O. M. BEKETOV NATIONAL UNIVERSITY OF URBAN ECONOMY IN KHARKIV

Educational and Research School of Economics and Management

Department of Economic Theory and International Economics

EXPLANATORY NOTE

to the Master's Degree Qualification Thesis

on the topic: **"Conceptual Foundations and Applied Mechanisms for Developing a Strategy of Enterprise Entry into International Markets"**

Written by: 2nd year student, group M MiEk 2024-2a

Speciality: 051 Economics

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The student's master's degree qualification thesis has been completed in full accordance with the assigned task and the established requirements.

It is admitted to the defense in the examination committee

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O. M. BEKETOV NATIONAL UNIVERSITY OF URBAN ECONOMY IN KHARKIV

Institution Educational and Research School of Economics and Management
Department Economic Theory and International Economics
Education level Master's degree
Specialty 051 Economics

APPROVE
Head of Department Ю. Fедот Yuliia FEDOTOVA
October 6, 2025

ASSIGNMENT
FOR THE MASTER'S DEGREE QUALIFICATION THESIS
Cao XUFAN

1. Topic of Master's Degree Qualification Thesis	Conceptual Foundations and Applied Mechanisms for Developing a Strategy of Enterprise Entry into International Markets
Academic Supervisor: Hanna Rybak, PhD (Economics), Associate Professor	
approved by order of the higher education institution dated September 29, 2025, No. 871-03	
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The assignment was accepted by the student Cao XuFan Cao XUFAN

CALENDAR PLAN

№ by/ list	Name of the stages of the applicant's qualification (Master`s) thesis	Completion date of work stages	Note
1	Development of the plan for the applicant's qualification (Master's) thesis, literature review on the topic	06.10.25 – 12.10.25	Completed
2	Writing the theoretical and methodological section of the qualification (Master's) thesis	13.10.25 – 02.11.25	Completed
3	Writing the calculation and analytical section of the qualification (master's) thesis	03.11.25 – 16.11.25	Completed
4	Writing the recommendation section of the qualification (master's) thesis	17.11.25 – 25.12.25*	Completed
5	Verification of compliance with academic standards	05.02.26 – 15.02.26	Completed
6	Preparation of an explanatory note and verification of compliance with academic integrity principles	16.02.26 – 22.02.26	Completed
7	Preliminary defense and obtaining a review	23.02.26 – 26.02.26	Completed
8	Defense of the qualification (Master's) thesis	28.02.26	

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Student Cao XuFan Cao XUFAN

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Verification of compliance with academic standards

11.02.2026 Ю. Fmy Yuliia FEDOTOVA

ABSTRACT

The master's degree qualification thesis contains 78 pages (main part: 66 pages), 9 figures, 23 tables, 12 formulas, 114 sources used, appendices (A).

TOPIC OF THE QUALIFICATION THESIS: "Conceptual Foundations and Applied Mechanisms for Developing a Strategy of Enterprise Entry into International Markets"

SUBJECT OF RESEARCH: strategic decision-making processes and operational mechanisms that regulate the internationalization of enterprises.

OBJECT OF RESEARCH: international market entry strategies, entry mode selection processes, and cross-border business operations of Chinese and Ukrainian enterprises pursuing mutual market penetration.

PURPOSE OF THE THESIS: development of theoretical and methodological foundations and practical recommendations for enterprise internationalization strategy in the China-Ukraine economic corridor.

TASKS OF THE THESIS:

- examine theoretical approaches to enterprise internationalization, including the OLI paradigm, Uppsala model, Resource-Based View, and Transaction Cost Economics;
- research entry mode selection and governance structures in cross-border operations;
- develop mathematical models for transaction cost-based entry mode selection and multi-criteria decision frameworks;
- conduct foreign market screening, selection, and comprehensive risk assessment for China-Ukraine business contexts;
- analyze global-local marketing strategy configuration and partnership development mechanisms;
- investigate capability development and organizational learning for sustained international competitiveness;
- develop strategic frameworks incorporating SWOT analysis, competitive positioning, and value proposition design;
- design implementation roadmaps with organizational structures, resource assignment, and risk reduction strategies;
- construct performance management systems with KPI frameworks and continuous improvement methodologies;
- formulate practical recommendations for Chinese and Ukrainian enterprises, policymakers, and international institutions.

RESEARCH METHODS: systematic literature review and theoretical synthesis; mathematical modeling of entry mode selection based on transaction cost minimization and multi-criteria evaluation; comparative institutional analysis of regulatory frameworks; SWOT analysis and strategic positioning frameworks; market screening using multi-dimensional criteria; risk assessment matrices; graphical methods for data visualization and framework presentation; balanced scorecard methodology for performance management.

The results of the qualification study can be applied in the practical activities of companies in China and Ukraine that plan to conduct foreign economic activities, as well as to policymakers.

YEAR OF COMPLETION: 2025 YEAR OF DEFENSE: 2026

KEYWORDS: ENTERPRISE INTERNATIONALIZATION, ENTRY MODE SELECTION, MARKET SCREENING, RISK ASSESSMENT, MARKETING STRATEGY, CHINA-UKRAINE COOPERATION, OLI PARADIGM, UPPSALA MODEL, COMPETITIVE POSITIONING, CROSS-CULTURAL MANAGEMENT, STRATEGY IMPLEMENTATION, PERFORMANCE MANAGEMENT.

CONTENT

INTRODUCTION

The contemporary global economy is characterized by the intensifying internationalization of business activities, with enterprises of all sizes seeking competitive advantages through cross-border operations. International market entry represents a critical strategic decision that fundamentally shapes firm performance, resource allocation, and long-term competitive positioning. However, the internationalization process involves substantial complexity, uncertainty, and risk—requiring systematic frameworks for market selection, entry mode choice, partner evaluation, and operational implementation.

The China-Ukraine economic corridor presents a particularly compelling context for examining enterprise internationalization strategies. As one of the world's largest economies and a central hub of global value chains, China offers enormous market opportunities for Ukrainian enterprises seeking scale, technology partnerships, and export growth. Conversely, Ukraine's strategic location at the crossroads of European and Eurasian markets, combined with significant natural resources, agricultural capacity, and engineering expertise, is attracting significant Chinese investment under the Belt and Road Initiative. Bilateral trade between China and Ukraine exceeded $19 billion in 2023, with significant growth potential in the infrastructure, agriculture, technology, and energy sectors.

Even considering these opportunities, China-Ukrainian business cooperation faces significant challenges. The countries exhibit significant institutional distance, with different legal systems, regulatory frameworks, business practices, and cultural norms. Chinese enterprises entering Ukraine must navigate post-conflict reconstruction dynamics, European integration processes, and perceptions regarding Chinese investment motivations. Ukrainian firms entering China confront intense domestic competition, complex regulatory environments, guanxi-based business networks, and substantial cultural distance. Both directions require sophisticated strategic frameworks addressing market assessment, entry mode selection, risk mitigation, partnership development, and operational management.

The existing literature on internationalization provides a valuable theoretical framework through concepts such as Dunning's OLI paradigm, the Uppsala model, transaction cost economics, and the resource-based approach. Major research has disproportionately focused on the expansion of developed-market multinational corporations into other developed or emerging markets. Far less attention is paid to South-South cooperation, emerging-transition economy dyads, or the specific institutional and strategic dynamics characterizing China-Ukraine business relationships. This gap creates practical challenges for enterprises and policymakers seeking evidence-based guidance for this bilateral corridor.

Furthermore, while theoretical foundations explain why firms enter international markets and what factors influence the choice of entry mode, practical implementation requires operational mechanisms – systematic processes of market screening, risk assessment, marketing strategy configuration, partner selection, governance structure development, capacity building, and effective management. The implementation of theoretical foundations with applied mechanisms remains underexplored, especially for contexts characterized by asymmetric levels of development, institutional distance, and geopolitical complexity.

Purpose and tasks of the research. The purpose of this master's thesis is to develop theoretical and methodological foundations and practical recommendations for enterprise internationalization strategy in the China-Ukraine economic corridor.

To achieve this purpose, the following tasks were set:

1. Examine theoretical approaches to enterprise internationalization, including the OLI paradigm, Uppsala model, Transaction Cost Economics, and Resource-Based View;
2. Analyze entry mode selection and governance structures in cross-border operations;
3. Develop mathematical models for transaction cost-based entry mode selection and multi-criteria decision frameworks;
4. Conduct foreign market screening, selection, and comprehensive risk assessment for China-Ukraine business contexts;
5. Analyze global-local marketing strategy configuration and partnership development mechanisms;
6. Investigate capability development and organizational learning for sustained international competitiveness;

7. Develop strategic frameworks incorporating SWOT analysis, competitive positioning, and value proposition design;

8. Design implementation roadmaps with organizational structures, resource allocation, and risk mitigation strategies;

9. Construct performance management systems with KPI frameworks and continuous improvement methodologies;

10. Formulate practical recommendations for Chinese and Ukrainian enterprises, policymakers, and international institutions.

Subject of research: strategic decision-making processes and operational mechanisms that regulate the internationalization of enterprises.

The research objective is international market entry strategies, entry mode selection processes, and cross-border business operations of Chinese and Ukrainian enterprises pursuing mutual market penetration.

Research methods. To accomplish the research objectives, a complex of general scientific and special methods was employed. A systematic approach was applied to investigate the interconnections between theoretical internationalization frameworks and practical implementation mechanisms. Analysis and synthesis were used to examine individual components of internationalization strategy (market selection, entry mode choice, risk assessment, marketing configuration) and integrate them into comprehensive strategic frameworks. Mathematical modeling enabled the formalization of entry mode selection based on transaction cost minimization and multi-criteria evaluation. A comparative analysis was employed to evaluate alternative strategic options, entry modes, and marketing approaches across the China-Ukraine context. SWOT analysis provided a structured assessment of internal capabilities and external environmental factors. The graphical method facilitated visualization of frameworks, decision processes, and strategic positioning. Case study analysis examined real-world examples of Chinese and Ukrainian enterprise internationalization. Expert evaluation informed qualitative assessments of strategic options and risk factors where quantitative data were limited.

Scientific novelty of the obtained results. The thesis provides several contributions to internationalization theory and practice:

1. Theoretical integration: The research synthesizes multiple internationalization frameworks (OLI paradigm, Uppsala model, Transaction Cost Economics, Resource-Based View, Dynamic Capabilities) into an integrated conceptual foundation specifically applicable to emerging and transition economy contexts. While each framework offers valuable insights on its own, their integration provides more comprehensive explanatory and predictive power for complex bilateral relationships like China-Ukraine.

2. Mathematical formalization: The thesis develops formal mathematical models for entry mode selection based on transaction cost minimization and multi-criteria evaluation, incorporating asset specificity, uncertainty, frequency, control benefits, and risk factors. These models enable systematic, replicable decision-making processes that can be adapted to various contexts and parameterized with firm-specific and market-specific data.

3. Context-specific frameworks: The research constructs comprehensive strategic frameworks tailored to the unique characteristics of China-Ukraine bilateral business—addressing asymmetric development levels (large vs. small economy), institutional differences (market economy with Chinese characteristics vs. post-Soviet transition), cultural distance, and geopolitical complexities. These context-specific frameworks complement universal internationalization theory by addressing particularities that are often underexplored in the mainstream literature.

4. Operational Mechanisms: The thesis bridges the gap between theoretical frameworks that explain the "why" and "what" and operational mechanisms that address the "how" by providing systematic processes for market screening, risk assessment, marketing strategy configuration, partner selection, governance development, and effective management. Such engagement with the findings will enhance the scientific vision and management application capabilities.

Practical relevance of the results. The study offers tools and effective frameworks that will be applied by different groups of stakeholders: businesses, policymakers, consultants and intermediaries.

The frameworks developed herein are adaptable to other emerging market dyads characterized by institutional distance, asymmetric development, and significant bilateral economic potential—including China's relationships with other Belt and Road Initiative partners, Ukraine's integration with EU markets, and broader cooperation contexts.

Approval of research results. The main provisions and results of the qualification thesis were presented and discussed at the 5th International Scientific and Practical Internet Conference «Mechanisms of Scientific and Technical Potential Development» (November 13-14, 2025, Dnipro, Ukraine), where the paper "Conceptual Foundations and Applied Mechanisms for Developing a Strategy of Enterprise Entry into International Markets " co-authored by Rybak H., was published in the conference proceedings (Appendix A).

Structure and scope of the thesis. The master's degree qualification thesis consists of an introduction, three chapters, a conclusion, a list of references (114 sources), and appendices. The full scope of the work is 78 pages (main part: 66 pages), including 9 figures, 23 tables, 12 formulas, and 1 appendices.

CHAPTER 1
THEORETICAL FOUNDATIONS OF ENTERPRISE INTERNATIONALIZATION STRATEGIES

1.1 Conceptual Frameworks for Understanding International Market Entry

The process of enterprise internationalization represents a complex strategic decision that requires a comprehensive theoretical understanding and systematic analytical frameworks. This chapter examines the foundational theories that explain why, how, and when firms expand into foreign markets, providing the conceptual basis for subsequent empirical analysis of China-Ukraine business cooperation.

1.1.1. The Eclectic (OLI) Paradigm

The Eclectic Paradigm, originally developed by John Dunning in 1976, provides a comprehensive framework for analyzing the determinants of foreign direct investment (FDI) and international production [1]. The OLI model integrates three interdependent theoretical perspectives: ownership advantages (O), location advantages (L), and internalization advantages (I), which collectively explain the extent, form, and pattern of international value-adding activities [2].

Ownership Advantages (O-advantages) refer to firm-specific assets and capabilities that enable a company to compete effectively in foreign markets despite the liability of foreignness. These advantages may include [3]:

- Proprietary technology and innovation capabilities
- Brand reputation and market knowledge
- Managerial and organizational competencies
- Economies of scale and scope
- Access to preferential inputs or capital

Location Advantages (L-advantages) represent the attractiveness of a particular geographic market for conducting business activities. These include [3]:

- Market size and growth potential
- Factor endowments (labor, natural resources, infrastructure)

- Institutional quality and regulatory environment
- Cultural and psychic distance
- Trade barriers and investment incentives

Internalization Advantages (I-advantages) explain why firms prefer to internalize cross-border transactions within their organizational hierarchy rather than licensing or selling their advantages to independent entities. The decision to internalize is driven by [4; 5]:

- Transaction costs associated with external markets
- Risk of knowledge dissemination and opportunistic behavior
- Quality control and coordination requirements
- Government-imposed market imperfections

Table 1.1

The OLI Paradigm: Advantages and Corresponding Entry Modes

Advantage Type	Key Determinants	Preferred Entry Mode	Risk Level
Ownership (O)	Technology, brand, management	FDI, wholly-owned subsidiary	High control
Location (L)	Market size, resources, institutions	Local production, JV	Medium
Internalization (I)	Transaction costs, knowledge protection	Vertical integration	Low risk sharing
O+L+I (all present)	Full advantages portfolio	Greenfield investment, acquisition	High commitment

Source: Compiled by the author based on [1, 2, 3]

The OLI framework has been particularly useful in analyzing Chinese enterprise internationalization. Chinese firms entering Eastern European markets, including Ukraine, often leverage cost advantages (O), access to strategic resources and new markets (L), while minimizing transaction costs through wholly-owned subsidiaries or acquisitions (I) [6].

The Uppsala Internationalization Model, developed by Johanson and Vahlne (1977), presents an alternative behavioral perspective emphasizing the evolutionary and incremental nature of internationalization [7]. Unlike the rational economic perspective of the OLI paradigm, the Uppsala model focuses on experiential learning and incremental commitment as firms gradually expand internationally.

The original model identifies four key stages of internationalization [8]:

1. No regular export activities (sporadic export)
2. Export via independent representatives (agents)
3. Establishment of an overseas sales subsidiary
4. Overseas production/manufacturing units

Central to the Uppsala model is the concept of psychic distance, defined as "factors preventing or disturbing the flow of information between firm and market" [9]. Psychic distance encompasses cultural, linguistic, institutional, and educational differences that affect the acquisition of market knowledge. Firms typically internationalize first to countries with low psychic distance, gradually moving to more distant markets as they accumulate experiential knowledge [10].

The 2009 revision of the Uppsala model by Vahlne and Johanson shifted focus from psychic distance to network relationships, emphasizing that internationalization is driven by building, maintaining, and leveraging business networks rather than simply overcoming distance [11]. This revision is particularly relevant for understanding China-Ukraine business relations, where government initiatives (such as the Belt and Road Initiative) and institutional networks play crucial facilitating roles.

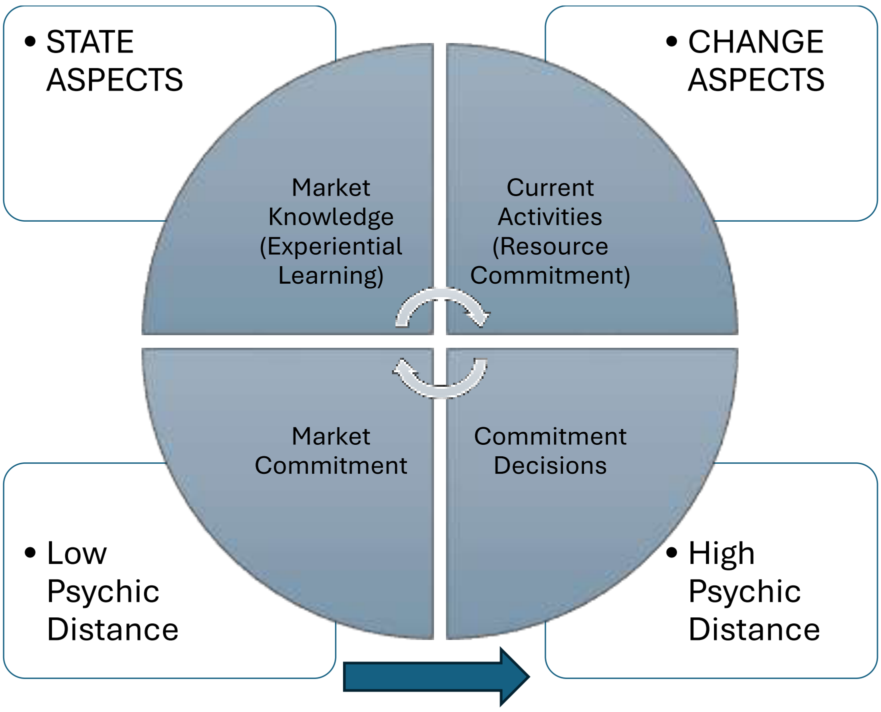


Figure 1.1. The Uppsala Internationalization Process Model. *Source: Adapted from Johanson and Vahlne (1977) [7]*

The Uppsala model has been criticized for failing to explain the rapid internationalization of "born global" firms and emerging-market multinationals [12]. Nevertheless, it remains valuable for understanding traditional manufacturing enterprises and resource-seeking investments, which characterize much of China-Ukraine economic cooperation.

Transaction Cost Economics, pioneered by Oliver Williamson (1975), provides a theoretical lens for analyzing entry mode selection based on the relative efficiency of different governance structures [13]. The fundamental premise is that firms choose entry modes that minimize the sum of production and transaction costs [14].

Transaction costs arise from three primary sources [15]:

1. Asset specificity: The degree to which investments are specialized to a particular transaction and have limited alternative uses
2. Uncertainty: Environmental and behavioral uncertainty regarding future contingencies and partner opportunism
3. Frequency: The recurrence of transactions, which influences the cost-benefit of specialized governance structures

According to TCE, as asset specificity and uncertainty increase, firms prefer hierarchical governance (wholly-owned subsidiaries) over market-based arrangements (licensing, contracting) to reduce transaction costs and minimize opportunistic behavior [16]. Anderson and Gatignon (1986) formally modeled entry mode choice as a trade-off between control and cost of resource commitment [17].

Mathematical Model 1.1: Transaction Cost-Based Entry Mode Selection

Let us formalize the entry mode selection problem based on transaction cost minimization. Assume a firm faces *n* possible entry modes, indexed by *i* = 1, 2, ..., *n*, where higher values of *i* represent more integrated modes (e.g., 1 = exporting, 2 = licensing, 3 = joint venture, 4 = wholly-owned subsidiary).

Step 1: Define the Total Cost Function

For each entry mode *i*, the total cost *TC(i)* consists of production costs *PC(i)* and transaction costs *TRC(i):*

$$TC_i = PC_i + TRC_i \tag{1.1}$$

Step 2: Specify Transaction Cost Components

Transaction costs are a function of asset specificity (*AS*), uncertainty (*U*), and frequency (*F*):

$$TRC_i = \alpha_i \cdot AS + \beta_i \cdot U + \gamma_i \cdot F + \delta_i \tag{1.2}$$

where *α(i)*, *β(i)*, *γ(i)* are mode-specific sensitivity coefficients, and *δ(i)* is a constant representing fixed transaction costs.

Step 3: Model Control and Flexibility

Higher integration modes provide greater control (*C(i)*) but require higher resource commitment (*R(i)*). Define a control-adjusted benefit function:

$$B_i = \theta \cdot C_i - \lambda \cdot R_i \tag{1.3}$$

where *θ* represents the firm's valuation of control, and *λ* represents the cost of capital.

Step 4: Optimal Entry Mode Selection

The firm selects the entry mode *i** that maximizes net value:

$$i^* = \arg\max_i (B_i - TC_i) \tag{1.4}$$

Substituting the expressions:

$$i^* = \arg\max_i [\theta \cdot C_i - \lambda \cdot R_i - PC_i - (\alpha_i \cdot AS + \beta_i \cdot U + \gamma_i \cdot F + \delta_i)]$$

Step 5: Comparative Statics

Taking the derivative with respect to asset specificity:

$$\frac{\partial(B_i - TC_i)}{\partial AS} = -\alpha_i \tag{1.5}$$

Since *α(i)* decreases as integration increases (i.e., *α(1) > α(2) > α(3) > α(4)*), higher asset specificity favors more integrated entry modes.

Interpretation: When asset specificity (*AS*) is high, as in technology-intensive or brand-sensitive industries, firms prefer wholly-owned subsidiaries (high *i*) to protect proprietary assets. Conversely, when *AS* is low, exporting or licensing becomes more attractive due to lower resource commitment [18].

This model provides a systematic framework for analyzing China-Ukraine business entry decisions. For instance, Chinese technology firms entering Ukraine with specialized innovations would prefer to set up wholly owned subsidiaries, while Ukrainian agricultural exporters to China might use simpler export arrangements.

The Resource-Based View (RBV), articulated by Barney (1991), shifts focus from external market conditions to internal firm resources and capabilities as sources of competitive advantage [19]. According to RBV, firms achieve sustained competitive advantage through resources that are valuable, rare, inimitable, and non-substitutable (VRIN) [20].

In the context of internationalization, RBV suggests that firms expand internationally to exploit their superior resources and capabilities across multiple markets, thereby achieving economies of scope [21]. Key internationalization resources include [22]:

- Technological capabilities: R&D, innovation, and product development;
- Marketing capabilities: Brand management, customer relationship, distribution networks;
- Organizational capabilities: Management systems, corporate culture, learning mechanisms;
- Financial resources: Access to capital, financial management expertise.

Dynamic Capabilities extend RBV by focusing on the firm's ability to "integrate, build, and reconfigure internal and external competences to address rapidly changing environments" [23]. Teece (2014) identifies three core dynamic capabilities for multinational enterprises [24]:

1. Sensing: Identifying opportunities and threats in foreign markets.
2. Seizing: Mobilizing resources to capture opportunities through strategic decisions.
3. Transforming: Continuous renewal and reconfiguration to maintain competitiveness.

A comparison of models of enterprise internationalization is presented in Table 1.2.

For Chinese and Ukrainian enterprises, dynamic capabilities are essential for adapting to each other's distinct institutional contexts, consumer preferences, and competitive landscapes.

Table 1.2

Comparison of Theoretical Frameworks for Internationalization

Theory	Core Focus	Key Assumptions	Entry Mode Prediction	Applicability to China-Ukraine
OLI Paradigm	Advantages of FDI	Rational economic decision	FDI when O+L+I present	High: explains resource-seeking investment
Uppsala Model	Gradual learning	Incremental commitment	Sequential stages	Medium: limited for rapid Chinese expansion
TCE	Transaction costs	Efficiency maximization	Minimize transaction costs	High: useful for mode choice analysis
RBV/Dynamic Capabilities	Firm resources	Heterogeneous resources	Leverage superior capabilities	High: explains competitive positioning

Source: Compiled by the author based on [1, 7, 13, 19, 24]

Firms must continuously learn from market experiences and adjust strategies accordingly [25].

1.2 Entry Mode Selection and Governance Structures in Cross-Border Operations

International market entry modes can be systematically classified along multiple dimensions, reflecting varying levels of resource commitment, risk exposure, control, and flexibility [26]. The most fundamental distinction is between non-equity modes and equity modes (Figure 1.2) [27].

Contemporary research identifies multiple factors influencing entry mode decisions, which can be organized into three levels [29]:

Firm-Level Factors:

- International experience and capabilities
- Size and availability of resources
- Product characteristics and differentiation
- Strategic motivations (market-seeking, resource-seeking, efficiency-seeking)

Industry-Level Factors:

- Competitive intensity and rivalry

- Technology intensity and IP sensitivity
- Regulatory requirements and restrictions
- Value chain characteristics

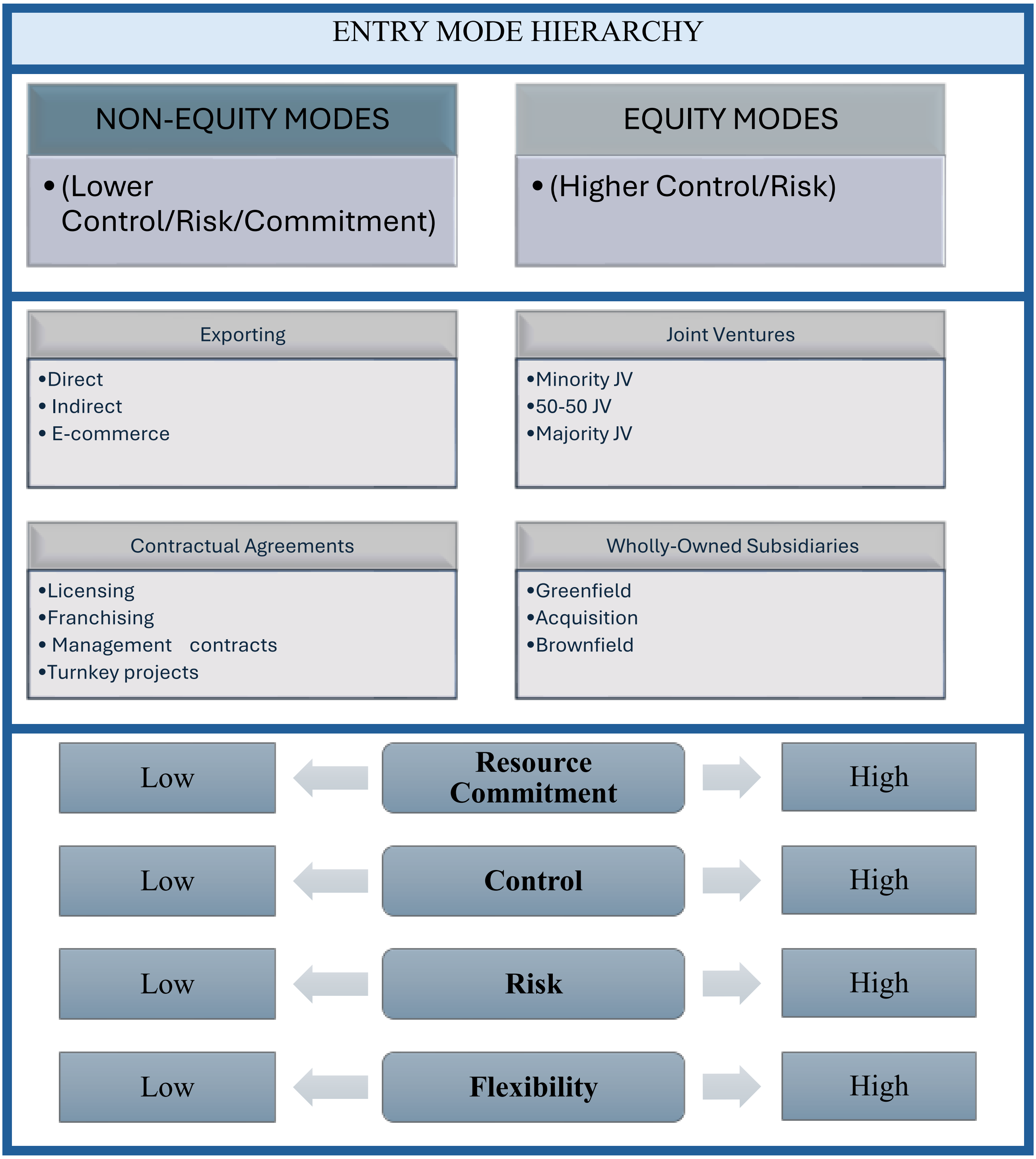


Figure 1.2. Classification of International Entry Modes. *Source: Developed by the author based on [26, 27, 28]*

Country-Level Factors:

- Market size and growth potential
- Political and economic risk

• Cultural and institutional distance

Infrastructure quality and business environmentBased on the research, we can propose a mathematical model for selecting the entry mode based on multiple criteria. Building on the transaction cost model, we develop a comprehensive multi-criteria decision-making framework that incorporates firm, industry, and country factors.

Mathematical Model 1.2: Multi-Criteria Entry Mode Selection Framework

Step 1: Define Decision Variables

Let $M = \{m_1, m_2, ..., m(k)\}$ represent the set of feasible entry modes for a specific firm-market combination.

Step 2: Identify Evaluation Criteria

Define n evaluation criteria $C = \{c_1, c_2, ..., c(n)\}$ representing key determinants. Examples include:

• c_1 = Required capital investment

• c_2 = Level of operational control

• c_3 = Market knowledge requirements

• c_4 = Risk exposure

• c_5 = Speed to market

• c_6 = Profit potential

Step 3: Construct Performance Matrix

Create a performance matrix P where element $p$ij represents the performance of entry mode mi on criterion cj:

$$P = \begin{bmatrix} p_{11} & p_{12} & \cdots & p_{1n} \\ p_{21} & p_{22} & \cdots & p_{2n} \\ \vdots & \vdots & \ddots & \vdots \\ p_{k1} & p_{k2} & \cdots & p_{kn} \end{bmatrix} \tag{1.6}$$

Step 4: Normalize Performance Scores

For benefit criteria (higher is better), normalize as:

$$r_{ij} = \frac{p_{ij}}{max_i\, p_{ij}} \tag{1.7}$$

For cost criteria (lower is better), normalize as:

$$r_{ij} = \frac{min_i P_{ij}}{p_{ij}} \tag{1.8}$$

This yields a normalized matrix *R*.

Step 5: Assign Criteria Weights

Determine importance weights *w*j for each criterion, where:

$$\sum_{j=1}^{n} w_j = 1, 0 \leq w_j \leq 1 \tag{1.9}$$

Weights can be determined through the Analytic Hierarchy Process (AHP), expert judgment, or managerial priorities.

Step 6: Calculate Weighted Performance Scores

Compute the overall performance score *S*(i) for each entry mode:

$$S_i = \sum_{j=1}^{n} w_j \cdot r_{ij} \tag{1.10}$$

Step 7: Select Optimal Entry Mode

Choose the entry mode with maximum weighted performance:

$$m^* = \arg \max_{m_i \in M} S_i \tag{1.11}$$

Application Example: Ukrainian Tech Company Entering China

Consider a Ukrainian software company evaluating three entry modes for the Chinese market:

- m_1 = Export via online platforms
- m_2 = Joint venture with Chinese partner
- m_3 = Wholly-owned representative office

Using six criteria with hypothetical normalized scores and weights:

Table 1.3

Entry Mode Evaluation Matrix

Entry Mode	Investment (*w*=0.2)	Control (*w*=0.25)	Market Knowledge (*w*=0.15)	Risk (*w*=0.15)	Speed (*w*=0.15)	Profit Potential (*w*=0.1)	Total Score
Export (m_1)	0.9	0.5	0.4	0.8	0.9	0.5	0.67
JV (m_2)	0.6	0.7	0.9	0.7	0.7	0.8	0.71
WOS (m_3)	0.4	1.0	0.6	0.5	0.5	1.0	0.68

Source: Calculated by the author

$$S_1 = 0.2(0.9) + 0.25(0.5) + 0.15(0.4) + 0.15(0.8) + 0.15(0.9) + 0.1(0.5) = 0.67$$

$$S_2 = 0.2(0.6) + 0.25(0.7) + 0.15(0.9) + 0.15(0.7) + 0.15(0.7) + 0.1(0.8) = 0.71$$

$$S_3 = 0.2(0.4) + 0.25(1.0) + 0.15(0.6) + 0.15(0.5) + 0.15(0.5) + 0.1(1.0) = 0.68$$

Result: Joint venture (m_2) achieves the highest score (0.71), suggesting it is the optimal entry mode given this firm's priorities and circumstances. The JV mode balances the need for local market knowledge (score 0.9), reasonable control (0.7), and acceptable risk levels (0.7), while requiring moderate investment [30].

This mathematical framework provides a systematic, transparent approach to entry mode selection, allowing managers to explicitly consider multiple criteria and conduct sensitivity analysis on weight assumptions. For China-Ukraine business contexts, this model can be adapted to reflect specific institutional, cultural, and strategic considerations.

China-Ukraine bilateral economic relations have evolved significantly since the establishment of diplomatic relations in 1992. The entry mode patterns reflect both countries' economic structures, institutional environments, and strategic priorities [31].

Chinese Investment in Ukraine has predominantly taken the following forms [32]:

- State-owned enterprises (SOEs) implementing infrastructure and resource projects through investments in new areas of activity and joint ventures;
- Agricultural investments combining land leasing, contract farming, and minority joint ventures with Ukrainian agribusinesses;
- Technology acquisitions targeting Ukrainian aerospace, defense, and machinery sectors;
- Trade and distribution, establishing representative offices and trading companies.

Ukrainian Investment in China remains more limited but includes [33]:

- IT and software services primarily through sales offices and partnership agreements;
- Agricultural exports via Chinese import agents and distributors;
- Engineering services in the aerospace and machinery sectors through contractual arrangements;
- Educational and cultural exchange representative offices of Ukrainian universities.

The asymmetry in bilateral investment reflects the significant differences in economic scale, institutional development, and international experience between Chinese and Ukrainian enterprises. Chinese firms possess greater financial resources and government support, enabling more substantial equity commitments, while Ukrainian firms often face capital constraints and limited knowledge of Chinese market complexities [34].

This chapter has established the theoretical foundations for understanding enterprise internationalization strategies. The OLI paradigm, Uppsala model, TCE, and RBV provide complementary perspectives on why, how, and when firms expand internationally. The mathematical models developed herein offer systematic frameworks for entry mode selection based on transaction cost minimization and multi-criteria evaluation. Understanding these theoretical foundations is essential for analyzing the practical mechanisms of international market entry, which is the focus of Chapter 2.

CHAPTER 2
APPLIED MECHANISMS FOR INTERNATIONAL MARKET ENTRY: CHINA-UKRAINE PERSPECTIVE

2.1 Foreign Market Screening, Selection, and Risk Assessment

Building upon the theoretical foundations established in Chapter 1, this chapter examines the practical mechanisms and analytical tools for international market entry, with specific application to China-Ukraine business cooperation. The chapter addresses foreign market screening and selection, risk assessment methodologies, and the configuration of marketing strategy—all critical components of successful internationalization.

International Market Selection (IMS) is a critical strategic decision that determines where a firm allocates its limited resources for international expansion [35]. The IMS process involves systematically evaluating and comparing potential foreign markets to identify those offering the greatest strategic fit and profit potential [36].

The market selection process typically follows a funnel approach, progressively narrowing the set of potential markets through multiple screening stages [37]:

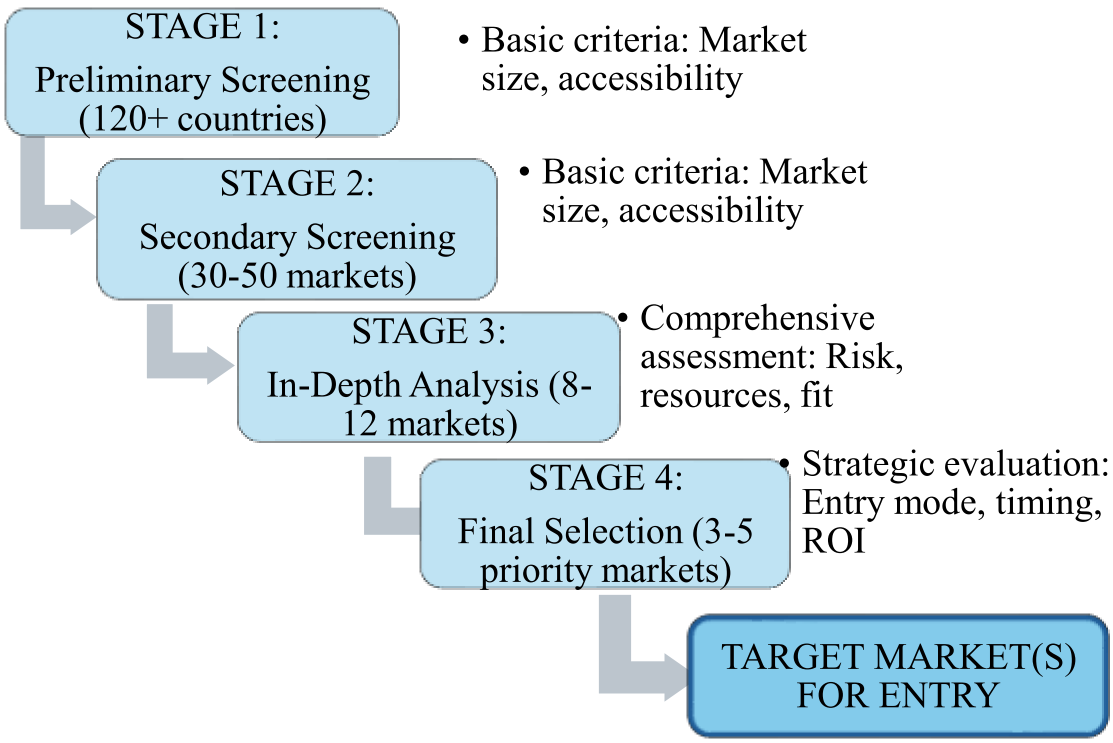


Figure 2.1. The International Market Selection Funnel. *Source: Adapted from [36, 37]*

Effective market selection requires systematic evaluation across multiple dimensions. Sakarya, Eckman, and Hyllegard (2007) propose a framework specifically designed for emerging markets, emphasizing four key criteria [38]:

1. Market size and growth potential
2. Market intensity and purchasing power
3. Commercial infrastructure quality
4. Economic freedom and market receptivity

For the China-Ukraine bilateral market evaluation, we expand this framework to incorporate institutional, cultural, and strategic factors particularly relevant to these two countries (Table 2.1).

To illustrate the application of market evaluation criteria, we compare key macro-level indicators for China and Ukraine to provide context for bidirectional business entry decisions (Table 2.2).

Key Insights:

- For Chinese firms entering Ukraine: Market size is limited but offers opportunities in agriculture, infrastructure reconstruction, and technology sectors with less intense competition compared to mature markets.
- For Ukrainian firms entering China: Enormous market potential but requires substantial resources, local partnerships, and adaptation strategies to navigate complex regulatory environments and intense competition.

Beyond macro-level indicators, firms must conduct industry-specific analysis to assess competitive dynamics and sectoral attractiveness. The competitive intensity varies significantly across industries in both China and Ukraine [44].

Table 2.1

Comprehensive Market Evaluation Criteria for China-Ukraine Context

Dimension	Criteria	Indicators	Data Sources
Market Attractiveness	Market size	GDP, population, market capitalization	World Bank, IMF
	Growth potential	GDP growth rate, industry growth	National statistics
	Consumer purchasing power	GDP per capita, disposable income	OECD, Eurostat
Competitive Environment	Market concentration	HHI index, top firm market shares	Industry reports
	Competitive intensity	Number of competitors, price competition	Market research
	Barriers to entry	Licensing requirements, capital intensity	Government sources
Institutional Quality	Political stability	Political Risk Index	PRS Group ICRG
	Regulatory quality	Ease of Doing Business rank	World Bank
	Legal protection	Property rights, contract enforcement	Heritage Foundation
	Corruption level	Corruption Perceptions Index	Transparency International
Cultural & Psychic Distance	Language differences	Linguistic similarity index	Custom calculation
	Cultural dimensions	Hofstede's cultural dimensions	Hofstede Insights
	Business practice norms	Negotiation styles, relationship importance	Academic literature
Infrastructure Quality	Transportation	Logistics Performance Index	World Bank
	Digital infrastructure	Internet penetration, e-commerce readiness	ITU, UNCTAD
	Financial system	Banking sector development, capital markets	Global Findex
Strategic Considerations	Government relations	Bilateral trade agreements, diplomatic ties	Government sources
	Supply chain integration	Geographic proximity, trade flows	UN Comtrade
	Resource complementarity	Factor endowments, comparative advantages	Academic analysis

Source: Developed by the author based on [35, 38, 39]

China's Priority Sectors for Foreign Entry:

- High-tech manufacturing: Semiconductors, electric vehicles, renewable energy;
- Consumer services: Healthcare, education, elderly care;
- Digital economy: E-commerce, fintech, artificial intelligence;
- Environmental services: Pollution control, waste management.

Ukraine's Priority Sectors for Foreign Entry:

- Agribusiness: Crop production, food processing, agricultural machinery;
- IT and software development: Outsourcing, cybersecurity, blockchain;
- Infrastructure: Transportation, energy, logistics;
- Aerospace and defense: Engineering, manufacturing components(Table 2.3).

Table 2.2

Comparative Market Indicators: China and Ukraine (2023-2024)

Indicator	China	Ukraine	Interpretation for Market Entry
GDP (current USD)	$17.9 trillion	$160.5 billion	China offers a massive market scale; Ukraine offers niche opportunities
GDP Growth Rate	5.2% (2023)	5.3% (2023 est.)	China: stable growth; Ukraine: recovery phase with reconstruction potential
Population	1.41 billion	38 million	China: mass market; Ukraine: specialized segments
GDP per Capita (PPP)	$23,382	$16,064	Similar middle-income purchasing power in adjusted terms
Ease of Doing Business Rank	31st (2020)	64th (2020)	China: more streamlined; Ukraine: moderate bureaucratic burden
Corruption Perceptions Index	42/100 (76th)	36/100 (104th)	Both face governance challenges requiring risk mitigation
Logistics Performance Index	3.7 (26th)	2.8 (66th)	China: superior infrastructure; Ukraine: developing logistics
Internet Penetration	73%	79%	Both high digital readiness for e-commerce entry
FDI Inflow (2023)	$163 billion	$0.5 billion	China: established FDI destination; Ukraine: emerging opportunity
Trade Turnover (China-Ukraine)	$12.8 billion (2023)	$12.8 billion (2023)	Growing bilateral trade; recovery after 2022 disruption

Sources: World Bank, IMF, Transparency International, ITU, OEC World [40, 41, 42, 43]

Table 2.3

Sectoral Attractiveness Matrix for China-Ukraine Bilateral Investment

Sector	Chinese Firms → Ukraine	Ukrainian Firms → China	Competitive Intensity	Entry Barriers
Agriculture	★★★★★ High potential	★★★★☆ Moderate (food exports)	Low-Moderate	Moderate (land restrictions)
IT/Software	★★☆☆☆ Limited	★★★★★ High potential	High	Low
Infrastructure	★★★★★ High (BRI projects)	★☆☆☆☆ Very limited	Low	High (government procurement)
Manufacturing	★★★★☆ Moderate	★★☆☆☆ Limited	High in China	Moderate-High
Energy	★★★★☆ Renewable projects	★☆☆☆☆ Very limited	Moderate	High (regulatory)
Consumer Goods	★★★☆☆ Growing	★★★☆☆ Niche products	Very high in China	Moderate

Source: Compiled by the author based on industry analysis.

A comprehensive risk assessment is crucial for international market-entry decisions. The International Country Risk Guide (ICRG) methodology provides a systematic framework for evaluating country risk across three dimensions: political, financial, and economic (Table 2.4) [45].

Political risk refers to the probability that political decisions, events, or conditions will affect business operations and profitability [46]. Key political risk factors include:

- Government stability: Likelihood of government overthrow, policy continuity;
- Socioeconomic conditions: Unemployment, poverty, social unrest;
- Investment profile: Contract viability, profit repatriation, payment delays;
- Internal conflict: Civil war, terrorism, political violence;
- External conflict: Cross-border tensions, war, trade disputes;
- Corruption: Prevalence of bribery, favoritism in government procurement;
- Military in politics: Military influence on government decisions.

For Ukraine, the ongoing geopolitical situation presents a significant political risk that must be carefully evaluated. However, EU candidacy status and reform commitments provide positive signals for long-term institutional development [47].

Table 2.4

Comparative Risk Assessment: China and Ukraine

Risk Dimension	China	Ukraine	Risk Mitigation Strategies
Political Risk	Low-Moderate	High (war-related)	China: Monitor regulatory changes; Ukraine: Political risk insurance, government guarantees
Economic Risk	Low	Moderate-High	China: Currency hedging; Ukraine: Diversification, phased investment
Financial Risk	Low	Moderate	Both: Local currency financing, natural hedges
Operational Risk	Moderate	Moderate-High	China: Local partnerships; Ukraine: Supply chain diversification
Legal/Regulatory Risk	Moderate	Moderate	Both: Due diligence, legal counsel, compliance systems
Cultural Risk	High	Moderate	China: Cultural training; Ukraine: Expatriate management

Source: Developed by the author based on [45, 46, 49]

For China, political risk is characterized by one-party governance, which provides policy stability but also creates uncertainty about regulatory changes, especially in emerging technology sectors and regarding foreign investment restrictions [48].

Economic risk encompasses macroeconomic stability and growth prospects [49]:

- GDP growth rate and volatility;
- Inflation and exchange rate stability;
- Current account balance;
- External debt levels;
- Banking sector health;
- Fiscal policy sustainability.

China maintains relatively low economic risk, with strong growth fundamentals, massive foreign-exchange reserves, and a controlled capital account. Ukraine faces higher economic risks due to reconstruction needs, inflationary pressures, and dependence on external financing, but offers substantial upside potential [50].

Financial risk focuses on the country's ability to meet financial obligations [51]:

- Foreign debt service capacity;
- International liquidity;
- Exchange rate regime;

- Capital market development;
- Credit rating.

Operational risks relate to day-to-day business execution [52]:

- Infrastructure quality: Transportation, utilities, telecommunications;
- Labor market: Availability, skills, costs, regulations;
- Supplier reliability: Quality, timeliness, alternatives;
- Customer payment behavior: Credit terms, collection rates;
- Intellectual property protection: Enforcement effectiveness;
- Bureaucratic efficiency: Permit processing, customs procedures.

Risk Quantification Model

To systematically assess country risk, we can employ a weighted scoring model similar to the ICRG methodology:

$$CountryRisk_{total} = w_P \cdot R_P + w_E \cdot R_E + w_F \cdot R_F \tag{2.1}$$

Where:

- R_P = Political risk score (0-100, higher is riskier)
- R_E = Economic risk score (0-100, higher is riskier)
- R_F = Financial risk score (0-100, higher is riskier)
- w_P, w_E, w_F = weights summing to 1

Typical weights are: w_P = 0.5, w_E = 0.25, w_F = 0.25, reflecting the primacy of political stability for long-term business success [45].

2.2. Global-Local Marketing Strategy Configuration and Partnership Development

A fundamental strategic decision in international marketing is the degree of standardization versus adaptation of marketing mix elements across different markets [53]. This dilemma involves balancing the efficiencies of standardization against the effectiveness of local adaptation [54].

Arguments for Standardization [55]:

- Cost efficiencies: Economies of scale in production, marketing, and R&D;
- Consistent brand image: Uniform positioning across markets;

- Simplified management: Centralized control and coordination;
- Technology leverage: Transferring best practices globally;
- Customer mobility: Serving internationally mobile customers.

Arguments for Adaptation [56]:

- Market differences: Varying customer preferences, usage patterns, purchasing power;
- Regulatory requirements: Local laws, standards, certifications;
- Competitive conditions: Different rivals, positioning strategies;
- Infrastructure variations: Distribution channels, media availability;
- Cultural sensitivity: Language, values, symbols, traditions.

FULL STANDARDIZATION	**GLOCALIZATION**	**FULL ADAPTATION**
Global brands	Adapted promotion	Local brands
Uniform products	Modified products	Customized
Centralized	Hybrid structure	Decentralized
Cost leadership	Balanced approach	Differentiation
Examples: **Coca-Cola** **Apple** **IKEA**	Examples: McDonald's KFC Unilever	Examples: Haier Jollibe Local retailers

Figure 2.2. The Standardization-Adaptation Continuum. *Source: Developed by the author based on [53, 54, 55].*

Contemporary research suggests that most successful international firms adopt a "glocalization" strategy, standardizing core brand elements while adapting execution to local contexts [57]. The optimal balance depends on multiple factors [58]: product type, target segment, competitive intensity, cultural distance, and cost pressures. Industrial products favor standardization; consumer products require more adaptation. Global elites vs. local mass market. High competition necessitates local responsiveness. A greater distance between countries requires more adaptation. Strong cost pressures favor standardization.

Next, we will consider the issue of choosing a marketing strategy regarding product, price, promotion, and distribution.

Product adaptation can occur at multiple levels [59]:

- Core benefit: What fundamental need does the product satisfy?;
- Actual product: Features, quality, design, branding, packaging;
- Augmented product: Services, warranty, installation, after-sales support.

For China-Ukraine business contexts:

Ukrainian agricultural products entering China typically require limited core adaptation (food remains food), but significant augmented adaptation—Chinese consumers demand rigorous quality certification, traceability systems, and food safety documentation that exceed international standards [60].

Chinese consumer electronics entering Ukraine benefit from largely standardized core products but require adaptation of packaging (Ukrainian/Russian language), technical specifications (EU standards), and service networks [61].

International pricing must consider multiple factors [62]:

- Cost structures: Production, transportation, tariffs, taxes;
- Demand conditions: Price sensitivity, income levels, competitor pricing;
- Strategic objectives: Market penetration vs. premium positioning;
- Transfer pricing: Intra-corporate pricing for tax optimization;
- Currency fluctuations: Exchange rate risk management (Table 2.5).

Table 2.5

International Pricing Strategies and Applications

Pricing Strategy	Description	When to Use	China-Ukraine Application
Cost-Plus Pricing	Add a fixed margin to the full cost	Commodity products, limited differentiation	Ukrainian grain exports to China
Market-Based Pricing	Match or undercut competitors	Competitive markets, similar products	Chinese consumer goods in Ukraine
Premium Pricing	Higher prices for superior quality	Differentiated products, brand strength	Ukrainian aerospace technology in China
Penetration Pricing	Low initial prices to gain share	New market entry, economies of scale	Chinese e-commerce platforms in Ukraine
Skimming Pricing	High initial prices gradually reduce	Innovative products, early adopters	High-tech products in both markets
Dynamic Pricing	Real-time price adjustments	E-commerce, demand fluctuations	Online platforms in both markets

Source: Compiled by the author based on [62, 63]

Promotional adaptation is often necessary due to [64]:

- Language and cultural differences: Translations, symbols, humor;
- Media availability and effectiveness: TV, internet, social media penetration;
- Regulatory restrictions: Comparative advertising, content limitations;
- Consumer information processing: High-context vs. low-context cultures;
- Competitive noise levels: Clutter requiring breakthrough creativity.

For Ukrainian firms promoting in China, considerations[65]:

- Digital-first approach: Leverage Weibo, WeChat, Douyin (TikTok), Xiaohongshu;
- Key Opinion Leader (KOL) marketing: Influencer endorsements carry significant weight;
- Trust building: Emphasize European quality, certifications, origin stories;
- Visual storytelling: Chinese consumers favor rich visual content;
- E-commerce integration: Seamless path from awareness to purchase via Tmall, JD.com.

For Chinese firms promoting in Ukraine [66]:

- Value positioning: Emphasize quality-price ratio, technological innovation;
- Traditional + digital mix: TV and outdoor remain relevant alongside social media;
- Localization: Use Ukrainian language, local celebrities, cultural references;
- Corporate social responsibility: Highlight community contributions, sustainability;
- Word-of-mouth: Personal recommendations are highly valued in Ukrainian culture

Distribution channel decisions significantly impact market coverage, customer experience, and profitability [67]. Key considerations include:

- Channel length: Direct vs. multi-tier distribution;
- Channel type: Retailers, wholesalers, agents, e-commerce;
- Channel power: Relative bargaining power of manufacturers and retailers;
- Physical distribution: Logistics, warehousing, inventory management;
- Channel coordination: Incentives, training, performance monitoring (Figure 2.3).

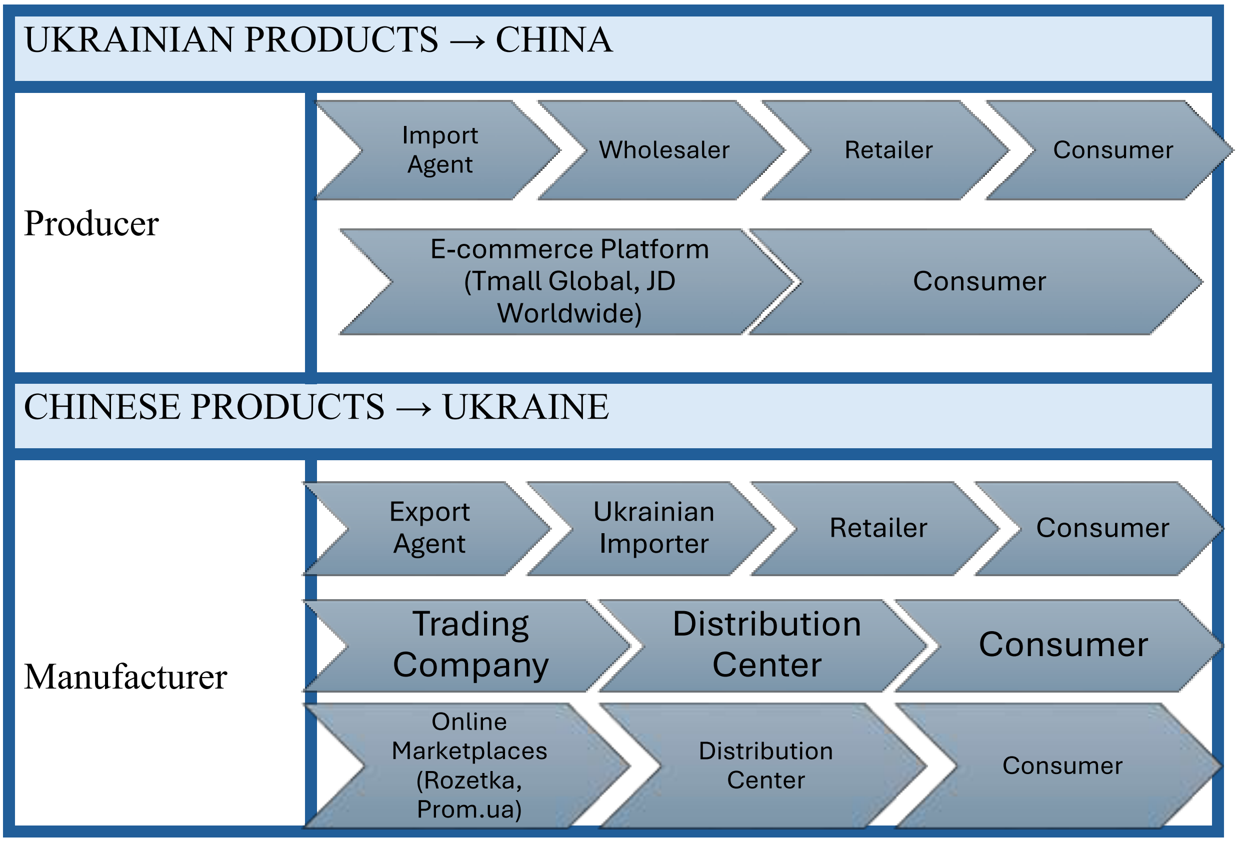


Figure 2.3. Distribution Channel Options for China-Ukraine Trade. *Source: Developed by the author*

Digital channels have fundamentally transformed international market entry, particularly relevant for China-Ukraine trade [68]:

Advantages of E-commerce Entry: low entry barriers and investment requirements; direct customer access and data collection; testing markets before major commitment; rapid scaling potential; reduced intermediary costs. China's E-commerce Ecosystem is highly developed, with platforms serving different functions [69]:

- Tmall/JD.com: B2C platforms for established brands;
- Tmall Global/JD Worldwide: Cross-border e-commerce for foreign products;
- Pinduoduo: Group-buying focused on price-sensitive consumers;
- Alibaba.com: B2B platform for wholesale transactions;
- WeChat mini-programs: Social commerce within a messaging app.

Ukraine's E-commerce Market is growing rapidly, with [70]:

- Rozetka: Dominant marketplace for electronics and consumer goods;
- Prom.ua: B2B and B2C multi-category marketplace;
- OLX: C2C classifieds platform;

• International platforms: Amazon and eBay, with limited presence.

Strategic alliances represent collaborative arrangements between firms from different countries to pursue mutual objectives while remaining independent [71]. Alliances are particularly valuable in the China-Ukraine context. Market knowledge transfer is like local partners providing insights into customer preferences, regulatory environment, and business practices. Resource complementarity: Combining technological capabilities with market access. They can distribute financial and operational risks. Local partners enhance credibility with customers and the government. Network access is possible by leveraging the partner's established relationships

Types of Strategic Alliances [72]:

1. Technology alliances: Joint R&D, technology licensing, co-development.
2. Production alliances: Contract manufacturing, joint production facilities.
3. Marketing alliances: Co-marketing, distribution agreements, joint branding.
4. Supply chain alliances: Long-term supplier relationships, vertical integration (Table 2.6) .

Table 2.6

Success Factors for International Strategic Alliances

Success Factor	Description	Implementation Guidelines
Strategic Fit	Alignment of objectives and complementary resources	Conduct thorough due diligence; define clear mutual benefits
Cultural Compatibility	Compatible corporate cultures and management styles	Assess organizational values; invest in cultural training
Trust and Commitment	Mutual confidence and long-term orientation	Start with small projects; demonstrate reliability consistently
Clear Governance	Defined roles, responsibilities, and decision rights	Formal agreement; regular reviews; conflict resolution mechanisms
Effective Communication	Open, frequent, transparent information sharing	Regular meetings, liaisons, and shared information systems
Performance Metrics	Measurable objectives and evaluation criteria	KPIs for alliance; balanced scorecard approach
Flexibility	Adaptability to changing circumstances	Built-in review clauses; renegotiation provisions
Top Management Support	Senior leadership engagement and resource allocation	Executive sponsorship; visible commitment

Source: Compiled by the author based on [71, 72, 73]

Selecting the right alliance partner is critical for success [74]. Key evaluation criteria are presented in Table 2.7.

Table 2.7

Partner Selection Criteria

Resource Complementarity:	• Does the partner possess resources and capabilities we lack? • Can we create synergies through a combination?
Strategic Compatibility:	• Are long-term strategic objectives aligned? • Is there potential for goal conflict?
Operational Compatibility:	• Are management styles and operational processes compatible? • Can we work together effectively day-to-day?
Reputation and Track Record:	• Does the partner have a solid reputation in their market? • What is their history with previous alliances?
Financial Stability:	• Does the partner have adequate financial resources? • Is there a risk of financial distress?
Organizational Culture:	• Are corporate values and cultures compatible? • Can cultural differences be bridged?

Source: Compiled by the author based on [74].

Case Example: China-Ukraine Agricultural Joint Venture.

Consider a hypothetical joint venture between a Chinese agribusiness conglomerate and a Ukrainian farming enterprise (Table 2.8).

This partnership structure balances resource contributions, risk-sharing, and control to address both partners' strategic objectives while navigating the complexities of cross-border agricultural investment [75].

Successful China-Ukraine business relationships require developing cross-cultural competence—the ability to effectively communicate, negotiate, and collaborate across cultural differences [76].

Using Hofstede's cultural dimensions framework, we will analyze the cultural dimensions of China vs. Ukraine (Table 2.9) [77].

Table 2.8

China-Ukraine Agricultural Joint hypothetical Venture

<table>
<tr><td>Chinese Partner Contributions:</td><td>Ukrainian Partner Contributions:</td></tr>
<tr><td>• Capital investment for modernization;
• Access to the Chinese consumer market;
• Advanced agricultural technology;
• Supply chain and logistics expertise.</td><td>• Land and existing farming operations;
• Local regulatory knowledge;
• Agricultural expertise in specific crops;
• Labor force and local relationships.</td></tr>
<tr><td colspan="2">Joint Value Creation:</td></tr>
<tr><td colspan="2">• Increased production efficiency through technology transfer
• Quality improvements meeting Chinese food safety standards
• Reliable supply chain from Ukraine to China
• Shared learning and capability development</td></tr>
<tr><td colspan="2">Governance Structure:</td></tr>
<tr><td colspan="2">• 60-40 equity split (Chinese majority for capital contribution)
• Joint management committee with equal representation
• Chinese CEO, Ukrainian COO
• Quarterly performance reviews
• 10-year initial term with renewal options</td></tr>
</table>

Source: Compiled by the author

Key cultural aspects for Chinese-Ukrainian business, and specifically for Chinese managers working with Ukrainians, are:[78]: formality; directness; risk aversion; work-life balance; decision pace. Ukrainians appreciate formal business protocols and written agreements. Communication can be more direct than in China; less reading between the lines. Ukrainians prefer detailed planning and contingency measures. Respect for personal time and family obligations. It may take longer to build consensus than the Chinese expect.

For Ukrainian Managers Working with Chinese [79]: guanxi (relationships); face (mianzi); patience; hierarchy respect; long-term view; flexibility. Invest heavily in relationship-building before business discussions. Avoid public criticism or causing embarrassment; preserve dignity. Negotiations may take longer; decisions involve multiple stakeholders. Address senior people appropriately; follow protocol. Demonstrate commitment to sustained partnership, not just transactions. Be prepared for ambiguity and changing circumstances.

Table 2.9

Hofstede Cultural Dimensions: China and Ukraine Comparison

Dimension	China	Ukraine	Implications for Business
Power Distance	High (80)	High (92)	Both accept hierarchical structures; decision-making flows from the top; respect for authority
Individualism	Low (20)	Low (25)	Both collectivist emphasize group harmony, loyalty, and relationship-building essential
Masculinity	Moderate (66)	Low (27)	China: achievement-oriented; Ukraine: consensus-seeking, quality of life focus
Uncertainty Avoidance	Low (30)	High (95)	China: comfortable with ambiguity; Ukraine: prefers clear rules, detailed contracts
Long-Term Orientation	High (87)	Low (86)	China: patient, future-focused; Ukraine: values tradition and stability
Indulgence	Low (24)	Low (14)	Both restrained; emphasize self-control, modesty, saving

Source: Hofstede Insights [77].

Cross-Cultural Negotiation Strategies [80]:

1. Preparation: Research partner's cultural background, business practices, negotiation style.
2. Relationship building: Invest time in informal interactions, meals, and cultural experiences.
3. Communication clarity: Use simple language, confirm understanding, and employ interpreters.
4. Patience and flexibility: Allow time for consensus, be prepared to adjust approaches.
5. Win-win mindset: Emphasize mutual benefits, long-term partnership potential.
6. Conflict management: Address disagreements constructively, preserve relationships.
7. Follow-through: Demonstrate reliability through consistent action and communication.

This chapter has examined the practical mechanisms for international market entry with specific application to the China-Ukraine bilateral business. The market selection process requires systematic screening across multiple dimensions—market attractiveness, competitive environment, institutional quality, and strategic fit. Comprehensive risk assessment across political, economic, financial, and operational dimensions enables informed decision-making. Marketing strategy configuration requires careful balancing of standardization and adaptation across product, pricing, promotion, and distribution. Finally, successful market entry often requires strategic partnerships, which necessitate careful partner selection, the design of governance structures, and the development of cross-cultural competence.

The analytical frameworks and empirical insights presented in this chapter provide actionable guidance for both Chinese enterprises entering Ukraine and Ukrainian firms entering China. Chapter 3 will synthesize these theoretical and applied foundations to develop strategic recommendations for enterprise internationalization in the China-Ukraine economic corridor.

CHAPTER 3
STRATEGIC FRAMEWORK FOR ENTERPRISE INTERNATIONALIZATION IN CHINA-UKRAINE ECONOMIC CORRIDOR

3.1 Strategic Assessment and Positioning for Market Entry

Building on the theoretical foundations (Chapter 1) and applied mechanisms (Chapter 2), this chapter develops a comprehensive strategic framework specifically tailored for enterprises pursuing internationalization in the China-Ukraine economic corridor. The framework integrates strategic assessment, implementation planning, and performance management to provide actionable guidance for both Chinese firms entering Ukraine and Ukrainian enterprises entering China.

Strategic planning begins with a systematic assessment of internal capabilities (Strengths and Weaknesses) and external environment (Opportunities and Threats). The SWOT framework provides a structured approach to strategic situation analysis [81]. SWOT Analysis: Chinese Enterprises Entering Ukraine (Table 3.1).

Table 3.1

SWOT Matrix for Chinese Firms in the Ukrainian Market

STRENGTHS (Internal Positive)	WEAKNESSES (Internal Negative)
• Strong financial resources and government backing	• Limited knowledge of the Ukrainian market and culture
• Advanced manufacturing and technology capabilities	• Language barriers (Ukrainian/Russian vs. Chinese)
• Economies of scale in production	• Weak brand recognition in Ukraine
• Belt and Road Initiative (BRI) support	• Distance from home market (supply chain complexity)
• Experience in emerging market operations	• Perception challenges ("Made in China" quality concerns)
• Competitive pricing advantages	• Limited local management talent
• Integrated supply chain capabilities	• Bureaucratic coordination with the Ukrainian system

Continuation of Table 3.1

OPPORTUNITIES (External Positive)	THREATS (External Negative)
• Ukrainian infrastructure reconstruction needs	• Geopolitical instability and ongoing conflict
• Agricultural sector modernization demand	• EU integration is reducing China's competitive advantage
• Growing bilateral trade under BRI	• Western sanctions affecting the business environment
• Technology transfer potential in aerospace/defense	• Currency volatility (UAH depreciation risk)
• Underdeveloped competition in some sectors	• Regulatory uncertainty and corruption
• EU candidate status improving institutions	• Potential anti-China sentiment in some segments
• Energy sector investment opportunities	• Infrastructure damage from conflict

Source: Developed by the author based on [81, 82]

SWOT Analysis: Ukrainian Enterprises Entering China is presented in Table 3.2.

Table 3.2

SWOT Matrix for Ukrainian Firms in the Chinese Market

STRENGTHS (Internal Positive)	WEAKNESSES (Internal Negative)
• High-quality agricultural products (grain, sunflower oil)	• Limited financial resources compared to competitors
• Advanced IT and software development capabilities	• Small-scale operations (limited economies of scale)
• Aerospace and engineering expertise	• Weak brand recognition in China
• Cost-competitive skilled labor	• Limited international business experience
• European quality standards and certifications	• Language and cultural barriers
• Innovative technology in niche sectors	• Small domestic market limiting scale advantages
• Entrepreneurial culture and flexibility	• Political instability affecting investor confidence
OPPORTUNITIES (External Positive)	THREATS (External Negative)
• Massive Chinese consumer market (1.4 billion)	• Intense competition from domestic Chinese firms
• Growing Chinese demand for quality food imports	• Complex regulatory environment and bureaucracy
• Technology collaboration opportunities	• Intellectual property protection concerns
• E-commerce platforms enabling market access	• Price sensitivity in mass market segments

Continuation of Table 3.2

• Chinese outbound investment seeking partners	• Geopolitical tensions affecting business climate
• Belt and Road Initiative cooperation	• Established competitors with strong distribution
• Rising Chinese middle class with purchasing power	• Cultural distance and guanxi requirements

Source: Developed by the author based on [81, 83]

Based on SWOT analysis, firms must develop a clear strategic positioning that leverages strengths, addresses weaknesses, exploits opportunities, and mitigates threats [84].

Porter (1980) identifies three fundamental strategic positions firms can adopt to achieve competitive advantage [85]:

1. Cost Leadership: Achieving the lowest cost position in the industry.
2. Differentiation: Creating unique value that customers are willing to pay a premium for.
3. Focus: Targeting a narrow market segment with either cost or differentiation advantage. Based on Porter's theory, we will develop a strategic positioning matrix for the Chinese-Ukrainian business (Figure 3.1).

Strategic Positioning Recommendations for Chinese Enterprises in Ukraine [86]:

Strategy Option 1: Cost Leadership in Infrastructure and Manufacturing:

- Leverage economies of scale and financial resources;
- Target price-sensitive segments (construction materials, consumer goods);
- Utilize BRI financing for competitive advantage;
- Focus on operational efficiency and supply chain optimization.

Strategy Option 2: Differentiation Focus in Technology Sectors:

- Position advanced Chinese technology (5G, renewable energy, smart infrastructure);
- Emphasize innovation and quality improvement over cheap alternatives;
- Target government procurement and B2B customers;

• Build partnerships with Ukrainian technology firms.

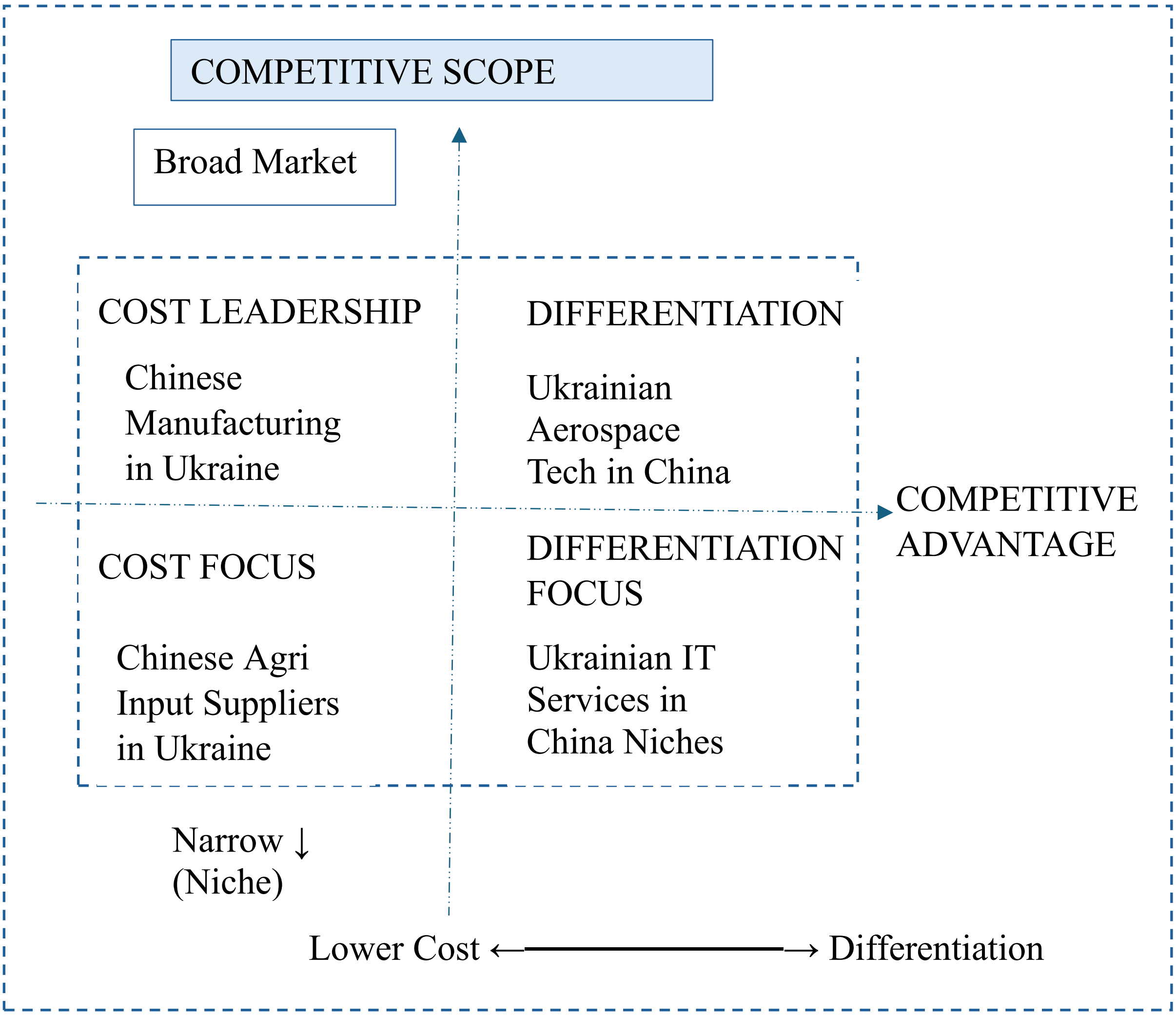


Figure 3.1. Strategic Positioning Matrix for China-Ukraine Business. *Source: Adapted from Porter (1980) [85]*

For Ukrainian Enterprises in China [87]:

Strategy Option 1: Differentiation in Premium Food Products:

• Position as "European quality" agricultural products;

• Target affluent Chinese consumers and expatriates;

• Emphasize food safety, organic certification, traceability;

• Utilize e-commerce and specialty retailers.

Strategy Option 2: Differentiation Focus on IT Services and Niche Engineering:

• Leverage specialized technical expertise (aerospace, software development);

• Target specific industry segments where Ukrainian capabilities excel;

• Build reputation through quality delivery and innovation;

• Partner with Chinese firms for market access.

A compelling value proposition articulates how the firm's offering solves customer problems or satisfies needs better than alternatives [88]. The Value Proposition Canvas provides a systematic tool for designing customer-centric offerings [89].

Value Proposition Canvas Components:

1. Customer Profile:
   - Customer jobs (tasks, problems, needs).
   - Customer pains (obstacles, risks, negative emotions).
   - Customer gains (desired outcomes, benefits, aspirations).
2. Value Map:
   - Products and services.
   - Pain relievers (how offering alleviates pains).
   - Gain creators (how offering creates customer gains).

Case Example: Ukrainian Agricultural Exporter to China. Customer Profile (Chinese Food Importer/Retailer):

- Jobs to be done: Source safe, high-quality grain and oil; meet consumer demand; ensure supply reliability.
- Pains: Food safety scandals; inconsistent quality; unreliable suppliers; regulatory compliance burden.
- Gains: Premium pricing for quality products; loyal customer base; regulatory compliance; competitive advantage.

Value Map (Ukrainian Exporter):

1. Products/Services: Non-GMO grain, organic sunflower oil, certified production
2. Pain Relievers:
   - Complete traceability system from farm to port;
   - European food safety certifications (HACCP, ISO 22000);
   - Quality guarantees and testing documentation;
   - Reliable delivery schedules with penalty clauses.
3. Gain Creators:
   - "European origin" positioning for premium market segments;
   - Organic and sustainable production methods;

- Technical support and product customization;
- Long-term partnership with stable pricing.

Value Proposition Statement: "For Chinese food importers and retailers seeking reliable, premium-quality agricultural products, Ukrainian [Company Name] provides European-certified, traceable, non-GMO grain and oil that eliminates food safety concerns and enables premium positioning, unlike mass-market suppliers who cannot guarantee consistent quality and safety standards."

Table 3.3

Competitive Positioning Analysis: Ukrainian IT Services in China

Competitor Type	Examples	Competitive Advantages	Competitive Disadvantages	Strategic Response
Domestic Chinese IT Firms	Huawei, Tencent, Alibaba	Local market knowledge, scale, government connections	Higher costs, less specialized expertise in some niches	Focus on specialized services, European clients in China
Indian IT Outsourcing	Infosys, TCS, Wipro	Large scale, established reputation, cost efficiency	Quality variability, communication issues	Emphasize quality, European standards, niche specialization
Eastern European Competitors	Polish, Romanian firms	Similar cost structure, EU membership, quality reputation	Limited China presence, language barriers	Leverage lower costs, build China-specific expertise
Western IT Consultants	Accenture, IBM, Deloitte	Premium brand, comprehensive services, global presence	Very high costs, less flexibility	Target mid-market clients, offer personalized service
Emerging Market Providers	Vietnamese, Filipino firms	Lower costs	Limited quality reputation, less technical expertise	Differentiate on European quality standards

Source: Developed by the author based on competitive analysis frameworks [90, 91]

Understanding the competitive landscape is essential for strategic positioning [90]. Competitive analysis should assess:

1. Direct Competitors: Firms offering similar products/services to the same target customers;

2. Indirect Competitors: Alternative solutions to the same customer needs;

3. Potential Entrants: Firms that might enter the market.

Substitutes: Different products/services satisfying the same needs.

Perceptual maps visually represent how customers perceive competitive offerings along key dimensions (Figure 3.2) [92].

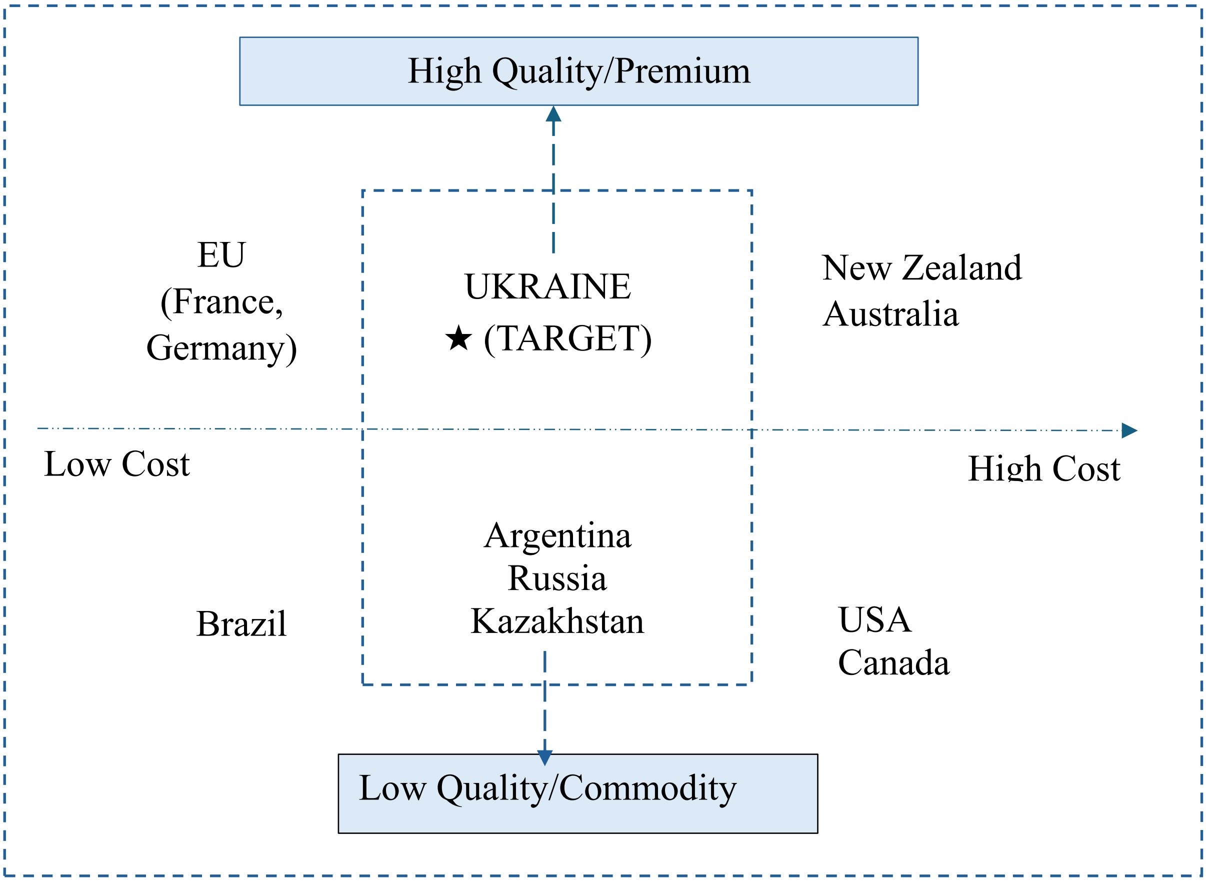


Figure 3.2. Competitive Perceptual Map: Agricultural Exporters to China. *Source: Developed by the author.*

Ukrainian agricultural exporters should position in the "High Quality/Moderate Cost" quadrant, differentiating from commodity suppliers (Russia, Kazakhstan, Argentina) while offering better value than premium Western suppliers (USA, Canada, Australia). This positioning leverages European quality standards at competitive pricing.

After assessing the strategic position, firms must evaluate alternative strategies and select the most appropriate approach. Decision criteria should include [93]:

- Strategic fit: Alignment with firm capabilities and resources;
- Market attractiveness: Profit potential and growth prospects;
- Competitive intensity: Ease of achieving sustainable advantage;

- Risk profile: Political, economic, operational risks;
- Resource requirements: Capital, management attention, time;
- Scalability: Potential for expansion and replication.

Next, we will consider the strategy of Chinese firms entering the Ukrainian market (Table 3.4).

Table 3.4

Strategic Option Evaluation Matrix: Chinese Manufacturing Firm Entering Ukraine

Strategic Option	Strategic Fit (20%)	Market Attractiveness (25%)	Competitive Advantage (20%)	Risk Level (15%)	Resource Requirements (10%)	Scalability (10%)	Weighted Score
Option 1: Greenfield Factory	0.9 (high)	0.8 (good)	0.9 (strong)	0.4 (high risk)	0.3 (very high)	0.8 (good)	0.71
Option 2: Joint Venture	0.7 (good)	0.8 (good)	0.7 (moderate)	0.7 (moderate)	0.6 (moderate)	0.6 (moderate)	0.71
Option 3: Acquisition	0.6 (moderate)	0.8 (good)	0.6 (moderate)	0.5 (moderate-high)	0.5 (high)	0.7 (good)	0.63
Option 4: Export + Distribution	0.8 (good)	0.6 (moderate)	0.5 (limited)	0.8 (low)	0.9 (low)	0.5 (limited)	0.66

Scoring: 0-1 scale where higher is better (risk is inverted: lower risk = higher score).

Calculation Example for Option 1:

$$Score = 0.20(0.9) + 0.25(0.8) + 0.20(0.9) + 0.15(0.4) + 0.10(0.3) + 0.10(0.8) = 0.71$$

We will analyze Options 1 (Greenfield) and 2 (Joint Venture), which are tied at 0.71, suggesting either could be viable. The final choice should consider:

- Greenfield offers maximum control and long-term strategic positioning but requires substantial capital and risk tolerance.
- Joint Venture provides risk sharing and local knowledge but requires finding a suitable partner and managing coordination.

Recommended Strategy: Pursue a Joint Venture initially to gain market knowledge and mitigate risks, with the option to transition to wholly-owned operations after establishing market position and building local capabilities [94].

3.2. Implementation Roadmap and Operational Planning

Successful internationalization requires systematic implementation planning [95]. The implementation framework consists of five phases (Figure 3.3).

PHASE 1: PRE-ENTRY PREPARATION (3-6 months)	Market research and validation
	Partner identification and due diligence
	Regulatory compliance preparation
	Resource allocation and team formation
PHASE 2: MARKET ENTRY (3-9 months)	Legal entity establishment
	Partner agreements and contracts
	Initial operations setup
	Recruitment and training
PHASE 3: INITIAL OPERATIONS (6-12 months)	Product/service launch
	Marketing and customer acquisition
	Supply chain establishment
	Performance monitoring and adjustment
PHASE 4: EXPANSION (12-24 months)	Geographic expansion
	Product line extension
	Channel development
	Local capability building
PHASE 5: MATURATION (24+ months)	Full integration into corporate portfolio
	Continuous improvement and optimization
	Strategic positioning refinement
	Long-term sustainable operations

Figure 3.3. Five-Phase Implementation Framework. *Source: Developed by the author based on [95, 96].*

We will form a detailed implementation timeline and milestones (Table 3.5).

Table 3.5

Implementation Timeline: Ukrainian IT Company Entering China

Phase	Timeline	Key Activities	Milestones	Responsible Party	Resources Required
Phase 1: Pre-Entry	Months 1-6	• Market research • Partner search • Business plan development • Legal/regulatory research	• Market feasibility report • Partner shortlist • Approved business plan • Legal compliance checklist	CEO, Strategy Team	$50K-100K research budget, 2-3 FTE
Phase 2: Market Entry	Months 7-12	• WFOE registration • Office lease • Banking setup • Team recruitment • Partner negotiation	• Legal entity established • Office operational • 5-10 employees hired • Partnership agreement signed	Country Manager, Legal, HR	$200K-300K setup capital, 5-8 FTE
Phase 3: Initial Ops	Months 13-18	• Service delivery start • Client acquisition • Marketing campaigns • Process establishment	• First 5 clients acquired • $500K revenue run-rate • Break-even operations • ISO certification	Operations Manager, Sales Team	$300K-500K operating budget, 10-15 FTE
Phase 4: Expansion	Months 19-30	• Second city office • Service line expansion • Strategic partnerships • Brand building	• 20+ clients • $2M revenue • 30+ employees • Market leadership in niche	Executive Team, All Functions	$1M-1.5M investment, 30-40 FTE
Phase 5: Maturation	Months 31+	• Full market coverage • Innovation initiatives • M&A opportunities • Ecosystem development	• $5M+ revenue • Profitability achieved • Recognized brand • Self-sustaining growth	China CEO, Full Organization	Reinvested profits, 50+ FTE

Source: Developed by the author based on typical IT services market entry patterns

Effective governance structures are critical for international operations [97]. Key design considerations include:

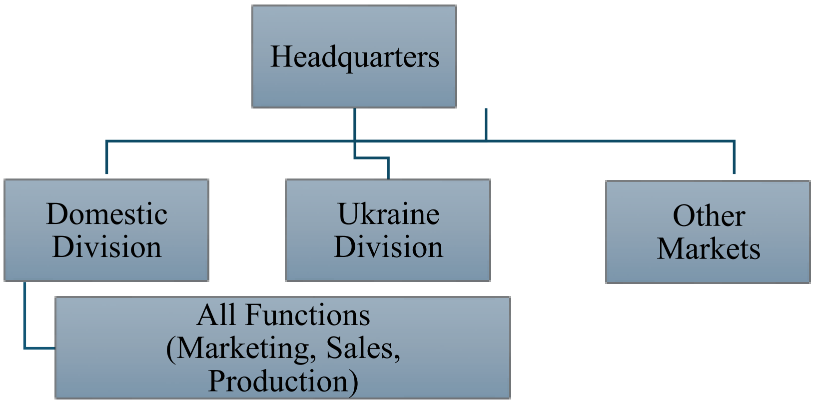
1. Centralization vs. Decentralization: Balancing global efficiency with local responsiveness.
2. Reporting Relationships: Clear lines of authority and accountability.
3. Decision Rights: Allocation of strategic, tactical, and operational decisions.

4. Coordination Mechanisms: Formal and informal integration across units (Figure 3.4).

MODEL A: CENTRALIZED CONTROL

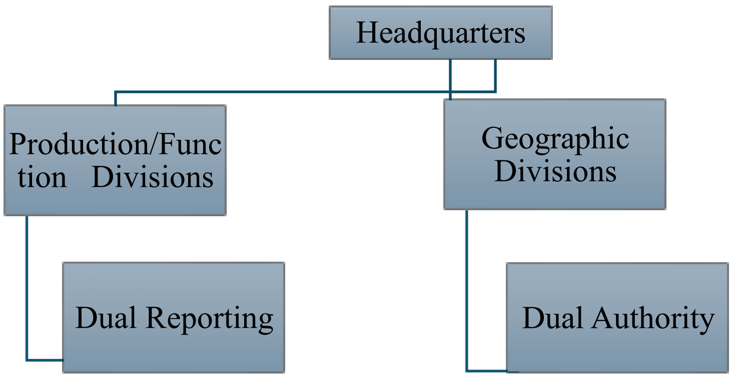
Best for: Standardized products, tight control, efficiency

MODEL B: GEOGRAPHIC DIVISIONS



Best for: Local adaptation, market responsiveness

MODEL C: MATRIX STRUCTURE



Best for: Complex operations, multiple dimensions

Figure 3.4. Organizational Structure Options for International Operations. *Source: Adapted from [97, 98].*

Can be recommended governance structure for China-Ukraine operations for small-medium enterprises (SMEs) in initial entry phases - Model A (Centralized) with International Division:

- Country Manager reports directly to CEO;
- Functional support from headquarters;
- Simple, clear lines of authority;
- Minimal bureaucracy for agility.

For larger enterprises with established operations - Model B (Geographic Division) for significant scale:

- Autonomous country/regional operations;
- Full functional teams locally;
- Strong local decision-making;
- Headquarters provides strategic direction and resource allocation.

For complex multinational corporations - Model C (Matrix) balancing product and geography:

- Dual reporting for local operations;
- Global product managers + regional managers;
- Coordination through formal mechanisms and corporate culture;
- Suitable for firms with multiple product lines and substantial international operations.

Internationalization requires significant financial, human, and organizational resources [99]. Systematic resource planning ensures adequate support for successful implementation (Table 3.6).

Human resources planning should be based on a recruitment strategy that balances the number of foreign managers and local talent [100].

Expatriate managers have advantages in transferring corporate culture, maintaining control, and proven capabilities; disadvantages include high costs, cultural adaptation issues, and limited knowledge of locals. Accordingly, typical roles: CEO, CFO, CTO (initially).

Table 3.6

Budget Template: Chinese Manufacturing Firm Entering Ukraine (3-Year Plan)

Category	Year 1	Year 2	Year 3	Total	% of Total
Capital Expenditures					
Land acquisition	$500,000	$0	$0	$500,000	6.7%
Building construction	$2,000,000	$1,000,000	$0	$3,000,000	40.0%
Machinery & equipment	$1,500,000	$500,000	$200,000	$2,200,000	29.3%
Operating Expenses					
Personnel (salaries, benefits)	$300,000	$600,000	$900,000	$1,800,000	24.0%
Marketing & sales	$100,000	$150,000	$200,000	$450,000	6.0%
Utilities & facilities	$50,000	$100,000	$150,000	$300,000	4.0%
Legal & professional services	$150,000	$50,000	$50,000	$250,000	3.3%
Travel & logistics	$80,000	$60,000	$60,000	$200,000	2.7%
Contingency (10%)	$468,000	$246,000	$156,000	$870,000	11.6%
Total Investment	$5,148,000	$2,706,000	$1,716,000	$9,570,000	100%

Source: Hypothetical budget developed by the author

Local national managers have advantages in market knowledge, cultural fit, lower costs, and government connections, but may face disadvantages such as a lack of international business experience, which can lead to loyalty issues. Typical roles: HR, sales, operations, legal/compliance

Third-country nationals will have other advantages in international experience, cultural connections, and specialized expertise. Disadvantages include moderately high costs, visa/work permit difficulties. Typical roles: specialized technical or management positions (Table 3.7).

Comprehensive risk management is essential given the uncertainties of international operations [101]. A structured approach includes:

1. Risk Identification: Systematic enumeration of potential risks.
2. Risk Assessment: Probability and impact evaluation.
3. Risk Prioritization: Focus on high-probability, high-impact risks.
4. Risk Response Strategies: Avoidance, mitigation, transfer, acceptance.
5. Risk Monitoring: Ongoing tracking and adjustment continued (Table 3.8).

Table 3.7

Staffing Plan: Ukrainian Agricultural Exporter to China

Role	Year 1	Year 2	Year 3	Staffing Type	Key Qualifications
General Manager	1	1	1	Expatriate (Ukrainian)	China experience, agribusiness background, Mandarin
Sales Manager	1	1	1	Local Chinese	B2B sales, food industry, English
Operations Manager	1	1	1	Expatriate (Ukrainian) initially → Local	Logistics, quality control
Quality Assurance Specialist	1	2	3	Mixed	Food safety certifications, lab experience
Sales Representatives	2	5	8	Local Chinese	Regional coverage, relationship building
Administrative Staff	2	3	4	Local Chinese	Finance, HR, legal compliance
Total Headcount	8	13	18	-	-

Source: Developed by the author

Contingency planning example: Ukrainian Firm in China in a major Chinese economic slowdown scenario. Triggers: GDP growth below 3% for two consecutive quarters; 20%+ decline in target customer spending; significant customer bankruptcies or payment defaults.

Table 3.8

Risk Register: China-Ukraine Business Entry

Risk Category	Specific Risk	Probability	Impact Risk	Assessment Risk	Mitigation Strategy	Contingency Plan
Political	Geopolitical escalation (Ukraine)	Medium	Very High	HIGH	Political risk insurance; diversified locations	Relocation plan to neighboring countries
Political	Regulatory change (China)	Medium	High	MEDIUM	Government relations; legal monitoring	Adaptive business model; partnership restructuring

Continuation of Table 3.8

Economic	Currency devaluation	High	Medium	MEDIUM	Natural hedging; currency forwards	Dynamic pricing; cost reduction programs
Economic	Recession/demand decline	Medium	High	MEDIUM	Diversified customer base; flexible capacity	Cost reduction; market pivoting
Operational	Supply chain disruption	Medium	High	MEDIUM	Multiple suppliers; inventory buffers	Alternative sourcing; production adjustment
Operational	Quality/safety incident	Low	Very High	MEDIUM	Rigorous QC systems; certifications	Crisis management plan; insurance
Legal	Contract disputes	Medium	Medium	LOW	Detailed contracts; arbitration clauses	Legal escalation; negotiated settlement
Reputational	Negative publicity	Low	High	LOW	CSR programs; stakeholder engagement	PR response plan; corrective action
Financial	Payment default	Medium	Medium	LOW	Credit checks; payment guarantees	Collections process; write-off procedures
Talent	Key personnel departure	Medium	Medium	LOW	Competitive compensation; succession planning	Knowledge transfer; recruitment

Risk Score: Probability × Impact. HIGH = immediate action required; MEDIUM = active monitoring and mitigation; LOW = accepted with monitoring. Source: Developed by the author based on [101, 102]

Response Actions:

1. Immediate (0-30 days):

- Freeze hiring and non-essential spending;
- Accelerate collections and improve cash management;
- Communicate with key customers and stakeholders.

2. Short-term (1-3 months):

- Reduce workforce 15-20% through attrition and selective layoffs;
- Renegotiate vendor contracts for better terms;
- Pivot to more resilient customer segments or geographies.

3. Medium-term (3-12 months):

- Consider strategic retreat to core profitable segments;
- Explore partnerships or merger opportunities;
- Diversify into alternative Asian markets (Japan, Korea, Southeast Asia).

To respond to all situations in a timely manner, there must be clear performance management, which requires coordinated, measurable goals linked to strategic objectives [103]. The Balanced Scorecard approach provides a comprehensive framework spanning four perspectives [104]:

1. Financial Perspective: Profitability, growth, shareholder value.
2. Customer Perspective: Satisfaction, retention, market share.
3. Internal Process Perspective: Efficiency, quality, innovation.
4. Learning & Growth Perspective: Employee capabilities, culture, systems (Table 3.9).

Regular monitoring and reporting enable timely adjustments and continuous learning [105]. Best practices include:

Dashboard Design Principles:

- Clarity: Simple, visual presentation of key metrics;
- Relevance: Metrics tied to strategic objectives;
- Timeliness: Real-time or near-real-time data;
- Actionability: Clear implications for decision-making;
- Exception-based: Highlight deviations from targets (Table 3.10).

Table 3.9

Balanced Scorecard KPIs for International Operations

Perspective	Strategic Objective	KPI	Target (Year 1)	Target (Year 3)	Measurement Frequency
Financial	Achieve profitability	Operating margin	Break-even	15%	Monthly
	Grow revenue	Annual revenue growth	N/A (startup)	30% YoY	Quarterly
	Optimize investment	ROI on international investment	-20%	25%	Annual
	Manage cash	Cash conversion cycle	90 days	60 days	Monthly
Customer	Build market share	Market share in target segment	2%	10%	Annual
	Ensure satisfaction	Net Promoter Score (NPS)	30	50+	Quarterly
	Retain customers	Customer retention rate	70%	85%	Quarterly
	Acquire new customers	Number of active customers	10	100	Monthly
Internal Process	Ensure quality	Defect/error rate	<5%	<1%	Weekly
	Improve efficiency	Operating expense ratio	85%	70%	Monthly
	Accelerate delivery	Order fulfillment cycle time	15 days	7 days	Weekly
	Maintain compliance	Regulatory violations	0	0	Ongoing
Learning & Growth	Develop talent	Employee satisfaction score	70%	80%	Annual
	Retain key employees	Voluntary turnover rate	<20%	<10%	Quarterly
	Build capabilities	Training hours per employee	20	40	Annual
	Foster innovation	New product/service introductions	1	3	Annual

Source: Developed by the author based on [103, 104].

Table 3.10

Executive Dashboard Template

INTERNATIONAL OPERATIONS DASHBOARD - Q2 2024			
FINANCIAL PERFORMANCE	Revenue:	$1.2M ↑12% vs Q1	80% of target
	Gross Margin:	45% ↑2pp vs Q1	On target
	EBITDA:	-$50K Improving	-5% margin
	Cash Balance:	$800K ↓$100K	4 months runway
CUSTOMER METRICS	Active Customers:	25 ↑5 vs Q1	50% of target
	NPS Score:	42 ↑8 vs Q1	Improving
	Churn Rate:	8% ↓3pp vs Q1	Better than target
OPERATIONAL EFFICIENCY	Quality Rate:	97% ↑1pp vs Q1	Near target
	Delivery Time:	10 days ↓2 days	Improving
	Capacity Util:	65% ↑10pp vs Q1	Growing
ALERTS & EXCEPTIONS	Cash runway below 6 months		action required
	Customer acquisition below target		review marketing
	Quality metrics exceeding target		
	Employee satisfaction stable		

Source: Developed by the author.

Sustainable competitive advantage requires continuous improvement and adaptation [106]. Leading methodologies include: Lean Management: Eliminating waste and maximizing customer value [107]; Six Sigma: Reducing process variation and defects [108]; Agile Management: Iterative development and rapid adaptation [109]; Learning Organization Principles (Table 3.10) [110].

Markets and competitive conditions evolve, requiring periodic strategic reassessment [111]. Best practices include:

Annual Strategic Planning Cycle:

1. Environmental Scanning (Q4): Assess market trends, competitive moves, and regulatory changes.

2. Performance Review (Q4-Q1): Evaluate previous year's results against objectives.

3. Strategic Options Analysis (Q1): Generate and evaluate alternative strategies.

4. Strategy Selection and Planning (Q1-Q2): Finalize strategy and detailed plans.

5. Communication and Rollout (Q2): Cascade strategy throughout organization.

6. Execution and Monitoring (Q2-Q4): Implement plans with regular progress reviews.

Table 3.11

Continuous Improvement Initiative Template

Improvement Area	Current State	Target State	Improvement Methodology	Timeline	Responsible	Success Metrics
Order fulfillment time	15 days	7 days	Lean/Value Stream Mapping	6 months	Operations Manager	Cycle time reduction, customer satisfaction
Product defect rate	5%	1%	Six Sigma DMAIC	9 months	Quality Manager	Defect rate, rework costs
Customer acquisition cost	$5,000	$3,000	Agile marketing experiments	12 months	Marketing Manager	CAC, conversion rates
Employee engagement	70%	85%	Learning organization practices	12 months	HR Manager	Engagement score, turnover

Source: Developed by the author

This chapter has presented a comprehensive strategic framework for enterprise internationalization in the China-Ukraine economic corridor. Beginning with strategic assessment through SWOT analysis and competitive positioning, the framework guides firms through strategic option evaluation using systematic decision criteria. The implementation roadmap provides detailed phase-by-phase guidance spanning pre-entry preparation through mature operations, with specific attention to organizational structure, resource allocation, and risk mitigation. Finally, the performance management system ensures ongoing monitoring and continuous improvement through balanced scorecards, dashboards, and strategic review processes. This framework integrates theoretical foundations (Chapter 1) and applied mechanisms (Chapter 2) into actionable guidance for both Chinese and Ukrainian enterprises pursuing cross-border business opportunities.

CONCLUSIONS

The master's degree qualification thesis addressed a complex of theoretical, methodological, and practical tasks aimed at developing strategic frameworks for enterprise internationalization with specific application to China-Ukraine bilateral business cooperation. The conducted research systematized theoretical approaches to international market entry, developed formal analytical models, examined practical implementation mechanisms, and synthesized comprehensive strategic frameworks integrating assessment, planning, and performance management.

In Chapter 1, multiple theoretical frameworks were examined and integrated. Dunning's OLI (Ownership-Location-Internalization) paradigm explains internationalization as driven by the combination of firm-specific advantages, location-specific advantages, and internalization advantages over market-based transactions. This framework provides a comprehensive lens for understanding both why firms internationalize and what entry modes they select. The Uppsala model of gradual internationalization emphasizes experiential learning and incremental commitment—firms typically begin with low-commitment modes (exporting) and progressively increase involvement as they accumulate market knowledge and reduce perceived uncertainty. TSE posits that the choice of entry mode reflects efforts to minimize total costs—production costs plus transaction costs. The RBV and dynamic capabilities framework identifies sustainable competitive advantage as stemming from valuable, rare, unique, and irreplaceable resources and capabilities, with internationalization representing both an opportunity to exploit existing capabilities and a mechanism for developing new ones through organizational learning.

These frameworks are complementary rather than contradictory: OLI provides a comprehensive typology of factors; Uppsala explains the dynamic process of internationalization; TCE offers precise predictions for entry mode choice; RBV explains sources of competitive advantage. For China-Ukraine business, this theoretical integration suggests that successful internationalization requires: (1) clear ownership advantages (technology, brands, management capabilities) that justify international expansion; (2) careful evaluation of location-specific factors in target markets (market size, institutional quality, factor costs); (3) systematic assessment of transaction costs to determine optimal governance structures; (4) continuous capability development and organizational learning to adapt to foreign market conditions.

Mathematical models were developed to formalize the selection of entry modes. Model 1.1 frames entry mode choice as a transaction-cost-minimization problem, where total costs comprise production and transaction costs (which increase with asset specificity, uncertainty, and frequency). Model 1.2 extends this framework to multi-criteria evaluation, incorporating not only costs but also control benefits and risk factors. These models provide systematic, replicable decision frameworks that can be parameterized with firm-specific and market-specific data.

Entry mode selection was analyzed along a hierarchy from low-commitment non-equity modes (exporting, licensing, franchising) to high-commitment equity modes (joint ventures, wholly owned subsidiaries). Each mode involves different levels of resource commitment, risk exposure, operational control, profit potential, and flexibility. In the China-Ukraine context, the analysis revealed asymmetric patterns: Chinese firms more frequently employ high-commitment modes (joint ventures, wholly owned subsidiaries, greenfield investments) due to greater financial resources, government support, and the strategic importance assigned to the Belt and Road Initiative. Ukrainian enterprises typically begin with lower-commitment modes (exporting, representative offices, partnerships), reflecting more limited resources, higher perceived risks, and less familiarity with the complexities of the Chinese market.

In Chapter 2, practical frameworks and tools were developed to operationalize internationalization strategies.

The international market selection process was structured as a four-stage funnel: (1) Preliminary screening of potential markets using basic criteria (market size, accessibility); (2) Secondary screening of markets with detailed evaluation of economic, political, and competitive factors; (3) In-depth analysis of markets through comprehensive assessment of risks, resources, and strategic fit; (4) Final selection of 3-5 priority markets based on strategic evaluation incorporating entry mode viability, timing, and expected return on investment. A comprehensive market evaluation framework was developed, incorporating four dimensions: market attractiveness factors, competitive environment, institutional and regulatory quality, strategic fit, and cultural factors.

Applications to China-Ukraine contexts revealed complementary strengths: China offers massive market scale, advanced infrastructure, government efficiency, and strong growth momentum; Ukraine provides strategic European access, resource richness, lower competition in many sectors, and adherence to European quality standards. Both exhibit moderate institutional challenges (corruption, regulatory complexity) requiring careful risk assessment and relationship management.

Comprehensive risk assessment frameworks were developed that address multiple dimensions: Political Risk, Economic Risk, Operational Risk, and Legal and Regulatory Risk.

A risk prioritization matrix was developed that cross-classifies probability and impact, enabling firms to focus resources on high-priority risks requiring immediate mitigation while monitoring lower-priority risks.

Marketing strategy configuration was analyzed through the standardization-adaptation framework across the 4Ps (product, price, promotion, place/distribution). The optimal balance depends on product type, target segment, competitive intensity, cultural distance, and cost pressures. Generally, industrial products favor standardization, while consumer products require greater adaptation; global elite segments accept standardized offerings, while mass markets demand local customization; high competitive intensity necessitates local responsiveness; greater cultural distance requires greater adaptation; and strong cost pressures favor standardization for economies of scale.

Partnership development mechanisms were analyzed extensively, given the importance of strategic alliances and joint ventures in the China-Ukraine business. Partner selection criteria include strategic fit and complementarity, resource and capability contributions, reputation and credibility, cultural compatibility and management style, financial health and commitment capability, and shared vision for partnership evolution. Due diligence processes should assess legal status and ownership structure, financial performance and obligations, operational capabilities and assets, reputation and relationships, legal compliance and liabilities, and cultural and managerial fit.

Governance structure design must balance control, flexibility, and relationship quality. Options include minority joint ventures (10-49% ownership), equal joint ventures (50-50%), majority joint ventures (51-90%), and wholly-owned subsidiaries (100%). In China-Ukraine partnerships, 50-50 equal joint ventures are common in sectors that require balanced contributions (technology + market access), while majority stakes are pursued when one partner provides critical assets or when control is strategically essential.

Cross-cultural competence development is critical given the significant cultural distance. Using Hofstede's framework, both China and Ukraine exhibit high power distance (hierarchical structures) and collectivism (group orientation), but differ significantly in uncertainty avoidance (China low, Ukraine high) and masculinity (China moderate, Ukraine low).

In Chapter 3, the theoretical foundations and applied mechanisms were synthesized into comprehensive, actionable strategic frameworks. SWOT analysis matrices were developed for both directions of bilateral business:

Chinese Firms Entering Ukraine exhibit strengths in financial resources, government backing, advanced manufacturing capabilities, economies of scale, and BRI support; weaknesses in market knowledge, cultural understanding, language barriers, and brand recognition; opportunities in infrastructure reconstruction, agricultural modernization, and energy sector investment; and threats from geopolitical instability, EU integration dynamics, Western sanctions spillover, and regulatory uncertainty.

Ukrainian Firms Entering China possess strengths in high-quality agricultural products, IT expertise, aerospace engineering, European certifications, and entrepreneurial flexibility; weaknesses in limited financial resources, small scale, weak brand recognition, and cultural barriers; opportunities in massive consumer markets, demand for quality food, e-commerce platforms, and BRI partnerships; and threats from intense domestic competition, complex regulations, IP protection concerns, and established competitors.

Strategic positioning frameworks based on Porter's generic strategies (cost leadership, differentiation, and focus) provide guidance for developing competitive advantage. Chinese enterprises in Ukraine can pursue cost leadership in infrastructure and manufacturing (leveraging scale and BRI financing) or a differentiation focus in advanced technology sectors (5G, renewable energy, smart infrastructure). Ukrainian enterprises in China should emphasize differentiation in premium food products ("European quality" positioning) or focus on differentiation in IT services and niche engineering (specialized expertise in aerospace and software development).

Value proposition design tools ensure customer-centric offerings. The Value Proposition Canvas maps customer jobs, pains, and gains against the firm's products/services, pain relievers, and gain creators. Implementation roadmaps provide detailed phase-by-phase guidance: Pre-Entry Preparation, Market Entry, Initial Operations, Expansion, and Maturation.

Organizational structure options (centralized control, geographic divisions, matrix structures) were analyzed with recommendations tailored to firm size and complexity. SMEs in initial entry phases should adopt centralized structures with international divisions to simplify decision-making and ensure clear authority. Larger enterprises with established operations benefit from geographic divisions, allowing autonomous country operations with full functional teams. Complex multinational corporations may employ matrix structures to balance global product management with regional responsiveness.

Resource allocation frameworks address both financial resources (capital expenditures for land, facilities, equipment; operating expenses for personnel, marketing, legal services, logistics) and human resources (expatriate managers for control and culture transfer, local national managers for market knowledge and cost efficiency, third-country nationals for specialized expertise and cultural bridging). Budgeting templates and staffing plans were provided for typical China-Ukraine entry scenarios.

Risk mitigation and contingency planning frameworks were developed, incorporating risk identification, assessment, prioritization, response strategies, and ongoing monitoring. A comprehensive risk register addressed political, economic, operational, legal, reputational, financial, and talent risks specific to the China-Ukraine context, with detailed mitigation strategies and contingency plans for each category.

Specific KPI targets were defined for Year 1, Year 3, and measurement frequencies. Executive dashboard templates provide visual, exception-based reporting that facilitates rapid decision-making. Continuous improvement methodologies (Lean, Six Sigma, Agile, Learning Organization principles) enable ongoing optimization and adaptation. Strategic review and adaptation frameworks ensure periodic reassessment of assumptions, competitive dynamics, performance against objectives, and capability adequacy—with clear triggers for minor adjustments versus major pivots or exit decisions.

Practical recommendations were developed for multiple stakeholder groups: Chinese enterprises pursuing opportunities in Ukraine, Ukrainian enterprises pursuing opportunities in China, policymakers in both countries, consultants, intermediaries, and academic researchers.

The thesis makes substantial contributions to internationalization theory and practice, particularly for the underexplored context of China-Ukraine bilateral business cooperation. The integrated theoretical foundations, formal analytical models, comprehensive applied mechanisms, and actionable strategic frameworks provide a robust foundation for enterprise decision-making, policy development, and future scholarly research.

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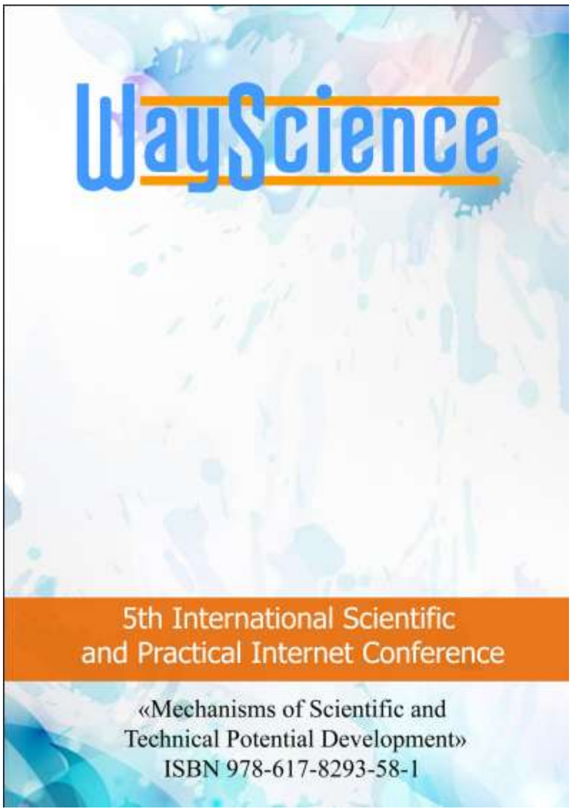
APPENDICES

APPENDIX A

Publication on the topic of the qualification work

Rybak H., Cao Xufan (2025). Conceptual Foundations and Applied Mechanisms for Developing a Strategy of Enterprise Entry into International Markets. *Mechanisms of Scientific and Technical Potential Development: Proceedings of the 5th International Scientific and Practical Internet Conference*, November 13-14, 2025. FOP Marenichenko V.V., Dnipro, Ukraine, 279 p. P. 27-31. http://www.wayscience.com/wp-content/uploads/2025/11/Conference-Proceedings-November-13-14-2025.pdf



CONCEPTUAL FOUNDATIONS AND APPLIED MECHANISMS FOR DEVELOPING A STRATEGY OF ENTERPRISE ENTRY INTO INTERNATIONAL MARKETS

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The strategy of enterprise entry into international markets is grounded in a set of conceptual approaches that explain why firms internationalize, how they choose foreign markets and what modes of activity they adopt. From an economic perspective, internationalization is driven by the search for new demand, cost advantages, strategic assets and risk diversification [1]. At the same time, it is constrained by market imperfections, transaction costs, institutional barriers and the firm's internal capabilities [5,7]. A comprehensive strategy for entering foreign markets must therefore integrate theoretical insights from international business and strategic management with applied mechanisms of market selection, entry mode choice, risk management, and capability development.

One of the key conceptual frameworks for understanding international market entry is the eclectic paradigm (OLI) developed by Dunning [3]. According to this paradigm, a firm's decision to engage in foreign production or operations is determined by the presence of ownership advantages (O), location advantages (L) and internalization advantages (I). Ownership advantages include firm-specific intangible assets such as technology, brands, managerial know-how and organizational routines. Location advantages reflect the attractiveness of a host country in terms of market size, resource endowment, institutional quality and cluster effects. Internalization advantages arise when it is more efficient for the firm to internalize cross-border transactions within its own hierarchy rather than rely on external markets. The combination of these three advantages informs both the choice of countries and the appropriate entry modes, such as exporting, licensing, joint ventures or wholly owned subsidiaries [3]. In practice, firms need to evaluate their specific ownership assets, compare alternative locations and analyze transaction characteristics to design a coherent entry strategy.

Another influential perspective is the Uppsala model of gradual internationalization, which emphasizes the role of experiential learning and risk reduction [4,9]. This model posits that firms typically expand abroad incrementally, starting with low-commitment modes, such as sporadic exporting, and then moving to the use of agents or sales subsidiaries, eventually leading to foreign production. The sequence of market entry often follows "psychic distance", with firms first entering countries that are culturally and institutionally similar and only later more distant markets [4]. This stepwise approach reflects managers' limited information and risk aversion: as the firm gains experiential knowledge about foreign markets and operations, its perceived uncertainty decreases, and it becomes willing to commit more resources [9]. Although contemporary digital technologies and born-global firms challenge certain aspects of this gradualist view, the core idea that learning and risk perception shape entry strategies remains empirically relevant, especially for small and medium-sized enterprises (SMEs) [9, 11].

The transaction cost economics (TCE) approach provides a complementary lens for analyzing entry-mode choice. It suggests that firms select governance structures, markets, hybrids or hierarchies—to minimize the sum of production and transaction costs [5]. High asset specificity, environmental uncertainty and behavioral opportunism make market-based contracts costly and risky, thereby favoring hierarchical governance such as wholly owned subsidiaries [5]. When asset