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MANAGEMENT OF MULTINATIONAL COMPANIES

Annotation. The article deals with the problems of management of multinational companies. The specific management style of this type of companies was shown, the basic aspects of its distinctions from other styles were revealed. The necessity to learn certain cultural differences was stated.

Анотація. Розглянуто проблеми менеджменту транснаціональних компаній. Показано специфічність стилю керування такими компаніями та головні риси, що відрізняють його від інших стилів менеджменту. Встановлено необхідність вивчення певних культурних особливостей.

Аннотация. Рассмотрены некоторые аспекты менеджмента транснациональных компаний. Определена специфика стиля управления такими компаниями и основные черты, отличающие его от других стилей руководства. Указана необходимость изучения определенных культурных различий.

Keywords: international management, corporations, business environment, cultural taboos, international culture.

Nowadays multinational corporations have a great role in the global management. They take on a lot of responsibility, that is why very serious approach to the management of these companies is needed. Modern managers must be able to introduce new ideas to solve the problems in multinationals, to monitor the performance of the company, to analyze the results etc.

The aim of this article is to analyze the main problems of multinational companies' management and the opportunities of practicing it.

The objectives of the article are to discover the importance of multinational corporations in our days and to get to know the tasks of the international management in practice.

All large modern multinational companies are international financial and industrial corporations, consisting of a parent company's financial or operational guidance and numerous subsidiaries and associated companies, located both in the country of these companies as well as outside it.

Multinational companies play a major role in the globalization process and contribute significantly to the creation of wealth in national economies. Today there exist about 82,000 multinational companies which possess 810,000 subsidiaries located across the world. In a rapidly changing environment, multinational companies need to find new management methods to improve their global competiveness [1].

Multinational companies and managers must be prepared to compete with other firms from any country. In addition, they must be prepared to collaborate with companies and people from anywhere in the world such as suppliers, alliance partners and customers. Accomplishing these tasks means that multinational managers must understand more than the basics of national culture. They must understand how people from different nations view organizational strategies and organizations [2].

Multinationals deal with international management because most of their affiliated companies are situated in different parts of the world. International management is a special kind of management, the main objectives of which are the creation, development and use of the competitive advantages of the company due to the possibility of doing business in different countries, and the appropriate use of economic, social, demographic, cultural and other characteristics of these countries and croos-country collaboration.

Nowadays, business is set in global environment. Companies not only regard their locations or primary market bases, but also consider the rest of the world. In this context, more and more companies start to run multinational business in various parts of the world [3]. By following the globalization campaign, multinational companies' supply chain can be enriched, high costs work force can be transformed and potential markets can be expanded [4].

Consequently, competitive advantages of companies can be strengthened in a global market. The changed environments can be divided into four main aspects, namely, cultural environment, legal environment, economic environment and political system problems [3]. All the changed environments make problems to multinational companies. In particular, problems which are caused by changed culture environment are the most serious aspect of running a multinational business.

The political environment can foster or hinder economic developments and direct investments. This environment is ever-changing. For example, the political and economic philosophies of a nation's leader may change overnight. The stability of a nation's government, which frequently rests on the support of the people, can be very volatile. Various citizen groups with vested interests can undermine investment operations and opportunities. And local government may view foreign firms suspiciously [3; 4].

As for the legal environment, American federal government has put forth a number of laws that regulate the activities of U.S. firms engaged in international trade. However, once outside U.S. borders, American organizations are likely to find that the laws of the other nations differ from those of the U.S. Many legal rights that Americans take for granted do not exist in other countries; a U.S. firm doing business abroad must understand and obey the laws of the host country.

In the U.S., the acceptance of bribes or payoffs is illegal; in other countries, the acceptance of bribes and payoffs may not be illegal – they may be considered a common business practice. As a result, businesses engaging in international trade may need to take extra steps to protect their products because local laws may be insufficient to protect them [5].

Managers must monitor currency, infrastructure, inflation, interest rates, wages and taxation In assessing the economic environment in foreign countries, a business must pay particular attention to the following four areas: average income levels of the population, tax structure, inflation rates, fluctuating exchange rates.

Cultural differences, which can be very subtle, are extremely important. An organization that enters the international marketplace on virtually any level must make learning the foreign country's cultural taboos and proper cultural practices a high priority. If a business fails to understand the cultural methods of doing business, grave misunderstandings and complete lack of trust may occur [5].

Culture may impact what employees find motivating, as well as how they respond to rewards and punishments. For example, Americans tend to emphasize personal growth, accomplishment , and "getting what you deserve" for performance as the most important motivators. However, in Asian cultures, maintaining group solidarity and promoting group needs may be more important than rewarding individual achievement [5].

Language differences are particularly important, and international managers must remember that not all words are translated clearly into other languages. Many global companies have had difficulty crossing the language barrier, with results ranging from mild embarrassment to outright failure. For example, in regard to marketing, seemingly innocuous brand names and advertising phrases can take on unintended or hidden meanings when translated into other languages.

The technological environment contains the innovations, from robotics to cellular phones that are rapidly occurring in all types of technology. Before a company can expect to sell its product in other country, the technology of the two countries must be compatible [4; 6].

Companies that join forces with others will be able to quicken the pace of research and development while cutting the costs connected with utilizing the latest technology. Regardless of the kind of business a company is in, it must choose partners and locations that possess an available work force to deal with the applicable technology.

The result of the research may have practical application in studying and analyzing the role of multinationals and problems of international management.

Наук. керівн. Єніна Г. В.

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