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### **The Impact of Global Issues of Humanity on International Business Development**

**Abstract. Introduction.** The development of the international business depends on various forms of world economic relations, as well as on the institutional environment of each country, the processes of the globalization. Global issues play an important role in the development of business and bring serious impact on it. It was revealed that the main problems and situations that require collective global efforts and on the course of which the development of international business depends are: the problem of human rights violations, in particular the problem of hunger, struggle for world leadership, arms race, global terrorism, pandemic, crisis of globalization, etc. Scientific views on the processes of international business development, corresponding to modern economic trends, is an approach based on the imbalance of world communications and globalization.

**Purpose.** This article describes the development of modern business under the effect of political, social and economic environments. The need for analysis of potential risks as one of the most important methods of crisis management in conditions of uncertainty is outlined.

**Results.** While assessing the impact of global issues on business performance, it was determined that international business is focused on global resources, and the goals of organizations are oriented on global business opportunities and threats. It is substantiated that, on the one hand, international companies are partially independent of global problems, since in most cases they have their own facilities for the production and sale of their goods, private research centers, but, on the other hand, international business partially assumes responsibility for solving the problems of mankind, support for the global environmental safety and human health. The dual nature of the influence of globalization on the development of international business is revealed. The focus is on the pandemic situation, which has diverted attention from global issues but has not helped find a solution. As a result, international business is experiencing a combination of two shocks: a drop in demand due to quarantine and a reduction in the supply of goods due to business shutdowns and logistic disruptions.

**Conclusions.** As a result, the formation, support and development of international business is influenced by various internal and external factors, both interdependent and independent. In addition, international companies need constant evolution to achieve a high level of development for the stable and smooth operation in all conditions. Global problems cannot be avoided, but their consequences can be minimized by promptly responding to global security and economic trends in key regions of the world. International business must focus on keeping its operations under despite the influence of the world's problems. The ability to manage risk, respond to change in a timely manner and contribute to solving today's problems are the main features of the business of the future.

**Keywords:** international business; global problems of humanity; globalization crisis; Human Rights; global terrorism; COVID-19.

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### **Вплив глобальних проблем людства на розвиток міжнародного бізнесу**

**Анотація.** Дослідження присвячено актуальній проблемі впливу глобальних проблем людства на розвиток міжнародного бізнесу. З'ясовано, що існує взаємозв'язок між глобальними проблемами людства та міжнародним бізнесом. Основні риси цього взаємозв'язку проявляються в обмеженні розвитку бізнесу, крім того, глобальні проблеми є локомотивом розвитку міжнародного бізнесу. Визначено, що міжнародний бізнес неможливий без рівноваги зовнішніх складових, що гарантують наявність сприятливих умов для подальшого розвитку економічних взаємовідносин між країнами та стабільність світового ринку. Установлено, що сучасний міжнародний бізнес спирається на поточну незбалансованість світових комунікацій та глобалізаційних процесів, завдяки чому спостерігається чутливість міжнародного бізнесу до змін, зіткнень та взаємодії у соціальній та економічній сферах, зокрема до взаємопроникнення відмінних культур. Виявлено, що до основних проблем і поточних ситуацій, що вимагають колективних світових зусиль та від перебігу яких залежить подальший розвиток міжнародного бізнесу, належать: проблема порушення прав

людини, зокрема проблема голоду, боротьба за першість серед світових лідерів, гонка озброєнь, глобальний тероризм, поширення пандемії COVID-19, криза глобалізації. За результатами проведеної оцінки впливу глобальних проблем людства на міжнародний бізнес доведено, що сучасні тенденції перебігу світових подій спровокують фінансові втрати підприємств та значні зміни в діловій практиці на користь автоматизації процесів та діджиталізації. Схарактеризовано основні риси міжнародного бізнесу майбутнього, які повинні проявлятися у збалансованості та злагодженій дії таких його складових: соціальної, фінансовій та безпековій, а також здатності управляти ризиками та вирішувати поточні проблеми своєчасно.

**Ключові слова:** міжнародний бізнес; глобальні проблеми людства; криза глобалізації; права людини; глобальний тероризм; COVID-19.

**Problem statement.** In order to become more advanced international business goes through the variety of changes. Such evolution makes it more complex. Every action of it is connected with particular situation on the global stage. The spread of globalization has made world politics the only mechanism. International business, as a part of this mechanism, is under the ascendancy of global issues of humanity. All international companies felt impact of the problem of human rights violations, including hunger, the struggle for supremacy among world leaders, the arms race, global terrorism, the spread of the COVID-19 pandemic, the crisis of globalization, etc. In view of the above, international business is distorted by the impact of global problems of mankind, and its further development will be associated with problems on the world stage. Therefore, it is necessary to explore connections between business and global issues, to find ways to control the impact and to predict possible changes in international business.

**Analysis of recent research and publications.** The connections between global issues and business explored by such specialists and scholars in the field of economic theory and practice as H. Okoye & L. Nwaigwe [1], A. Borisov [6], R. Islam, A. Fakhrorazi, H. Hartini & Md. Abu Raihan [8]. The role of global issues is described by R. Payne [2], M. Koseeva & C. Webb [4], W. Donald [9]. Scientific works, are devoted to the problems of business environment challenges, were created by Rotariu & E. Feder [3], J. J. Wu [5], V. Karp [7], M. Marsili [10], H. Bradwell & M. Iqbal [11].

**Formulation of the goals of the article.** The purpose of the article is to identify the relationship between the global problems of mankind and their impact on the development of international business.

**Presentment of the main material of the study.** Modern scholars consider international business (IB) as a composite of all commercial transactions, whether private and/or public, investments, sales and transportation that occur between two or more countries and regions outside political boundaries. International business is focused on global resources, and the goals of organizations are focused on global business opportunities and threats [8]. This system disposed to the globalization process, which effects on the IB through the flow of information, factors of production, ideas and technological innovations. Science simplifies the measurement of the international business environment. It is the use of a systematic approach that allows one to interpret integrity logically and consistently, not as a simple sum of components, but

as a resulting system and a form of manifestation of the relationship between its structural elements and the division of its own dynamics, movement and formation of each component. Also, at the methodological level in the knowledge of economic phenomena, hypotheses and theories represent an arsenal of tools for systematizing, organizing, processing and interpreting primary knowledge obtained through observation, natural generalization and unified through inductive synthesis [3].

International companies are partially independent, as they mostly have their own facilities for manufacturing and selling their goods, private research and development centers, etc. They represent the most powerful part of corporate business, operate internationally and play a leading role in strengthening global economic ties. They are able to act as players on the world market, investors, participants of the international division of labor and engines of progress. This business significantly determines not only the competitiveness of individual industries or countries, but also the general features of the modern and future world economy. Internationalization leads to increased mutual obligations between all components of the world economy, due to the globalization of economic development. The internationalization of medium and small firms deserves special attention. Making a breakthrough into the high technology markets, specializing in certain types of science-based products, they can acquire the advantages of ownership connected with owning "invisible assets". For example, scientific knowledge, manufacturing secrets.

However, in the course of the development of civilization, humanity has repeatedly faced complex problems, sometimes of a planetary nature. But still it was a distant prehistory, a kind of "incubation period" of modern global problems. They were fully manifested already in the second half and especially in the last quarter of the 20th century. International business tried to accommodate itself to new factors, built new business-models and got profit out of appeared situations, as well as solved plenty of complex issues. Such problems were caused by a complex of reasons that clearly manifested themselves during this period. At the present stage, main global problems include the intensification of the crisis of globalization processes, high struggle for primacy among world leaders, violation of human rights, global terrorism, environmental issues, pandemic spreading etc. International business partly takes responsibility for solving problems of humanity, support for the global environmental safety and human health.

After analyzing scientific publications, analytical studies, and our own observations, we found that the relationship between contemporary global problems is intensifying and manifesting itself in their aggravation. Human rights are basic platform for common wellbeing. The right to food is recognized in the 1948 Universal Declaration of Human Rights as a component of a decent standard of living and enshrined in the 1966 International Covenant on Economic, Social and Cultural Rights. However, starvation is still one of the main issues of humanity. Tons of wholesome food are lost and thrown away every day around the world. From harvest to retail alone, about 14 percent of all food produced in the world is lost. A huge amount of products is also thrown away at the retail stage and at the consumer level. Due to inefficient consumption policies, it is estimated that about a third of food intended for human consumption is lost or discarded, which is about 1.3 billion tons per year. In 2010, the European Commission published a study which reported that the food industry in the 27 EU countries generates around 90 million tons of food waste each year. 40% of discarded food belongs to households. At the same time, about 800 million people are starving. Statistics show that the amount of food that is currently wasted can meet the needs of all people who face hunger on a daily basis. All food processing industries result in losses of milk, meat, olive oil, fish, fermentation, vegetables, fruits and seafood [4]. Resources as well as food are being wasted. So, current world has at least two issues (starvation and waste of edible food), which instigate losses of business profit.

Main business unions are able to solve these problems, but have not done it yet due to trade wars and conflicts, which are larger half of struggle for primacy among world leaders. The best definition of the war mechanism is presented by the coalition theory. This theory describes connection between countries and business unions as the simple game. Players who make less profit from teamwork than from independence will try to avoid coalitions.

J. Wu proves applicability of coalition theory to macroeconomic conflicts processes in his article "The Game of International Business": "The characteristic function property of super-additivity further ensures the value of a union of disjoint coalitions is no less than the sum of the coalitions' separate values:  $v(S \cup T) \geq v(S) + v(T)$  whenever  $S, T \subseteq N$  satisfy  $S \cap T = \emptyset$ ." [5, p. 9]. Therefore, in coalition will be player who will produce profit equal to the sum of other players profits itself. This factor will complicate payoffs dividing between players in coalition. It will have an impact on the happiness and believes of all team as well. That is why it is almost impossible to keep peace in a team for a long period of time. Moreover, balancing is dramatized by cognitive gaps between real life and players' perceptions of reality. These problems are forcing IB representatives to locate around the "big players" until they become powerful and able to expand their plants around the world.

Wars caused by players make arms industry to improve military technologies and attract investing in this field. Good example of such improvement provided to us by R. J. Payne in his work "Global Issues: politics, economics, and culture". United States of America (USA) are well-known for their sophisticated weapons. United States Armed Forces has been one of the most combat-ready forces in the world since its inception. Stable connections between military technology companies and the US government can be traced through secular contracts. It makes American defense firms to be the undisputed leading arms manufacturers in the world. Furthermore, the Department of Defense and federal law enforcement agencies have increased arms procurement spending since 2017. The American company Raytheon, a leading manufacturer of missile defense systems and guided missiles, was among the companies that signed contracts with national forces. This led to an increase in sales of Raytheon in the period 2017-2021 by 16.67%. This company supplies American forces with next-generation infantry fighting vehicles. Thanks to a contract with the government, the company was able to improve the quality of its product, make it resistant to anti-tank guided missiles and cyber attacks, and accelerate production based on the latest technologies, including the use of artificial intelligence. Artificial intelligence projects are largely based on costly inventions, so partnering with the government helps fund it.

Basically contract with country insures further development of the company and increase the chances of cooperation with other key players of the global market, especially in the field of defense industry.

Terrorism is close to the problem of armed conflicts. Modern terrorism is a powerful structure with equipment appropriate to its scale. The goals of terrorism can be classified as insistence on social and political justice, self-determination, publicity, racial superiority and demoralization of government. These goals are ignored, as the term "terrorism" has often been used since the 1960s to refer to the liberation actions of local communities in Africa and Latin America. It is used as a tool of political struggles against government policy in Europe countries, mostly connected with Islamic world [10]. However, terrorism in all its forms and manifestations is one of the most serious threats to international peace and security and that any act of terrorism is criminal and cannot be justified, regardless of the motives and by whom and when it was committed. Extremists and terrorists are rapidly adapting to new realities, using cyberspace and new technologies, their ties to organized crime, and gaps in national regulations. At the same time, Islamic State of Iraq and the Levant (ISIL) and other terrorist groups are increasingly recruiting people driven by racial, ethnic and political considerations into their ranks. Due to complex and deep-reaching nature of the terrorism it is hard to calculate the economic losses and the response cost.

Indirect costs, as direct ones, are significant part in measuring the economic loss. An act of terrorism effects the authorities or the public to which the terrorist organization or terrorist refers. International business development includes management of cyber security and composing complex cyber infrastructure because cyber terrorism is a serious unpredictable and unlimited geographical problem. International companies spend additional costs on security in the cyberspace and, subsequently, out of its borders in countries with high levels of the terrorist attack risk as well. Security personnel can save employees and the property, but supply chains stay vulnerable to terrorist attacks. Damaging of supply chains causes not only the loss of goods, but global delays and disruption in supply sources as well. So, this point is included in the monetary cost of violence.

In addition, terrorism has a negative impact on trade and tourism. Bilateral trade is likely to lose 4% if one side faces domestic terrorism. Companies are beginning to lose suppliers and consumers due to the high risk of terrorism and are becoming separated from global chains. Such acts considered by investors as an additional risk which means that foreign direct investment will be reduced for 5% each time when the terrorist risk will increase by one point of deviation [11]. International firms in highly affected by terrorism countries, get double pressure on their boards of directors. Directors have to satisfy two sides – conservative local society, who connect globalization with increasing of terrorism due to Westernization and Americanization, and global business partners, who perceive danger of terrorist act from local people.

As the entire world is now covered with information connections and multilateral agreements, many countries are moving from an autonomous economy to a more integrated and interdependent economy with a free flow of goods and finance. Positive effect of globalization is an ability to create brands well-known on the global market. It provides cost savings, ability to use the same product and strategy for similar client segments across all markets. Customers can now get products with high quality and affordable price, compare similar products. International business gets the best position in its history and environment for further development.

People migrate due to volatility of labor market with the help of globalization. They are able to choose the best working place and develop their carrier in country, which has demand of it. International companies invest in developing and underdeveloped countries, introduce their technologies and get additional profit from cooperation with local markets. These markets depend on direct investing, which for 14 years cannot exceed their level of 2007. Similar negative downward trend is spread among mergers and acquisitions.

But from the other point of view, companies faced with some problems due to differences in local cultures of countries. Due to the high score of globalization and

linked up economies companies have to move on to the foreign fields, if they want to develop. Company may face with lack of political stability, high bureaucracy and the fluctuations in currency exchange rates, while it builds connection with new country. Thus, among them nowadays the preferred mode of international work is to act on rules of franchising on a more frequent basis. For example, Okoye H. N.& Nwagwe L. C. mentioned in their article, that in Nigeria exported goods lost their popularity, as they are far from local culture, taste and rules [1]. Women are being punished for red clothing or short dresses on the governmental level. Globalization does not negate the importance of assimilating goods in line with market demand. From the other side it also makes local markets to accept progressive views and be less conservative. Groups of people, who try to avoid globalization associate it with Westernization and Americanization. However, the main resistance comes from the United States and France, which see the weakening of sovereignty in the invasion of immigrants, mostly from North Africa. Relations between West and Russia are becoming less friendly as well. Risky political decisions are made to the detriment of entrepreneurial interests and accelerate the approach of a new global economic recession, refuting the old conventional thesis that politics is a concentrated economy. These factors contribute us... to the idea of current crisis of globalization. A.U. Borisov in 2019 mentioned: "it remains to conclude that neoliberal universalist globalization turned out to be short-lived and is being replaced by intense rivalry between the great powers." [6, p.85]. Modern globalization possibly will grow into the next spiral of the arms race at the new technological level and end up with trade protectionism. International business will step back in developments, due to added complexity of borders crossing and loss of simplicity in business operations on the global market.

Apart from the political factors, a pandemic situation has arisen that has forced people to behave in a decentralized manner and changed international business routine. Lockdown made global processes more local. Every community independently faced with requirement to respond quickly to challenges. Thus, businesses started boosting off their technological equipment, digitalization and automation of the supply chain. Remote management made it possible to reduce office maintenance costs and abandon business travel in favor of online meetings. It may cause arrival of the gig-economy (the economy of short-term contracts and freelancers). Impact of Coronavirus Disease 2019 (COVID-19) on economy defers among countries. The World Travel and Tourism Council stated that tourism lost 23% of working places due to pandemic situation. Tourist and migration flows stopped abruptly in 2020 and are very slow to resume depending on the situation in different regions now. This harm is five times bigger than it was in 2007-2008. Travel industry accounted to 10.3% of global Gross Domestic Product (GDP) and 10% of global jobs at the start of the pandemic.

The Center for Economics and Business Research (CEBR) announced that Great Britain lost 31% of daily economic output. It makes scholars suggest that some enterprises will fail to survive or never reach scores which they had before COVID-19. W. E. Donald believes that chances to survive higher for companies with equal scores of ethics, profit and empathy [9]. Obviously, international businesses have to invest more in their teams, recruit and train workers, as it is required by high demands of pandemic society. Satisfied employee is the biggest treasure of a modern company. It is important to find a balance between human and artificial intelligence.

So, the current development is characterized by highly turbulent international business environment. The conceptual approaches should be developed to embody the fate of preparing contractual and non-contractual solutions in order to avoid losses due to a situation of risk and uncertainty.

**Conclusion.** Modern international business goes through difficult process of development. The economic crisis causes extra concerns about the prospects for economic globalization, which was predicted to decline in the past several decades. The pandemic has accelerated the digitalization of the economy and the transition of social relations to cyberspace, which will continue at a slower pace in the future. Regardless of the level of development, governments of countries of the world were forced to concentrate on rescuing national economies that were in unforeseen danger. One of the

biggest outcome of this is the uncertainty in global trade, which consists in the instability of supply chains. The situation with the pandemic only removed the focus from world issues, but did not contribute to finding the solutions. The economy is undergoing a unique combination of two shocks at once. First one is a fall of demand caused by quarantines. Second one is a reduction in the supply of goods due to shutdowns of enterprises and demolished logistics. And all this is inflicted on huge debts accumulated by the beginning of the crisis. That is why food losses and food waste are unacceptable now and more vital than ever before.

Investors, who are interested to borrow from both international and local financial institutions operating in accordance with international standards should be serious about assessing and minimizing the risks of future projects. Not to limit the focus to just financial risks, but to analyze technological, social and environmental risks.

Thus, international business should focus on maintaining its activities under the influence of all world problems. International business is becoming more complex, and its well-coordinated activities require a balance of its social, financial and protective components. The ability to manage risks, respond to changes in a timely manner and contribute to the challenges of today are main features of future business. And this will undoubtedly lead to a new reallocation of global financial flows.

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