined goals. Lack of clarity can lead to confusion within the team, inefficiency, and loss of important clients or contracts.
- Reactive decision-making and excessive reliance on predefined norms.
In times of stress, such as during war, leadership may revert to previously established norms, such as regular working hours or salary reductions due to decreased physical presence. This can exacerbate existing problems rather than resolving them.
- Over-reliance on external advice and strict adherence to personal principles can negatively impact leadership.

Leadership may excessively rely on external advice, such as from business literature, without considering the unique context of the situation. Simultaneously, rigid adherence to personal principles can lead to errors in decision-making that may have serious negative consequences.

The analysis of the country's sector development as part of the external business environment helps address two key questions: whether it is worth starting a business in this country and, in case of a positive answer, what the initial business strategy should be. These decisions determine the scope and detail of further research and analysis, which in turn impacts business efficiency. The economic situation in the country includes the level of economic development and the nature of economic relations. The assessment of this situation is based on four criteria: key economic and financial indicators, resource potential, transportation and communication systems. External economic activity is manifested through foreign trade turnover, balance of exports and imports, commodity structure of exports and imports, investment climate, and currency indicators. A key aspect of external economic activity is the commodity structure of exports and imports. It is advantageous for the country to export knowledge- and labor-intensive goods as they bring high profit and ensure internal employment. Conversely, it is not profitable to export raw materials and semi-finished products due to their low processing and cost-effectiveness. Refer to Table 2 for more details.

Table 2: The dynamics of the external balance of goods and services, EUR million

| Countries | 2021 | 2022 | 2023 | The changes from 2023 to 2021 |
|-----------|--------|---------|---------|-------------------------------|
| Poland | 7417,3 | 2102,9 | 11066,7 | 3649,4 |
| Slovakia | -355,4 | -1406 | 502,9 | 858,3 |
| Hungary | -257 | -2371,6 | 3478,6 | 3935,6 |
| Romania | 3639,9 | 5616,6 | -3457,6 | 182,3 |

Source: (Eurostat, 2023)

Therefore, in Poland, exports exceeded imports throughout 2021–2023, and in 2023, Slovakia and Hungary saw imported goods and services dominate both before and during the military actions in Ukraine, with an improvement in external trade occurring in 2023. Romania is experiencing a trend of increasing volumes in its external trade balance.

For international management, it is essential to consider the component of the investment climate, as it is significant. Incorrectly assessing the situation and investing money in foreign business ventures can lead not only to lack of profit but also to substantial financial losses see for more details Table 3.

Table 3: International investment position, EUR million

| Countries | 2021 | 2022 | 2023 | The changes from 2023 to 2021 |
|-----------|---------------|--------------|----------|-------------------------------|
| Poland | - 223478,6 | - 204106 | 215535,9 | 439014,5 |
| Slovakia | - 60448,3 | - 69770,5 | -66910,2 | -6461,9 |
| Hungary | - 79314,8 | - 71207,7 | -88521 | -9206,2 |

| | | | | |
|---------|----------|----------|----------|----------|
| Romania | - | - | - | -14919,6 |
| | 107315,8 | 109320,7 | 122235,4 | |

Source: (Eurostat, 2023)

Therefore, we conclude that overall investment volumes have decreased in Slovakia, Hungary, and Romania. However, in Poland, there is an observed increase in investment volumes, which is a positive development contributing to economic growth, economic structure enhancement, increased competitiveness of production, and consequently the entire country. Economic challenges include unemployment levels impacting the availability of skilled labor and labor costs for international companies. The population size determines market potential and consumer base, influencing marketing and sales strategies. Demographic characteristics of the country affect socio-cultural aspects that need to be considered in international management. Refer to Table 4 for details.

Table 4: Dynamics of unemployment and inflation

| Countries | 2021 | 2022 | 2023 | The changes from 2023 to 2021 |
|------------------------|------|------|------|-------------------------------|
| Inflation, % | | | | |
| Poland | 8 | 15,3 | 6,2 | -1,8 |
| Slovakia | 5,1 | 15 | 6,6 | 1,5 |
| Hungary | 7,4 | 25 | 5,5 | -1,9 |
| Romania | 6,7 | 14,1 | 7 | 0,3 |
| Unemployment, % | | | | |
| Poland | 2,9 | 2,8 | 2,7 | -0,2 |
| Slovakia | 6,4 | 6 | 5,8 | -0,6 |
| Hungary | 3,8 | 3,7 | 4,2 | 0,4 |
| Romania | 6 | 5,6 | 5,4 | -0,6 |

Source: (Eurostat, 2023)

Based on the results obtained, it can be concluded that the economic situation and labor market in the studied countries have worsened. For instance, inflation growth in Slovakia and Romania has led to currency depreciation and disruptions in production and investment processes. Hungary has experienced an increase in unemployment levels, complicating the labor market situation for the unemployed, among other issues. To determine which country is better for business development, let's analyze the working-age population, which defines key success factors for entrepreneurs and companies. Population analysis is a significant indicator in international business as it allows for detailed market assessments, trend forecasting, and informed business decision-making. Figure 1.

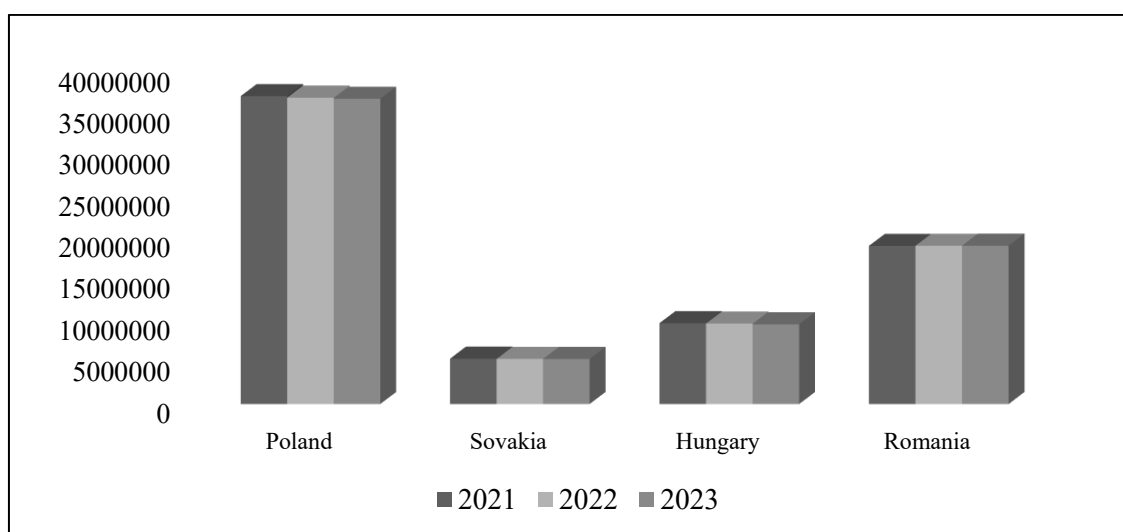


Fig. 1: Population dynamics, people

Source: (Eurostat, 2023)

Overall, a decrease in population has been observed over the last three years in the surveyed countries. This trend will negatively impact the labor market. Despite this, according to Eurostat, the overall wage bill in European

countries has increased by 25.4%. The average monthly wage has increased in Poland by 30.9%, in Slovakia by 12.4%, in Hungary by 31%, and in Romania by 29.5%. Even amidst the military actions in Ukraine, which have had adverse effects on the economic development of European countries, there has been an increase in wages. Ukrainian enterprises entering the European market face significant challenges, but this move opens up new opportunities and stimulates economic development, contributing to an improvement in the standard of living in the country.

During wartime, businesses must take decisive steps in their management systems, including making strategic decisions quickly, adopting a flexible management approach, improving communication processes, ensuring the safety and mental health of employees, and maintaining high productivity. Implementing flexible management in these conditions is crucial and can ensure a rapid and adaptive response to changes both externally and internally.

This type of management is widespread in the countries of Western Europe, but it has not spread in Ukraine. The use of flexible management principles in the work ensures the stability of managers' requirements and the high speed of process changes. moreover, the ideology of this type of management includes a reduction in low bureaucratization of business processes and a change in emphasis on employee motivation (De Smet, Dowling, Lim, & Pineault, 2022). ProofHub experts point out that to improve the effectiveness of flexible management, it is important to preserve the strategy of cooperatives. This means that cooperation between participants turns into competitive and cooperative activity, which gives the enterprise competitive advantages. In other words, this strategy manifests itself in the pooling of resources and resources to achieve a common goal, in wartime or crisis time see more details Figure 2.

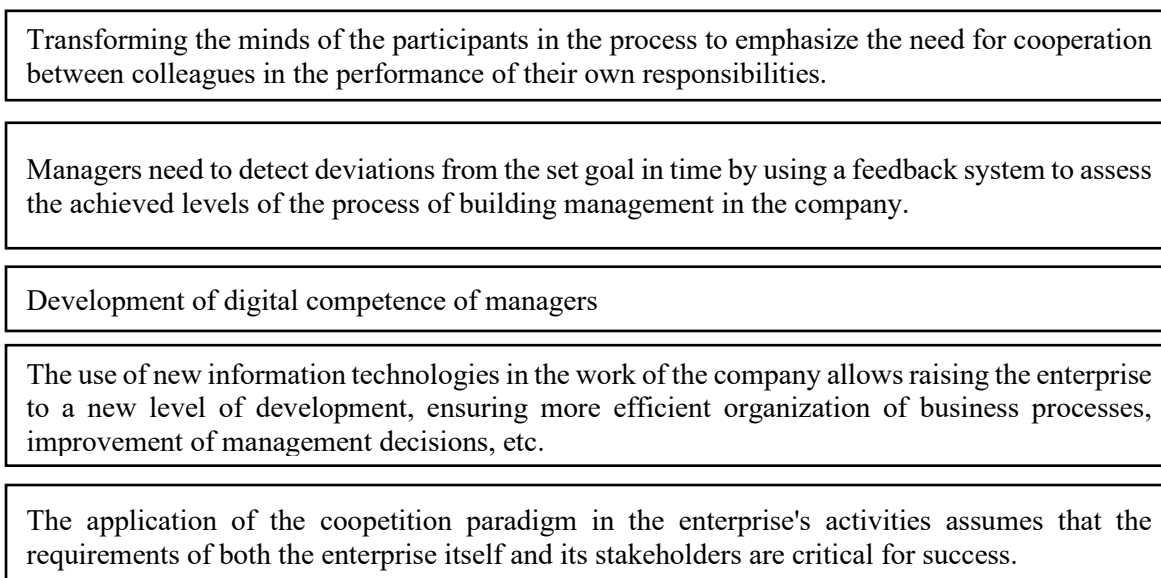


Fig. 2: Tasks of the cooperation strategy
Source: (Bozhidarnik & Bilyk, 2022, pp. 46–48)

A more detailed overview of the cooperation strategy can be seen as follows:

- Transforming participants' mindsets to emphasize the necessity of collaboration among colleagues in carrying out their responsibilities requires careful consideration. This involves not only incentivizing a change in mentality and approach to work but also actively fostering an awareness of the importance of teamwork in achieving common goals.
For instance, this could entail creating a conducive environment that supports teamwork and interaction, organizing shared workspaces, promoting open communication, and scheduling regular meetings to discuss ideas and address issues. Moreover, effective leadership plays a crucial role in supporting this process by demonstrating through their own example the significance of collaboration.
- Managers need to promptly identify deviations from the set goals by utilizing a feedback system to assess achieved levels of process management within the company. The use of a feedback system helps maintain a focus on results and ensures adaptability in managerial decisions, which is critical for achieving the company's strategic objectives.
- Developing digital competencies among managers is a critical aspect
- of modern management, enabling them to be more flexible, swiftly respond to changes in the business

environment, and secure competitive advantages for the company in the market. To succeed in today's digital world, it is crucial to continually refine these skills and meet the demands of a rapidly evolving technological landscape.

- Applying advanced information technologies in manufacturing enables companies to refine their business processes and significantly enhance productivity. This ensures more efficient management of production flows, reduces production costs, and optimizes resources. Moreover, adopting cutting-edge technologies allows enterprises to respond faster to changes in both internal and external environments, thereby increasing their competitiveness and promoting stable market development.
- The paradigm of co-competition in modern business reflects a strategic approach to cooperation with competitors based on a combination of competitive and cooperative interactions. It involves active cooperation with other market participants to jointly achieve goals that are supported by stakeholders.

The main aspects of the co-competition paradigm include:

1. Competitiveness and cooperation: the company continues to compete with other market participants, while simultaneously developing forms of cooperation with rivals to achieve joint benefits. Mutually beneficial agreements: mutually beneficial agreements with competitors allow the enterprise to reduce costs, increase the quality of products and services, expand sales markets, etc.
2. Risks and benefits: the company must carefully consider the risks associated with cooperation with competitors, but at the same time take advantage of the opportunities that open up thanks to this cooperation.
3. Stakeholder Relationship Management: It is important to maintain good relations with all stakeholders, including competitors and other partners in the industry.
4. Strategic planning and implementation: in order to successfully apply the co-competition paradigm, the enterprise must have a clear strategy that takes into account the interests of all stakeholders and skillfully manages competitive and cooperative activities.

This approach allows enterprises not only to maintain their competitiveness, but also to effectively use opportunities for joint development and success in the market.

Recognizing the benefits of agile management, organizations are adopting more innovative management approaches to effectively address the challenges and exploit the opportunities offered by a dynamic business environment. This balanced and adaptive approach promotes flexibility, fosters innovation and makes the business more competitive for sustainable success.

The entrance of Ukrainian enterprises to the European market is a difficult, but at the same time significant step in the conditions of war. Having considered this topic in more depth, it can be determined that the entry of Ukrainian enterprises to the European market in the conditions of war has a significant potential for the stabilization and development of the country's economy. This step opens new opportunities for Ukrainian companies to expand sales markets, conclude new agreements and contracts, as well as deepen cooperation with European partners. Thanks to this process, it is possible to increase the efficiency of production, the introduction of modern technologies and standards, which in turn will contribute to the growth of the competitiveness of Ukrainian enterprises on the international market.

The country has significant potential and the necessary resources to successfully enter the European market, which can become a key stage in its development. To determine the most promising directions in 2023 for the initial strategies of Ukrainian enterprises, an integral index was used Figure 3.

Based on the analysis, it can be determined that the most favorable conditions for Ukrainian enterprises to enter the international market exist in Poland (integral index 0.89). Poland occupies a leading position thanks to a decrease in the inflation rate, a decrease in the unemployment rate, an increase in the average monthly wage by 30.9% and an increase in the number of investments. On the other hand, Romania is the least promising arena for global business (integral index 0.08).

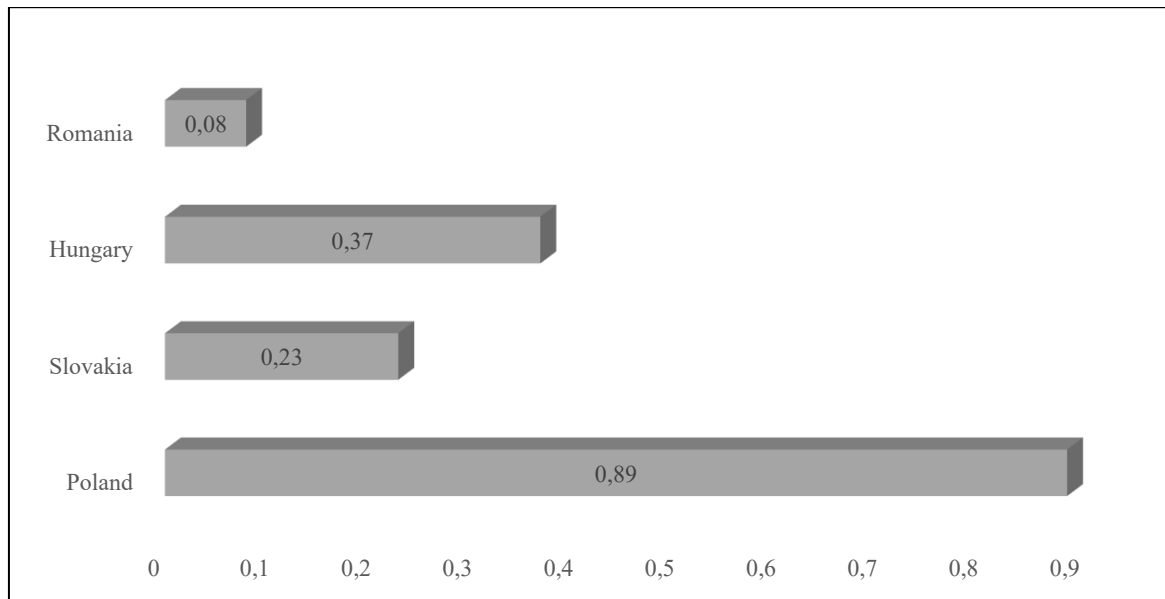


Fig. 3: Integrated index of economic development of European countries for 2023
 Source: (Eurostat, 2023)

Conclusions

Therefore, it can be concluded that Ukraine can improve its economic indicators through the implementation of the cooperation strategy, which will enable the development of management not only at the regional level but also globally, thereby opening new opportunities in the international market. The policy in this area is shaped according to the specific needs of the country, identified based on the analysis of the economic environment of European Union countries, aiming to determine the most promising country for Ukrainian enterprises to enter the international market during wartime. It is important to emphasize that this analysis used economic indicators such as external trade turnover, international investment position, dynamics of unemployment and inflation rates, wage levels, population size, and the composite development index of Ukraine's neighbors in the European Union, namely Poland, Slovakia, Hungary, and Romania.

The study showed that Poland is the most attractive country for Ukrainian enterprises to enter the international market within the European Union, while Romania is considered less promising. Therefore, this new approach stimulates development in Ukraine, ultimately leading to the adoption, mastery, and utilization of new or improved solutions based on scientific and technological achievements.

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