

Innovative forms of international business

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Abstract: The paper deals with the main forms of international business. There were analyzed peculiarities of such forms functioning in different countries, and also there was done comparison of the international innovative structures operation. The paper researches the international experience for the domestic economy concerning the organization of business structures as well as the opportunity to implement them in Ukraine. International business, as a sphere of human activity, provides international exchange of goods, services, scientific and technological, industrial cooperation both internationally and domestically. The international business is conducted through international transactions. It is an entrepreneurship where the firms from different countries jointly participate in using international capital. The innovative forms of entrepreneurship have gained significant importance for the international business development. First of all, innovative structures help to activate international relations among the entrepreneurs from different countries, then facilitate the firms' access to the international market and increase intensity of international technology transfer, services and experience. Using international experience to successfully build innovative business structures is important for Ukraine, because the field is just beginning to develop in domestic economy, that is why this study is a promising range of issues.

Key words: international business, business incubator, technology park, technopolis, joint venture

1. Introduction

International business, as a sphere of human activity, is directed to realize international exchange of goods, services, results of scientific and technological and industrial cooperation both international and within the same firm. The international business is conducted through international transactions realization. It is the entrepreneurial activities where firms of different countries take part in use of international capital (Mykhailova, 2009).

The economic conditions in the industrialized countries have changed significantly over the past decade. The combi-

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nation of new technologies and the economies of the scale have become an important source of job growth and international business development.

The objective of the paper is to examine and analyze the principal innovation forms of international business. Respectively to this, the main tasks of the research are following: to analyze how these forms work in different countries; to compare the operation of international innovation structures; to explore the experience of leading countries and discover how it can be used in domestic conditions.

Traditional forms of international business are: export and import of goods and services, cooperation in science and technology, production, sales and service activities, investment activities, joint ventures and transnational corporations. Recently, innovative forms of international business have begun to position actively along with them. Their main idea is to create an autonomous system of all necessary elements interaction for economies of scale, to eliminate intermediate costs, to establish rational relations among independent organizations under the joint realization of innovative projects and to maximize profits. The main innovative forms of international business are business incubators, business centres, technology parks, technopolises, venture firms.

2. Business incubators and centres as special innovation forms of international business

B **u** **s** **i** **n** **e** **s** **s** **i** **n** **e** **s** **s** **i** **n** **e** **s** **s** **i** **n** **e** **r** **i** **n** **c** **u** **b** **a** **t** **o** **r** is the structure which realizes organization and methodical tasks necessary for successful development of business, with help of internal personal resources, and also through the network of external contacts of institution. Business incubators realize complex of services and resources which includes providing the enterprise with physical space (areas) on the favourable terms, personal teaching, consulting, access to the information base, properly selected complex of programmes as to business support, including regular support in management of enterprise, specialization programmes of teaching, and also access to financing and giving price terms (Sklarenko, 2012). It considerably increases chances for survival of enterprise and reduces costs for its creation and organization of activities. The main task of business incubator is not only giving lodgings in lease, but contributing to successful development of the firms which will be able to leave business incubator in the future and act without its support.

They help to develop start up enterprises. These structures have developed throughout the world, and turned out to be important for the local development. In Finland, for example, creation of business incubators is rather widespread and effective practice. There are about 25 such business structures in the country. The business incubator has successfully functioned in the joint stock company 'Forum' within the Agency of economic development since 1998. Participation in international entrepreneurial projects is one of the business incubator activities. The financing of this structure partly has happened due to the EU projects. 6 municipalities and public educational establishment (50% of stocks) and also private entrepreneurs (50% of stocks) are the promoters. The main clients of the business incubator are the entrepreneurs in such fields: consumer services, informational technologies, consulting, tourism, cultural rest and other professional services. Business incubator within the Agency is man-

aged virtually—the entrepreneurs cannot be certainly under the same roof. There is used specially developed computer Internet-system of the client management. The client base of the Agency is being supplemented on the 200 new entrepreneurs during the year.

The practices of innovative and investment structures functioning in Norway are interesting and original. 6 business incubators operate in Oslo. They give information in Norwegian and English at their offices and through the Internet. 2% of Oslo inhabitants decided to begin their own business in 2006, 12 thousand of new firms were opened in the city, half of them are in service sphere, besides the third was created by women. About 20% of entrepreneurs were founded by foreigners.

Business incubators can function both inside the country and as international cooperation. The example is Hi-Tech International Business Incubator in Beijing, created as a result of Chinese and Italian technology transfer programme. HTIB proposes reliable high-quality alternative of country inside resources with the aim to assist for development of international business, development of the market, distribution strategies and broadening the channels of goods and services expansion on international scale. Chinese and Italian business incubators focus their activities on two types of international triangles: giving possibility for international subjects to expand on the Chinese market and giving possibility for Chinese subjects to develop business on the international markets.

Another example of the international business incubator is Management in Sites International Business Incubator, created in the United States (North Carolina) in 2000 as a structure helping its clients to enter the markets of North America and to plan business growth both nationally and internationally. The main aim of the MI business incubator activity is to provide the clients with information and means that help to understand better the features of their markets and envisage the partner cooperation in order to form and realize a competitive global strategy of the enterprise. The agency of this business structure is located in Italy (Milan).

‘Incubation’ structures are located near the universities or state laboratories that develop cutting-edge technologies and have highly qualified personnel. In particular, the European network of business incubators includes more than 100 centres in the EU and in Central and Eastern Europe. The centres provide the entrepreneurs with information through European and national networks; they assist to develop cooperative relations of small businesses, empower their participation in European programmes and projects (Mykhailov, 2009).

The first full cycle business incubator in Ukraine appeared in 2012 and was named Happy Farm nearby Kyiv. The structure intends to provide services for start-up projects, further support and attraction of investment for start-up companies. A year earlier, the business incubator East Labs began activities having another conception that includes not only giving the capital and premises for start-up firm, but also mentor package—talking with expert entrepreneurs in a certain field who share experience of doing business.

Business centre is an organization providing small and medium enterprises, persons who intend to do business with information, consulting, marketing and other services to (*The government portal*, 2009). Its main functions consist of information support of start-up entrepreneurs, finding customers (investors) for projects, assistance in the selection of personnel for management, attraction of external experts, teaching the entrepreneurs of doing business.

As a rule, the cost of such services is much lower than the market price because activities of business centres are partly financed by local budgets and means of founders (major research institutions and companies).

The business centres are mostly widespread in the United States. In particular, the International Business Center CIBER has been functioning attached to the State University of Michigan since 1990. Its main objective is the use of advanced knowledge and skills to provide the best teaching, research and assistance for enterprises on international trade, global competitiveness. Business centre CIBER is a conglomerate of internationalization, the headquarter of International Business Academy and the provider of advanced knowledge.

Business centre Novenco, located in Singapore, has been successfully operating as a dynamic business partner since 2007. It helps for start-up firms to foothold in the certain marketplace, to meet the standards of emergency markets of Southeast Asia countries and give business-services for interested subjects.

The European Network (EBN) of Business Innovation Centers (BIC) was established in 1984 as a joint initiative of the European Commission, the European industrial leaders and centres of business and innovation. EBN is currently the most significant non-governmental pan-European network that brings together more than 200 business and innovation support centres and similar organizations such as incubators, innovation and entrepreneurship centres etc., in the enlarged Europe. EBN activates the creation of new businesses by supporting innovation, incubation and international perspectives, it acts as a supporting bridge among various organizations, provides expert knowledge in numerous areas, including financing sources. It requires the annual membership fee for the participators in the EBN network. Participation in EBN is divided into two categories: full membership and associate membership. Full membership is available for business organizations having implemented the quality assurance system EBN, which includes the charter of quality and self-assessment report.

There are about 100 business centres in Ukraine today, the most successful among them: Horizon Office Towers, 'K.A.H. Development', 'Carat' and others.

3. The increasing significance of technopark and technopolis

One of the innovative forms of the international business is a science and technology park, which have a high level of innovation activity. Their key objective is organizational support for innovative projects on industrial implementation of scientific developments in high-tech sphere and industrial globally competitive output. Science and technology park is an integral part of a modern market system, an important form of merging innovative companies, universities, consulting and other enterprises of service industries, the various departments of government agencies into a single mechanism. The concept of science and technology parks is built on the idea of encouraging collaboration among research institutions, industry and businesses to ensure effective usage of created technologies.

An example of such innovative forms of international business can be the International Technopark of Panama 'City of Knowledge' (City of Knowledge Panama International Technopark). It promotes business activation on international scale through creation of strategic alliances and networks while encouraging its participant to scientific and technology

activities. Technopark is a platform for relations among universities, companies and the government, which provides specific support for the successful business development of the technopark participants. Panama International Technology Park acts in such spheres as communication and information technologies, bioscience, environmental management, human development, business management and entrepreneurship.

Trivandrum India Technopark is another example, which provided 70% of information technology export in the region of Kerala (India) in 2010. Technopark departments comprise local firms, joint ventures and subsidiaries of foreign companies of various industries, including software, smart card technology, engineering, computer design, etc.

International Association of Science and Technology Parks (IASP) is a worldwide network of scientific and technological parks. It was established in 1984 and headquartered in Spain. IASP connects professionals with science parks from around the world and provides services to accelerate the growth and effectiveness of its members. Participants improve the competitiveness of companies and entrepreneurs in the cities where they are located and contribute to global economic development through innovation, entrepreneurship and transfer of knowledge and technology. IASP had 359 members in 2008, covering 150 thousand companies located in IASP member parks in 74 countries in five regional offices: Asia IASP—Pacific region, Europe IASP, Latin America IASP, North America IASP, West Asia IASP. During the period from 1984 to 2007 IASP has organized 24 international and 42 regional conferences. IASP is also a founding member of the World Innovation Union.

Today eight parks operate in Ukraine, including Electric Welding Institute (Kyiv), Institute for Single Crystals (Kharkiv), Vuglemash (Donetsk), Semiconductor Technologies and Materials, optoelectronics and sensor technology (Kyiv), and others.

One of the innovative forms of international business is a *technopolis*. This is the scientific-industrial complex created for the production of new products or the progressive development of new high technologies based on close relationships with universities and scientific and technical centres. It combines science, technology and business, local and central authorities.

The main purpose of technopolis is enhancing innovation process by promoting the concentration of necessary resources at the centre of development and industrial development of scientific and technological products.

According to functional characteristics, the technology parks are similar (the USA, France, the UK, Ireland, Finland, Sweden, Spain); science parks (the USA, Finland, Denmark, the Netherlands, the UK, Belgium, Japan, Taiwan); research, industrial parks (the USA, the UK); parks, clubs and business centres (France); business parks (the UK); innovation centres (the UK, Germany, France).

Usually the technopolis is set up at locations with the largest community of scientists and universities; along with major industrial companies and places of highly skilled professionals' concentration; at the intersection of major road and air routes; in areas with favourable natural and climatic conditions, high cultural level of the population.

The best known technopolis is Silicon Valley in California, which comprises now the 17 largest companies of electronic industry in the USA. Silicon Valley was established in the early 1950s as a park based on the Stanford University near San Jose. Today the headquar-

ters of the leading electronics companies in the world (more than 1000) are accommodated in San Jose.

Following the example of Silicon Valley, formations of this type were established around the world. The technopolis in the USA, the UK (at the University of Cambridge), Germany (Isar Valley, which includes more than 200 firms that specialize in microelectronics), Italy (Novus Ortus), Japan (Tsukuba) and so on turned out the largest and most effective.

An international French technopolis Rabat Technopolis (*Centre Régional d'Investissement...*, 2011) has been successfully operating since 2007, located in Morocco. It covers an area of 300 hectares and is a global leader in providing business management services. The main areas of its activity include software, biotechnology, nanotechnology, medical services, expert services of hotel and restaurant business, outsourcing, and many others (Tulchynska, 2010).

Ukraine today has still considerable scientific potential concentrating in large cities, such as Kyiv, Dnipropetrovsk, Kharkiv, Odessa, Lviv, around which it is possible to create a scientific megacities like Japanese technopolis.

4. Good decision for risky ideas

Regional and national competitiveness and economic growth are becoming more dependent on the level of support for risky and innovative ideas. As a result, innovations are gaining priority for companies, organizations and governments in major countries. Innovation in this new era is becoming an important national asset, and governments are vying to find the 'golden key' that would allow them to make profits from the development. In parallel with these efforts new entrepreneurial firms and small and medium-sized businesses are gradually recognized as a major source of innovation and economic prosperity. At present entrepreneurship research and policy for supporting them is recognized as considerable and initiatives for supporting the entrepreneurship development have become a priority matter.

Similarly, venture capital contributes to economic growth of entrepreneurial firms. According to research being conducted by the OECD for the last 5 years, there is a tendency to geographical concentration of venture investments in certain highly competitive regions. For example, Silicon Valley in the USA, London and the South Coast in the UK, Ottawa and its suburbs in Canada, the metropolis of Seoul in the South Korea are the world leaders in the amount of attracted venture capital. This is explained by the fact that these regions are characterized by highly efficient regional innovation systems and specialize in producing high-tech products and services.

Venture capital firms—are mostly small businesses in advanced manufacturing industries (electronics, biochemistry, bioengineering, consumer products) that progress rapidly and have products and technologies of an intense generational change associated with the base innovation. Small venture companies are specializing in the research, development, introduction of innovations, the organization of which is associated with increased risk. The small firms are often created for one idea, but the basic innovation success is never guaranteed and is probabilistic in nature. In case of failure, the company expects imminent collapse.

Competition makes venture capital firms to minimize the timing of research and development, rapidly introduce innovations into production.

Venture capital firms are typically formed by a group of like-minded people: scientists, engineers, professionals, inventors who have some experience in the laboratories of large companies or research institutions, universities or individuals who wish to organize their work. They have some scientific and engineering ideas and want to implement them practically within the small firms. Such firms can also be established in large enterprises (corporation) for the inventors focused on the new ideas implementation, which ensures the success of the innovation diffusion in the manufacturing and everyday life while the corporation earns big profits.

The international Partech Ventures (Franklin and Titchmarsh 2013) headquartering in San Francisco, Paris and Berlin is the leader of investing in the fast-growing venture capital companies in Europe and the USA. The Partech Ventures have been working since 1982 with the main objective to facilitate the entrepreneurs to succeed in the global economy. Venture capital funds of the company comprise 250 million dollars. Nowadays, over 100 companies involved in international business successfully operate with the help of Partech Ventures. The main areas of their activity are related to the Internet using, information and innovative technologies.

The International Venture Club implements activities of risk investments within the framework of the European Union (*The International venture club...*, 1998), as a platform for cooperation among leading risk investors, including Sony, Philips, Basf and others. The club provides an opportunity for investors to build a relationship in various sectors of the economy, an advantage to work with other companies and reach global and sustainable success.

Singapore, for example, has followed another path. Investments held in the country were transferred in 1980 to Silicon Valley, where the profit was reinvested. Gradually, Singaporeans have developed with the USA venture entrepreneurs and managers strong ties. Thus, the business venture was born in Singapore (Kuznetsova, 2008).

Ukraine now moves the similar way. Venture business operates in our country relatively short time. The history of its development is still short. The year 2006 has become a year of active development of the joint investment market in Ukraine. There has been observed rapidly growing number of actors and the cost parameters of the market, the market has shown notable achievements and quality of asset management. The Western NIS Enterprise Fund and SigmaBleyzer equity funds were the most important and most active in the domestic market.

5. Conclusions

Thus, innovative forms of business have gained significant importance for the development of international business. Firstly, the innovative structures help to activate the international relations among entrepreneurs from different countries. Especially, thanks to business incubators local small but promising start-up firms have a great opportunity to enter international markets, to cooperate there with foreign partners, thereby expanding their own activity and growing. The American business incubators show a vivid example of

improving the competitive global strategy of enterprise. Another innovation form of international business, the technopark, also facilitates the access of firms to the international market and increases the intensity of international technology transfer, services, experiences. Being organized near the big university, it provides the effective implementation of scientific researches, inventions in massive production, helping them being competitive in the international market. The key difference of the technopark as innovation structure is the synergy effect of combining efforts of scientific institutions, enterprises and authorities. The highest form of innovation cooperation is technopolis that can cover the whole city involving not only economic, scientific and political but also the social sphere in activity of one or several closely connected industry sectors. Through the development of innovative forms of international business, each country can contribute to the creation of global gross domestic product, find new markets, engage in international division of labour, thus, improve the competitiveness of its economy. It is important for Ukraine to use international experience of successful operation of innovative business structures and to choose the most appropriate forms for its economy, as the industry is just beginning to develop in the domestic economy, that's why the research in this range of issues is very perspective.

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Innowacyjne formy międzynarodowej działalności gospodarczej

Abstrakt: Artykuł prezentuje różnorodne formy działalności międzynarodowej. Analizie poddano specyfikę funkcjonowania różnych form działalności biznesowej w poszczególnych krajach, a także dokonano porównania innowacyjnych struktur współpracy międzynarodowej. W artykule uwzględniono również wyniki analizy działań kilku państw w dziedzinie gospodarki krajowej dotyczących organizacji struktur biznesowych, jak również możliwość ich realizacji na Ukrainie. Firma międzynarodowa, jako sfera działalności ludzkiej, zapewnia wymianę towarów, usług oraz współpracy naukowej i technologicznej przemysłu zarówno na arenie międzynarodowej, jak i w kraju. Działalność gospodarcza prowadzona przez wielonarodowe przedsiębiorstwa oparta jest na międzynarodowych transakcjach handlowych. Jest to rodzaj przedsiębiorstwa, w którym firmy z róż-

nych krajów wspólnie korzystają z kapitału międzynarodowego. Innowacyjne formy przedsiębiorczości zyskały istotne znaczenie dla rozwoju biznesu międzynarodowego. Przede wszystkim nowoczesne struktury firm odgrywają istotną rolę w sferze uaktywniania stosunków międzynarodowych wśród przedsiębiorców z różnych krajów, ułatwiają dostęp do wspólnego rynku oraz wpływają na zwiększenie intensywności, jak też międzynarodowego transferu technologii, usług i doświadczeń. Korzystanie z doświadczeń międzynarodowych w celu pomyślnego budowania innowacyjnych struktur biznesowych jest istotne dla Ukrainy, gdyż ta dziedzina przedsiębiorczości jest obecnie rozwijana na bazie funkcjonowania gospodarki krajowej, toteż artykuł prezentuje ciekawy i obiecujący zakres zagadnień.

Słowa kluczowe: biznes, inkubator biznesu, parki technologiczne, technopolis, joint venture
