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**STRENGTHENING OF INTERNATIONAL ECONOMIC SECURITY
OF INTERNATIONAL BUSINESS ENTITIES**

A functional approach to the strategies of international business and international business processes innovative development has been formed. A functional model of improvement of the international economic safety through innovative development of countries within the framework of globalization has been built. A system of innovative development management of international business entities in terms of provision of international economic security has been suggested.

Keywords: security, entrepreneur, model.

Problem statement. *The innovative development of the world economy is the result of strategic implementation of economic development of countries, regions, corporations and enterprises of small and middle business, as well as a globalization requirement and simultaneously a prerequisite of economic security in the period of crisis. It is favoured by the activities of supranational institutions in the field of intellectual resources management on the global markets of hi-tech products.*

General globalization of world economy and internationalization of the economic activity of international business entities, which considerably increase the international competition, confront the national economies with necessity of defining the terms of their integration into the globalized world economic area.

Analysis of latest research and publications. *In P. P. Mykytiuk's opinion, this is nowadays implemented in two basic directions: either by subordination to the globalization process and by reducing the actual national economics to providing service within the world economic complex, or by parity inclusion into it which does not threaten the state sovereignty and ensures a decent place in the world labour distribution [7, p. 115]. However, according to the international marketing theory, business entities cannot gain competitiveness (especially at the international level as well as at the level of national economies and separate enterprises) once and forever. This index requires intensive efforts on the part of business entities (both national and international) as regards ongoing improvement of quality management systems of organizations, rapid and adequate reaction to any market changes of both external and internal environment.*

Dependence of global competitiveness of the national economy on the level of development of international innovative processes requires complete integration of modern national economies of economic development level into the international innovative process which is impossible under the absence of full value scientific and technological base and mechanisms of effective innovative development management in the country [1, 3, 5, 6].

The current research objective is to form a functional approach to the strategies of innovative development of international business and international business processes as a pacing factor of the world economic development.

Basic research results. *Notwithstanding the economic crisis, the world economy is enjoying dynamic development and does not resist, but is largely stimulating new needs of both manufacture (industry) and personal consumption, thus causing involvement of new resources, technologies and development strategies. In the process of innovative development of the world economy there is functional differentiation and general integration of global*

innovative system constituents, national innovative systems, their subsystems and elements particularly taking place in the sphere of international business, which facilitates disappearance of old and formation of new functions and their media as well as cooperation in space and time. Thus, the alteration of the set of functions between the agents of the global innovative process, taking place in the world business environment, causes the corresponding changes in the functional and structural organization of the international business and the strategies of its development. Consequently, the changes in the formation of methods, approaches, mechanisms and tools of implementing these strategies are taking place.

A strategy of innovative development of the international business can be viewed upon as a joint activity of separate and at the same time interrelated agents of the international business with the aim of gaining competitive advantages on the global markets regarding the choice of mechanisms and tools of reaching the set goals and determining priorities in the development, organization and management of the innovative activity. Innovations become the basis for the development of the global world economic system: companies consider innovations as an effective means of increasing the profit and gaining new market segments, and governments consider them to be a powerful means of accelerating the economic growth of the country due to boosting the international competitiveness on the global markets. In this connection the functions of the government within the innovative development of the international business are closely connected with strategic tasks, but are not limited to them.

In the world practice a state strategy is a system of goals setting political intentions, and it has to, in the first place, be developed by way of a comprehensive dialogue of all public institutions and citizens of the country, and, in the second place, have timelines for achieving the goals set by it as well as rely upon the resources available or being created [4, page 135]. Analysis of the state functions is called upon to cover the following issues:

- State functions at the current stage of their development and lines of their implementation*
- The object the efforts of the state authorities are to focus upon*
- Methods the strategic tasks in hand are to be implemented by*

A state, which does not have a mechanism of performing functions or which cannot perform its main functions properly, is unable to implement the chosen strategies within the framework of requirements of the innovative development of the international business. By means of functions a state implements its own tasks and goals due to which the functions exist not only objectively, but also potentially as a capability of certain activity. At the same time state functions appear, are exercised and developed in compliance with the tasks due to be implemented under certain economic conditions as a result of which the state functions are closely connected with each other and with the public relations which the state attempts to actively influence by means of its politics according to its needs. Therefore each country has to determine the level of state influence upon the development strategy of the national economy with account for the general trends of the global innovative process.

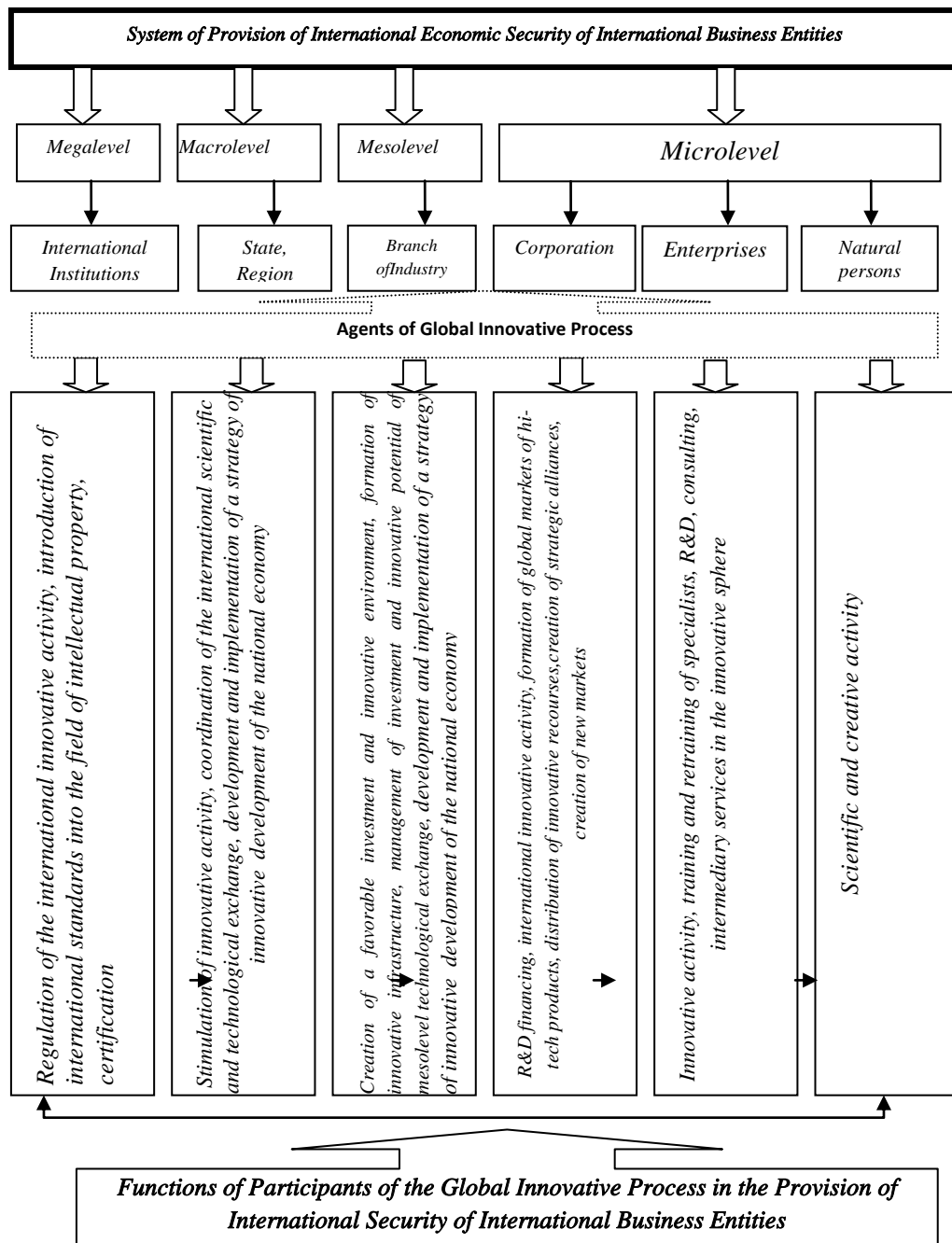
The strategy of innovative development of the international business, according to our understanding, is a synthesis of forms and methods of regulating international business entities which ensure the integration of various stages of the innovative process by effective use of basic constituents (intellect, information and recourses) in order to obtain international competitive advantages. Consequently, an effective way to bridge the gap between the types of strategies of innovative development of countries within the world economy will be development of a theoretic model invariant in both systems: managing and managed. Demand for such a model is associated with the necessity of strategic management of the international business development and its multidimensionality which enables harmonization of connections between the agents of international innovative activity in the process of implementation of both tactic and operational as well as strategic goals.

The suggested functional model of provision of international economic security of international business entities as key agents of the international business through the innovative development of countries in the age of globalization (Picture 1) has been developed with account for the typical functions performed by the agents of the global innovative process taking into consideration the economic levels of the international innovative business management within the framework of the international competitiveness.

It is especially important in the current context since significant increase of risk and danger of operating in the international business environment is typical for the processes of innovative development of the international business.

Still the functions of such model are not limited to the scientific and methodical approach which consists in comparing the managing and managed systems. They aim at boosting the convenience of its usage when considering the current events and revealing the peculiarities of behaviour and the factors causing them in order to timely react in the process of management of the international business entities' competitiveness. First and foremost, this refers to the competitiveness of the national economies, since this rating directly influences the competitiveness of other international business entities of these countries.

The application of the functional approach to the development and implementation of the strategy of innovative development of the international business entities is based upon the principle of the motivated participation of countries and agents of national economies in the international innovative activity (Table 1).



Picture 1. Functional model of boosting the international economic security through the innovative development of countries in the age of globalization

Table I

System of management of the international business entities' innovative development under the conditions of provision of international economic security

Specification of Management System	Levels of International Business Entities		
	Microlevel	Mesolevel	Macrolevel
Management Level	Enterprise	Branch of Industry	National Economy
Management Object	Innovative and investment international activity of an enterprise	Investment and innovative branch processes	Investment and innovative programmes of the state level of the national economic development
Place in the Object Management System	A constituent of the general strategy of enterprises competitiveness management in terms of their participation in the international business processes	A constituent of the general strategy of branch development and boosting the level of branch competitiveness	A constituent of the strategy of boosting competitiveness of the national economy by means of macropolitical and social-economic programmes of country development
Target	Maximization of a long-term (strategic) profit at the account of development, implementation and management of the innovative activity of an enterprise as a key constituent of its competitiveness	Maximization of branch profitability by forming a high investment and innovative potential of the branch	Boosting competitiveness of a country by implementing the innovative development of the national economy
Implementation Mechanism	Development of tactics and strategy of innovative process management	Development of a branch programme of investment and innovative potential management	Creation of a national innovative system and its integration into the global innovative process

Depending on scale of coverage the international economic security at various management levels involves a complex approach to formation of an implementation mechanism of an innovation focused development model of international business entities. The innovative development of international business entities provides for the innovative development of enterprises, corporations (macrolevel), branches, regions (mesolevel) and, correspondingly, the country and the national economy (macrolevel), that is all the levels of international entrepreneurship are covered: mega- (level of the world economic system), macro- (level of national economies of separate countries), meso- (branch level) and micro- (level of separate corporations, small and middle business entities).

Thus a management system of innovative development of international business entities has been developed and suggested. The said mechanism should be based upon a targeted cooperation between the state, regions,

branches and enterprises as agents of various levels of the international business.

As regards the effective usage of investment and innovative potential with the aim of boosting the general level of competitiveness of the national economy which, in its turn, will have to provide the formation of innovative potential of market entities and implementation of market strategies simultaneously with provision of the international business security. Investments into the entrepreneurial activity of international market entities are designed to secure the implementation of innovations and increase the profit of the international business entities and consequently their investment and innovative potential at all levels of international entrepreneurship as well as create conditions for international business security.

Thus the suggested mechanism should provide full control over the efficiency of innovation development and, correspondingly, the increase of investment attractiveness of an international business entity at various levels, since innovations shall not be unprofitable within the system of international innovation security. Any international business entity can afford a delay in receiving profit from the financed scientific activity, thus forming the basis for strategic efficiency and long-term profitable functioning in the international business environment. This definitely requires a positive commercial forecasting when financing the scientific and research works in any country within the framework of providing the international business security.

Based upon the fact that the innovative development is a constituent of the economic policy of any civilized country, its implementation mechanism is formed according to the development stage of the national economy with the focus on the modern all-world trends, experience of other countries and the corresponding theoretical and methodological grounds. The state has a direct and indirect influence upon the innovative activity in business. Thus the direct influence of the country on the development of innovative processes in the country is manifested through initiating an international innovative activity by forming strategic goals, defining priorities, developing conceptual ground for the innovative policy and state programmes, forming a financial budget etc.

Apart from this, it is obligatory to establish norms and rules of relations between the agents of this activity, that is between the state institutions and innovatively active agents of the international business of a certain country. In its turn, the indirect influence of the state on the innovative processes is determined by the opportuneness of the economic environment in terms of innovative activity activation and the level of infrastructure development which provides for the implementation of incentive measures and methods. Still, when determining the participation of the state in regulation of innovative and economic development of a country and international business entities, it is necessary to clearly limit its interference into this process and exclude the monopolistic role of the state in making decisions regarding the innovative development of the international business. As S. M. Illiashenko underlines, some needs are better satisfied within the framework of voluntary associations, others — through municipal power, and still others — by way of international agreements [2, p. 54-55].

Conclusions. At this point the mechanism of regulating the process of innovative development of an international business entity and

correspondingly of investment and innovative activity in most countries with transformational economy, namely in Ukraine, does not comply with the modern requirements of global competition in the world economic system which considerably undermines the competitiveness of an international business entity irrespective of its level thus reducing the level of its economic security. This being the case, it is necessary in the first place to provide for the formation of improvement system of management market tools of innovative development of international business local entities and expanding the limits of their innovative activity. This primarily refers to the marketing toolkit of provision of security of international business entities, since the formation of innovative model of international business development is aimed at focusing primary efforts not only on innovations but also on creation of the appropriate environment and maximum provision of conditions for reducing the risk of operation of an international business entity in the world economic space, which, in its turn, promotes boosting its international economic security.

That way, under the current conditions of development of Ukraine there is not only necessity, but also favorable prerequisites for activation of development of quite motivated innovative activity, which, in its turn, requires obligatory due account for all external factors acting within the country as well as for globalization factors of external nature.

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