WAYS OF INTERNATIONALIZATION OF UKRAINIAN ENTERPRISES:
THE IMPLEMENTATION OF THE RESOURCES CONCEPT
AS A POSSIBLE ADDITIONAL COMPETITIVE ADVANTAGE

АННОТАЦІЯ
Участь України в сучасному міжнародному поділу праці як повноцінного суб’єкту обумовлює необхідність обґрунтування ефективних форм і методів інтернаціоналізації українських підприємств, підвищення їхньої конкурентоспроможності на світових ринках товарів і послуг та вдосконалення державної регуляторної політики в економічній сфері. Досвід розвинених країн показує, що основою такого обґрунтування може стати сучасна ресурсна концепція організації (підприємства, установи тощо). Вона в Україні залишається маловідомою серед вчених і практиків-фахівців і, як наслідок, не використовується в реальній підприємницькій діяльності. Багато в чому, з цієї причини залишається малоопрацьованою й більш загальна проблема – реальної інтернаціоналізації українських господарських суб’єктів (їхні зовнішньоекономічні зв’язки, за поодинокими виключеннями, обмежуються лише експортно-імпортними операціями). За підсумком, країна в цілому не може реалізувати свої дійсно високі потенційні об’єктивні високі конкурентні переваги, що в широкому інституційному контексті, поряд з іншими негативними соціально-економічними чинниками, призводить до втрати в суспільстві привабливості євроінтеграційного курсу держави. Автори на основі узагальнення й об’єктивної оцінки робіт західних вчених намагаються заповнити цю прогалину: розкрити сутність ресурсної концепції і визначити можливості її ефективної реалізації в Україні. Також у статті представлено результати проведених авторами в Україні протягом кількох останніх років прикладних досліджень з використанням методів розгорнутих опитувань та інтерв’ю представників бізнесу, науки й державних органів влади з проблем інтернаціоналізації українських підприємств і підвищення ефективності регуляторного впливу уповноважених державних органів. Це дало можливість визначити загальні перспективи ефективного розвитку інтернаціоналізації в за-
Searching for which significantly speeds up the international free trade zone with the European Union [1], and since January 1, 2016, is a member of the associated country with the European Union, this subject. Meanwhile, since 2014, Ukraine is incomplete, and do not provide reliable data on the Ukrainian statistical office are limited, lists on the websites of the Ministry of Economy resources held by Ukrainian organizations. The methods, the status of internationalization or are few studies on data on internationalization research route for this issue. In addition, there beginning to develop. This is the beginning of a process of internationalization of enterprises is just Ukraine, the interest of researchers in the pro movements of the environment on the domestic market and competencies to the ever-changing require
tures must adapt (or supplement) their resources and competencies to the ever-changing requirements of the environment on the domestic market and the market of the country of expansion. In Ukraine, the interest of researchers in the process of internationalization of enterprises is just beginning to develop. This is the beginning of a research route for this issue. In addition, there are few studies on data on internationalization methods, the status of internationalization or resources held by Ukrainian organizations. The lists on the websites of the Ministry of Economy and the Ukrainian statistical office are limited, incomplete, and do not provide reliable data on this subject. Meanwhile, since 2014, Ukraine is an associated country with the European Union, and since January 1, 2016, is a member of the free trade zone with the European Union [1], which significantly speeds up the internationalization processes of Ukrainian enterprises and the necessity to thoroughly analyse own resources for building internationalization strategies. In addition, Ukraine is slowly becoming an attractive place for entrepreneurs from other countries, because, on May 23, 2017, the Verkhovna Rada of Ukraine voted in favour of improving the conditions for establishing and running businesses in Ukraine and attracting foreign investments (financial and intellectual). All this is an important determinant for the internationalization of Ukrainian organizations that will more and more accurately analyse their own assets and resources for building strategies to compete (or survive) in the global market.

Analysis of publications. The process of internationalization of an organization is associated with the growth and development of the organization. It can be applied in relation to the enterprise sector, as well as the entire national economy, products and selling markets, as well as supply markets. Its essence is seeking by the organization the possibility of functioning in foreign markets. According to the OECD, this growth is possible due to the factors of striving for growth, as well as extortion factors related to the inability to carry out activities on the domestic market. Internationalization, also known as foreign expansion, is among others:

- the degree of organization’s involvement in operations on foreign markets [2, p. 21];
- extension of the company’s activity from the domestic market to the markets of other countries [3, p. 18];
- the process of the economic integration of states and activities of organizations that carry out foreign investments [4, p. 172];
- the activity of companies located primarily in one country, however, acquiring a large part of their resources, or income from other countries [5, p. 309];
- any type of business activity undertaken by the organization outside the home country [6, p. 19];
- any form and scope of connections between various activities including production, sales and distribution, marketing, and foreign markets [7, p. 454].

The process of internationalization causes the movement – on a worldwide scale – of production results, civilizational, as well as cultural patterns [8, p. 12].

M. Gorynia is of the opinion (with which the authors of this study agree) that one can distinguish active internationalization – understood as the real foreign expansion of the organization, as well as passive internationalization – understood as the development of links between organizations and foreign entities, but without going beyond boundaries of the home country [9, pp. 35-36]. Summing up, the essence of the organization’s internationalization process is its participation in the international or global market, building channels of goods and services flow, as well as inter-
national networks that allow the organization to build a competitive advantage with a favourable foreign environment and “strong” or unique own resources. The resources owned by the company are the subject of one of many theories of internationalization of the organization: the resource concept, which consists of the following models of internationalization – competence, resource, and competence – resource [10, p. 99].

In Ukraine, the problem of increasing the competitiveness of enterprises based on the use of the resource concept elements is only beginning to be developed, the approach of N. Kovalenko and S. Mizyuk can be used as an example [11, p. 26-30].

Allocation of outstanding problems. The authors of this study carry out a successive study of the internationalization of enterprises. In Ukraine, such studies have been conducted since 2015. The following problem questions were formulated: what is the essence of internationalization of enterprises and the resource concept in the subject literature? What are the ways of internationalization of Ukrainian enterprises in economic practice? Do Ukrainian enterprises have resources that create the potential to compete in foreign markets? How is the state of internationalization of Ukrainian companies assessed? Can Ukrainian enterprises compete with existing resources with other enterprises outside the home country? If so – with what resources and in which strategic direction? To answer these questions, empirical studies were conducted using the direct interview technique, using an interview questionnaire, with the possibility of free expression.

The purpose of the article is to highlight the interviews and polls of business, science, and state authorities conducted by the authors in Ukraine about their vision of the problems and prospects for the internationalization of Ukrainian enterprises in the context of the implementation of the resource concept by small, medium, and large economic entities.

The main material. According to the purpose of the study, detailed interviews and surveys were identified as methodological tools aimed at achieving it. In addition to Ukrainian entrepreneurs, interviews were conducted with: the director of the Industrial Economics Institute at the National Academy of Sciences of Ukraine; head of the branch of the Institute of Economics of the State Academy of Sciences of Ukraine; a business trainer from the Ukrainian Chamber of Industry and Commerce; Advisor to the Chairman of the Kyiv Regional State Administration; Deputy Director of the Department of Agro-Industrial Development of the Regional State Administration in Kyiv. These are the most important scientific and governmental units directly involved in the study of the possibilities and conditions of functioning of Ukrainian enterprises in Ukraine and abroad. Their research concerns all enterprises in Ukraine. The thematic information on the websites of the Ministry of Economy and the State Statistical Service of Ukraine was also verified, addresses of which were obtained during the interview. Thus, the selection of respondents and units was purposeful and provides objective statements from several parties: government administration, units cooperating with business, scientific and research units in a comprehensive manner, which should be emphasized (the area of Ukraine and all economic entities). The content presented below, especially in subsections 3 and 4, is a recapitulation of empirical and theoretical research and requires confrontation with the entrepreneurs themselves, which the author is aware of and strongly emphasizes.

During the interview, respondents were asked at the beginning about the essence of internationalization. They understand it as a process of seeking opportunities for domestic enterprises on foreign markets; getting out with business operations outside the home country; conducting export and import, as well as establishing business relations on foreign markets.

The resource concept refers to factors that cause growth and development of the enterprise. In principle, it does not refer to the internationalization of enterprises, but due to the theories of the company’s growth, it can be directly linked to the process related to foreign expansion. J. Skalik believes that increasing or strengthening the company’s competitiveness is one of the results of its development related to the introduction of the product, process and structural innovations [12, p. 14]. The sources of the resource approach (Resource-Based View, RBV) refer to E. Penrose’s approach that the resources possessed and the way they are used by the enterprise are much more important than the industrial environment [13, p. 35].

The term RBV was popularized in 1984 when B. Wernerfelt introduced the organization as a variable structure of assets or resources. The resources may be tangible and intangible assets of enterprises and as well as assets that are formed during the functioning of the organization [14, p. 18]. One of the creators of the resource trend, J.B. Barney, defined the resources of the organization as assets, abilities, organizational processes, company attributes, information and knowledge, which are under the control of the company and enable it – through appropriate skills – to create and implement strategies that improve its effectiveness and efficiency [15, p. 84]. The resource school has contributed to the development of the competitive advantage trend, in which the starting point in the conducted research is the organization along with its resources [16, p. 116]. This means that the success of a company is determined more by its resources than its competitive environment, but one cannot ignore the influence of the environment, which the creators of the resource concept point out. Enterprises are diverse in terms of
their resources: financial, material, human, information, natural, etc., which with “appropriate use” can make them competitive in a favourable environment. “Appropriate use” is directly related to such a factor, primary among others, such as the entrepreneurship of owners and managers, as well as their competences [17, p. 11-48].

The development of an enterprise depends on the ability to build a sustainable competitive advantage, which is conditioned by unique and valuable resources and the ability to use them [18, p. 33]. Resources that are difficult to replace, copy, buy or imitate are a real source of competitive advantage for the organization [14, p. 18]. B. Godziszewski is of the opinion that building a competitive advantage should not be easy, because the easier it is to create the advantage, the faster and easier it can be demolished by the competition [18, p. 33]. Non-substitutable resources do not have to be company property, but they must always be under its control. An important factor for the internationalization of the enterprise is also resource mobility, which depends on the location and legal factors (e.g. property rights). The resource theory emphasises the heterogeneity of enterprises (especially from the SME sector), due to the variety of resources available and the possibilities to use them and turn them into strengths.

The conducted empirical research gives general knowledge about the internationalization methods of Ukrainian enterprises, directions of internationalization and the role of enterprises’ resources in their internationalization. The issue requires deepening the research with the suggestion of conducting it directly among Ukrainian entrepreneurs from all sectors: micro, small, medium, and large companies.

Analysis of statements from interviews shows that there is a clear difference in the ways of internationalization of micro and small companies, as well as medium and large. It results mainly from the quantity and quality of resources. Micro and small companies, established in Ukraine in the last few years, often immediately look for opportunities to operate outside the country. There are many reasons for this:

- strong competition on the domestic market, especially in the face of a great number of small companies operating informally, which significantly affects the operating costs and translates into prices of products and services;
- small financial and technological resources;
- a desire to develop own business and achieve higher net income (larger than on the domestic market);
- lack of state support and unclear national laws;
- entrepreneurship and charisma of young entrepreneurs who often have innovative ideas.

Micro and small companies do not have “rich resources”: natural, material and capital, therefore, the most popular form of internationalization is export and import (indirect and direct). They usually compete in price and quality. Increasingly, they also have professional human capital with high technical competences. Many micro and small businesses base their activities on regional handicrafts, which makes them unique in the world. Micro and small enterprises prefer to sell their own products in countries with a lower technological level. The company’s resources determine primarily the strategies of their operation and development, and to a lesser extent, the strategic directions.

The situation is different for medium and large enterprises (especially large ones). It should be emphasized that Ukrainian large companies are usually the result of the restructuring of large state-owned enterprises with the number of employees often over a thousand people. This applies in particular to enterprises engaged in agricultural and auxiliary production for animal husbandry and crops. Characteristically, the internationalization process started for many of them only a few years ago. Medium and large companies in Ukraine are often in possession of “rich resources”: natural, financial and human, as well as “rich” traditions. If, however, technology is concerned, the real advantages are – in contrast to Western European countries – traditional technologies and the traditional processes they perform. This sector sees its opportunity on the foreign market precisely for technological resources understood in this way. This advantage is especially important when processing products from animal farms and crops. The sector employs over 25% of all employees in Ukrainian organizations. However, based on these industries, further industries developed: food, chemical, and biological. Products from these industries are often patented and focused on ecology. The metallurgical, machine, and mining industries are also of great importance. Resources of the so-called coking coal in Ukraine (and Poland) are the largest in the whole of Europe. Without this resource, there is no steel production, hence the intensive development of the mining and metallurgical industries. The last three industries listed here use exports as the most common form of internationalization of operations. They compete primarily with unique resources, products, price, and quality. They are not afraid of selling their products in countries with a higher technological level, and potential geographical directions of further expansion include all of Europe, America, and China. All this means that more and more often Ukrainian medium and large companies use foreign direct investments as an internationalization form. Confronting the conducted research with the analysis of data contained on the websites of the State Statistical Service of Ukraine, it can be noted that in Ukrainian foreign direct investment as of December 31, 2018, was recorded from 150 countries around the world, including Cyprus (27.5%), followed...
by the Netherlands (21.9%), United Kingdom (6.1%), and Germany (5.2%) [19].

The resource-based concept and the related ownership of diverse resources by companies create great opportunities for the ways of internationalization of Ukrainian enterprises. Companies with rich (quantitative) resources can use more effective export strategies. In addition to resources in the direct possession of companies, the resources of Ukraine as a country also play an important role. They attract foreign co-operators and investors, making the country attractive to international cooperation, especially in the form of exports and imports, as well as foreign direct investments.

Respondents strongly emphasised the fact that Ukraine is the second-largest country in Europe (almost twice as large as Poland) with a population of nearly 46 million and that it has a wealth of natural resources and fertile agricultural lands, which combined with cheap labour force and high demand for products from many industries, makes it a very attractive area for foreign investors. In terms of the competitiveness of the economy, it ranks 83rd among 140 countries of the world [20].

Respondents are of the opinion that the attractiveness of Ukraine for entrepreneurs from beyond its borders is conducive to establishing contacts between Ukrainian entrepreneurs and building relations, as well as to the desire for foreign expansion of their own business.

Ukraine is a transformed economy. The resource-based model is particularly useful in this situation, because, according to respondents, the analysis based on the resources of Ukraine and Ukrainian enterprises shows not only the current state but also the potential that can be directly used by companies for internationalization of their activities. Diversified resources that Ukrainian enterprises have, especially in the field of agricultural (animal and crop) production and directly related to it, the spheres of food (traditional processing), chemical (plant and animal protection products) and pharmaceutical (support and protection of animal health) production provide the opportunity to diversify ways of internationalization of the organization: from exports and imports to project and production cooperation and strategic alliances, whose goal is not only to share markets but most of all to combine capital and to conduct joint research and project work. Unique resources, especially in the area of bio- and eco-processes give Ukrainian companies the opportunity to apply diverse forms and strategies for internationalization, as well as to patent their own products and ideas. The R&D sector is also developing relatively well in the field of protective clothing design, conservation measures for agricultural production and eco-products for animal production. In the last few years, however, tourism resources have lost their importance, which has adversely affected the finances of tourist organizations. The reason for this is the complicated political situation in Ukraine and the war in Donbas. Coking coal, manganese, iron, and uranium ore, as well as deposits of methane (Black Sea), are of strategic importance for the internationalization of operations. The economic activity based on these resources is carried out on similar terms to Polish conditions: it is subject to licensing. This type of resource favours the conclusion of export-import cooperation.

Summing up, respondents emphasize that the valuable and unique resources of Ukraine and Ukrainian enterprises make them attractive to foreign partners. In the coming years, the level of internationalization of all companies in all sectors should significantly increase. The situation is complicated by the lack of transparent legal regulations and the difficult political situation. The diverse resources possessed by the companies (the worst is the state of financial resources) are a good basis for diversifying the ways of internationalization of Ukrainian companies.

Conclusions. The resource-based concept seems to be the most adequate for Ukrainian enterprises that express the desire to internationalize. The conclusion of the research may be the observation that the amount and type of resources owned by companies and the country is a determinant of the business strategy of enterprises and their internationalization. In the case of micro and small enterprises, first of all, these could be local industry, agricultural production and processing industry, light industry, and IT-technologies. In the case of medium and large enterprises, diversified resources – especially natural ones – attract co-operators and investors from abroad. These enterprises are also more attractive in terms of their financial resources. Conducted interviews, confronted with data from the websites of the Ministry of Economy and the State Statistics Service of Ukraine, not only determine the state but also the level, the key ways and directions of the internationalization of Ukrainian organizations. They show that they can compete with existing resources with other enterprises outside the home country. However, due to the diversity of resources and the state of their possession, different directions and ways of internationalization are manifested by micro and small companies, and different by medium and large companies. The former have above all valuable human resources, and the latter – natural, technical, and financial resources. The size of the company and the state of possessed resources determine the strategic directions (especially for medium and large enterprises) of internationalization.

The prospect of the problem’s further development is the justification of the models of Ukrainian enterprises internationalization, based on their resource potential, with the business of the Central and Eastern European countries.
БИБЛІОГРАФІЧНИЙ СПИСОК:
19. Офіційний сайт Державної служби статистики України. URL: www.ukrstat.gov.ua (дата звернення: 19.05.2019).

REFERENCES:
19. Офіційний сайт Державної служби статистики України. URL: www.ukrstat.gov.ua (дата звернення: 19.05.2019).