

UKRAINIAN ENTERPRISE ACTIVITY IN CONDITION OF WORLD ECONOMY GLOBALIZATION REINFORCEMENT

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Abstract

Purpose of the work is to analyze the activity of the enterprises of Ukraine in the intensification of economic globalization conditions, the definition of the motives and the risks of investing in Ukraine and a review of the situation that prevailed in the country under the influence of transnational corporations.

Methodology of the study is based on dialectical method of the scientific cognition of the economic processes and phenomena: theoretical generalization; comparative; method of the system analysis and syntheses; statistical and mathematical analysis; economic modelling.

Overcoming the negative effects of globalization on the development of the Ukrainian markets involves the growing role of government in developing measures of macroeconomic, institutional and sectoral directed not against the globalization of economic relations and to create a model of conflict-free and smooth integration of national markets in the globalization process, providing favourable conditions for the inflow of foreign capital and new technologies in the domestic business.

Keywords: enterprise, entrepreneurship, economy globalization, world financial crisis, internationalization of activity.

JEL Classification: D90, F01, F23.

Introduction

Socio-economic development of any country in the world today is defined by its degree of adequacy of international standards of competitiveness, the level of integration, and technology. The complexity and scale of impact of globalization of world economy in Ukraine are caused by its lack of preparedness to adequate perception and implementation of the positives of globalization and minimize global risks and threats. Recently, the processes of transnationalization of production and capital become whole and irreversible. The processes of globalization that are taking place in the modern world increasingly influenced Ukraine. The transformational nature of the economy of Ukraine in the conditions of insufficient domestic investment and limiting their own financial resources makes it necessary to raise capital of international organizations and transnational companies. The relevance of the research topic is determined by the need to attract FDI to Ukraine, and the inclusion of national companies in the world economy.

Analysis of publication and studies. Investigation of the problems of globalization in the world economy devoted their works T.V. Orekhova, V.V. Koshelenko (2010), I.A. Kasabova (2009), T.V. Orekhova (2007), N.V. Kovtun (2010), S. Usherenko (2010).

However, despite the large number of works by both foreign and domestic scientists to study of the issue remains poorly understood with respect to features of the process of transnationalization of the world economy, as well as further development requires approaches to the integration of enterprises in Ukraine in the world economy in the context of transnationalization.

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Main results of the study

The main characteristic of globalization is interdependence of two processes: the globalization of markets (capital, labour, goods and services) and economic forms of globalization (integration of organizational structures of the economy, the formation of global mega-subjects, mega-operators). The combination of these processes appears essentially-term trends and characteristics of globalization a phase of economic globalization, which gradually took on the modern forms of presentation: information and communication and finance.

Despite numerous studies of various aspects of globalization, the decision problems reallocation its differential impact on economic behaviour of developed, developing and transitional countries requires a new paradigm of development of Ukraine in the framework of globalization, formation of a new system of relations between developed countries, developing countries and countries with transitional economies in the interaction processes of globalization with the growing power of a tendency of regionalization at all levels. Transition of Ukraine from the category of countries with the transitional type of economy in the category of market economies, confessed by world community, does not change developing character of the Ukrainian markets.

Globalization is an objective process of geo-economic consolidation, mergers and acquisitions of economic agents, manifested in a change in the characteristics of objective and subjective preferences of global capital, forms the material prerequisites for the regionalization of the economic sphere, manifested in the creation of closed -mentioned economic groupings in order to protect the economic interests of member countries, both developed and transforming economies, based on the interaction of capital and information on a new qualitative level, causing the appropriate changes in economic relations.

The global market is characterized by the interplay of economic relations through which national markets affect each other and the world market as a whole. The acceleration of concentration of capital and the intensification of its geographical redistribution of the channels of international financial flows, the inclusion of CIS markets in the processes of integration and regionalization is determined by need to adjust the Ukrainian course of integration. In the modern conditions globalization objectively conduces to washing out and depreciation of regulative functions of the national state that does not provide protecting of national economy from external economic influences. International economic processes outgrow in global, almost or quite uncoupling to government control.

Nation-states increasingly lose their ability to use effectively such traditional instruments of macroeconomic management, as import barriers and export subsidies, the exchange rate of national currency and central bank refinancing. In the conditions of increasing interdependence of national economies the government force to use these levers taking into account interests of other states that can be here touched. In addition, it is necessary in earnest to be considered and with behavior of influential non-state subjects international economic relation - transnational corporations, transnational banks, international investment funds that can take the on it is not expected effect the return actions from the undertaken measures, or even to use them in harm this country. So transnational business gives up an open challenge to the sovereign rights for governments, and as a result it is possible to talk that a social layer of cosmopolitan oligarchy putting itself higher than national associations is. Corporations today are the dominant form of business that mutates constantly.

The emergence of the corporation as a form of business organization was the need to attract investment, which was introduced a financial instrument as equity. The development of financial institutions and their interaction objectively lead to the necessity of their unification. Trend of development of Ukrainian market performs specific integration communications companies, which in most cases do not go to a full merger, and create new mechanisms of interaction, giving rise to a fundamentally new type of economic operators, defined as "integrated corporate structure," "integrated business group".

As globalization is the objective and irreversible process, then Ukraine is also engaged in it, by a certificate what it is been: liberalization of the Ukrainian markets, use of modern informative, financial, bank and other of technologies, passing to the international standards of audit and accounting control, activity of the largest domestic companies on foreign markets, participating of Ukraine in international organizations etc. Market transformation of the Ukrainian economy is actively incorporated it into the system of international economic relations, and thus the system globalizing world economy. Affecting of globalization economy of Ukraine, continuing to test crisis shocks of transformation period, is difficult and contradictory. Loss of significant proportion of technical and productive capacity, deteriorating structure of production and foreign trade, weak and inefficient financial system have made the Ukrainian economy critically dependent on the external world market and the behaviour of strong competitors - the industrialized countries.

Given the above, acts as an important clarification of the consequences of expanding the activities of the TNCs in the Ukrainian market and the allocation of the main directions of development of their own TNCs. Particularly noteworthy are the issues of economic security, which is defined as the distance from the national economy, which ensures the satisfaction of vital needs of the country's material wealth regardless of the global economic system or domestic force majeure, the socio-political, economic or ecologic nature. The study of foreign and domestic literature on the issue transnationalization of economy has shown that there

are both positive and negative effects of this process. For each country they will be specific, instead, the same degree, the development of the national economic system of Ukraine should take into account the generalized factors. This table confirms that the effective development of TNCs in Ukraine and for the preservation of national interests should be carried out fairly limited an ordered policy of international expansion and the opening of the borders of the state. Of there so it follows the need to consider the role of government in its relations with transnational corporations.

Table 1. The role of transnationalization in the development of modern national economic system of Ukraine

Advantages	Disadvantage
International specialization based on the interpenetration of capital	Increased competition in the domestic market, the decline of domestic producers
Formation of international industry and business units (clusters)	The gradual destruction of national economic sovereignty - the emergence of supranational economic structures - TNC
Alignment of national reproductive structures of production	The sharp increase in cross-border mergers and acquisitions of domestic companies
Freedom of movement of factors of production, goods	Location in the state of labour-intensive, energy-intensive and material-intensive, environmentally hazardous
Access to higher quality and cheaper resources	The outflow of capital, conversion of income to developed countries
Development of scientific and technical areas	Avoiding taxation of income
Expanding innovation	Distribution of financial resources between large multinationals with limited funding of SMBs
Qualitative development of the country	The decline of the sector, which is not attractive to TNCs
Strengthening the role of the state (TNC's home country) in the international space	Impact of TNCs on economic power of the country

Thus, it is possible to draw conclusion, that basis of providing of economic security of country in the process of transnationalization economy is permanent purposeful activity of the state on creation of competitive edges of leading industries of national economy on foreign and internal markets. In the conditions when integration processes become inalienable part of economic life of every country, activation of international economic activity, deepening of international economic connections, comes forward the necessary element of successful economic development of the state between leading companies, intensification of international trade. In the modern world the special role belongs to the processes of transnationalization as forms of internationalization of economic life motive force of that multinational corporation come forward. Exactly the last actively influence on economic, political and sociocultural life of countries and remain one of major factors of influence of developed countries on other regions.

The main motives of TNCs entering on the Ukrainian market are: the conquest of new, large, undeveloped, and often because of promising markets, the potential for convenient use of Ukrainian factors of production, especially labour, the desire to diversify the activities of on markets. The most attractive industries for TNC in Ukrainian economy are food processing, machine building and metalworking, finance, insurance and commercial areas. Foreign multinationals are willing to carry out its activities in Ukraine. Nevertheless such factors stand on their way: as unstable and excessive adjusting, absence in Ukraine of permanent strategy and corresponding national plan of actions, imperfection of national legislation, unclear legal system, instability of economic and political situation, high level of corruption, overload by regulator norms and complication of the tax system, substantial tax loading, subzero solvent demand of the Ukrainian consumers.

Of course, the attraction of investment, the use of research, innovation, use of organizational and managerial skills are important factors in the success of a country that is developing, however, remember that for the interaction with TNCs in their own country in the world markets, it is necessary to create own transnational structure, which would compete with Western companies.

Powerful natural potential of the country provides ample opportunities for Ukraine in certain sectors to create complete corporate closed-loop, which would be engaged in production of raw materials, processing, manufacture of its products and its implementation. And some steps in this direction have already been made - some of the financial-industrial groups, which are factors have been able to create a full production cycle

and have their own company abroad formally meet the status of the TNC, and although they are inferior to foreign transnational of their assets, available resources, level of management, the value of reserves-tilt technology (Table 2).

If before the Ukrainian big business considered it is better not to peep far forward, then already the complex long-term investment programs will be realized today. Now the Ukrainian financially-industrial groups projects will realize own forces for restructuring of companies, investment plans on modernization of basic funds. Actively implemented transition to international financial reporting standards, purchased the share of capital in foreign companies, which leads to the creation of vertically integrated structures that are competitive at the international level.

Table 2. Profile of Ukrainian companies that meet the status of TNCs

Company Name	Sphere of interest in the international market	Countries of interest
“System Capital Management” (SCM)	Mining and metallurgical enterprises.	Italy, Switzerland, Turkey
Privat Group	Metallurgy, oil (the world's largest producer of manganese-ferrous alloys)	Russia, Romania, Poland, USA
Corporation “Industrial Union of Donbass” (ISD)	vertically integrated holdings in the chain of 'coal - coke - metal ,,	Hungary, Poland
Corporation „Interpipe“	pipe industry, metallurgy, ferroalloy production (the world's largest supplier of silicomanganese)	Belarus, Switzerland, Russia (subsidiaries).

Another positive factor for the integration of Ukrainian financial-industrial groups in the national economy is expanding the circle of their economic interests, which include not only specialized, export-oriented segments, but also industry, aimed at the domestic market. Thus, the property „SCM“, „ISD“, „Private“ are numerous assets in agriculture, construction industry, food industry, service sector. Investments of many companies focused on the development of transport and information and communication infrastructure, which not only stimulates the domestic market, but also provides development assistance in Ukraine, new high segments. Vast opportunities in the international market have Ukrainian vodka producers, a large proportion of production which is exported. Thus, the Ukrainian company „Nemiroff“, „Soyuz-Victan“, „Khortytysya“ is already recognized globally and have some of the world's largest growth rates.

The need to strengthen the competitive position of Ukrainian companies in international markets determines the search for adequate models of their development and implementation of appropriate forms and methods of organization of both the national and the global economic arena.

It is recognized that there are several obstacles to the formation of trans-Ukrainian national structures: the instability of the economic and political situation in the country, legislative framework of status and activities of transnational corporations; strong competition with existing global multinationals which are leaders in the most industries, low competitiveness of Ukrainian products (primarily after-consequence of high energy-intensively), the lack of relevant scientific and technical innovation base, which would be able to compete with the technology of foreign TNCs; relatively low level of management; high rate of shadowing of the economy, tax burden, high levels of inflation.

Moreover, TNCs need the support of State, able to aggressively defend its interests in foreign markets. Among them is entering to WTO, because of what the Ukrainian companies get advantages of free access to the markets that is given by membership in WTO, become in equal terms with the foreign participants of market. There are terms for: transformations of informal international connections on formal that create valuable status of transnational corporation - mighty enough in a financial relation for a competition on world markets; use of possibilities of national resources and foremost - skilled personnel. Today, when TNCs of the Ukrainian origin get international confession, the state no longer can ignore them. On the basis of experience of the developed countries, it be possible to say, that national transnational corporation and state must be in the relations of „partnership and collaboration“. Moreover, transnational corporation is needed support of the state capable aggressively to defend the interests on foreign markets.

An important issue for local managers is the choice of adequate conditions of enterprise development economic model. In modern management theory, there are three well-known concepts, which cause changes in the organization:

- externalist, according to which the root causes of any changes in the socio-cultural system we have, including organizations outside the system;
- theory of immanent change, which declares that a certain system of pre-spinning due to its inherent properties and variability based on their own possibilities;
- integral theory, whose adherents are trying to explain the nature of changes in the Organization as a result of the interaction of internal and external forces.

It is heavy to agree with that such system tasks, as development of the difficult socio-economic and technology system that is a modern enterprise can explain exceptionally internal or external reasons. So we believe that the development of modern companies (enterprises, companies, economic organizations, etc.) can be carried out within the two basic models - the organic and / or external development based on the positions of the integral approach. Organic (or internal) development is to implement quality changes due to the accumulated business knowledge, habits, financial, material and intangible assets, and borrowed resources are directed to improvement of its material and technical basis, creation of new products, the transformation of internal systems and processes, penetration into new markets, and so on. All economic organisation apply this model to a particular stage of its life cycle. The main purpose of internal development companies are striving to ensure its economic, legal, financial and organizational independence.

The second model - a model of external development - provides a qualitative change in the composition and relationships of the company through the attraction and use of competencies and sub-systems outside organizations to perform certain (already learned, or new) activities, or their combination, which may be the result of the creation of new business system (neostuctures). The main reason lies outside the development in an effort to obtain a synergistic effect due to the complementary action of the assets of two or more companies, the cumulative result of which substantially exceeds the sum of the results of independent actions of these companies.

The development of the enterprise solely within one of the models is hardly possible: turbulence of the environment, as well as increased demands for flexibility and adaptability of internal systems and processes of modern organizations determines the feasibility of organic combination of different models of enterprise development at different stages of their existence. So, in carrying out its competitive strategy, the company has a certain set of possible under certain conditions, the functioning of the ways to achieve competitive advantages, which are within the limits of full autonomy and self-sufficiency with respect to the company sources for its development to those who admit involvement and the use of competencies and subsystems of the other participants of market relations in order to achieve long-term-setting performance goals.

In the conditions of limit nature of access to the economic and financial resources, intensifying of competitive activity and slow „ outspent“ of internal possibilities of achievement of strategic aims, companies all more often use the forms and methods of external development, among that the most widespread are remained by the operations of confluences and absorptions, forming of strategic alliances, creation of joint ventures, forming of international and regional networks.

For the domestic business environment these strategies of market behaviour so far attempts to remain single realization of tasks of foreign economic activity, and at the macro level - there is a tendency to „open borders“ for TNCs.

The advantages of strategy for individual companies and the state as a whole are as follows:

- fundamental interests of the Ukrainian state and TNCs are the same as the transnational corporations allow the state to gain access to resources of other countries (basically for technology and innovation);
- TNCs, which placed its production abroad, are able to circumvent the tariff and non-tariff barriers of the home state;
- created new markets abroad, stimulated the demand for domestic production;
- TNCs strengthen the position of the state on the territory of other countries, they create enclaves of its property, which forms a real international influence of the state;
- TNCs positive effect on international relations, and as a consequence – develop the international relations;
- transnationalization of Ukrainian companies - this way of solving the problem of restructuring of the economy, i.e. organization of production and marketing of high technology products.

Encourage the establishment of Ukrainian TNCs should first of all in those industries which are able to provide the international competitiveness of Ukrainian economy for years. It is important to note that in those areas where our country has accumulated a certain technology, the potential (rocket-space, aviation,

metallurgy, chemical industry) should not be relied on foreign capital as the main source of financing for development. It is important to build their own TNCs. In these areas it is advisable to actively implement the model of organic (internal) time-development companies. In areas of the economy where there is a significant technological gap, the attraction of foreign capital, can greatly accelerate the technological upgrading of home companies. By favorable industries for forming of TNCs with participation of the Ukrainian companies there can also be engineer, electronics, transport, light industry, scientific researches, programming.

Conclusions

Overcoming the negative effects of globalization on the development of the Ukrainian markets involves the growing role of government in developing measures of macroeconomic, institutional and sectoral directed not against the globalization of economic relations and to create a model of conflict-free and smooth integration of national markets in the globalization process, providing favourable conditions for the inflow of foreign capital and new technologies in the domestic business.

Confession of large Ukrainian business as a major subject of modernization of national economy and global competitiveness is the necessary link of economic strategy of development of Ukraine, taking into account nature and features of concentration within the framework of the integrated business-groups: general concentration (on the basis of specific gravity of such groups in GDP); complex concentration (on the basis of degree of diversification); market concentration (stake of monopolistic power of the companies included in a group at the corresponding market); concentration of property (character of distribution of voting shares of stock among owners). In Ukraine, where the integrated businesses are formed on the basis of the already folded large productive complexes, banks and insurance companies the measure of government control it is necessary to point at support complex and general concentration.

For the sake of Ukrainian transnational corporations formation and to provide opportunities for the development of existing financial and industrial groups and other large companies, in our opinion, should take the following steps. First, it requires a large social rehabilitation of the national capital, the recognition of the importance of forming the national TNCs as the basis of the Ukrainian economy, which provides economic sovereignty and economic stability. Second, we need to institutionalize and put on a systematic basis for a strategic dialogue between the state and national representatives of TNCs, which are formed. On the one hand, the national strategy should take account of objective problems faced by the national TNCs at the present stage of development. On the other hand, it is important for the understanding of corporate strategic goals and economic objectives, which are set by the state. Without this, it is impossible to relate the corporate and government strategy to develop steps that will combine business interests with the goals of development of Ukrainian economy and its successful integration into the global economic system. Third, given the political changes in the world it comes to the fore issues of the economic interests of states, strengthening the competitiveness of their goods and services in world markets. Support and protection of national producers, increasing their exports of many countries is reduced to the rank of state policy, one of the priorities of national security. Fourth, we should give industry the artificial restriction or discrimination of Ukrainian TNCs in matters of investing in these or other areas of the domestic economy. Branches in the aspect of attention to TNCs increasingly predispose the scope of services and infrastructure that were previously of little interest to international companies and were predominantly spheres of natural monopolies. At this time, they become competitive on the field with great potential for profitable investment. Fifthly, it is important to facilitate the participation of Ukrainian companies in joint projects with the world's multinationals. National Strategy to support the Ukrainian companies that focus on foreign markets, should be based on the accelerated development of certain key business areas, raising the technological, scientific and innovation potential of Ukrainian enterprises.

A promising model for the development of large domestic companies, which receive the status of TNCs, as well as FIG, should recognize the external growth, which provides the enter of Ukrainian producers on foreign markets and the synergistic integration of assets of national companies with foreign partners.

In relation to creation of Ukrainian TNCs, it should be noted that similar macroeconomic politics is sent to defense of national economic interests, and thus will render assistance to further development of the Ukrainian economic structures, internationalization of their production and capital, integration of Ukraine in a world economy, to her participating in global transformation processes. The Ukrainian financially-industrial groups, transforming in TNCs, are able to make industrial and infrastructural bases of national

economy, and already now present her on the leading world markets of commodities and services, take part in the regional division of labor of Europe and Asia. But only by means of state support to develop the TNCs with national roots Ukraine will be able to join in scale transcontinental projects, be an active player in macroregional projects industrial and infrastructural cooperation.

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