

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

SUMY STATE UNIVERSITY

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Department of International Economic Relations

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## MASTER'S LEVEL QUALIFICATION PAPER

on the topic: "IMPACT OF GLOBAL PROCESSES ON INTERNATIONAL  
BUSINESS DEVELOPMENT"

Specialty 292 "International Economic Relations"

Student II course, group ME.m-91a.an  
(course number) (group's code)

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It is submitted for the Master's level degree requirements fulfillment.

Master's level degree qualification paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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Sumy, 2021

## SUMMARY

of Master's level degree qualification paper on the theme  
“Impact of global processes on international business development”

student Ivan Bolbit  
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The content of the qualification work is presented on 33 pages, including a list of used sources of 25 titles, placed on 3 pages.

Key words: GLOBALIZATION, INTERNATIONAL BUSINESS, DEVELOPMENT, INTERNATIONALIZATION, STAGES OF GLOBALIZATION.

The aim of this work is to analyze the gradation of society in terms of its cultural, economic and political directions of existence, which has led society to such a limit of development, which is characterized by globalization. Thus, based on the purpose of the study, we can identify the objectives of this work, the solution of which is the basis of our study:

1. To find out the essence and nature of globalization.
2. To identify the positive side of the impact of globalization on the national economy.
3. To identify the negative content of globalization in terms of its relationship with the national economy.
4. To open a place for the prospects of Ukraine's economic development in the global economic environment.

The object of research is the process of globalization of society. The interaction of objective macroeconomic phenomena with domestic economic processes is the basis of international economic policy. Its effectiveness is projected on the general state of development of the national economy, and, consequently, on the living standards of the population.

The subject of the study is theoretical and methodical foundations of the national economy development in the context of globalization.

To achieve the set goal and objectives the following scientific research methods were used: comparative analysis, expert assessment, monitoring, literature study (analysis of recent research and publications), systematization and generalization.

The information base of the master's level degree qualification paper is statistical information, publications in world and Ukrainian mass media, various charts and diagrams, electronic resources, scientific papers of domestic and foreign scientists.

The main scientific results of the work are as follows:

1) offers to rise the potential of the defense-industrial complex to meet the needs of the Armed Forces of Ukraine and increase the country's export potential through the introduction of offset agreements when importing military equipment and joint projects in the production of weapons;

2) proposals on organizational and economic support of optimization of the structure of the Armed Forces of Ukraine.

The obtained results can be used by the relevant public authorities when forming the strategy of development of the defense-industrial complex of Ukraine.

Year of Master's level qualification paper fulfillment is 2021

Year of Master's level paper defense is 2021

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« \_\_ » \_\_\_\_\_ 2021.

TASKS FOR MASTER'S LEVEL DEGREE QUALIFICATION PAPER

(specialty 292 "International Economic Relations")

student II course, group ME.m-91a.an

(course number )

(group's code )

Ivan Bolbit

(student's full name )

1. The theme of the paper: «Impact of global processes on international business development » approved by the order of the university from « \_\_ » \_\_\_\_\_ 20 \_\_ № \_\_\_\_

2. The term of completed paper submission by the student is « \_\_ » \_\_\_\_\_ 2021

3. The purpose of this work is to analyze the gradation of society in terms of its cultural, economic and political directions of existence has led society to such a limit of development, which is characterized by globalization. The object of research is the process of globalization of society. The object of the research: The object of research is the process of globalization of society. The subject of the study is the national economy

in the context of globalization. Approximate master's level degree qualification paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose are as follows:

Chapter 1 The essence of the process of globalization

Date of submission: December 20, 2021.

(title, the deadline for submission)

Chapter 1 deals with: to observe the stage of world development has made it possible to transform capitalism into a new socio-economic system that could contribute to the socialization of economic, political, cultural and other relations. On the other hand, the rapid processes of globalization, which are becoming larger and more prevalent, are leading to forceful globalization.

(the content of concrete tasks to the section to be performed by the student)

Chapter 2 National economy in the global economic environment

Date of submission: December 20, 2021.

(title, the deadline for submission)

Chapter 2 deals with: . Positive aspect of the impact of globalization on the national economy.

Problems in the national economy caused by globalization

Chapter 3 Ukrainian economy in the context of globalization: problems and prospects

Date of submission: December 20, 2020.

(title, the deadline for submission)

Chapter 3 deals with: Ukrainian economy in the context of globalization: problems and prospects

(the content of concrete tasks to the chapter to be performed by the student)

## 8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		task issued by	task accepted by
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9. Date of issue of the task: “ \_\_\_ ” \_\_\_\_\_ 2021

Research Advisor: \_\_\_\_\_ Fedir Zhuravka

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The tasks has been received: \_\_\_\_\_ Ivan Bolbit

(signature)

(full name)

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## INTRODUCTION

The gradation of society in terms of its cultural, economic and political directions of existence has led society to such a limit of development, which is characterized by globalization. The interaction of peoples, states and other consolidated entities has become especially important today, due to the need to develop strategies and tactics for the most effective functioning of the socio-economic and political movements to achieve their goals.

The relevance of the study of the impact of globalization on the functioning of the national economy is determined by the rapid pace of development of integration processes, on which largely depends the system and nature of the national economy.

The interaction of objective macroeconomic phenomena with domestic economic processes is the basis of international economic policy. Its effectiveness is projected on the general state of development of the national economy, and, consequently, on the living standards of the population. At the same time, the transformation of globalization processes, which takes place under the influence of changes in the political and economic spheres of interaction between states and other international entities, necessitates a rethinking of methods and models of national economy in the arena of integrated social relations. This development of globalization forces scientists to look for new ways to solve economic problems, which indicates the urgency of the problem raised in this work.

The data base of our study is based on the work of a number of domestic and foreign scientists who consider the problem of globalization on the national economy from different points of view. The interaction of the national economy with the global economic space is also studied in social and political terms. At the same time, considerable attention of researchers is paid to the human factor in development globalized economy, the transformation of the organization and management of the economy and the innovative action of integration of societies, which leads to the emergence of a “new economy”. In the process of writing the work were considered the



works of such researchers as T. Friedman, O. Gonchar, O. Zhadan, S. Zhukov, L. Kvasniy, P. Kutsyk, L. Musina, N. Tarkhanov, and others.

The object of research is the process of globalization of society.

The subject of the study is the national economy in the context of globalization.

The aim of the work is to study and scientifically argue the nature of globalization, the positive and negative aspects of its impact on the national economy.

Thus, based on the purpose of the study, we can identify the objectives of this work, the solution of which is the basis of our study:

1. Find out the essence and nature of globalization.
2. Identify the positive side of the impact of globalization on the national economy.
3. Identify the negative content of globalization in terms of its relationship with the national economy.
4. To open a place for the prospects of Ukraine's economic development in the global economic environment.

In writing this paper used research methods such as comparison, analysis and synthesis of collected information, which allowed to compare various factors of interaction between globalization and the national economy. We also used the generalization method, the deduction method, and a systematic approach to studying the issue we raised.

The novelty of this work is that we have analyzed the scientific achievements of a number of researchers, identified the advantages and disadvantages of globalization - a leading trend in the modern world. We reviewed the state of Ukraine's national economy and identified its capabilities functioning against the background of the globalized world economic environment.

Structure of the work: introduction, main part, which consists of three sections (the first analyzes the essence of the globalization process, the second reveals the impact of globalization on the national economy and identifies the pros and cons of this impact, the third section reveals the national economy of Ukraine in a globalized environment), conclusions and list of references used.

## 1 THE ESSENCE OF THE PROCESS OF GLOBALIZATION

The dominant feature of the modern economic development of the world has become global, that is, comprehensive transformations, which are called “globalization”. First of all, they are embodied in such a phenomenon as the “global economy”. As a new historical phenomenon, globalization is an objective law of human development and human civilization.

At the turn of the XX and XXI centuries there were dramatic transformation processes that have influenced and continue to affect all aspects of modern society. The functioning of the modern international economy, as well as the scientific and technological revolution, especially in the field of information technology, have led to the development of globalization. The rapid progress of information technology is one of the main foundations of the globalization process [14,11].

First of all, we note that the definition of “globalization” comes from the Latin word *globus*, which means ball, globe [14,12]. The noun *globalism*, which first appeared in English dictionaries, dates back to 1960 [1]. Actually, the term “globality” has more than 400 years of history. However, despite this, its scientific application began only in the twenties of last century. It became academic only in the 80s of the XX century. Consolidation of the concept of “globality” in the scientific community, to a large extent, belongs to the American sociologist John McLean. In 1981, he called for an understanding and explanation of the process of globalization of relations in society. In the late 80's of XX century, the concept of globalization has become widespread scientific [14,13].

Today, globalization means the process of transformation of the world community, covering all spheres of society, into a single open system of information, technological, financial, economic, socio-cultural relationships and interdependencies [14,15].

Such a transformation of the world order received its final formation at the end of the XX century, which was marked by the establishment post-industrial economic system of the world. The unprecedented wave of globalization, as well as integration and regionalization, has brought about a sharp decline in the status and role of nation-states. The loss of international competitiveness of some countries was accompanied by increasing influence of others.

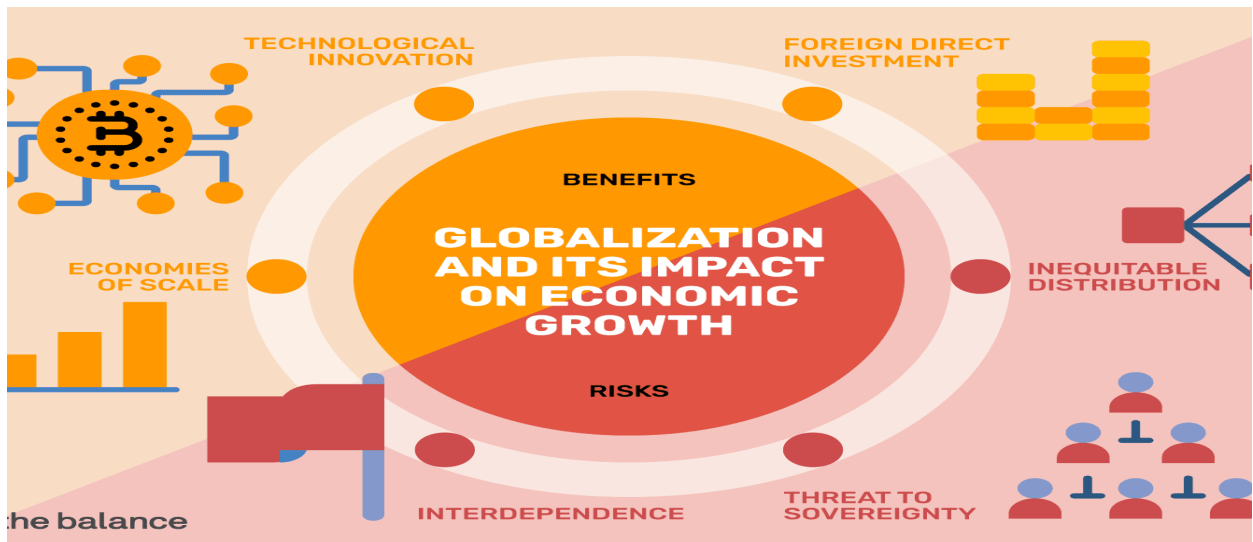


Figure 1.1- Globalization and its impact on economic growth

The system of bipolar world order has gone down in history, which meant the actual collapse of the traditional European and global security system based on the Helsinki Accords.

The world has entered an unprecedentedly complex stage of transformation, the study of which has become the focus of the world intellectual community.

On the one hand, this stage of world development has made it possible to transform capitalism into a new socio-economic system that could contribute to the socialization of economic, political, cultural and other relations. On the other hand, the rapid processes of globalization, which are becoming larger and more prevalent, are leading to forceful globalization. All this leads us to such a social order, which we call globalism. This system is really becoming a negative alternative to the expected socialized world order.

Professor AS Panarin emphasized that the current stage of transformation is characterized by the global nature of all problems of world development (both political and economic, environmental and social) [3].

We have already noted that globalization is a multifaceted process. That is why it should be considered as a comprehensive system that covers various aspects of global cooperation. I mean culture, science, economics, art, politics, etc. This is due to the fact that globalization processes develop under the influence of a set of technical and technological, socio-economic, political, moral and cultural factors-processes.

Thus, over the last two decades, globalization has been manifested and studied as a key trend in human economic development. But at the present stage of globalization, it has acquired a new quality globalization has changed from a trend to an all-consuming process that includes political, economic, social, environmental and other components. However, the economic component of globalization is distinguished as central and main (fig. 1.2) [14,13].

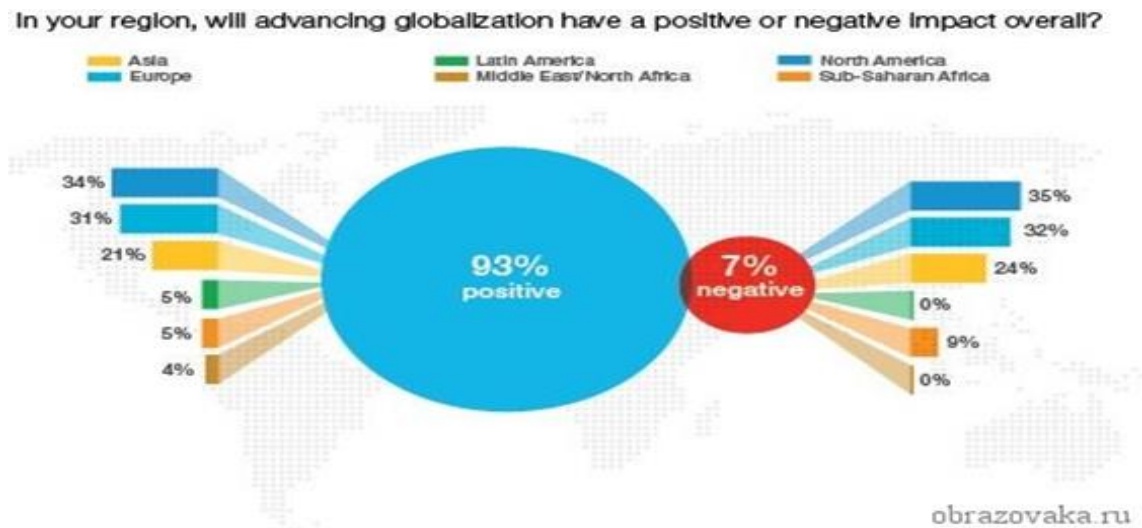


Figure 1.2- Positive and negative impact of globalization on the world economy

One can say that the essence of economic globalization is to strengthen the role of investment, industry, individuals and information. Thus, the globalization of the world economy depends on the so-called four "and". Exports of foreign direct investment have increased almost 25 times over the past 25 years. Growth in investment from \$ 14 billion

to \$ 350 billion a year has helped deepen the interdependence of nations at the economic level. This has accelerated the involvement of a large number of developing countries, as well as former socialist camps, in the global economy. Based on this, some researchers of the phenomenon of globalization consider the multinationalization of the world.

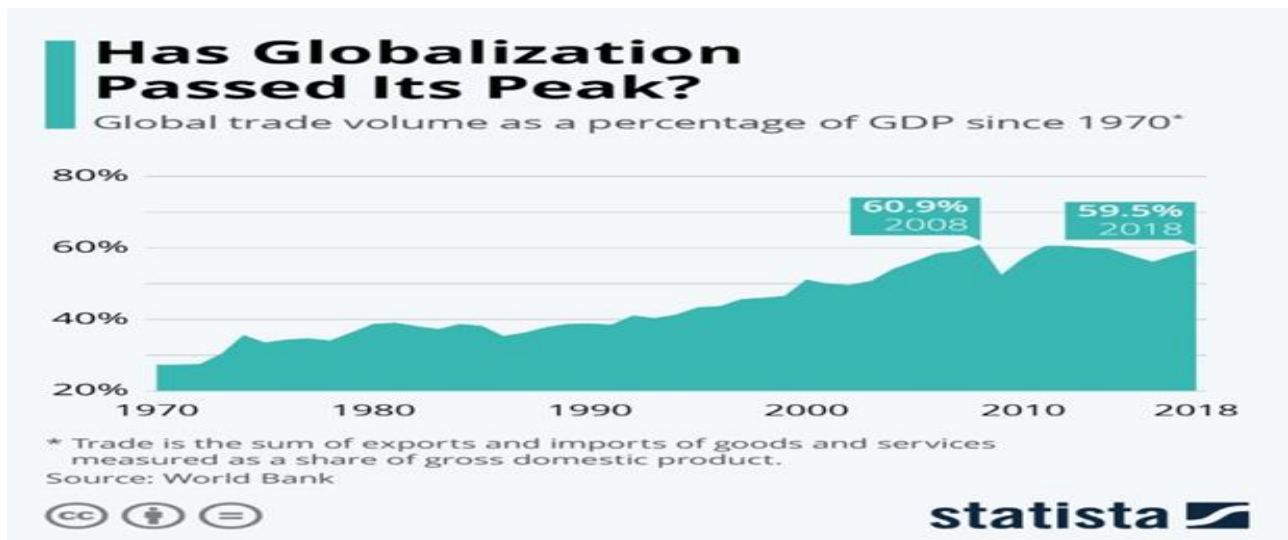


Figure 1.3- Global trade volume as a percentage of GDP since 1970

“The conceptual equivalent of foreign direct investment”. When talking about the investment structure of globalization, attention should be paid to the so-called transnational corporations (TNCs). At present, there are more than 40,000 TNCs and 250,000 of their foreign branches in the international economic arena. They employ about 150 million people, one in five on our planet. The share of multinational corporations in world gross domestic product in the mid-1960s was 17%. Already in 1995, this figure was 30%, which is almost twice as much. TNCs control 75% of

international trade and a third of the world's production assets. To all this is added the effect of the development of information technology. Over the past twenty years, global computer, television, telephone and other networks have increased their information capabilities more than a million times. Nowadays, computer capacity is doubling every 18 months [1]. Without diminishing the importance of industrial, trade and financial ties in the globalization of the world economy, it should be emphasized that it is rapid progress

in the field of transport, communications and information technologies contributed to the gradation of the global world process. Most of these economic components have increased significantly in absolute terms. But if we talk about their relative size, we see that these economic elements remained at the level of the early twentieth century. For example, the ratio of international trade and international production from 1913 to 1993 increased by less than 2% (12.9% in 1913 and 14.3% in 1993). Investment and GDP in developed economies in 1913 was 3%, and in 1990 - 4%.

The share of exports in world production was 9% in 1913, in 1950 it fell to 7% and rose to 11% in 1973 and reached 14% only in the mid-1990s. That is why the phenomena that really emerged after the intensification of global processes in the late twentieth century, and had a significant impact on the formation of the modern world order, include informatization and computerization of social and economic life [1].

The main features, the isolation of which is the key to determining the essence of globalization of the economy are:

- interpenetration of national economies and strengthening their interdependence;
- internationalization of the world economy, which takes place under the predominant influence of the deepening international division of labor;
- reducing the capacity of individual nation-states to formulate independent economic policies;
- increase in exchange scales and their intensification;
- allocation of a single set of links and the formation of a new configuration of the world economy;
- standardization of the world economy in terms of values, principles of functioning, which occurs under the influence of trade, labor movement, capital exchange, etc. [9,6].

Focusing on the economic side of globalization, we can talk about the transformation of economic models, the transition of society to "New economy" based on information and knowledge.

Various international organizations, such as the World Bank, the Organization for Economic Cooperation and Development (OECD), etc. especially actively began to study society and the economy, which tend to strengthen and consolidate the role of knowledge in their structure. This interest in the information side of the socio-economic life of the world began in 1996. From this period there is an increasing comparison of information and knowledge with the factors of international competitiveness of countries. The most characteristic definition related to the motivation and efficiency of knowledge use: knowledge-based economy is an economy that encourages organizations and people to learn, create, disseminate and use knowledge more effectively for intensive economic and social development [17,91].

Today, intelligence is seen as the main resource, a factor in economic development against the background of the global economy. It is the focus of the economy and society as a whole on the pragmatic combination of scientific and research activities, education, business and human resources allows for stable economic growth [10, 208]. The basis of this direction is the only goal - to increase the level of international competitiveness of the national economy, which occurs as a result of technological development of the economy. The basis of sustainable growth in a knowledge-based society and economy is innovation, ie new products, services and technological processes. In turn, innovation requires professional skills, opportunities for continuous exchange of knowledge between manufacturers, entrepreneurs, research institutes and universities [17,92].

Competition, which grows due to the introduction of advances in science and technology, accelerates production, generates new ideas about products and services, the formation of knowledge about the effective functioning of capital markets and technologies. Industries that accumulate more knowledge and provide greater economic returns in a global information economy gain advantages in the economic structure of the economy.

If until the middle of the twentieth century the differentiation of countries according to their level of development did not depend so much on the level of knowledge use (new technologies, innovations, education and computer literacy of workers), today not only

developing countries but also transition economies can remain on the sidelines of globalization processes without taking into account in their development strategies the achievements of the most successful and dynamic knowledge-based economies [6, 19]. We see that the level of competitiveness of countries such as the United States, Finland, Sweden and Germany is constantly increasing. Russia, Ukraine and even Poland, on the other hand, are losing ground in the arena of international economic competitiveness. Accordingly, the gap in GDP per capita is widening. In recent years, the gross domestic product gap has widened significantly, even between countries leading the knowledge economy (Annex 3). Thus, the gap between the US and the EU has grown from 4 thousand dollars. USA in 1980 to 11 thousand dollars. The United States in 2000 is not least due to the fact that the United States has previously begun to worry about competitiveness of the economy (fig. 1.4) [17,89].

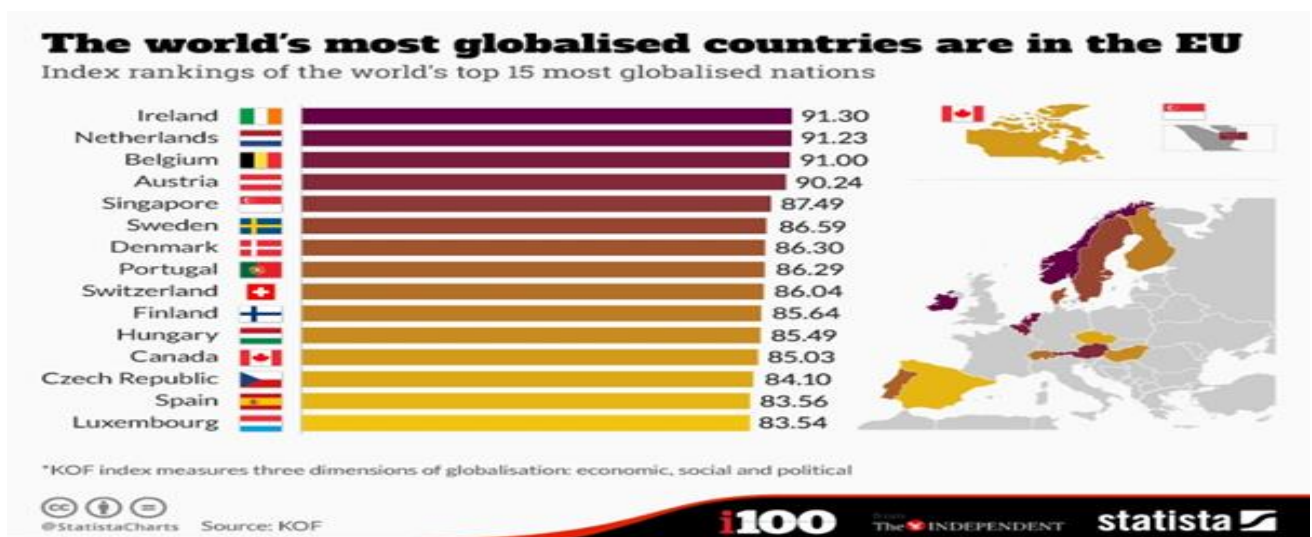


Figure 1.4. The world's most globalized countries

Considering the economic aspect of globalization, we cannot ignore its socio-cultural nature. In particular, the problem of cultural identity in the context of globalization is acute. Many philosophers comment on the problematization of identity against the background of the process of globalization. They compare this to the destruction of the hierarchical structure of society. C. Taylor, for example, emphasizes that today identity is not self-evident, as it was in previous eras, it is not given "a priori".



The reason for this is the state of postmodern culture, characterized by reconstruction and decentralization [24,5].

Considered a constant condition of human activity since the end of the twentieth century, globalization has a number of negative consequences for human identity. Some researchers of the social aspects of globalization attribute a kind of "shock" in modern culture to the rapid changes. One of the manifestations of this "shock" is the increase in attempts to self-identify closed and closed national and state space. At the same time, cultural identity is often associated with national identity: "The key factor of cultural identity is national identity - most people in the modern world are socialized and promoted to be exposed to national cultural identity." As a result, the nation in the context of globalism finds itself in a situation of transnationality, and culture is gaining signs of multiculturalism. Consequently, this puts the problem of cultural identity at the forefront of things that concern modern man.

The current cultural situation is manifested through certain contradictions - the speed of globalization and the formation of a post-industrial society is combined with the rise of national cultures and awareness of the phenomenon of localization of civilizations: On the one hand, a global socio-cultural space is being formed, which strengthens the relationship between countries and civilizations in this area, their mutual influence, mutual penetration and intertwining, especially in connection with the migration that has intensified. On the other hand, the process of civilizational self-consciousness, emphasizing the identity of cultures, the confrontation of religions is developing. " Such a situation in culture fully affects human existence, the functioning of the value system, the orientation of semantic cultural landmarks. The inclusion of the recent technological process of globalization increases this impact and poses new challenges to human socio-cultural orientation [24,8].

Thus, we can summarize the above, describing globalization as an advanced socio-economic process in today's world. First, globalization is a complex systemic phenomenon, the development of which depends on the cultural, political, social, economic and other dimensions of the functioning of society at this stage of human

development. The emphasis on economic globalization as the basis of globalization processes emphasizes the leading role of the economy in shaping modern society, the basis of which is knowledge. Secondly, different approaches to defining the essence of globalization pose the problem of the duality of this phenomenon: the positive impact of global change is intertwined with the negative consequences of excessive rapprochement of peoples at the economic, political, cultural and other levels.

## **2. NATIONAL ECONOMY IN THE GLOBAL ECONOMIC ENVIRONMENT**

### **2.1 Positive aspects of the impact of globalization on the national economy**

In line with the globalization of the world economy, there is the problem of creating a system of management of economic processes on a global scale. The role and place of national economies operating within such a global economic environment is considered from two rather contradictory directions: the first means the expansion and development of economic relations, based on the internationalization of national economies and the formation of a single integrated economic space; based on the concept of independence of national economies, maintaining the independence of the state economy in a globalized world environment [8].

However, research shows that the effects of global economic and political transformations of the late twentieth century have not equally affected the development of national economies of states with different levels of economic potential. Thus, the economies of developed countries have strengthened their position in the international division of labor, facilitated access to the resource potential of the planet, which has made it possible to significantly expand markets for products and services. At the same time, countries with a post-socialist past have faced a number of factors that have hampered rapid economic growth. This refers to inflation and various crisis shifts that have affected the well-being of the majority of the population. As a result, the trade opportunities of such states have decreased significantly, which has led to their loss of markets for services and products [8].

The heterogeneity of global change in different regions of the world was clearly demonstrated by Thomas Friedman in his work "Lexus and the Olive Tree". This paper compares the effect of traditional and modern (global) crops, methods of production and harvest in general. Lexus is a symbol of a highly developed post-industrial economy. "It simply came to our notice then Lexus? It symbolizes the same deep, eternal human desire - the desire to live well, improve, develop and prosper, which is clearly manifested in the

current system of globalization. "Lexus symbolizes the victorious progress of global markets, financial institutions and computer technology, with which we are now achieving an ever-higher standard of living." - the author writes. At the same time, the olive tree illustrates the agro-industrial direction of development of third world countries, depicts the traditionalism and isolation of both cultures and economies of such countries [8].

At the same time, in the global world, national economies characterized by Lexus and the olive tree are at odds. The August 1999 Washington Post reported that Philippe Follio, mayor of the small town of Saint-Pierre-de-Trivise in southwestern France, had imposed a 100 percent tax on Coca-Cola products. was a response to the approval of ultra-high tariffs on cheese products in the region [23].

The functioning of the national economy in the context of global world relations is most reflected in international trade. Today, world trade is defined as the most active form of international economic relations. The growth of international trade is due to the deepening of the process of international territorial division of labor, which intensified in the second half of the twentieth century. This illustrates the fact that 40 years before the Second World War, the volume of international trade increased only 2 times, and in the 50 postwar years - 30 times. Today, this trend of growing international trade relations continues [13].

In order to regulate and stimulate world trade in the second half of the twentieth century, a world system of trade regulation was created, based on the General Agreement on Tariffs and Trade (GATT). This agreement entered into force in 1948. The GATT formed the basis of the World Trade Organization (WTO), which was founded in 1995. The main goal of the WTO is to provide a liberal basis for the development of international trade and establishing free access to national markets and sources of raw materials [15, 78].

International trade is at the heart of competition between national economies. In today's global environment of free access to the world's resource base, competition is

leveling off. That is why the problem of increasing and maintaining competitive advantage is becoming increasingly difficult, which leads to an intensification of the struggle for markets for goods and services. "The most important sources of national advantage must be actively sought and used in contrast to the factor costs that are achieved simply by doing business in the country," - says economist M. Porter, author of competition theory [15, 78]. The essence of Porter's theory is that in the world market there are not countries, but individual firms. At the level of an individual enterprise, globalization is determined by the magnitude of the expansion of the geography of income, as well as the scale and proportions of the distribution of assets in different countries [16].

At the same time, the state has a significant role in maintaining the country's competitive advantages. To this end, the state coordinates and stimulates the activities of entities operating in the market and creates appropriate conditions.

According to Porter, the components of a country's competitiveness in international exchange are factor conditions, demand, the state of service and related industries and the company's strategy in a particular competitive situation. The factor included the level of development of technology and science, the number of labor force, capital, infrastructure development and information [19; 20]. The interaction and interrelation of the above parameters determines the competitiveness of the country and is called the determinant of competitive advantage. M. Porter portrayed this determinant as a "national diamond" of competitive advantage. Note that the state has the ability to influence all the elements included in the above-mentioned rhombus [15, 79].

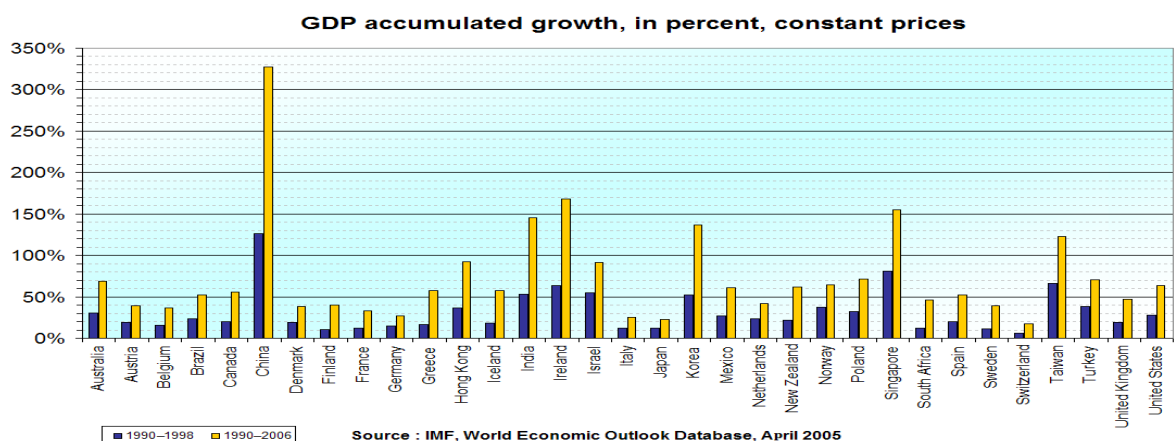


Figure 2.1- GDP accumulated growth, in percent, constant prices

The essence of the rhombus of competitive advantage is that knowledge becomes a priority in the national economy, which entails the need to transform the technological and informational levels of the national economy, the introduction of new methods of training and production management. The development of a strategy for the effective development of national enterprises, as well as the state's influence on the volume, dynamics and structure of production and consumer demand, is of great importance.

International competition leads to conflicts between the national economies of different states. We are aware of cases of trade disputes over the supply of meat products from the United States to Europe and vice versa. Also, the fact remains that the United States has imposed a 100% duty on a number of goods of European origin. These include Roquefort cheese, juices, chocolate, etc. Such actions have significantly narrowed export opportunities in the region [8]. Such a struggle for the division and redistribution of the world's economic space and the impact of global factors on the functioning of national economies led to the emergence of three economic centers of the world: the United States, the European Union, East Asian Alliances. We emphasize that the leading place in the last economic center belongs to Japan [22; 25].

Such shifts in the field of international trade, which led to the transformation of the competitiveness of national economies, have forced governments to seek new approaches to solving the problem of public administration of the internal economic space. The scientist D. Kettle stated that since the 80s of the last century, a global movement of public administration reform has begun [19].

Within the framework of such a movement, new theoretical and methodological approaches to public administration emerged, including the theory of socio-political networks and the concept of new public management. At the heart of the concept of state

management is a market model of regulation of the national economy. The main ways of change in line with this model are as follows:

- focus on the consequences of making government decisions. This means efficiency, profitability and efficiency;
- decentralization of public administration and approval of the principle of subsidiarity, which consists in the maximum approximation of decision-making centers regarding the allocation of resources and the provision of services to consumers;
- focus on power and responsibility;
- reduction of the scope of management control and transparency of the public sector [19].

The concept of socio-political networks is based on the same basic idea as the new state management: the modern state fails to meet social needs. But if public management in search of new management approaches is based on the principles of market economy, the theory of socio-political networks is based on the model of public affairs management, which opens administrative structures not only to private business associations but also to civil society actors. To characterize and analyze the complex structural relations between the various actors in the political sphere, the concept of networks as a key introduces the concept of "socio-political network" - a set of integrated state and non-state entities in various spheres of public life, the participants of which interact with each other on the basis of common interest, resource dependence, horizontal formal and informal relations. "Vertical hierarchies are being replaced by horizontal links of your choice. The globalized world is a society of global networks that are constantly changing their configuration". The network state is becoming the dominant political form of the information age [19].

Thus, as we can see from the above, globalization has a significant impact on the national economy. First of all, this effect can be traced in the competition of countries in the international trade market. Changing the competitiveness of national economies leads to a variety of processes, both positive and negative, within the national economy, forcing

entrepreneurs and governments to seek new approaches to the organization of the economy.

We have considered above how the processes of globalization to some extent affect national economies. In view of this, we can say that the impact of globalization on the national economy is twofold: on the one hand, globalization has positive consequences for economies, on the other - negative.

Today, there are no unanimous views on the positive aspects of globalization. This is due primarily to the different degrees of development of national economies of different countries. As a result, processes that are positive for the functioning of the national economy of highly developed countries in the context of globalization can have a detrimental effect on the economies of developing countries.

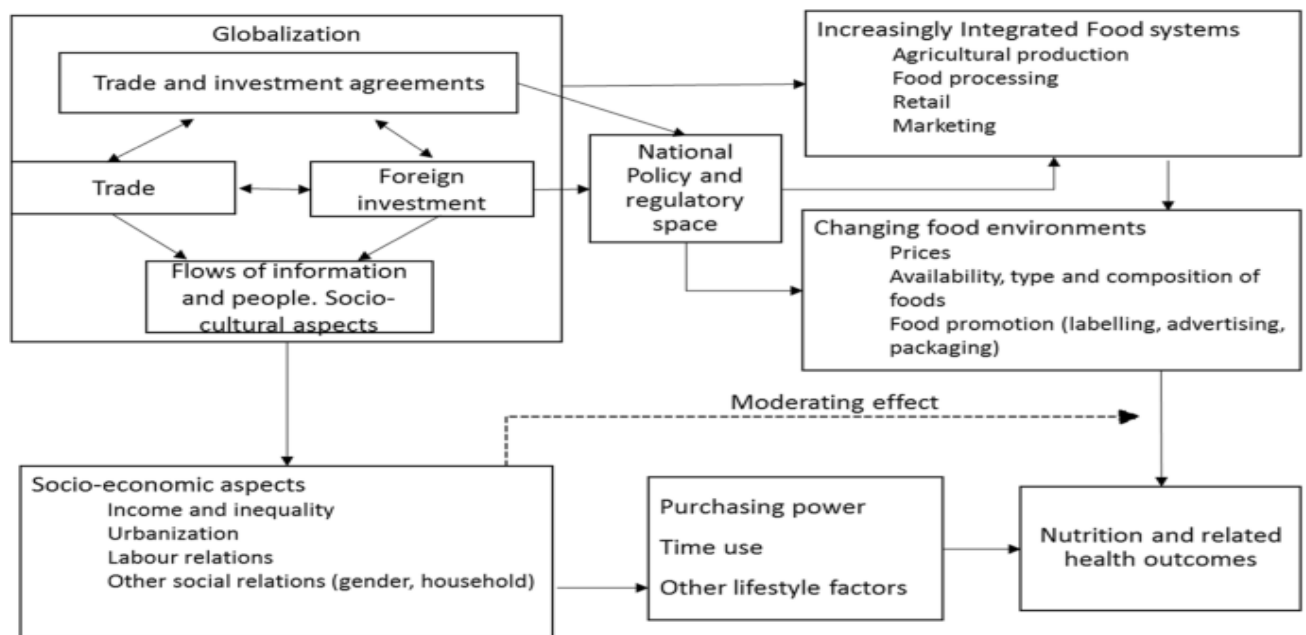


Figure 2.2. Influence of Globalization on political, economic and environmental branches

For developed economies, the positive impact of globalization is manifested in the growth of foreign trade as a result of deepening specialization of countries. As national corporations of industrialized countries have modern technology and effective management, trade liberalization contributes to the expansion of markets and,



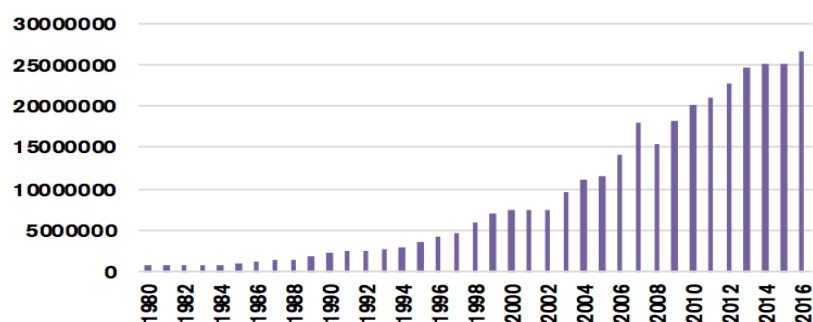
consequently, the volume of foreign trade. Added to this is the expansion of national capital into foreign markets. Capital markets of developed countries are usually characterized by a surplus of capital and low profitability of its use at a time when in less developed countries there is capital deficit and, accordingly, high profitability of its use. Liberalization of investment regimes, which accompanies the processes of globalization, provides opportunities for national capital of industrialized countries to expand their activities at the expense of other countries and increase the efficiency of its use [14, 47].

Such processes are accompanied by access to resources of other countries. Liberalization of resource markets, which accompanies the processes of globalization, allows TNCs in industrialized countries to gain access to cheaper and scarcer resources, especially natural, human, scientific, technical and others. The expansion of multinational corporations intensified in the 1990s. This is due to various factors:

First, TNCs managed to discover some new regions: with the collapse of the Soviet Union and changes in the political and foreign policies of the former socialist countries, the world market system spread to large areas.

Second, the globalization of the financial sector has been growing rapidly, contributing to the integration of individual financial markets. Huge transnational financial conglomerates emerged. Global financial flows have become a determining factor in international economic relations.

Third, privatization and commercialization processes have opened up new markets and industries that were previously inaccessible or available with significant constraints [20].



### Figure 2.3. The Economic Benefits of Globalization for Business and Consumers

The main positive consequences of TNCs, which they have developed together with the state, public institutions and international organizations include the provision in leading industrialized countries of a guaranteed acceptable minimum quality of life for almost the entire population of such countries, the development of democratic governance at national and international levels. , which have become a landmark for all countries. During the twentieth century. TNCs directly and indirectly participated in the development of technology automotive construction, aircraft construction, missile, space and nuclear technologies, which has radically changed not only the balance and balance of power around the world, but also the economic structure of the world economy [20].

The positive aspects of globalization in the world have not escaped the less developed countries. For them, this is manifested in the growth of markets for national enterprises. Although these are mainly raw materials and semi-finished products, this makes it possible to increase the income of local enterprises as a result of specialization. Also, there is investment. Less developed countries are mainly characterized by a shortage of investment resources. Globalization helps to attract foreign direct investment and, as a consequence, increase national production, jobs and tax revenues. The economies of such countries are attracted to the latest technologies. A characteristic feature of developing countries is the low scientific and technical level of their development. Foreign direct investment facilitates the integration of these countries into modern scientific and technical developments owned by TNCs. This is accompanied by access to scarce resources from other countries. Globalization contributes to a more even distribution of resources within the world economy and a better supply of scarce resources and capital goods through their imports from other countries. The growth of competition helps to increase the efficiency of national producers, improve the quality of goods and services, expand the range, reduce product prices [14, 48].

Speaking about the functioning of the economy in the global environment, one cannot but dwell on the impact of global transformations on the country's households.

Households are a subject of the world economic system, participate in all spheres of the world economy. The processes of globalization have allowed them to participate in the creation and trade of goods and services, formation and investment of financial resources, sale of intellectual property outside their country (figure 2.4) [5, 40].

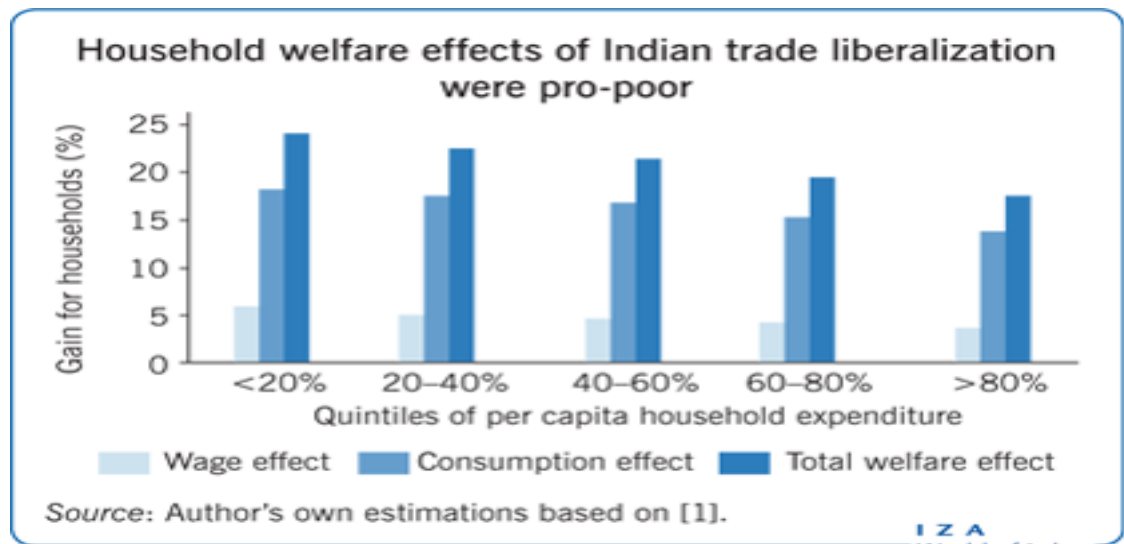


Figure 2.4. Household welfare effects of Indian trade liberalization were pro-poor

Globalization and the integration of the world economy allow households to set up businesses to trade in foreign goods and derive entrepreneurial profits from them. There is an opportunity to expand and improve the business by entering the international market.

Globalization also has significant potential to increase production efficiency by deepening the division of labor, increasing economies of scale and reducing costs.

Economies of scale can potentially lead to lower costs and lower prices, and consequently to sustainable economic development. Globalization can lead to increased productivity as a result of rationalization of production at the global level and the spread of advanced technologies, as well as competitive pressure in favor of the continuous introduction of innovation worldwide [18].

In general, the benefits of globalization allow all partners in world economic relations to improve their position. The end result of globalization should be a general

improvement in the world's prosperity, which is achieved through the development of national economies in line with globalization.

## **2.2. Problems in the national economy caused by globalization**

Along with the benefits, the effect of globalization brings a number of problems to national economies. As noted above, the forms and consequences of the impact of globalization processes vary greatly from group to country. One of the main problems is who will benefit from globalization. In fact, the bulk of the benefits are for rich countries and individuals. Over the past 25 years, the income gap between countries and populations has not only narrowed, but widened. Wage and income inequality has increased in almost all countries.

The share of income in income is higher, and wages - lower than in the early 80's of last century. Unemployment in industrialized countries (except the United States) remains high [18].

We can say that the negative consequences of globalization are the result of modern rapid development and unpreparedness of society for its regulation. Caused by market forces, it does not in itself provide justice, social progress, or inequality, and requires great responsibility from both national governments and international institutions to prevent negative consequences.

In our opinion, the negative consequences of globalization, as well as its positive aspects, should be considered on the basis of differentiation of national economies according to their level of development.

Thus, in developed countries there is a decrease in tax revenues and the level of governance of the financial sector. Transnational companies, actively using offshore zones, quite legally minimize the level of taxation, accumulating financial resources in tax havens. The high level of liquidity and transparency of financial markets contributes to the rapid flow of capital under the influence of speculative expectations, which can

negatively affect the financial system of a country. Added to this is the spread of terrorism and transnational crime, which undermines the national security of developed countries, which is facilitated by the openness of markets and the intensification of migration processes [14, 47].

At the same time, underdeveloped national economies face bankruptcy of some uncompetitive producers and even industries as a result of high levels of fixed assets, low scientific and technological capacity, inefficient management and, as a result, rising unemployment, social tensions and tax revenues. Also, there is a high level of economic dependence countries from foreign economic conditions and the inability of the government to effectively influence the dynamics of macroeconomic indicators [14, 48].

Resources are being withdrawn from the country. As a result of the use of transfer pricing mechanisms, TNCs withdraw natural resources from host countries at reduced prices. Intellectual and financial resources of less developed countries are subject to such withdrawal.

The negative consequences of strengthening the role of TNCs in the world include the inability to achieve their goals without attracting military capabilities. The economic basis is present in both world wars and in all local conflicts. It should be noted that this practice has already been transferred to the XXI century. Evidence of this is the failure of a forty-year multi-component development assistance program aimed at creating a "golden billion" of consumers, users and customers, resulting in uncontrolled growth of poverty, impoverishment and unpredictable social tensions even in developed countries [20].

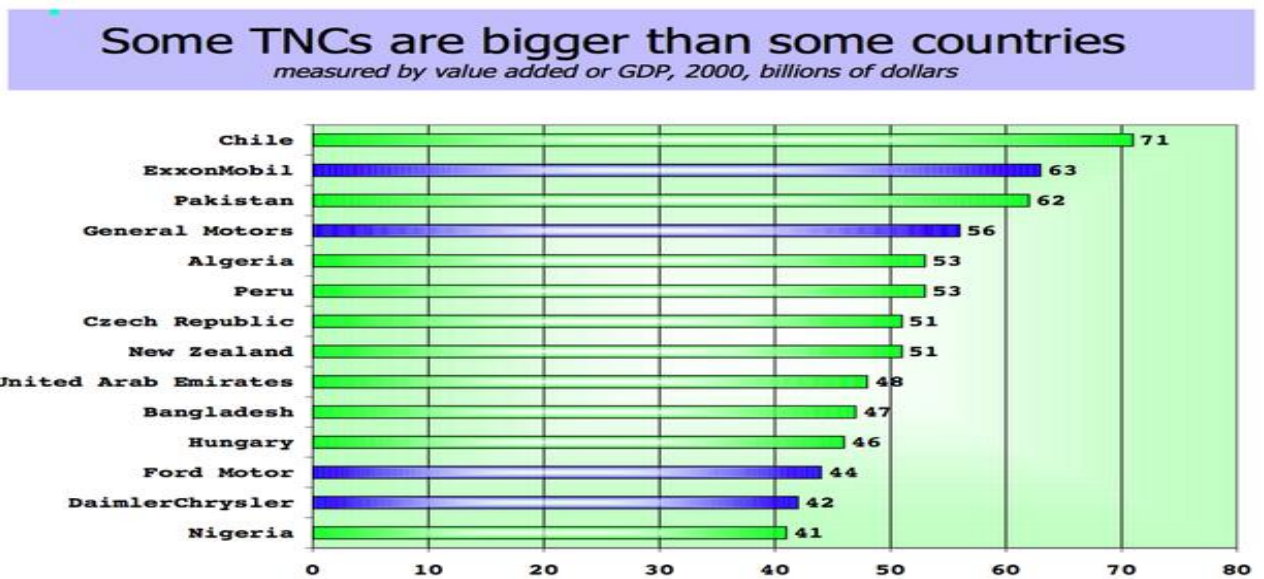


Figure 2.5. Biggest world-wide TNCs

It should be added that globalization threatens the spread of hyperinflation. Liberalization of balance of payments items has created the preconditions for the worldwide migration of short-term speculative capital (foreign deposits in commercial banks, foreign capital investments in government securities and stocks). Free migration around the world of capital destabilizes the national economy. Speculators can undermine the stability of national currencies by forcing governments to take costly measures. Most countries, with the exception of industrialized ones, are powerless in exchange rate fluctuations and capital movements because they do not have the necessary experience and tools of economic policy. The implementation and spread of fraudulent operations on a global scale is being simplified. The achievements of globalization open new opportunities for criminal groups, money laundering, the underground economy, drug trafficking, etc. [18].

In a globalized world economy, there is less and less room for national economic autonomy, meaning that national governments are gradually losing control of the country's economic development. This is primarily due to:

- reducing the effectiveness of the main instrument of economic policy of the government, ie, fiscal policy;

- weakening the impact of monetary policy, as the regulation of interest rates can encourage a massive outflow of financial capital from the country and as a result cause a financial crisis in the country;
- high level of dependence of the dynamics of national macroeconomic indicators on the state of foreign economic conditions, which the government is unable to influence.

That is, the globalization of the economy leads to the impossibility of effective regulation of the market and the processes of reproduction in the country at the national level in isolation from the international economic situation. This requires the development of mechanisms for coordinating the economic policies of different countries and the creation of supranational regulatory institutions in the form of international organizations. That is, globalization leads to the transfer of some functions and powers of the state to the supranational level.

Another negative effect of globalization is labor migration. The problems associated with labor migration are reflected in rising unemployment, which leads to a decrease in household incomes. Add to this the fact that illegal migration does not increase income. At the same time, the most mobile and active citizens leave the country, which could significantly increase the efficiency of the national economy [5, 42].

Thus, we found that the negative aspect of globalization takes place in the national economy. Its level depends on the development of the national economy. Countries with developed economies are feeling it less negative side of globalization, while underdeveloped countries are experiencing globalization crises.

### **3. UKRAINIAN ECONOMY IN THE CONTEXT OF GLOBALIZATION: PROBLEMS AND PROSPECTS**

The rapid growth of globalization coincided with the establishment of an independent Ukrainian state. Therefore, one of the most important issues in the study of the impact of globalization on national economies is to identify problems and prospects for Ukraine's development in the global world.

Today in the development of Ukraine as an independent state one of the priorities of social development is to join the world community as a full member on the principles of equality and mutual benefit, in order to gain additional impetus to economic growth, increase efficiency and competitiveness of the national economy. [9; 12].

According to the ratings of international economic organizations, Ukraine ranks one of the last in terms of competitiveness. The government's course to liberalize foreign relations did not live up to its expectations and did not realize the competitive advantages of our state. The feasibility of liberalizing foreign economic relations should be explored in the early stages of opening borders, as not the same conditions and differences led to significant differences between Ukraine's economic systems from highly developed countries. Indicators of the development of the Ukrainian economy in comparison with the largest trading partners indicate the inappropriateness of unconditional opening of borders. Thus, according to the World Bank, GDP per capita in Ukraine is one of the lowest in the world (it ranks 135th). The industrial complex of Ukraine is unable to adapt to demand on the world market, as evidenced by the relatively low GDP per capita [4, 30].

This rather difficult state of the economy is the result of a number of factors, the most important of which are: almost complete wear of equipment in all sectors of the economy, irrational raw materials and semi-finished structure industry of the country, the severe consequences of the Chernobyl disaster, the psychological unpreparedness of certain groups for living conditions in another economic system. But the most important factor is the quality of transformation in the country. After a long decline in



macroeconomic indicators, Ukraine only in 2000 began to emerge from the crisis [12, 193].

This is due to the characteristic feature of countries transitioning to a modern market economy, which they inherited from the command-and-control system. It consists in the deformed development of their industry, disproportions in the ratio of the means of production and consumer goods. This has led not only to the inconsistency of certain sectors of the economy, but also to the de facto stagnation of industries such as agriculture, light and food industries, a significant lag in scientific and technological development from the level of advanced countries.

It should be noted that transition countries are not homogeneous. Among them there are three groups of states with different opportunities to participate in global processes [12, 192].

The first group includes Latvia, Poland, Slovakia, Slovenia, Hungary, and the Czech Republic, where favorable conditions have been created for the rapid completion of the transition phase. Despite the contradictions and difficulties of the transition period, in these countries since 1994. economic growth began. In Estonia and Lithuania, the economic downturn stopped in 1995.

The second group of countries with economies in transition is represented by the Balkan states, which did not have a developed industry. However, the Balkan countries have retained the private sector on a large scale under the command-and-control system. This circumstance has significantly accelerated the process of market transformation and the time out of the economic crisis. The transition to GDP growth in them began in 1998 in Romania - in 1999.

The third group of transition countries includes the republics of the former Soviet Union, except for the Baltic countries. This also includes Ukraine [12, 192]. In terms of the development of foreign economic relations, Ukraine is inferior even to the countries of the second group. According to the report "Ukraine EU: on the path of four freedoms", prepared by the consulting company ONT Consulting Group, Ukraine's integration potential is limited by certain factors. Different levels of economic development of Ukraine and European countries are an obstacle to EU membership. The standard of living of Ukrainians is 15% of the EU average. In addition, Ukraine's share in foreign trade is negligible - only 0.4%. Trade relations with most countries are insignificant. Foreign direct investment per capita accounts for only two percent of the EU average [12; 193]. Nevertheless, we emphasize that in spite of everything, before the collapse of the USSR Ukraine was a powerful agrarian-industrial state (first place in Europe in key indicators of agricultural and industrial production, cultural and scientific heritage) [7, 14].

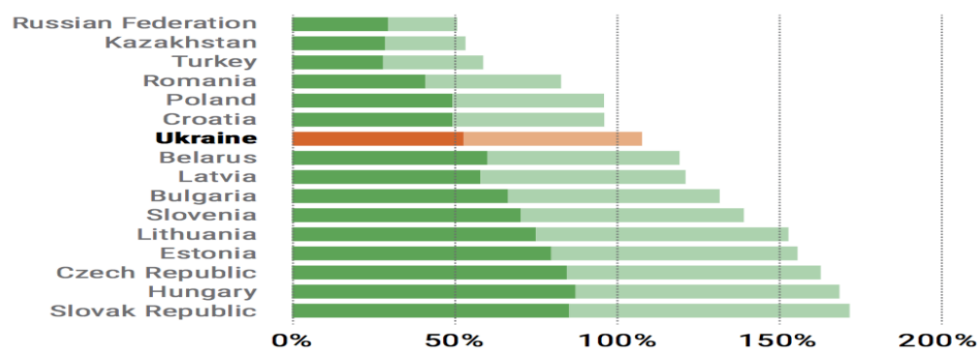


Figure 3.1. Ukrainian economic growth compared to other Ex-USSR countries

All this served as an argument for the unjustified conclusion of economists and politicians at the time that after the collapse of the USSR as a totalitarian country, the prospects for further development of Ukraine will be favorable outside the once unified economic complex. However, after the proclamation of independence, due to the collapse of deeply preserved ties in industry and agriculture at the level of a single structure, there was almost complete destruction of Ukraine's productive potential with unpredictable consequences, which then escalated into a systemic crisis and affected all major spheres

, political, demographic, ideological, legal, spiritual, cultural. At the same time, this crisis made it possible to see the inability

"New" elite of Ukrainian society, based on the former Communist Party leadership, to create qualitatively new conditions for solving complex systemic problems related to economic reform in the context of globalization [9, 13].

As we know, the foundation of the development of national economies in the global world market is innovation. However, Ukraine has not yet formed a new path of development based on innovation and effective use of intellectual property. The share of industrial enterprises where innovations are implemented is 10%, while in developed countries the norm is 60-80%. In this regard, it is necessary to strengthen the role of the state in regulating innovation, namely: to stimulate the creation of the necessary conditions for the formation and development of knowledge generation environment, full innovation cycle, and establishing channels for diffusion of innovation. Given the limited resources and the constant threat of overtaking competitors is increasingly important to timely determine the prospects of certain research and model the process of implementing research results in the Ukrainian economy taking into account the dynamic changes of the global world [21; 99].

Thus, we can say that Ukraine needs to solve the priority tasks of forming a clear, feasible, realistic innovation strategy with clear stages and evaluation criteria of an effective national innovation system [2, 30]. Foreign experience shows that the innovation policy of our state should be based on the following:

1. Adaptation of the innovation system of Ukraine to the conditions of globalization and increase of its competitiveness;
2. Reorientation of the system of innovation production to market demand;
3. Creation of attractive conditions for creators of innovations, stimulation of innovative activity of business;
4. System approach in the management of innovative development, informatization of society;

5. Development of knowledge economy;
6. Development of human intellectual capital;
7. Effective coordination of the national innovation system;
8. Sharp, multiple increase in innovation activity of existing subjects of innovation activity and dynamics of emergence of new innovative enterprises;
9. Capable innovation infrastructure;
10. Creation of highly intelligent industries [9; 47].

Another important factor in the functioning of the economy in a globalized economic environment is international trade. 1995 A new international organization, the World Trade Organization (WTO), was established.

Accession to the WTO is of strategic importance for Ukraine in terms of two important factors: it is a condition for further integration of the country into European and global processes and structures of systemic reform of the national economy in accordance with the principles of openness.

But there are downsides to this process. First of all, there is the risk of Ukrainian farmers losing up to 40% of the domestic market for their products.

Deepening the integration of the national macrosystem into the global economic space - Ukraine's accession to the WTO and the start of negotiations with the EU on a free trade area - open new opportunities for Ukrainian society to realize resource potential in the international division of labor. The domestic market of our country is gradually becoming part of the global market. In the economic sense, it is an almost unimpeded cross-border flow of resources, goods and services [22].

One of the most important forms of resource transfer for the national economy in the context of globalization is foreign investment.

Ensuring Ukraine's investment attractiveness for foreign investors by joining the country's generally accepted regulatory norms is a priority component of our country's foreign economic policy, as the current state of the state requires changes. Foreign investors do not trust the political and economic instability in the country and therefore take away their investments, which negatively affects the development of the manufacturing industry [11, 30].

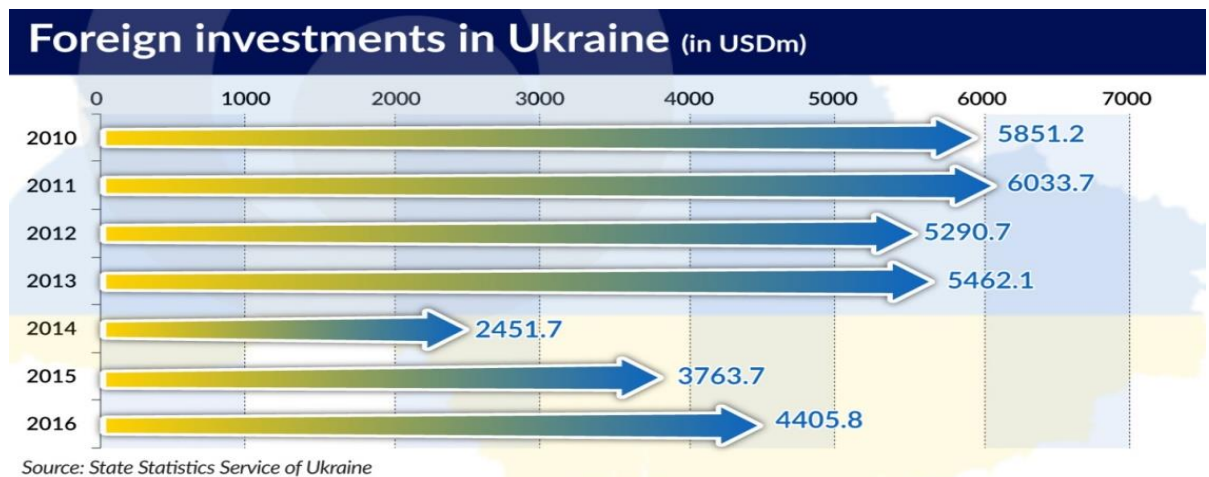


Figure 3.2. Foreign investments in Ukraine

In our opinion, the position currently supported by Ukraine will increase the country's opportunities for major international cooperation projects, which in the long run can significantly increase competitiveness and expand opportunities for freer access to foreign markets by reducing tariff and non-tariff barriers.

But for Ukraine, the strategic goal should be to stimulate structural reforms within the country aimed at ensuring competitiveness in an open market environment, which is a strategically important goal.

Unfortunately, today Ukraine is not sufficiently involved in these processes, as it:

- lags far behind the world's leading countries in the field of informatization and development of information technology;
- is only at the beginning of the formation of its own TNCs, competitive at the global level and capable of implementing a global development strategy;

- rather inconsistently introduces economic liberalization;

- does not pay due attention to the coordination of its foreign economic policy with other post-Soviet and post-socialist developing countries, it makes policy inflexible and weakens external positions in general [4, 31].

Nevertheless, Ukraine already has the economic prerequisites to intensify international economic ties. The country occupies a large area in southeastern Europe, has access to the Azov and Black Seas, is located at the intersection of trade routes: from northern Europe to the south to the Asian and African continents, the Arab world, and from the west of the European Community to the east Asia-Pacific region [12; 193].

With an area not exceeding 0.4% of the world's population and a population of 0.8% of the world's population, Ukraine produces almost 5% of the world's mineral resources and processed products. Ukraine has 30% of iron ore reserves, 75% of manganese, 90% of crystalline graphite, and most of the world's titanium and zirconium deposits. On the territory of Ukraine there are significant resources of rare earth metals used for the production of new materials with predetermined properties [12, 194].

Thus, from a geopolitical point of view, Ukraine's economic, technological and scientific potential can be compared with Russia, Germany, France and the United Kingdom. All this allows our state to actively participate in the international division of labor, to develop world economic ties.

So, summarizing the above, we can say that our country has entered a process of globalization with an unprepared economy. It follows that the priority for Ukraine should be to bring the domestic economy closer to the world's leading countries by intensifying the innovation process, increasing incentives to work, improving the investment climate, adapting legislation to modern economic conditions and comprehensive support for entrepreneurship.

## CONCLUSIONS

Thus, in this work we have explored the essence of the process of globalization, identified the positive side of the impact of this process on the national economy and considered the main problems facing national economies operating in a global environment.

After analyzing a large number of scientific achievements of scientists who worked in the field of globalism, we found that globalization is a complex systemic phenomenon. This is due to the fact that at the present stage of world development, globalization processes have covered almost every area of human relations. At the same time, the globalization of the economy is defined as a central component of the global integration process.

We have identified that the main drivers of this process are the informatization of society, the transfer of world capital between the national economies of different countries, innovative trends in production.

The informatization of modern society has led to a radically new world phenomenon - the information economy. This has led to a redistribution of forces in terms of the competitiveness of national economies in the global world market.

The focus of our study was on the national economy, which operates in a global economic environment. This functioning is most evident in international trade. At the same time, there is a differentiation of countries according to the level of torture of states in this process. Based on this, it is thought that globalization affects the state and development of national economies in different ways. The positive effects of globalization prevail for developed countries. Countries with low economic potential, on the other hand, face a number of challenges related to global processes.

The positive consequences of globalization include the expansion of markets for goods and services, the infusion of capital into national economies, investment and modernization of the economy and more.

At the same time, households have benefited from the effects of globalization. They have gained the opportunity to start a business related to trade in goods and services at the international level.

We have also identified the shortcomings of globalization. This includes the reduction of tax revenues, inflation, withdrawal of resources from countries, etc.

A sign of globalization is the functioning of TNCs - enterprises that have reached a fundamentally new level of activity, absorbing much of the world's economic potential. The rise of transnational corporations began after World War II and reached its apogee in the late twentieth century.

Separately, we studied the state and prospects of development of the Ukrainian national economy in the context of global transformation. We came to the conclusion that Ukraine has entered a wave of globalization with an unadapted economy. This is due to the deformation of the economic structure, which is due to the change of command-administrative order to the market.

Despite its significant resource potential, Ukraine is currently experiencing a crisis:

- there is a lag behind the world's leading countries in the field of informatization;
- is only at the beginning of the formation of its own transnational corporations;
- carries out inconsistent liberalization of the economy.

In order to consolidate its position in the international economic arena, Ukraine needs to take a number of measures. First, to create attractive conditions for foreign investors, and secondly, to adapt the economic system to the tendencies of globalism, thirdly, to stimulate the development of human capital and informatization of production.



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# ANNEXES

## **Annex A**

### **SUMMARY**

Bolbit I.Y. The impact of global processes on on international business development - Masters-level Qualification Thesis. Sumy State University, Sumy, 2021.

The master's thesis focuses on the prospects of the impact of global processes on on international business development. The main aim of this research is to study and scientifically argue the nature of globalization, the positive and negative aspects of its impact on the national economy.

Thus, based on the purpose of the study, we can identify the objectives of this work, the solution of which is the basis of our study:

1. Find out the essence and nature of globalization.
2. Identify the positive side of the impact of globalization on the national economy.
3. Identify the negative content of globalization in terms of its relationship with the national economy.
4. To open a place for the prospects of Ukraine's economic development in the global economic environment.

To achieve this goal, we observing novelty of this work is that we have analyzed the scientific achievements of a number of researchers, identified the advantages and disadvantages of globalization - a leading trend in the modern world.

**Keywords:** CURRENCY, EXCHANGE RATE, CONVERABILITY, CENTRAL BANK, GLOBALISTION, FOREIGN EXCHANGE POLICY, FOREIGN EXCHANGE RISKS.

## АНОТАЦІЯ

Болбіт І.Ю. Вплив глобальних процесів на розвиток міжнародного бізнесу - Кваліфікаційна робота магістра. Сумський державний університет, Суми, 2021.

Магістерська робота присвячена перспективам впливу глобальних процесів на розвиток міжнародного бізнесу. Основною метою даного дослідження є вивчення та науково обґрунтована природа глобалізації, позитивні та негативні сторони її впливу на національну економіку.

Таким чином, виходячи з мети дослідження, можна визначити цілі даної роботи, вирішення яких є основою нашого дослідження:

1. З'ясувати сутність і природу глобалізації.
2. Визначити позитивну сторону впливу глобалізації на національну економіку.
3. Визначити негативний зміст глобалізації з точки зору її взаємозв'язку з національною економікою.
4. Відкрити місце для перспектив економічного розвитку України в глобальному економічному середовищі.