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INTERNATIONAL BUSINESS ACTIVITY IN THE CONDITIONS OF GLOBAL CHALLENGES

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The international business is currently operating in the conditions of misbalances and asymmetries of global economic system that pose risks and threats for companies on international markets due to the growing uncertainties and unpredictability of external environment. These uncontrollable external factors, including political, economic, administrative, socio-cultural, technological, etc., exert a significant influence on the functioning and growth of firms (Fig. 1).

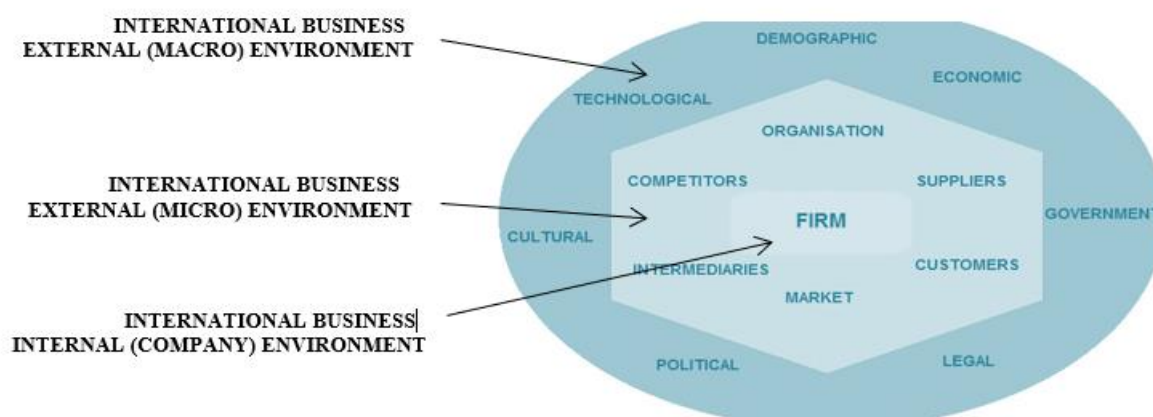


Figure 1. International business environment concept

Source: composed by author

According to the Global Risks Report published in 2023 by World Economic Forum the most severe risks for long – term perspective outlined by business within Global Risks Perception Survey are the following:

1. Cost- of-living crisis
2. Natural disasters and extreme weather
3. Goeconomic confrontation
4. Widespread cybercrime and cyber insecurity
5. Large-scale environmental damage incidents
6. Erosion of social cohesion and societal polarization
7. Failure to mitigate climate change
8. Natural resource crises
9. Natural resource crises
10. Failure of climate-change adaption [1]

The complex and rapid evolution of the global risks landscape is adding to a sense of unease. More than four in five Global Risks Perception Survey respondents

anticipated consistent volatility over the next two years at a minimum, with multiple shocks accentuating divergent trajectories [1].

Thus the international business faces a series of unprecedented global challenges with predominance of social and environmental risks, driven by underlying geopolitical and economic trends.

Amid global economic challenges – such as the war in Ukraine, supply chain disruptions and soaring food and energy prices – global growth is forecast to slow from 6% in 2021 to 3.2% in 2022 and 2.7% in 2023. This instability undermines real incomes, triggering a global cost-of-living crisis, particularly for vulnerable groups. Moreover, the rise in interest rates could further exacerbate an already dire situation and trigger a recession and a surge in unemployment, with signs of corporate layoffs making headlines [1].

In this respect the international business must adapt to the changing geopolitical and economic environment accordingly in order to survive and grow in these circumstances and to be competitive on international markets. That, in turn, leads to necessity to implement changes within the companies through implementing new technologies or restructuring the existed processes or introducing organizational transformations etc.

In this context change management is regarded as the structured approach employed by companies to deal with these transformations in order to achieve the appropriate goals.

The effective change management model is grounded upon the integrity and correlation of the following components, namely: Concept of changes – Process of changes – Readiness for changes (see Figure 2).

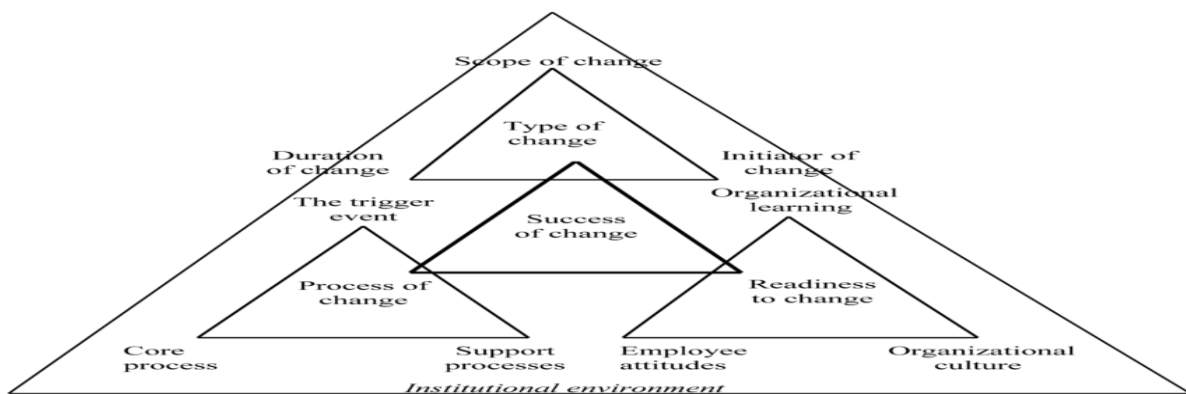


Figure 2 Triangle model of change

Source: [2]

The concept of changes implies the analysis of nature of changes, their scope and effects.

Change management process is the multi - phases process that presupposes the three basic phases, namely: Preparing for Change – Managing the Change – Reinforcing the Change (see Figure 3).

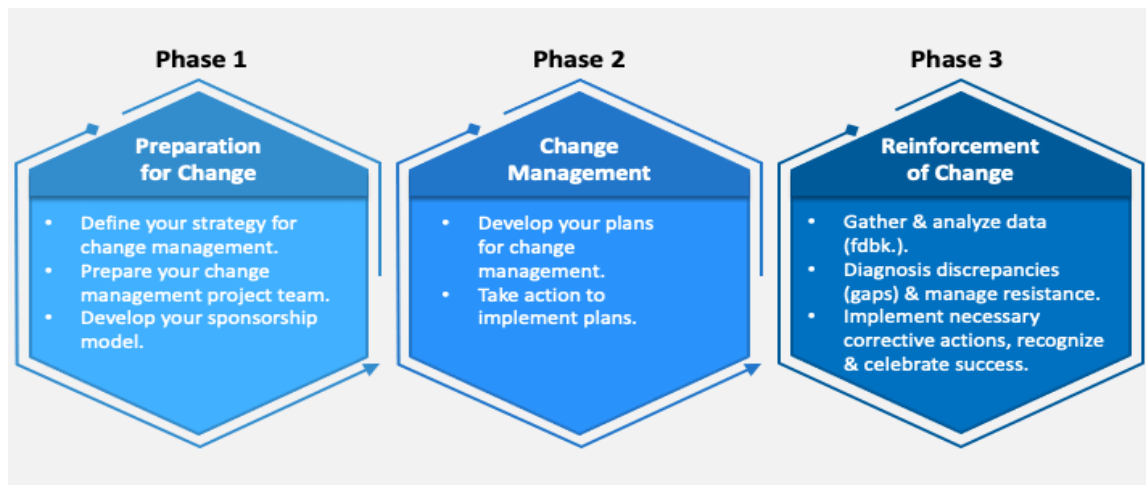


Figure 3. Basic phases of change management process

Source: composed by author

Readiness for changes demonstrates the willingness and preparation to accept and implement the respective changes.

Within the contemporary methodological approached to the change management the range of the change management models are differentiated that assist to develop more effective, strategic, and contextual change initiatives (see Table 1.).

Table 1.

Basic change management models

Model name	Peculiarities
Lewin's change management model	The change process presupposes three steps: -Unfreeze - the preparation stage that presupposes the analysis the current state and changes needed to get the intended results. - Change - the implementation phase that presupposes the realization of the changes in practice. - Refreeze – the revision stage that presupposes to develop a strategy to check in and make sure the change adopted.
The McKinsey 7-S model	The change framework based on a company's organizational design. It aims to depict how effectively to manage organizational change by strategizing around the interactions of seven key elements: structure, strategy, system, shared values, skill, style, and staff. The model's seven elements are not designed to be addressed in a specific order but rather assessed by how they affect each other so that weaknesses can be identified and changes can be further implemented.
ADKAR change management model	It is a bottom-up method that formulates five main goals to base the change management process on. Each letter in the acronym represents a goal to be reached as a company: <ul style="list-style-type: none"> • - Awareness (of the need to change) • - Desire (to participate in and support the change) • - Knowledge (on how to change) • - Ability (to implement required skills and behaviors) • - Reinforcement (to sustain the change) By putting the focus on employees, the ADKAR method limits resistance and thus speeds up implementation.

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Nudge theory	<p>The theory relies on subtle, indirect suggestions backed up by evidence so that employees will be nudged in the direction of change they desire. The premise is that “nudging” change is more effective than strictly enforcing change. The theory’s basic principles are the following:</p> <ul style="list-style-type: none"> - Define changes - Consider employee point of view - Provide evidence to show the best options - Present change as a choice - Listen to employee feedback - Limit options - Solidify change with short-term wins <p>Nudge theory allows employees to see the need for change for themselves and influence how it is made, making resistance less likely.</p>
Kübler-Ross change management framework	<p>it is based on the five stages of grief. By acknowledging that change is often met with emotional reactions (as opposed to more logic-based objections) during each of the method’s five stages:</p> <ul style="list-style-type: none"> • - Denial • - Anger • - Bargaining • - Depression • - Acceptance <p>Employees may move through these stages in random order and even repeat stages.</p>
Bridges transition model	<p>Similar to the Kübler-Ross Change Curve in that it focuses on the emotional reactions throughout a transition. While many models focus on the change itself, the Bridges’ model narrows in on the transition process by breaking it into three stages:</p> <ul style="list-style-type: none"> • Ending, losing, and letting go • The neutral zone • The new beginning <p>By anticipating the denial, anger, and frustration that comes with change, people are better guided towards the neutral zone, which is the bridge between the old and new.</p>
The Satir change management methodology	<p>It monitors the emotional progression of employees by tracking their performance through five stages:</p> <ul style="list-style-type: none"> - Late status quo - Resistance - Chaos - Integration - New status quo <p>Using a model with a phase called “chaos” might not seem enticing, but there are advantages to anticipating the negative reactions that generally accompany big changes. This model aims to avoid issues that arise when people get frustrated and give up on new processes.</p> <p>This approach acknowledges that many changes are abandoned due to resistance, confusion, and lack of communication, but it does not necessarily provide you with a roadmap to reinforced, sustained change.</p>

Kotter's Theory	<p>The change management process is divided into eight stages:</p> <ul style="list-style-type: none"> • Create a sense of urgency • Build the change team • Form a strategic vision • Communicate the vision • Remove barriers to change • Focus on short-term wins • Maintain momentum • Institute change <p>This top-down model neglects to include a stage that calls for employee feedback, so there is a risk that employee resistance will stall the process.</p>
Deming Cycle (PDCA)	<p>The Deming Cycle is also known as the Plan-Do-Check-Act (PDCA) cycle. This framework focuses on process improvement and is divided into four phases:</p> <ol style="list-style-type: none"> 1. Plan 2. Do 3. Check 4. Act <p>The four phases help to identify the issues that need addressing, tackle those problems through change, and check the implemented changes to see if further action or adjustment is needed.</p> <p>PDCA is called a cycle instead of a model because it is designed to work on a loop.</p>

Source: composed by author

Taking into account the unpredictability of global economic system the international business constantly faces the new challenges that appear with the regularly changes of external environment that affect companies of any size. Thus, companies go through periods of transition as they evolve. Each change requires the performance of activities that are needed to initiate the transformation process in the company order to survive and further grow in constantly changing conditions.

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