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## **INTERNATIONAL CORPORATIONS AS AN ELEMENT OF THE DEVELOPMENT OF THE GLOBAL ECONOMY**

**Summary.** *Today, international corporations are an important element in the development of the world economy and international economic relations. Corporations contribute to intensifying international competition and deepening the international division of labor. Modern corporations are increasingly influencing international economic relations and the world economy as a whole, becoming the most important economic entities in the world economic system. International corporations are characterized by the creation of international production, high intensity of trade between countries, independence in decision-making and interstate mobility. The current stage of development shows not only a high level of competition between corporations, but also the emergence of strategic alliances. The basis of the new global economic system are corporations that own significant financial resources, introduce advanced technologies, have large spatial sales markets and conduct an active, global*

*investment policy. The key role of international corporations in international economic relations is explained by the fact that they are the engine of the world economy and the leading factor in international specialization and world trade. They are an important figure at the current stage of development of the world economy. Attracting foreign direct investment brings the country access to financial resources, namely, facilitates integration into global economic processes, access to foreign markets. The activities of corporations are quite extensive on the territory of Ukraine. Ukraine must use all the positive aspects of the activities of corporations and neutralize all the negative consequences, keep the emphasis on national priorities. International corporations mean a large association that uses an international approach, involves the development of international production and sales, with a central place of decision-making, and branches around the world. Corporations directly influence the economy in which they operate, accelerate the process of internalization and scientific and technical progress, and raise the social and material level of the population, which will provide an opportunity to purchase goods and services of international companies.*

**Key words:** *International Corporation, globalization process, investment climate, regionalization, transnationalization of capital.*

**Statement of the problem.** International corporations are the most important element of the development of the world economy, international trade and international economic relations. Their active development in the last tens of years reflects the aggravation of international competition, the deepening of the international division of labor. One of the most relevant processes is globalization, which determines the development trend of the modern world economy, penetrates into all spheres of society, from the corporation to the person, on which political and economic processes in the world depend.

**Analysis of recent researches and publications.** Today's international corporations have no allegiance to particular governments and pay very little attention to national borders. Corporations are global in scope as they manufacture products, sell them, and attract financial resources in any way that best suits their long-term strategic goals. They are able to raise capital from any developed market, and they are encouraged to this desire by the minimization of costs and the maximization of profit. The issues of the activities of international corporations in the conditions of globalization are most fully addressed by such authors as Sikorskyi I., Kuzjoma O.Ju., Rubínová S., Sebti M. [3; 4; 6].

**Formulation purposes of article (problem).** Determine the essence and meaning of international corporations; to analyze the process of evolution of forms and models of corporation activity; to reveal the specifics of their activity and conduct an analytical study of the development of corporations in the economy; determine exactly what role the corporation plays in the conditions of globalization; to determine and substantiate the prospects of the activities of international corporations, in particular, increasing the volume of investments in the territory of Ukraine.

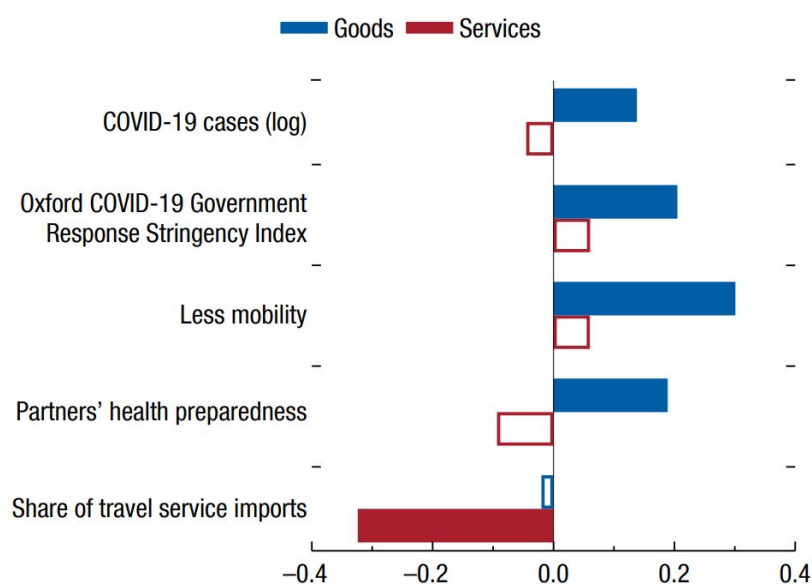
**The main material.** An overview of the main material. International corporations appear as direct participants in all aspects of global economic relations, as "engines" of the world economy. The corporation, on the one hand, is a product of the rapid development of international economic relations, and on the other hand, they themselves represent a powerful mechanism of influence on them. Actively influencing international economic relations, international corporations form the main relations, change their previously created forms.

Modern corporations, in addition to the existing international exchange of goods and services, created international production, the corresponding international sphere of services and the international financial sphere, which directly contributed to the transformation of mainly local (interstate, regional) international economic relations into global corporations, transformed the world

economy into international production, ensured the development of the scientific and technical process in all its directions: technical level and product quality, production efficiency, improvement of management forms, enterprise management. They operate through their subsidiaries and branches in dozens of countries around the world under a single research, production and financial strategy formed in their "brain trusts", have huge research, production and market potential, which ensures high development dynamics.

Let's pay attention to the situation that has developed since 2019, when the appearance of COVID-19 was expected that the combined supply and demand shock was expected to lead to a dramatic collapse in trade. However, trade in goods bounced back quite rapidly, although trade in services still remains sluggish [1, p. 87-107].

Considering the impact of pandemic factors on trade (forecast), it was found that characteristic of that countries whose experience of the pandemic was more severe (more COVID-19 cases, more stringent containment measures, or less mobility) showed “excess import demand” for goods—that is, the fall in goods imports was smaller than predicted by the model (Figure 1).



**Fig. 1. Factors Associated with the Demand Model's Forecast Errors for 2020**

*Sources:* [1; 7]

Domestic factors specific to the pandemic played an important role in determining trade patterns in 2020. The main factors of influence can be attributed to: first, the rapid recovery in goods trade may reflect a general switching in consumer spending away from services to goods—such as remote-working equipment and medical goods—created by pandemic-specific conditions. Second, part of the shift could be driven by a simple reallocation of income toward goods because some services were unavailable.

Third, it is possible that as countries with more severe lockdowns experienced a sharp contraction in the production of some goods domestically, they were pushed to import them instead.

The phenomenon of globalization during the last 20-25 years is one of the main objects of social science research. Despite the large amount of scientific and journalistic literature, the process of globalization, its development, emerging problems and consequences have not been fully studied. To a greater extent, this is related to the diversity and development of existing agents and actors, the complication of interaction processes between them, the change of roles and influence. International corporations have become just such agents and managed to benefit more than other participants from the changes taking place.

International cooperation on resilience-enhancing policies can yield both individual and collective benefits, and coordinated actions by members can leverage synergies. Multilateral initiatives adopted by governments in relation to previous shocks provide substantial arguments in favour of countries cooperating to assist those under stress in containing crises. Cooperation can help internalize some crossborder spillovers, thereby improving resilience. This subsection discusses how cooperation on a broad set of economic and financial policies can complement trade cooperation, and describes the synergies between trade cooperation and cooperation on disaster risk reduction [8, p. 128].

International cooperation also plays a role in assisting countries that are hit harder and/or lack resources and abilities to cope.

Among the main competitive advantages, which are the basis of the effective activity of corporations, the following can be distinguished: unimpeded ownership and access to natural resources, capital and results of scientific research and research and design works around the world; horizontal diversification into different industries or vertical integration according to the technological principle within the framework of a single industry, which in both cases ensure economic stability and financial stability of corporations; the possibility of free choice when locating the company's enterprises in different countries, taking into account the size of their national markets, rates of economic growth, prices, availability of economic resources, as well as political stability; low cost of financial resources due to wider possibilities of their attraction; economy on the scale of the enterprise; the possibility of using state foreign economic policy in various countries in the interests of corporations; continuous information about the state of commodity, currency and financial markets in different countries, which allows to promptly direct capital flows to those countries where there are favorable conditions for obtaining maximum profit; access to qualified staff and virtually unlimited opportunities for their selection [6, p. 125].

These competitive advantages that allow corporations to rapidly develop and be competitive compared to other companies.

Corporate Knights' 2022 ranking of the world's 100 most sustainable and world's greenest firms corporations is based on a rigorous assessment of nearly 7,000 public companies with revenue over US\$1 billion (Table 2).

*Table 2*

**The 100 most sustainable corporations of 2022**

<b>2022 G100 Rank</b>	<b>2021 G100 Rank</b>	<b>Company</b>	<b>Country</b>	<b>Climate commitments</b>
1	21	Vestas Wind Systems A/S	Denmark	1.5°C, SBTi
2	24	Chr Hansen Holding A/S	Denmark	1.5°C, SBTi
3	43	Autodesk Inc	United States of	SBTi

			America	
4	1	Schneider Electric SE	France	1.5°C, SBTi
5	40	City Developments Ltd	Singapore	1.5°C, SBTi
6	9	American Water Works Company Inc	United States of America	
7	2	Orsted A/S	Denmark	1.5°C, SBTi
8	12	Atlantica Sustainable Infrastructure PLC	United Kingdom	SBTi
9	55	Dassault Systemes SE	France	1.5°C, SBTi
10	18	Brambles Ltd	Australia	1.5°C, SBTi

*Sources:* [5]

Keeping capital, technology and people turnover at a decent level, the main corporations contribute more to the growth of the economy and the development of the host national economies, including: reducing the acuteness of the foreign exchange deficit associated with imports, which means transferring at least part of the production to other countries, still imported; improvement of the culture of conducting business and consumption of goods and services according to international standards; provision of additional jobs for the local population, which is especially important for countries where the arrival of labor-intensive capacities will provide an opportunity to use mostly physical, not machine, labor.

The predominant characteristic of the development of international corporations is the development of intra-corporate relations within these corporations. Internal trade between individual branches and subsidiaries of the corporation is widespread in different countries, which in its form is international trade [3].

Internal trade between different divisions of companies protects them from the influence of international competition and, thus, affects all the characteristics of trade.

In addition to sales, the activities of internal exchanges are decisive, allowing customs capital corporations to avoid competition by the participant of the influence of the organization of the customs process, the national barriers created in the course of them by branch offices and other subjects by

subdivisions. They are often exempted from global economic payments in the following way: receives production duties for the previously operated corporation, whose materials are exported and have significant world economic advantages for the owner of the world from gas and what kind of operations they carry out across the border of the transnational domestic trade economy of corporations. foreign transfer fees have prices.

An international corporation is a large firm with foreign holdings, or a group of firms of different nationalities, that dominate in one or more areas of the economy, or possessing significant opportunities and economic influence in the country's industry, and sometimes beyond its borders.

Today, the corporation is still distinguished by the international features of its type of activity, but not so much by the country of origin of the capital, as by its type of activity. The decisive question is not so much from which countries capital comes, but where it is directed, where it operates, where it makes a profit.

Most modern international corporations are distinguished only by some nationally separate and not multinational capital at all.

The international corporation is characterized by the following main features: it is an active participant in the development of the world economy, the process of international division of labor; its peculiarity is that the relative independence of the movement of capital from the processes taking place at national borders; it really establishes global economic relations, performing its operations for high profits.

The internationalization of corporations takes place in the course of the struggle for increasing profits, solving the main task of any capital owner. An international corporation is a real indicator of the level of concentration of capital and production across national borders, it began to occupy deep positions not only in the national, but also in the world economy.



Capital export is one of the main forms of capital internationalization of national corporations. As capital is exported, business entities turn into a set of corporations operating in different countries of the world. The internationalization of the production of added value represents a significant form of manifestation of the internationalization of the capital of an international corporation.

The specificity of the expansion of corporations consists in the organization of production of goods at foreign controlled corporations. A national firm operating in foreign markets, as a rule, does not have foreign branches and capital investments and receives its income from the sale of goods produced in "its" country.

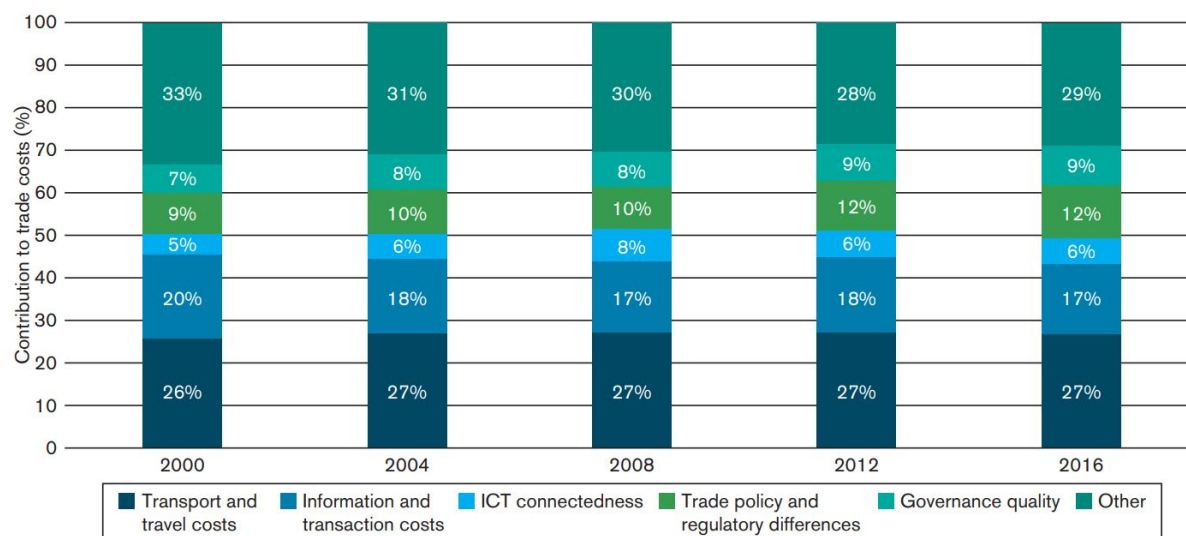
An international corporation uses the labor of workers from many countries directly in the production process, one of which is characterized by the internationalization of the process of production of added value. While the national firm is characterized only by the internationalization of added value in the implementation process.

Some well-known researchers of corporations not only recognize their all-encompassing influence on the economy and politics of states, but also declare it to be the greatest good. At the same time, this point of view is based on the fact that the managers of corporations are devoid of "narrow national prejudices", and, therefore, the product of the activities of these corporations is "good for all", and their activities are aimed "for the benefit of the world", since the geographical dispersion of corporations is just and demands the preservation of peaceful conditions.

The economic and technological power of modern corporations is such that they would be satisfied with a conflict-free world in which controversial issues would be resolved exclusively by political means.

The WTO Trade Cost Index (<http://tradecosts.wto.org>) tracks the evolution of trade costs decomposed into five main components: transport and

travel costs; information and transaction costs; ICT connectedness; trade policy and regulatory differences; and governance quality (WTO, 2021) (Figure 2).



**Fig. 2. Policy-related factors account for a significant part of trade costs**

*Source:* [4]

Based on these five principal components of trade costs, this subsection discusses how different types of shocks can affect the economy through their effect on trade costs. The objective of this discussion is to provide a comprehensive overview of how shocks can affect trade cost volatility and (if applicable) what policies governments could implement to prevent shocks to trade costs, particularly relevant for trade policies. Policy-related factors account for a significant part of trade costs [8, p. 72].

Modern processes of transnationalization have a dynamic development trend: rapid development of super-large corporations, which are becoming the main players in the world economy; reducing the degree of "binding" of corporations and their products to the mother countries due to the development of the world stock market and the use of the strategic alliance mechanism; significant concentration of capital, which enables corporations to reduce production costs, finance and implement innovative products and technologies, and carry out effective advertising; the formation and growth of corporations as a result of the internationalization of the economy and the development of the

world market; transnationalization of capital becomes a characteristic feature of the institutional development of the entire modern economy.

Thus, the basis of the new global economic system is international corporations that possess large financial resources, implement advanced technologies, have significant spatial sales markets and conduct an active investment policy on a global scale.

**Insights from this study and perspectives for further research in this direction.** International corporations participate in the economic, financial, trade, technological and, at a new stage, political and social interaction of the world. The activities of corporations radically change the way we look at the world, and without them it is impossible to study what is happening in the modern world.

At various stages of the development of economies, the process of globalization creates constant problems and exacerbates the problems of existing contradictions that have accumulated over time. The intensification of these contradictions led to a financial and economic crisis with varying degrees of intensification.

International corporations not only influence world events, but also take on functions that were previously held only by the nation state. The influence of corporations on international politics and economics is already so great that the usual nation-states are becoming less effective tools for solving new threats to business interests. World trends in modern conditions shape the prospects for the development of corporations. Like any commercial organization, corporations have developed different models of internal organization and strategies for economic behavior. Today, trends in the development of corporations are trends in the world economy as a whole. The analysis of features, in turn, makes it possible to outline the main trends of the current stage of development. The world economy is currently determined by the parameters of the globalization process, which in turn consist of two interrelated areas - the expansion of

corporations and regionalization. This relationship can be traced on the example of the EU, where capital migration from corporations has shown rapid growth in the context of integration processes.

Such changes have affected the investment climate, forcing corporations to adapt cross-border operations to new investment conditions. However, at the same time, it strives for global international integration of business, which is important for strengthening the convergence of economies in the EU.

Multinational corporations by their very existence are the leading organizational structure in the world market and control a significant part of international capital and trade. Corporations easily penetrate and conquer foreign markets, gain competitive advantages thanks to corporate policies, generate profits and become major players in the international market together with countries.

Consequently, the intensification of corporations for the economy of each country opens up new opportunities for integration into the global division of production and contributes to increasing competitiveness in the international market.

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