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ADVANTAGES OF INTERNATIONALIZATION OF ENTERPRISES

Internationalization of enterprises, and as a result, the integration of national economies into the global world economic system is a powerful additional source of economic growth in countries with developing economies. The globalization of national economies is primarily due to internationalization, so the internationalization of the economy and the formation of internationalization strategies of enterprises are becoming more important.

Due to increased competition in the global market actual is a comprehensive research of all kinds of advantages, which enterprise can achieve using internationalization, and fundamental aspects of funding internationalization of enterprises.

The main purpose of research is to identify, reasoning and classification of the advantages of internationalization of enterprises as well during entry into foreign markets as exiting foreign markets.

The advantages of internationalization of enterprises can be systematized in five groups: 1) increase of sales; 2) achievement economies of scale activities (economies of expansion); 3) strength market position of the enterprises and reduce dependence on existing markets; 4) possibility of using differences and common characteristics of the domestic market compared to foreign markets; 5) applicability of the existing management experience in emerging markets and new experience activities.

Most researchers of internationalization of enterprises consider that increasing in sales is the most obvious advantage of the internationalization of enterprises. This is due to the expansion of markets through the entry of enterprises into foreign markets and supply of goods (works, services) to new client groups. In this case, the

level of competitive advantage in foreign markets are usually determined by the additional profits resulting from receiving additional revenue from sales in foreign markets.

Achievement economies of scale and effect of economies of expansion is directly linked to increasing the value of revenue from product sales, experience and the level of effectiveness of activities on large markets.

Entering foreign markets, the enterprise automatically reduces dependence on the performance of domestic market and on the performance of other foreign markets (assuming that previously carried out measures for internationalization). It allows the enterprise to provide a more stable market position already in the international market. Also, the enterprise improving its business relations with suppliers, distributors, customers and public authorities in different foreign markets, resulting in strengthening its market position. Enterprises which have a strong market position in the world market, have more opportunities to select suppliers and also can get an opportunity to agree on more favorable terms of cooperation with them.

The use of commercial differences and common characteristics of the domestic market compared to foreign markets, provided their activity in many foreign markets leads to: 1) increase sales, 2) reduce costs, 3) increase elasticity of activities, 4) reduce the risk.

These results of internationalization of enterprises will contribute to achievement of advantages as well at the entrance to foreign markets as exit of foreign markets.

Internationalization of enterprises is accompanied by necessary to perform additional costs which can be classified into three main groups: basic cost (cost of entering the foreign market), the costs of forming market position and operating (current) costs, which, in turn, are classified in transaction costs and costs for control and co-ordination.

Research of the internationalization of enterprises, methods of achievement and effective utilization is the way to success in the competition.

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