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QUALIFICATION PAPER

on the topic " TRANSNATIONAL CORPORATIONS AND THEIR ROLE IN
MODERN INTERNATIONAL ECONOMIC RELATIONAL "
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ABSTRACT

on bachelor's degree qualification paper on the topic
"TRANSNATIONAL CORPORATIONS AND THEIR ROLE IN MODERN
INTERNATIONAL ECONOMIC RELATIONS"

student Anna Olexandrivna Shevchenko

The main content of the bachelor's degree qualification paper is presented on 53 pages, including references consisted of 40 used sources, which is placed on 4 pages. The paper contains tables, 7 figures, as well as 1 apps that are presented on a 1 page.

Keywords: TRANSNATIONAL CORPORATIONS, TNC ACTIVITY, GLOBAL CAPITAL MOVEMENTS, FOREIGN INVESTMENT, INTERNATIONAL ECONOMIC RELATIONS, TRANSNATIONALIZATION.

The purpose of the bachelor's degree qualification paper is to identify and to analyze the features of transnational corporations and their impact on the international economic relations development in the global changing business environment.

The object of the present research is the international economic activity of TNCs in the context of integration aspects of the world economy.

The subject of the research is the development of TNCs strategy aimed at achieving productive development in the long run period in the global business environment.

In the process of research depending on the goals and objectives, we used relevant *methods* of studying economic processes, including normative assessment method, comparison, analysis and synthesis, method of scientific abstraction.

The information base for writing the qualification paper is the basic educational literature, the fundamental theoretical works of domestic and foreign

scientists, articles and reviews in specialized and periodicals devoted to the present topics, reference literature and other relevant sources of information.

According to the results of the present research, the conclusions can be formulated as follows:

1. Thus, today the multinational corporation is a complex that includes production, trade and financial components, with a single decision-making center in the home country and with branches in other countries. Corporations are formed as a result of the internationalization process and are companies that may include enterprises of various forms of ownership, various types of activities, various organizational and legal forms in which they are located. At the same time, within the framework of TNCs, a parent company or a group of parent companies can be distinguished, which significantly affect their foreign divisions and carry out overall coordination of the activities of all divisions of TNCs.
2. TNCs reflect the world economy state in which the movement of capital and technology has become highly mobile, it is the activities of TNCs contribute to the transformation of the world into a whole, where its individual parts become functionally interdependent, and where new trends and laws of development.
3. Due to their organizational structure, TNCs have firmly strengthened their position in the world economy. TNCs, possessing huge capital, penetrated not only into the economic life of partner countries, but also into political life, supporting certain parties and directions.
4. TNCs carry out economic, financial, trade, technological, and political and social interaction between countries. The activities of TNCs fundamentally change the picture of the world, and therefore without this we cannot study the processes occurring in modern economic relations.
5. Based on research results, it should be noted that the development of transnational corporations in Ukraine can lead to both positive and negative consequences. The positives include increased economic growth, increased

FDI, which over the past 4 years have been prone to decline, increased tax revenues, reduced unemployment and improved skills of workers. Negative are such as the establishment by TNCs of depletion of natural resources, which leads to significant problems with the environment, manipulation in pricing, capital outflows, the transfer of profits to industrialized countries. In order for a country to be protected from the negative influence of foreign TNCs, it is necessary for the state to promote the competitive advantage of leading sectors of the national economy in foreign and domestic markets by creating domestic TNCs.

6. Transnational corporations play a very important role in Ukraine's economic development. However, the capital of foreign companies is mainly concentrated in the food and tobacco industry, trade, finance, energy, ie in industries with fast capital turnover and well-off markets. This indicates the limited interest of transnational corporations in Ukraine's economy.
7. It was concluded that along with gaining competitive advantages, as a result of the activities of TNCs, the Ukrainian economy is negatively affected by their functioning. In order to minimize the negative effects of international companies in the country and attract additional foreign direct investment, there is a need to implement effective measures to improve the investment climate and development of the domestic economy with priority given to strategically important economic activities.

The theoretical and methodological significance of the research results is that the main provisions can be used to develop conceptual issues in the study of the processes of formation and development of transnational corporations.

Results of approbation of the basic provisions of the qualification bachelor's paper have been presented in scientific papers as a result of taking part in the International Scientific and Practical Conferences:

1. Yarova I., Shevchenko A. Transnational corporations in the global business environment. International Economic Relations and Sustainable Development (Міжнародні економічні відносини та сталий розвиток) : матеріали II

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2. Yarova I., Shevchenko A. The place and role of transnational corporations in the system of international trade relations. Socio-Economic Challenges: Proceedings of the International Scientific and Practical Conference, Sumy, March, 27 – 28, 2021 / edited by Prof., Dr. Vasilyeva Tetyana. – Sumy: Sumy State University. 511 p.

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7. Approximate qualifying bachelor's paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 «Theoretical basis of transnational corporations in international economic relations» - on April 16

Chapter 1 deals with the essence, concept, structure and types of TNCs; the advantages and disadvantages for functioning transnational corporations; TNI index as a criterion for determining the degree of transnationalization corporations.

Chapter 2 «Transnational corporations and their role in the modern development of international economic relations» - on May 7

Chapter 2 deals with development trends of transnational corporations; transnationalization of modern economy of the European Union; strategic role of TNCs in the global and national economies

Chapter 3 «Investment activity of transnational corporations in Ukraine» - on May 14

Chapter 3 deals with analysis of the investment climate in Ukraine; legal framework; influence of transnational corporations on the economy of Ukraine

8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		task issued by	task accepted by
1	I. Ye. Yarova		
2			
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9. Date of issue of the task: « ____ » _____ 2021

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The tasks have been received:

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INTRODUCTION

Relevance of the present research. The current stage of development of the international economy is characterized by the deepening of the process of internationalization and the active increase in the number of international corporations, which today are becoming the main subject of the international business. Therefore, there is a need for a detailed study of the functioning transnational corporations, assessment of their effectiveness, as well as possible prospects for their development in a particular market. In the context of globalization of the world economy, transnational corporations (TNCs) play an important role. TNCs act as a network of interconnected enterprises that come from one country and have components and branches in other countries.

TNCs transform the world economy into international production, providing scientific and technical progress in all its directions - technical level and quality of production, production efficiency, and management improvement. According to the latest available UNCTAD report, there are 64,000 TNCs in the world with 870,000 foreign affiliates, and the estimated investment is 7 trillion dollars. This determines the relevance of the research topic, its practical significance, structure and objectives. In addition, the importance of the proposed study is due to the need to determine ways to optimize the TNCs activities in Ukraine and intensify the process of foreign capital attracting to Ukraine.

This topic has been studied by the following scientists: Soroka I.B. [1], Moiseenko I.P. [2], Odyagailo B.M. [3], Sushko L.M. [4], Rokocha V.V. [5], Potseluyko A.A. [6], Shablina Y.V. [7], Gaidutsky I.P. [8], Kozak Y.G. [9], Saprikina N.V [10] and many others.

The purpose of the bachelor's degree qualification paper is to identify the features of transnational corporations and to analyze the impact of TNCs on the international economic relations development in the global changing business environment.

The main tasks arising from the purpose of the work can be presented as follows:

- to reveal the essence of the TNCs concept and the main stages of their development;
- to consider the structure and typology of TNCs;
- to study the positive and negative aspects of the activities of TNCs;
- to analyze the leading TNCs in the world;
- to reveal the influence of TNCs on world economy;
- to determine the role of TNCs in modern investment processes;
- to study the activity of TNCs in the Ukrainian market;
- to develop the prospects for the TNCs development in Ukraine.

The object of the present research is the international economic activity of TNCs in the context of integration aspects of the world economy.

The subject of the research is the development of TNCs strategy aimed at achieving productive development in the long run period in the global business environment.

In the process of research depending on the purpose and objectives, relevant methods of studying economic processes, including normative assessment method, comparison, analysis and synthesis, method of scientific abstraction have been used.

The tasks of the work determined its structure. This work consists of an introduction, main part, conclusion, annotation, list of references.

The sources of information for writing the work were the basic educational literature, the fundamental theoretical works of the greatest thinkers, the results of practical studies of famous domestic and foreign scientists, articles and reviews in specialized and periodicals devoted to the topics studied, reference literature and other relevant sources of information.

The theoretical and applied significance of the research results is that these methodological provisions can be used to develop conceptual provisions in the study of the formation and development processes of transnational corporations.

Results of approbation of the basic provisions of the qualification bachelor's paper have been presented in scientific papers as a result of taking part in the International Scientific and Practical Conferences such as follows:

1. Yarova I., Shevchenko A. Transnational corporations in the global business environment. *International Economic Relations and Sustainable Development (Міжнародні економічні відносини та сталий розвиток): матеріали II Міжнародної науково-практичної конференції, м. Суми, 21 травня 2021 року / за заг. ред. Ю.М. Петрушенко. – Суми: Сумський державний університет, 2021.*
2. Yarova I., Shevchenko A. The place and role of transnational corporations in the system of international trade relations. *Socio-Economic Challenges: Proceedings of the International Scientific and Practical Conference, Sumy, March, 27 – 28, 2021 / edited by Prof., Dr. Vasilyeva Tetyana. – Sumy: Sumy State University. 511 p.*

1 THEORETICAL BASIS OF TRANSNATIONAL CORPORATIONS IN INTERNATIONAL ECONOMIC RELATIONS

1.1 The essence, concept of transnational corporations, structure and types

In general, today corporations that have production units in several countries are called transnational, multinational, international, planetary, global. The wide variety of terminology used can be explained by the fact that in the analysis of activities, the characteristics of various criteria are used both quantitatively and qualitatively. However, in almost all definitions, TNCs considered as corporations carrying out activities of an international nature, and it follows from this that they are subjects of international economic relations.

Definitions of TNCs in different sources differ, but for the purposes of this work we can use following definition of the term “transnational corporation” by United Nations. According to the UN definition, transnational corporations are "enterprises that own or control the production of goods or services outside the country in which they are based," and TNCs may or may not acquire the status of a corporation [11].

International corporations (TNCs) form the basis of the economies of the most developed countries in the world, they are the most powerful subjects of the world economy, they account for the bulk of foreign direct investment (FDI).

Within the company, key technologies and know-how can be transferred. At the same time, TNCs have the opportunity to save financial resources and provide the best results as well as companies that conduct research and development independently for each individual type of business.

The main characteristics of transnational corporations can be as follows [12]:

- Large size of the enterprise, which is achieved through foreign direct investment, mergers, joint ventures;

- TNCs usually have a differentiated decision-making system and each subsidiary or branch has its own regulatory body according to their characteristics and operational tasks, but the decision must be subordinated to the material company;
- Transnational corporations seek markets around the world and rationally locate production to maximize profits;
- TNCs are highly competitive compared to other enterprises, due to the rapid transfer of information, as well as rapid cross-border capital movements;
- Most large multinational corporations have some degree of monopolization in their industry, due to economic and technical capacity;

TNCs are both "public" and "private". Public corporations trade their shares on stock exchanges or brokerage. Buyers can be both individuals and legal entities as such banks, insurance companies and pension funds. «Apple» is an example of a corporation that publicly trades its stock. Private TNCs do not trade shares publicly, and such firms are usually family-controlled. An example is «Cargill», a privately controlled by two families.

If we consider the structure of TNCs, we can distinguish the following parts:

- Parent company (For example, OJSC (open joint-stock company) «Gazprom»);
- Foreign divisions:
 - Subsidiaries are a subsidiary of the parent company that owns more than 50% of voting shares (OJSC PJSC (private joint stock company) «Gazprom Neft»);
 - Subsidiaries of second level are a branch of subsidiaries (“Serbia naftna industry ”);
 - Subsidiaries of third level are a branch of subsidiaries of second level.
- Associates. The main characteristic is that the parent company owns no more than 50% of the voting shares.

The parent company, located in the country of origin of TNCs, it exercises authoritative, controlling influence over subsidiaries and grandchildren in other

countries. In some cases, the parent company may influence the management of the associate, even with a relatively small proportion of the shares, this may be the case if the shares are angry with many shareholders and their shares are smaller than the parent company's share. Subsidiaries may have a different name than the parent company and may be located in any country, even in the same country as the parent company.

The style of the relationship between the parent and subsidiary companies, ie how the control is exercised, differs depending on the region of the parent company. More formal and centralized control is usually a hallmark of American and to a lesser extent European corporations, a more liberal approach in Japanese TNCs.

If we classify TNCs by the nature of the relationship of branches, we can distinguish the following types:

- Horizontally integrated, TNCs whose affiliates produce identical products (For example, «Yum! Brands, Inc.»);
- Vertically integrated, these are TNCs that combine affiliates that have related products (For example, «Ford Motor Company», «Walmart, Inc.»);
- Diversified, this type includes TNCs in a coalition which combines companies with completely different types of products (For example, «Samsung Group», «Hitachi Ltd».).

Thus, today the multinational corporation is a complex that includes production, trade and financial components, with a single decision-making center in the home country and with branches in other countries. [13] Corporations are formed as a result of the internationalization process and are companies that may include enterprises of various forms of ownership, various types of activities, various organizational and legal forms in which they are located. At the same time, within the framework of TNCs, a parent company or a group of parent companies can be distinguished, which significantly affect their foreign divisions and carry out overall coordination of the activities of all divisions of TNCs.

1.2 Advantages and disadvantages for functioning transnational corporations

Foreign capital, deeply rooted in the economies of many countries of the world, has become part of their reproduction process.

Studying the geographic structure of foreign investments, it can be established that the bulk of them falls on developed countries - both capital exporting countries and recipient countries. At the beginning of this decade, developed countries accounted for more than 93% of capital exports in the form of direct investment and 73% of their imports.

In modern conditions, the host countries, as a rule, approve of the activities of transnational corporations on their territory. During the selection, the transnational corporation assesses the conditions for investing in the following areas: assessment of local web domains, their capacity, the place of others, political stability, conditions for foreign investment, government regulation of the economy, cheap labor and the level of its qualifications, stability of the national currency, the possibility of repatriation arrived.

However, there are also a number of problems associated with the activities of transnational corporations in the host country.

The most common mistake about the consequences of transnational corporations is the belief that as a result of the international operations of transnational corporations, one country necessarily benefits, while the other does not.

In addition, host countries tend to believe that the profits of multinational corporations are too large. Receiving taxes from multinationals, they are convinced that they could collect much more if multinationals did not declare their profits in low-tax countries.

Thus, the impact of TNCs through national firms in general on the national economy can be positive and negative. The positive influence of TNCs' activity on the national economy is manifested in the inflow of capital, the strengthening of the

country's foreign trade positions, the development of domestic trade, the increase in the degree of competitiveness of the national economy, and the increase in the degree of competitiveness of the national economy.

However, the activity of TNCs in many cases contradicts the interests of the host countries:

- suppression of local power by its power;
- establishment of monopoly prices;
- the attempt of the host countries to join the world market economy is inhibited;
- predatory exploitation of natural and labor resources;
- pollution of the environment;
- organization of "brain drain" in the parent company.

Thus, along with the positive consequences, the activity of TNC divisions also has a negative impact on the economy of Ukraine. The negative impact of activities on the national economy of Ukraine is the capture by foreign companies of the most developed and promising segments of industrial production and research structures; strengthening the instability of the investment process; deinvestment, destabilization of prices through negative consequences of using the mechanism of transfer prices; monopolization of markets; pressure on the host country and lobbying of TNCs, emigration of labor; after the acquisition of national enterprises by foreign TNCs, wages remain at a low level [10].

However, in order for the presence of TNCs to have a positive impact on the national economy, an appropriate policy on the part of the country's parliament and government is needed. In this situation, the main stimulating actions aimed at intensifying their investment activities [25].

TNCs can affect the economy of the host country both positively and negatively. In the table. 1.1 search for pros and cons for the receiving country and for the exporting country.

Table 1.1 - Problems and benefits for the host country and the country exporting capital [13]

	Home country	Host country
Positive Consequences	Unification of "rules of the game"; increased impact on other countries; income growth.	Obtaining additional resources (capital, technology, managerial experience, skilled work); growth in production and employment; stimulating competition.
Negative consequences	Reduction of state control; avoid big business from taxes; "Export jobs", which increases unemployment; conducting research and development in the host country.	External control over the choice of country's specialty in the global economy; crowding out the national business of the most attractive spheres; growth of the instability of the national economy.

Thus, the impact of TNCs through national firms in general on the national economy can be positive and negative. The positive influence of TNCs' activity on the national economy is manifested in the inflow of capital, the strengthening of the country's foreign trade positions, the development of domestic trade, the increase in the degree of competitiveness of the national economy, and the increase in the degree of competitiveness of the national economy.

The activity of TNCs in recipient countries has a positive value in the following plane:

- the powerful influence of TNC representatives is a catalyst for the reform of the bureaucratic apparatus, which contributes to increasing the transparency of the state's economy and its attractiveness to foreign investors;

- TNCs influence local authorities in order to improve the tax regime, which has a positive effect on the economic development of the recipient country.

However, the activity of TNCs in many cases contradicts the interests of the host countries:

- suppression of local companies by their power;

- establishment of monopoly prices;
- the attempt of the host countries to join the world market economy is inhibited;
- predatory exploitation of natural and labor resources;
- pollution of the environment;
- organization of "brain drain" in the parent company [24].

Table 1.2 - The impact of foreign TNCs on the national economy

№	Positive Consequences	№	Negative consequences
1	The increase in the efficiency of domestic production and the level of employment	1	TNCs capture the most developed and promising segments of the national economy
2	Creation and modernization of existing enterprises with the use of foreign experience of new technologies, higher labor productivity	2	TNCs are focused on the acquisition of local companies and thus contribute to the strengthening of the instability of the investment process.
3	New opportunities for establishing techno-intensive and export-oriented activities of enterprises thanks to TNC divisions	3	TNCs are putting pressure on host countries and lobbying for their interests
4	Transfer of assets to the national economy and promoting the development of the business sector	4	Destabilization of prices through the consequences of using the mechanism of transfer prices
5	Positive impact on the supply, value, quality and range of goods and services	5	Large foreign TNCs abuse their monopoly position, thus ousting domestic enterprises from the market

Thus, along with the positive consequences, the activity of TNC divisions also has a negative impact on the economy of Ukraine. The negative impact of TNCs on the national economy of Ukraine is the capture by foreign firms of the most developed and promising segments of industrial production and research structures; strengthening the instability of the investment process; deinvestment, destabilization

of prices through negative consequences of using the mechanism of transfer prices; monopolization of markets; pressure on the host country and lobbying of TNCs, emigration of labor; after the acquisition of national enterprises by foreign TNCs, wages remain at a low level [10].

1.3 TNI index as a criterion for determining the degree of transnationalization corporation

In 1974, a Commission on TNCs was established under the auspices of the UN Social and Economic Council, which was later reformed into a subdivision of the UN Conference on Trade and Development - UNCTAD. Since 1990, UNCTAD has introduced the concept of "company transnationalization index" to characterize the involvement of each TNC in the economies of foreign countries. This index is a ranking tool for multinational corporations used in reports, periodicals and other sources.

Later, the UNCTAD transnationalization index was used to describe the scale of the "foreign economy" owned by individual countries. The presence of such external economies is an important means of improving business efficiency, as well as strengthening the country's position in the international system of relations.

The Transnationality Index (TNI) is a ranking of international corporations that is worked by politicians and economists. It is calculated as the arithmetic of such three ratios: the ratio of foreign assets to total assets, the ratio of foreign sales to total sales, the ratio of foreign employment to total employment. [16] In this "foreign" means outside of the corporation's home country.

The transnational index is calculated by the following formula (1.1) [17]:

$$Ti = \frac{\frac{A_1}{A} + \frac{R_1}{R} + \frac{S_1}{S}}{3} \quad (1.1)$$

Where:

T_i - the level of transnationalization;

A_1 - assets outside the country;

A - the total amount of assets;

R_1 - goods / services sold outside the country;

R - total number of sold goods / services;

S_1 - number of employees outside the country;

S - total number of employees [17]

The higher the index, the more important the activity of its foreign subsidiaries is for the company. As a rule, the higher the index, the more diversified the activities of TNCs abroad. According to published analysis of the UNCTAD data we can see that the interest of transnational companies in the world market has steadily increased. [17]

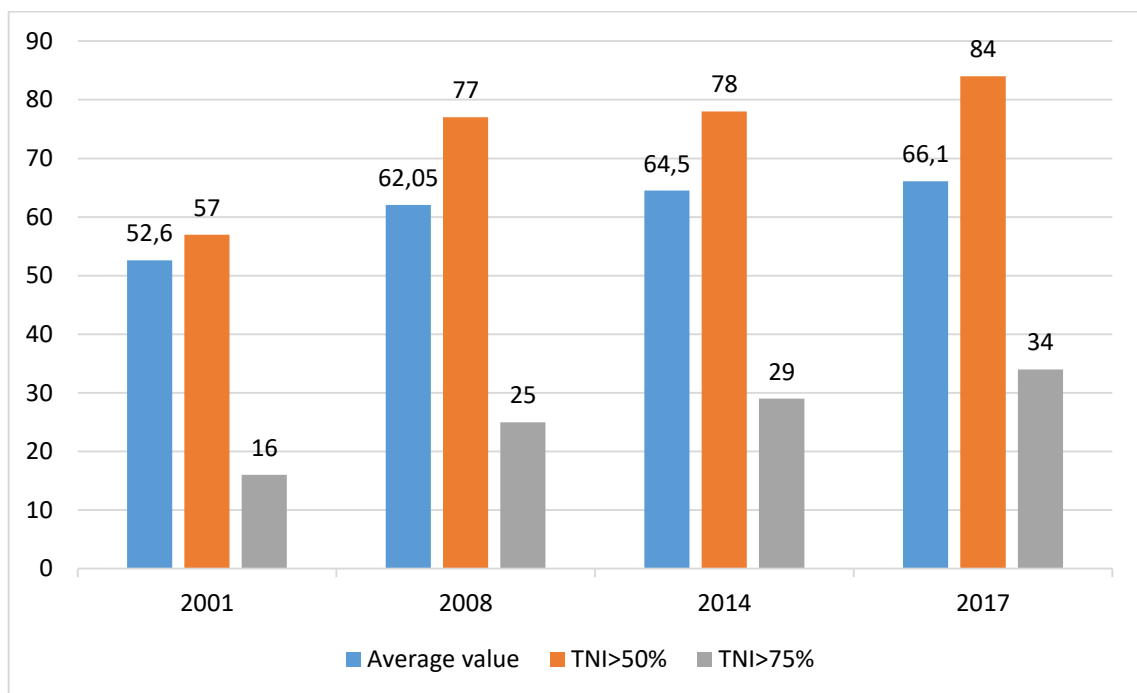


Figure 1.1 – TNI data changes in 2001-2017 [17]

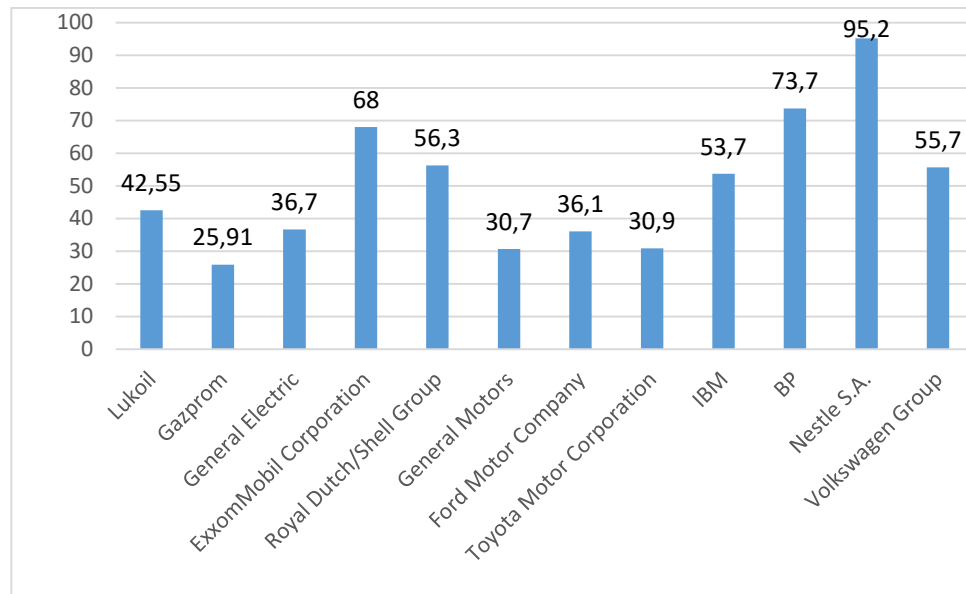


Figure 1.2 - Transnationalization indices of the largest TNCs in the world in 2019, % [18]

Transnational corporations, seizing power in the world market, deprive the chances of competitive rivalry not only of certain small commodity producers, but often of entire countries. Second, globalization is destroying free market institutions. The exit of new non-global countries to it becomes extremely difficult or closed. Global monopolies do not satisfy the demand of buyers, but themselves form a “global demand” and a “global proposition.” In the global economy there is a clear tendency to virtualize the labor market. That global efficiency and profitability far exceed the usual return on investment and capital.

Mergers and acquisitions are the dominant form of implementation of TNCs' financial strategies, especially in highly developed countries, which is dictated by their following advantages: synergistic effects, including economies of scale and cost savings, access to more strategic assets. In the conditions of globalization of the modern world, transnational corporations have become one of the main institutions that control the situation on the world market. In recent years, the tendency of expansion by TNCs not only in relation to the host countries, but also to the countries of base, has become clearer, that is, gradually the negative effects of globalization are felt by those countries that have been reluctant to do so. [12].

Global corporations pursue a policy of full integration of economic activity in different countries and are focused on the global standardization of production with minor local adaptations. The global strategy is based on the integration of the personal base of corporations and its most rational redistribution between different subdivisions of corporations. The geocentric approach to financial planning and control is taken on the basis of global considerations. The global financial strategy is built in such a way as to ensure the maximization of profits within the entire TNC, even at the expense of the losses of individual divisions [13].

The activity of corporations determines the need to characterize the national features of encouraging foreign capital. Depending on the level of development of national economies, the strategy of regulating the activity of foreign capital naturally differs in the level of its functioning and development. With regard to Ukraine, the strategy of regulating foreign capital is subordinated to the national goal of maximum attraction of foreign capital and integration into international economic relations.

The current stage of development of the world economy is characterized by the onset of activity of large foreign companies, whose activities lead to an increase in the scale of globalization and the intensification of integration processes. The resistance of such companies to the influence of an unstable macroenvironment in the conditions of globalization is the source of their competitive advantage. Therefore, the study of strategies for their development is too important.

The increase in the scale of mergers and acquisitions is caused by the following advantages of this form: synergistic effects, time savings, economies of scale, access to strategic assets of other companies, increasing market power, financial motives and finance. In terms of value, about 60% -70% of transnational mergers and acquisitions in recent years have resulted in the creation of horizontally integrated structures, which indicates a growing monopolization.

The companies that occupy the first and second places - PJSC "Ukgaz-Energy" and SE "Energy-market", respectively, are intermediaries and do not have the potential to turn into transnational companies in the future [36]. PJSC

"ApselopMittal Kpyvy Pig" is a part of the world's largest metallurgical transnational company "ArcelorMittal". More interesting from the point of view of possible transnationalization of the Ukrainian companies are the enterprises occupying the 3rd and 7th lines - "Metinvest holding" and PJSC "Azovstal Metallurgical Plant", respectively. These companies are part of SCM, which has assets in the metallurgical, energy and telecommunications sectors of the economy. SCM also has foreign assets, including in Italy and the United States, and manages the company's financial flows through its own banking institution.

Thus, in the first section the concept of TNCs was formulated. Their classification is described, features of structural construction and interaction are considered. The preconditions for the emergence of TNCs and the stages of their development are clarified. Characteristic features inherent in the branches of TNCs in a certain historical period are revealed. A method of calculating the degree of internationalization of TNCs using the TNI index was described. The development of this index for different years, features of its calculation are investigated.

2 TRANSNATIONAL CORPORATIONS AND THEIR ROLE IN THE MODERN DEVELOPMENT OF INTERNATIONAL ECONOMIC RELATIONS

2.1 Development trends of transnational corporations

In the current situation, TNCs act as an international regulator of industrial production and sales of products. Let us emphasize that the role and scale of functioning TNCs is growing significantly. In addition, corporations are the main structural element of any open economy, the driving force behind economic development and increasing the competitiveness of countries in general.

World economic power is concentrated in the "hands" of the 100 largest TNCs (Microsoft, General Electric, Exxon Mobil, Walmart Stores, Citigroup, Johnson & Johnson, Royal Dutch / Shell, BP, IBM, Ford, Nestle, Phillip Morris), [11]. In general, in the world, according to UNCTAD, there are about 85 thousand TNCs from 810 thousand foreign units. Over the past 30 years, the number of TNCs has increased 12 times (7,000 such firms were registered in 1970, 24,000 in 1990, and 85,000 TNCs in 2012), involving more than 75 million people. At the same time, more than 80% of parent companies and about 33% of branches are located on the territory of industrialized countries, in developing countries - respectively 19.5% and almost 50%, in the former socialist countries - about 0.5% and 17% [12].

Fortune surveyed the world's largest companies. The main criterion for compiling the list is the income of the participants. In 2019, the world's 500 largest companies generated \$ 33.3 trillion in revenue and \$ 2.1 trillion in profits. Together, the Fortune companies employ 69.9 million people worldwide this year and are represented in 32 countries. According to this indicator, the rating in 2020 was topped by the American TNC "Walmart", whose revenue is 523.964 billion US dollars, and the net profit is 14.881 billion US dollars [21] (Table 2.1)

Table 2.1 – TOP-10 TNCs in the world in 2020 (billion USD) [13]

Rank	Company	Revenues (\$M)	Profits (\$M)	Change in rank	Country
1	Walmart	523,964	14,881	-	USA
2	Sinopec Group	407,009	6,793.2	-	China
3	State Grid	383,906	7,970	2	China
4	China National Petroleum	379,130	4,443.2	-	China
5	Royal Dutch Shell	352,106	15,842	-2	Netherlands
6	Saudi Aramco	329,784	88,210.9	-	Saudi Arabia
7	Volkswagen	282,760	15,542	2	Germany
8	BP	282,616	4,026	-1	United Kingdom
9	Amazon	280,522	11,588	4	USA
10	Toyota Motor	275,288	19,096.2	-	Japan

For several decades, the leader among the countries with the largest TNCs is the United States - 121 companies out of 500. The second place went to China - 119 companies. Japan -52 companies closes the top three. Then come France -31 companies, Germany -29 and Great Britain -17 companies [21] (figure 2.1):

Thus, the most developed countries in the world are the home countries corresponding to the largest TNCs. Capital having TNCs (transnational capital) is attracted to other countries to develop their own system production and marketing, to implement the resource base (including cheaper than in the country of labor). Investment flows coming from international companies for the modernization or development of any field - is one of the first steps in the expansion of the national economy and the implementation of foreign policy of TNCs. On the one hand, foreign direct investment gives impetus to the development of industries, on the other - the profits go to parent companies, depleting the resources of host countries [22].

The American Fortune magazine has published an annual ranking of companies by their level of income - Fortune Global 500. Companies included in it

from different countries are compared by revenue received in the financial year ended March 31, 2020 or earlier, so that the rating does not reflect the decrease or increase in revenue. companies during the current crisis following the spread of COVID-19 around the world.

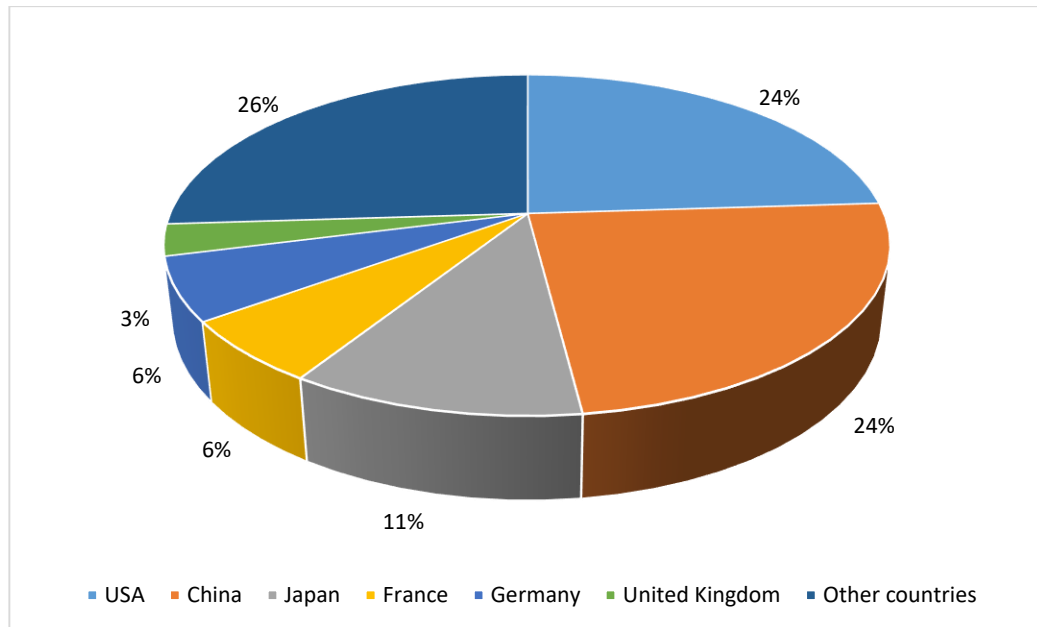


Figure 2.1 - Distribution of the top 500 largest TNCs by home country, (%)
[13]

In total, the ranking includes 53 companies from Japan, 31 from France, 27 from Germany, 22 from the UK, 14 each from Switzerland and South Korea. Russia is represented in the Fortune Global 500 by four companies: Gazprom is in 55th place with revenues of \$ 118 billion, LUKOIL - in 57th (\$ 114.6 billion), Rosneft - in 76th (\$ 96.3 billion), and Sberbank - by 240th (\$ 48.3 billion). [21]

Nowadays the developed countries and China are the areas where there are registered largest number of multinational corporations. Figure 2.2 clearly shows the distribution of 100 leading transnational corporations by world macro-regions [23].

As follows from Figure 2.2, most of the leading TNCs are located in North America, then Europe and Asia are almost on equal footing, while the Russian TNCs occupy only 3% of the list. This roughly corresponds to Russia's share in global GDP. [22]

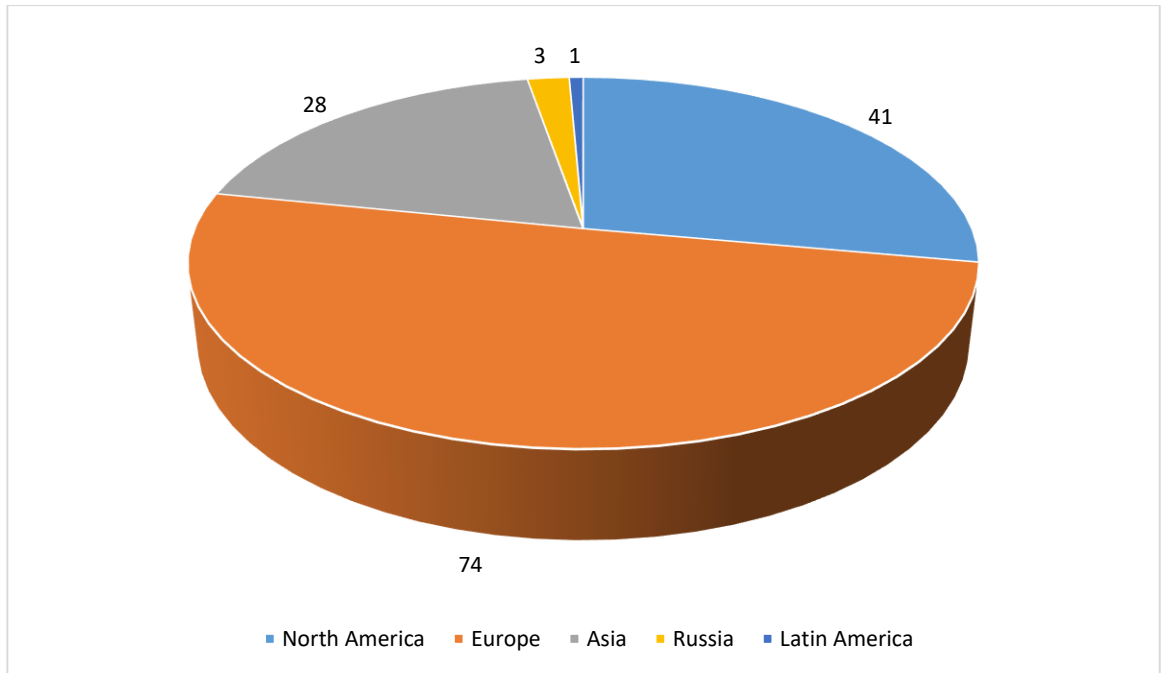


Figure 2.2 – Distribution of 100 leading corporations [23]

Analyzing the sectoral structure of transnational corporations, the following areas of their activities can be distinguished:

- manufacturing sector (electronics, automobile, chemical and pharmaceutical industry) - 60%;
- the service sector is 37%;
- the share of mining and agriculture - 3% [24] (Figure 2.3).

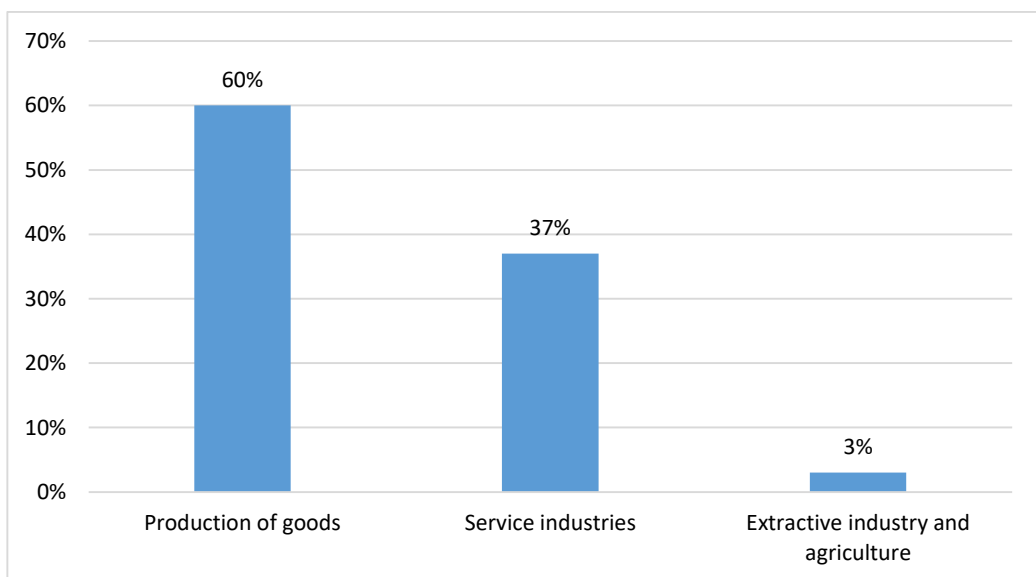


Figure 2.3 - Areas of activity of TNCs [16]

A new direction was the increase in investment in services and technology high-tech production. At the same time, the share in the mining industry, agriculture and resource-intensive production is decreasing.

By the way, we note that at present, the total volume of foreign investment of all TNCs now plays a more significant role than trade. (Figure 2.4).

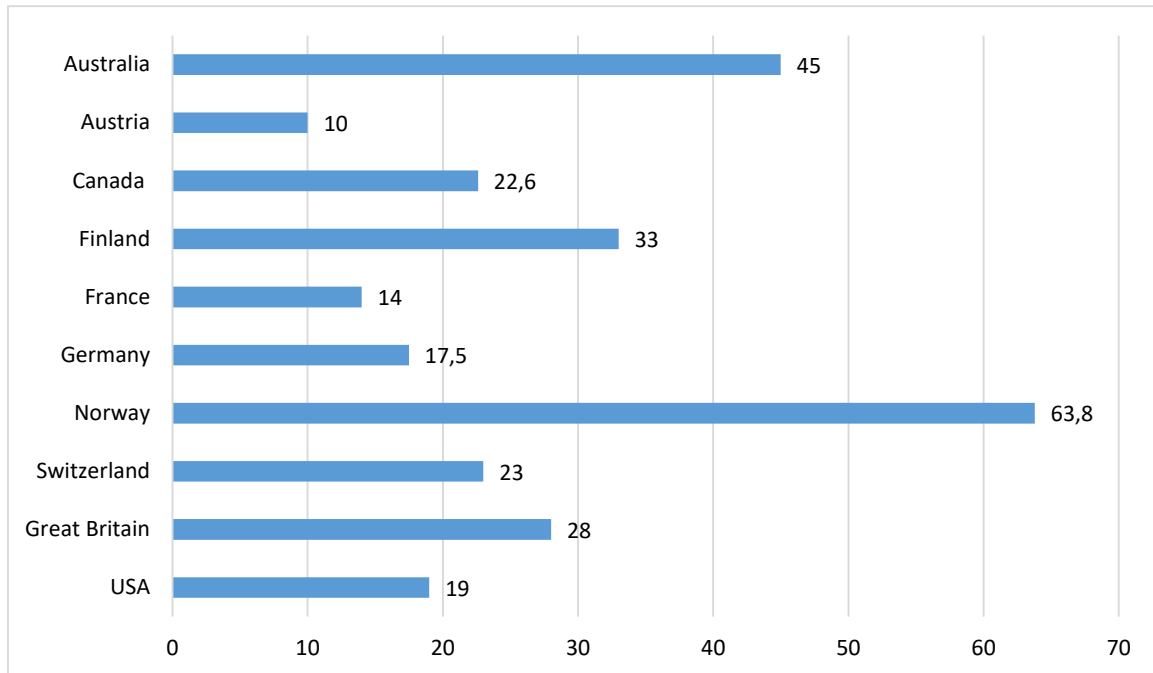


Figure 2.4 – The largest corporations

The main strategy for the development of TNCs from the point of view of integration processes is the strategy of "internationalization" of activities, which ensures their expansion.

Thus, TNCs are increasingly becoming a decisive factor in resolving the fate of a country in the international economic relations system. Active production, investment and trading activities allow them to act as an international regulator of production and distribution of products, and even, as UN experts believe, to promote economic integration in the world.

2.2 Transnationalization of modern economy of the European Union

The first multinational corporations emerged in Europe long before the creation of the European Union in the 60-80s of the XIX century. in the field of extraction, purchase and sale of mineral resources. After the Second World War, thanks to the economic recovery and GATT's efforts to achieve maximum market openness, TNCs reached a completely new intensive level, and international cartel-type associations (typical of the first half of the twentieth century) began to give way to international concerns and other powerful manufacturing firms that aimed at the idea of global expansion [25]

Since the 80's of the twentieth century. the rapid development of the services sector in the EU, which includes financial and insurance services, has begun. Almost 53 TNCs operate in this area, which is more than one in four of the EU's largest TNCs. TNCs with this focus operate in almost all EU countries (large domestic TNCs are absent only in Bulgaria, Cyprus, Malta and Romania), including HSBC, Royal Bank of Schotland (UK), Santander Central Hispano (Spain), BNP Paribas (France), Deutsche Bank (Germany), ABN Amro (Netherlands), etc., among insurance TNCs - ING Groep (Netherlands), AXA (France), Allianz (Germany), Generali (Italy), Aviva (Great Britain) and others. EU insurance and financial TNCs operate in Eastern Europe, Asia-Pacific, North and South America, the Middle East, Africa and Australia, creating millions of jobs.

The intensification of capital exports of TNCs has led to a significant increase in the degree of integration of EU countries into the world economy. An increasing part of the production capacity of EU TNCs is being relocated outside the region. In countries such as Belgium, Great Britain, and the Netherlands, GDP has been moved abroad by more than a fifth, while in the Netherlands about 90%. The leading manufacturers of industrial products - Germany, France and Italy have a relatively low cost of foreign production - 8-15%. [26]

At present, the transnational corporations of the European Union tend to reduce the growth rate of their numbers through mergers. The number of TNCs fluctuates over the years, and today there are about 30,000 of them in the EU. Most of them are in such countries as Great Britain, France, Germany, Italy, the Netherlands, Sweden - the most developed EU countries, followed by Belgium and Luxembourg, Austria, Ireland, Denmark, Finland, Spain, Portugal. Despite the fact that the number of TNCs is growing slowly, the number of their branches is increasing at an accelerated pace [21].

The largest number of TNCs in the EU is in the UK (about 8 thousand), Germany (over 6 thousand) and France (just over 3 thousand). The number of their branches is also significant: in Germany - more than 11.4 thousand, in France - more than 9.4 thousand and so on. According to the well-known world magazine Forbes [27], of the 2000 largest TNCs in the world, 470 belong to 18 countries of the European Union, which is approximately 25% of all TNCs included in this ranking (Table 2.2).

Table 2.2 – The number of TNCs in EU member states [27]

Country	Number of TNCs	Country	Number of TNCs
Austria	13	Netherlands	25
Belgium	12	Germany	59
Great Britain	119	Poland	4
Greece	12	Portugal	10
Denmark	9	Finland	16
Ireland	8	France	67
Spain	29	Czech Republic	1
Italy	47	Sweden	29
Luxembourg	8	Hungary	2

Bulgaria, Cyprus, Latvia, Lithuania, Malta, Romania, Slovakia, Slovenia and Estonia are not included in the list, as they do not have TNCs with a market capitalization of more than \$ 500 million, which is the lower limit of the rating.

Table 2.3 - Number of largest TNCs in EU member states. [27]

Country	Number of TNCs	Country	Number of TNCs
France	40	Ireland	2
Germany	39	Denmark	2
United Kingdom	26	Austria	2
Netherlands	13	Finland	2
Spain	12	Luxembourg	1
Italy	10	Poland	1
Belgium	5	Portugal	1
Sweden	6		

The well-known online magazine Fortune, which conducts research on multinational corporations around the world, has identified the world's 500 largest TNCs (Global-500). Among them, 162 corporations belong to the European Union (Table 2.3). The minimum market capitalization of TNCs included in the Global-500 rating is \$ 16 billion. [27] Thus, the TNCs included in this list belong to 15 countries of the European Union.

All these TNCs operate in different sectors and sectors of the economy, different areas of activity, but are especially represented in the financial sector, insurance, construction, fuel industry, mining and chemical and pharmaceutical industries, automotive, electricity, etc. (Table 2.4).

Table 2.4 - Distribution of EU TNCs by main sectors of the economy [27]

Sector of the economy	Number of TNCs
Financial sphere	36
Insurance	17
Retail trade of various goods	16
Electricity	15
Construction	14
Automotive and component manufacturing	11
Mail, telecommunications, communications	11
Fuel industry	9
Transport	7

Chemical industry	5
-------------------	---

As in the leading countries of the world (USA, Japan, Canada) in the European Union there is also a clear trend in the transnationalization of the service sector and a gradual decrease in the number of TNCs in various sectors of heavy industry.

Almost all of the world's largest banks are concentrated in the EU, and the "financial capitals" are cities such as London, Frankfurt am Main, Luxembourg, Amsterdam, and others. About half of the world's gold and foreign exchange reserves are concentrated in transnational banks [28].

In general, the rapid development of TNCs in the EU fuel and energy complex began in the 1970s. after the discovery of powerful oil and gas fields on the North Sea shelf and large natural gas fields in the Netherlands in the 60's of the twentieth century (1st place in Europe and 4th in the world), as well as after the transition to nuclear energy production.

In recent years, most TNCs in the automotive industry of the European Union have maintained a tendency to increase sales, but most of the assets are located in EU countries.

Other industries in which more influential TNCs operate include the chemical and pharmaceutical industries («BASF», «Bayer», «Air Liquide»), electronic and electrical equipment («Nokia», «Siemens»), «TLM Ericson», «Alcatel», «Bosh», «Philips», «Tefal», «Moulinex», «Indesit», «Zanussi», «Ariston», etc.), food industry« «Unilever», «Associated British Foods», «Sodexo», «Numico», «Kerry Group», «Danone», «British American Tobacco»), sphere of communication and mail («Deutsche Telecom», «Vodafone», «O2», «British Telecom», «France Telecom», «Telecom Italia Mobile» etc).[21]

There are also a large number of TNCs working in construction, in various services, mining, metallurgy, trade, textile industry. All these areas are less transnationalized, ie TNCs have not become widespread in them. Their TNCs are inferior in both the number of corporations and their size. But they are still an integral part of the EU economy, and their names are well-known brands in many

countries around the world (for example, "Saint-Gobain", "Christian Dior", "METRO Cash & Carry", etc.).

Of the 500 largest multinational corporations in the world, 24 European TNCs belong to this industry, the largest of which are Royal Dutch / Shell (Great Britain / Netherlands), BP (Great Britain), Total (France), and ENI (Italy), Repsol YPF (Spain) and others. These fuel corporations are engaged in the extraction of coal, oil and natural gas and work both on their own (TNCs of Great Britain, France, the Netherlands) and on imported raw materials (TNCs of Northern and Southern Europe). Among the largest energy corporations in the EU are ENEL (Italy), Electrabel (Belgium), Endesa, Iberdrola (Spain), Scottish Power (UK) and others that produce nuclear, hydropower and unconventional types of energy. [27]

The automotive industry has a fairly wide range of representatives from different EU countries, which have branches in many countries around the world and is already significantly monopolized, and the number of multinational corporations included in the list of 500 largest in the world is 11. These are German corporations "Daimler-Chrysler", "Volkswagen", "BMW", "Continental", "Porsche", "MAN"; French Renault, Peugeot, Michelin and Valeo; Swedish Volvo and Scania; Italian Fiat and British GKN. Of course, there are many more TNCs from different countries, such as Seat, SAAB, etc., but they are far behind the aforementioned car giants.

Transnationalization is an extremely important and multifaceted natural global process, which over the past few decades has covered all sectors of production, services, accelerating the economic development of countries around the world. An integral part of the modern economy of the European Union have become multinational corporations, which concentrate about 30% of world production and services. Today, the number of EU TNCs reaches about 30,000. All of them work in various sectors of the economy, but are most common in services (finance, insurance, trade, construction, etc.), mechanical engineering (automotive, electronics and electrical equipment), fuel-energy complex, chemical and chemical-pharmaceutical industry. And now the main trends in their further development are

the expansion of the number of TNCs in the service sector, the merger of TNCs and the diversification of TNC production.

2.3 Strategic role of TNCs in the global business environment

Specifications of TNCs enable them to use the elimination strategy thanks to distinguish of activities with different inputs, required production abilities and financial risk, even within the same industry or production process. It results in general trend of functional specialization of the global value chain which is the opposite of vertical integration of structures (observed until recently in strategies of many TNCs).

The improvement in global effectiveness of a corporation is often benefited by the exclusion of some of the functions, which are outside of the core specialization of the organization (inclusion of independent outside companies: suppliers, subcontractors, middlemen, strategic alliance partners etc), from its own structure. Therefore, the key for gaining competitive advantage within international production systems in a long term is the ability to build a value of the brand and accumulate its capital with relation to changing tastes and styles in a dynamically developing global space (called the marketing drive).

The second element of international production system is the spatial diversification of activity. It is based on a geographically correct allocation of organizational units in order to gain the most valuable local resources to maximize competitive advantage of corporate system as a whole. At the turn of 20th and 21st centuries significant changes in the rating rules of TNC activity locations were visible.

It refers to the locations of technological centers and production plants as well as units responsible for marketing activities. The changes in international production system are therefore related to the increase in quality of the offer. However, it seems

that the difference in costs still remains the most important factor, while the costs are rated relatively with the consideration for efficiency and productivity of a specific location during specific time. It needs to be mentioned that economic account includes also funding for R&D as well as management processes such as: accounting, information technology and marketing. As a consequence, it is visible that as a result of search for cost optimization, the range of TNC activity increased, but operational integration of geographically remote locations through the creation of integrated business connections structures remains currently a clear trend. Corporations focus on geographical allocation of links of their global value chain so that entire international production system of organization could reach the level of maximum effectiveness. The third element of international production system is the methodology of management in a complex organizational structure. Global value creation chain with geographically dispersed organizational units requires new look on the rules of organization management. The nature of methodology of management of this complex structure seems to lie in two elements: coordination tools and control mechanisms. In traditional (hierarchical) structures the instruments of management (coordination and control) are a direct result of established organizational structure, therefore it is a system relatively easy to analyze. However, in the situation where geographical and functional diversification of company's activity imposes the use of flexible organizational structures, often diverse for particular areas of activity of the same object, effective coordination of the system and establishing mechanisms of self-control become key issues.

“Getting the grip” of all types of connections in organization and giving a company the sense of objective unity becomes the challenge for people managing international production system. However, the links of organization functioning in many forms within its structure demand a different approach. Coownership enables the use of direct managerial supervision while different informal connections (where independent middlemen, suppliers, manufacturers, marketing specialists are connected with the company by different relations: franchising, licensing, subcontracting, marketing contracts, mutual technical standards, business relations

based on trust) completely eliminate this possibility. Additionally, there is a necessity for softening the effects of co-opetition. Wrong approach to management of complex structure organization can deepen internal competition and weaken the cooperation. Modern companies (especially transnational corporations) were forced to revise their strategies of development and adjusting them to the changing environment of conditions. It seems that the success of TNCs can be explained by their right approach to three aspects: quality of resources and processes, meaning of time as strategic parameter and interaction with the environment.

Third aspect of adjusting the structure to the development strategy of a corporation is based on use of interactive orientation. By implementing full scope of internationalization (global strategy) a corporation must be able to emphasize spheres of perfect unison of the organization and needs of the client, perceived through the prism of individual needs of particular individuals and specific groups. The ability of adjusting the organization to client's demand specifics enables the assimilation with the specific environment and at the same time creating brand based on the concept of common responsibility of the organization for quality of life and welfare of their clients. It is the highest level of adjusting organizational structures to developmental challenges of the 21st century. The organization implements transnational strategy, which means "sinking" of the company into system of global economy, with simultaneous integration with different local communities in a global economic space.

3 INVESTMENT ACTIVITY OF TRANSNATIONAL CORPORATIONS IN UKRAINE

3.1 Analysis of the investment climate in Ukraine

Entering the foreign market, especially the Ukrainian market, European TNCs use different pricing strategies, among them the strategy of "penetration policy", which consists in gaining a certain share of the market from consumption to low consumption. firms and drawing attention to it. This method has a short-term nature, and after a short period (usually 1-2 months) prices begin to rise gradually to counteract inflationary tendencies, to adapt to the situation and to improve. This strategy is based primarily on the fact that the population of Ukraine does not receive high incomes, and therefore the price factors of the TNC brand become the determining factors of sales. Let's group and graphically show the strategies of the presence of European TNCs in the Ukrainian market (Fig. 3.1):

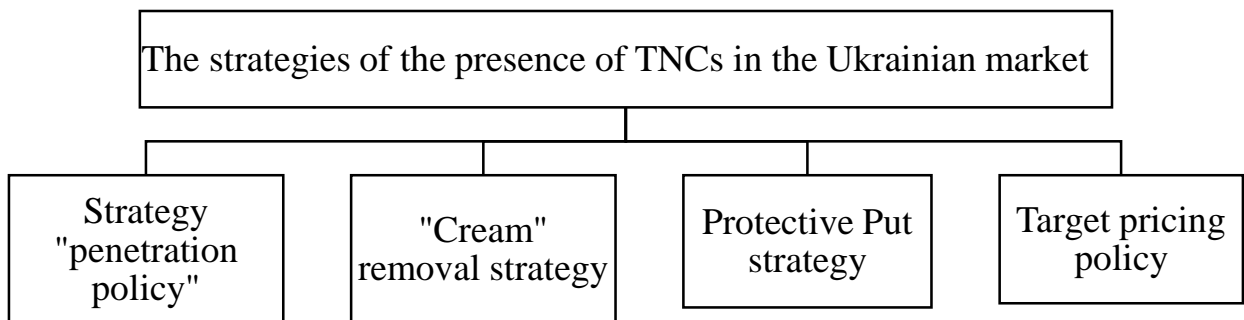


Figure 3.1 - Strategies for the presence of European TNCs in the Ukrainian market

Most host TNC countries approve of their activities and even compete with each other, as this provides an influx of FDI, the creation of additional jobs, increased domestic trade, innovation, output new products. The distribution of major investors in Ukraine is given in Table 3.1.

Table 3.1 - The main investors in Ukraine in 2019 [30]

Rating	Country	FDI projects (2016-2019)	Share %	Created jobs
1	Cyprus	27	12	217
2	Netherlands	26	12	733
3	Great Britain	19	8	363
4	Germany	16	6	1755
5	Switzerland	16	6	1905
6	Austria	12	4	42
7	Virgin Islands	12	4	22
8	France	12	4	555
9	Russian Federation	11	3	151
	Others	151	31	1256
	Total	161	90	6999

The largest international corporations operating in our country are JT International, Philip Morris, MacDonald's Ukraine Ltd, Coca-Cola and PepsiCo, Western NIS Enterprise Fund, Ukrtatnafta, Cargill PepsiAmericas and others. [37]

In addition, there are about 7362 branches of foreign TNCs in Ukraine, while in the world there are more than 800,000 of them. That is, Ukraine accounts for only 0.9% of their total number [30].

Ukraine is of particular interest to TNCs in those industries in which competitive advantages over national companies are clearly expressed. In 2019, the most attractive for TNCs and investors from the EU and the US were the following sectors of the Ukrainian economy:

- food industry and processing of agricultural products (16.3% of total foreign direct investment);
- trade (15.0%);
- financial sphere (9.1%);
- mechanical engineering (8.6%);
- transport (7.6%);

- real estate transactions (5.2%);
- pharmaceuticals and petrochemical industry (4.1%) [30].

The analysis of TNCs in Ukraine by economic sectors showed that a significant number of these enterprises specialize in trade and repair, processing industry, real estate operations, construction. That is, foreign companies do not seek to invest in high-tech industries, and most of the investment is directed to trade - a sector that allows you to quickly make high profits.

Today in Ukraine the largest number of TNCs is represented in the processing industry. According to Forbes, in 2019 most of them were profitable (Table 2.3). The best financial results were obtained by TNCs specializing in the tobacco and food industries, namely: JT International, PepsiCo and Philip Morris.

Table 3.2 - Financial results of TNCs in Ukraine for 2019 [31]

№	Corporate	Industry	Revenue for 2019, million dollars
1	JT International	Tobacco	8203,7
2	Philip Morris	Tobacco	6775,1
3	Imperial Tobacco	Tobacco	5399,4
4	Bunge	Agro-industrial	6723,7
5	ViOil	Food	4459,8
6	Nestle	Food	6728,5
7	Shell	Oil and gas	5255,8
8	Toyota	Engineering	5477,6
9	Procter&Gamble	Chemically	6833,1
10	PepsiCo	Food	7168,5

We can make the conclusion that the domestic market of Ukraine is represented by such corporations as JT International, Philip Morris, Imperial Tobacco, Bunge, ViOil, Nestle, Shell, Toyota, Procter&Gamble, PepsiCo and some other. Unfortunately we don't have large industrial concerns, such as Westinghouse, ExxonMobil or General Electric in the Ukrainian market. Although Mittal Steel is

the exception, for which its Ukrainian asset, Kryvorizhstal, is an intermediate link in the production chain, but not final.

However, the main attention should be paid to TNCs that manufacture products in Ukraine and, as a result, develop the country's industrial potential and create new jobs.

In today's conditions, we can observe several clear trends in the FMCG market both in the world as a whole and in Ukraine:

- slowdown in the growth rate of the industry;
- intense competition for market share between manufacturers;
- change in retail formats (increase in the share of network retail);
- acceleration of growth rates, introduction of new products while shortening the product life cycle [2].

The most attractive for TNCs from the European Union and the United States are:

- food industry of Ukraine,
- trade enterprises,
- financial sector,
- pharmaceuticals.

In these industries, capital turnover is fast and business risks are minimal. It is also attractive for TNCs from industrialized countries to invest in infrastructure for business services to serve primarily enterprises with foreign investment. Manufacturing companies that produce consumer goods (drinks, snacks, household chemicals, cosmetics, etc.) have become widespread in the Ukrainian economy. International companies in this specialization have had a positive impact on the food and consumer goods market by significantly expanding their product range.

The current stage of development of the world economy is characterized by the onset of activity of large foreign companies, whose activities lead to an increase in the scale of globalization and the intensification of integration processes. The resistance of such companies to the influence of an unstable macroenvironment in

the conditions of globalization is the source of their competitive advantage. Therefore, the study of strategies for their development is too important.

3.2 Prospects for the development of TNCs in Ukraine

World TNCs will be able to optimize their strategies in Ukraine and form a strategic partnership with Ukrainian companies due to the following measures: Improvement of the quality of pre-investment analysis of investment objects, legal consolidation of clear separation of rights and obligations of TNCs and Ukrainian partners, analysis of fair value of Ukrainian companies as investment objects, Continuous monitoring of political risks in Ukraine and building up favorable relations with Ukrainian authorities, increasing financial efficiency through enhanced use of TNCs competitive advantages.

The economic mechanism of attraction of investments of world TNCs into the Ukrainian economy should include the following components: reform of the tax system, formation of effective legislation, intensification of the fight against corruption, increasing the efficiency of functioning of special regimes for investment activities, accelerating the development of the market of securities, ensuring the protection of foreign investors through the judicial system, Improvement of investment by foreign investors, maximum transparency of the privatization process, business infrastructure development, continuation of economic policy to stabilize the hryvnia exchange rate and reduce inflation.

International practice shows that free economic zones can be one of the most effective tools for attracting foreign investment.

Unfortunately, today the efficiency of SEZ/TPR in Ukraine can be estimated as relatively low. The structure of investments in SEZ/TPR is characterized by an increase in the share of domestic investments: in 2016. - 48%, for 2011 p. - 57.8%, for the first half of 2017 p. - 79,4%. In the total amount of provided services, the

share of imported services is constantly increasing. Similar phenomena indicate the functioning of Ukrainian SEZs/TPRs as channels of duty-free importation of imported goods. At the same time, there are positive developments in the work of SEZs/TPRs: in the first half of 2017. The volume of production within the CEZ/TPR framework amounted to UAH 3.5 billion, which is 52% higher than the volume of production for the first half of 2016, the peak export value for the first half of 2017. grew to 27% [30].

The following measures can improve the efficiency of SES/TPR functioning: Strengthening control over the import of goods to the SEZ and export of goods from the SEZ to the customs territory of Ukraine, improving the procedure for negotiation of investment projects with the state authorities, active monitoring of the results of the SEZ/TPR functioning with the subsequent imposition of sanctions. In order to prevent the undermining of Ukraine's international image, sanctions should be imposed only in accordance with the declared rules of doing business on the territory of the NEA/TPR.

Ukrainian companies have a number of competitive advantages that can serve as the basis for the creation of mutually beneficial partnerships with global TNCs. In the opinion of the author, the most important among these advantages are the following: excellent knowledge of the Ukrainian market, status of a national manufacturer, well-established ties with state authorities, presence of uncoordinated subsidiary networks, monopoly position on the Ukrainian market, established business relations with suppliers.

In our opinion, the formation of investment-liability of Ukrainian enterprises from the point of view of TNCs can be achieved through the following steps:

- High readiness of Ukrainian enterprises to implement new management methods, readiness to share their experience with TNC divisions in other countries;
- Conducting business with TNCs on a fair, partnerly basis;
- Raising the level of Ukrainian company personnel's knowledge of international business;
- Ensuring that foreign TNCs are informed about the Ukrainian company;

- Passing of international certification of product quality.

Prospects for the future large-scale and effective activity of world TNCs on the Ukrainian market:

- Ensuring a steady growth of the Ukrainian economy;
- Deep integration of Ukrainian economy into the global economy;
- High level of technological development of Ukrainian enterprises;
- Improvement of Ukrainian population's quality of life as compared to the level of the developed European countries;
- Formation of Ukrainian TNCs;
- Ukraine's accession to the World Trade Organization and the European Union.

All of the above recommendations on strategies aimed at attracting investment by TNCs into the Ukrainian economy should be implemented taking into account the globalization processes taking place in the world economy. Globalization processes result in liberalization of international trade, liberalization of PII, increased access of TNCs to foreign markets and production factors, activity of foreign competitors in national markets. Because of this, it is advisable to use strategies of direct stimulation of specific foreign TNCs. Approaches to the activity of particular TNCs should include tax or other incentives, efforts to stimulate investments, efforts aimed at the reduction of various bureaucratic procedures, and other measures that allow to reduce the costs of TNCs in the organization and conduct of business in Ukraine.

In general, the strategy for Ukraine's attraction of investments from TNCs should be based on the formation of a balanced system of conditions and factors that make the Ukrainian economy privatized for TNCs. The success of this strategy directly depends on taking into account the strategic objectives and motivations of TNCs, as well as their coherence with the global strategic orientation of TNCs. When implementing the strategy of attracting investments TNCs must fully take into account the national interests of Ukraine, as well as both positive and negative consequences that global TNCs have for Ukraine.

Ukraine has adopted a number of legislative acts regulating foreign investments. Among them - the laws "On foreign economic activity", "On investment activity", "On entrepreneurship", "On corporate income taxation", "On the state program to encourage foreign investment", "On the general principles of creation and operation of special (free) economic zones ", " On the regime of foreign investment ".

The main document regulating the inflow of foreign direct investment into Ukraine is the Law of Ukraine "On the Foreign Investment Regime" (1996). It guarantees foreign investors equal rights with domestic enterprises, protection against expropriation, free export of profits and dividends, and certain benefits when conducting import operations. Thanks to these benefits, a foreign investor can import equipment and other property duty-free as a contribution to the company's authorized capital. According to the law, a foreign investor also receives a guarantee that the benefits provided by the law "On the regime of foreign investment" will be valid for at least 10 years.

In Ukraine, in the following sectors of the economy, there are restrictions on the share of foreign ownership in the authorized capital of a company: insurance, publishing, telecommunications, weapons and alcohol - 49%; strategic enterprises (their list is approved by the government after agreement with the parliament), including television and radio stations - 30%.

According to Ukrainian anti-monopoly regulation, any established enterprise, merger or acquisition with the participation of a foreign investor must be approved by the anti-monopoly committee. As a result, almost all foreign investors are forced to go through a lengthy and not always open procedure for obtaining permission from the Antimonopoly Committee before starting their activities in Ukraine.

With regard to privatization, by mid-2000, foreign investors practically did not participate in the privatization process. The situation changed in May 2000 when parliament amended the legal framework for privatization in Ukraine. Under the new rules, privatization began only in cash. The new policy allowed the Ukrainian government to receive more than 2.7 billion hryvnia from privatization in 2000.

Most of the privatization proceeds came from the sale of large stakes in machine-building, metallurgical and oil refineries. According to the majority of foreign investors, it is the tax system of Ukraine that is a factor that has an extremely negative impact on its investment climate. This is due to the general high level of taxation, as well as the complexity and complexity of the procedure for the collection of taxes and fees.

CONCLUSIONS

The purpose of this work was to identify the features of transnational corporations and to analyze the impact of TNCs on the development of international economic relations at the present stage.

According to the results of the present research, the conclusions can be formulated as follows:

Thus, today the multinational corporation is a complex that includes production, trade and financial components, with a single decision-making center in the home country and with branches in other countries. Corporations are formed as a result of the internationalization process and are companies that may include enterprises of various forms of ownership, various types of activities, various organizational and legal forms in which they are located. At the same time, within the framework of TNCs, a parent company or a group of parent companies can be distinguished, which significantly affect their foreign divisions and carry out overall coordination of the activities of all divisions of TNCs.

TNCs reflect the world economy state in which the movement of capital and technology has become highly mobile, it is the activities of TNCs contribute to the transformation of the world into a whole, where its individual parts become functionally interdependent, and where new trends and laws of development.

Due to their organizational structure, TNCs have firmly strengthened their position in the world economy. TNCs, possessing huge capital, penetrated not only into the economic life of partner countries, but also into political life, supporting certain parties and directions.

TNCs carry out economic, financial, trade, technological, and political and social interaction between countries. The activities of TNCs fundamentally change the picture of the world, and therefore without this we cannot study the processes occurring in modern economic relations.

Based on research results, it should be noted that the development of transnational corporations in Ukraine can lead to both positive and negative

consequences. The positives include increased economic growth, increased FDI, which over the past 4 years have been prone to decline, increased tax revenues, reduced unemployment and improved skills of workers. Negative are such as the establishment by TNCs of depletion of natural resources, which leads to significant problems with the environment, manipulation in pricing, capital outflows, the transfer of profits to industrialized countries. In order for a country to be protected from the negative influence of foreign TNCs, it is necessary for the state to promote the competitive advantage of leading sectors of the national economy in foreign and domestic markets by creating domestic TNCs.

Transnational corporations play a very important role in Ukraine's economic development. However, the capital of foreign companies is mainly concentrated in the food and tobacco industry, trade, finance, energy, ie in industries with fast capital turnover and well-off markets. This indicates the limited interest of transnational corporations in Ukraine's economy.

It was concluded that along with gaining competitive advantages, as a result of the activities of TNCs, the Ukrainian economy is negatively affected by their functioning. In order to minimize the negative effects of international companies in the country and attract additional foreign direct investment, there is a need to implement effective measures to improve the investment climate and development of the domestic economy with priority given to strategically important economic activities.

Globalization processes taking place in the modern world; comply with the organic principles of business nationalization; the most complete expression of which is TNC.

Leading multinational corporations account for a significant portion of world trade. The transfer of technology and investment flows and largely contributes to the transformation of the world economy into a systemic integrity with internally coordinated mechanisms of monetary and natural balancing.

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Appendix A

SUMMARY

Shevchenko A. O. Transnational corporations and their role in modern international economic relations – qualification paper. Sumy State University, Sumy, 2021.

The final paper is devoted to studying of transnational corporations, their role in the modern development of international economic relations. The analysis of the current state of the transnational corporations' development is carried out. Problems and prospects of attraction of foreign investments of TNCs in Ukraine are revealed. The main directions to improve the mechanism of resources and capital accumulation are determined.

Key words: TRANSNATIONAL CORPORATIONS, INTERNATIONAL ECONOMIC RELATIONS, ACTIVITIES OF TNCs, GLOBAL CAPITAL MOVEMENTS, FOREIGN INVESTMENT, TRANSNATIONALIZATION.

Анотація

Шевченко А.О. Транснаціональні корпорації та їх роль у сучасних міжнародних економічних відносинах – Кваліфікаційна бакалаврська робота. Сумський державний університет, Суми, 2021.

Кваліфікаційна бакалаврська робота присвячена дослідженню транснаціональних корпорацій, їх ролі в сучасному розвитку міжнародних економічних відносин. Проведено аналіз сучасного стану розвитку транснаціональних корпорацій та виявлено проблеми і перспективи залучення іноземних інвестицій ТНК в Україну. Визначено основні напрямки удосконалення механізму накопичення ресурсів і капіталу.

Ключові слова: ТРАНСНАЦІОНАЛЬНІ КОРПОРАЦІЇ, МІЖНАРОДНІ ЕКОНОМІЧНІ ВІДНОСИНИ, ДІЯЛЬНІСТЬ ТНК, ГЛОБАЛЬНИЙ РУХ КАПІТАЛУ, ІНОЗЕМНІ ІНВЕСТИЦІЇ, ТРАНСНАЦІОНАЛІЗАЦІЯ.

