

GLOBALIZATION PROCESSES AND TRANSNATIONALIZATION OF THE ECONOMY

O. Vyshnevska¹, O. Kaliuzhna², I. Banyeva³

¹ Doctor of Economics, Professor, Dean of the Faculty, Mykolayiv National Agrarian University, Mykolaiv, Ukraine, +380679927346 olganykk@gmail.com

² PhD in Economics, Doctor of Philosophy, Associate Professor of the Department of Production Management and Innovative Activity of Enterprises, Mykolayiv National Agrarian University, Mykolayiv, Ukraine, +380506503361 Kalyzna1976@gmail.com

³ Doctor of Economics, Professor of the Department of Production Management and Innovative Activity of Enterprises, Mykolayiv National Agrarian University, Mykolayiv, Ukraine, +380503181773, irina-baneva@rambler.ru

The main results of the research, which include the essence and peculiarities of globalization processes and phenomena, their influence on the world economy, are formed. The consequences of globalization processes, the influence of economies of states and regions of the world, changes in the mentality of the population are determined. The essence of the process of transnationalization, strengthening the influence of international monopolies and the peculiarities of the activities of transnational associations are determined. The influence of the process of transnationalization on the development of the world economy is generalized, advantages and disadvantages in the development of the world economy under the influence of globalization tendencies are determined. The main directions of activity of transnational business are formed, taking into account the interests of participants. The priority of investment opportunities of global business is determined. The main tendencies in dissemination of the influence of the process of transnationalization of the world economy and the consequences in guaranteeing the national security of the countries of the world, individual regions of the world are investigated. It is proved that the policy of the world's states in a globalized environment should have a long-term character and provide the implementation of a set of measures to protect the interests of the national economy, including the increasing influence of the process of transnationalization, the formation of a single global market, which provides appropriate adaptation to change.

Keywords: globalization, transnationalization, transnational companies, global global processes, global corporations, competitive advantages, investment opportunities.

JEL Codes: F010

Introduction.

All modern world processes are characterized by the increasing influence of globalization, as a process that transforms the world into a single global system. The globalization of the economy is one of the laws of world development and reflects the interdependence of the economies of different states in the formation of economic space, where the branch structure, the exchange of information and technology, the

geography of the distribution of productive forces are determined taking into account the world situation, stages of social reproduction acquire planetary scales.

Globalization tendencies of the development of the world economy have a significant impact on individual internal processes and phenomena: socio-economic, political, cultural, mental and environmental. Globalization processes are characterized by a combination of competitive advantages of a particular state at the world level in economic, social and environmental fields. The model of globalization of national economies includes a large national business, medium and small businesses, and multinational companies. At the same time, the weighting factors determine the share of each type of business in the structure of the national economy of the country. Integration processes in the modern world have created such powerful international structures that already influence the fate of any state, often despite the rules of international law and existing international agreements. Globalization is a process that includes the transformation of the spatial organization of the world and its regions, social relations and interactions that are measured by indicators such as: duration, intensity, speed and influence that give rise to intercontinental or interregional flows and structures of activity, interactions and manifestations at socio-economic and political levels. Globalization is essentially a challenge to the economic security of any country that is to some extent integrated with the economic space.

Globalization became the most important real characteristic of the world system, an influential force that determines the pace of development of the world community and the world economy. The globalization of economic development arises from the complete interdependence of the components of the world economy, from its unity and integrity, which increases with the wide expansion of the internationalization of production and circulation, and the intensification of integration processes. There is a process of global synthesis of a global scale, which is controversial and multi-faceted, affects the development of the world's economy, individual countries, regions and industries, and society. Globalization led to the emergence of a global business, which is mainly associated with the process of transnationalization.

The hypothesis of the scientific research is to identify the preconditions and justification of possible approaches to adaptation of individual states and regions of the world to strengthen the globalization influence, its manifestations, and to determine the priorities of state policy in the conditions of transnationalization of the world economy in order to protect national interests, interests of all participants in the global market.

The object of the study is the process of globalization and transnationalization of the world economy, the formation of the global market, their combined impact on the development of individual states and regions of the world, approaches to adaptation in the interests of protecting national interests.

The subject of the study is a set of theoretical, methodological and practical principles of the process of globalization and transnationalization of the world economy, their manifestations, influence on the development of individual states and

regions of the world, the creation of preconditions for the protection of national interests in the global market.

Purpose.

The purpose of the study is to define the position of the authors on the essence of globalization processes, their manifestations, the impact on the development of individual countries and regions of the world, the justification of approaches to adaptation to the process of transnationalization of the world economy in order to prevent negative trends, leveling the risks, guaranteeing the national security of individual states in terms of aggregate political, socio-economic, cultural, mental and environmental factors, prioritizing long-term public policy review and protection of national interests in the global market.

Research methods.

The study of globalization processes is associated with a combination of factors that can have a significant impact on the development of the world economy, individual states and regions of the world, industries and society as a whole. In order to study and generalize the globalization impact on the world economy, a wide range of research methods are used, such as: abstract-logical method of research with the aim of substantiating the essence and peculiarities of globalization processes and phenomena, systemic generalization – in order to assess the practical impact of globalization on different world systems and processes. (political, social, economic, cultural, environmental); bibliographic – in order to evaluate various authors' views and generalizations; analysis and synthesis – in order to identify dependencies between globalization processes and phenomena and influence on the world economy. Expect a wide range of international indices and coefficients to assess the adaptation of world economies to globalization processes.

One of the generic indices is the KOF Index of Globalization, which is made up of the Swiss Economic Institute. Individual countries of the world are rated by 24 criteria, which are grouped into three main groups of global integration: economic globalization (international trade volume, international business activity, trade flows, international investment, tariff policy, restrictions and taxes on international trade); social globalization (level of cultural integration, percentage of foreign population, international tourism, international personal contacts, volume of telephone traffic, postal items, cross-border remittances, information flows, development of information and communication infrastructure); political globalization (membership of states in international organizations, participation in international missions (including the UN mission), ratification of international multilateral treaties, number of embassies and other foreign missions) (Index...).

According to the KOF Index of Globalization, the most globalized countries in 2017 are the Netherlands with the index of 92.84, Ireland (92.15), Belgium (91.75), Austria (90.05), Switzerland (88.79). According to the KOF Index of Globalization, the world's least-globalized states are Equatorial Guinea with an index of 26.16, Eritrea (25.07), and Solomon Islands (23.98). The study used information from 193 countries of the world, the difference between the maximum and minimum values of the index is 68.86 units, which confirms the complexity of adaptation of the countries of the world to globalization changes, different input conditions and approaches in

the development of economies of individual countries of the world. Ukraine ranks 45th in terms of globalization, with an index of 70.24.

In addition to the complexity of the process of adaptation of the economies of individual states and regions of the world, a significant factor is the building-up of capacities of transnational companies (hereinafter referred to as TNCs). The assessment of the activities of TNCs proves that they provide almost 50.0% of the world's industrial production; TNCs account for more than 70.0% of world trade.

Thus, the relevance of the study is due to the fact that globalization processes have a comprehensive impact on the development of the world economy, the economies of individual states and regions of the world, which requires the prevention of negative trends, the leveling of risks in order to guarantee the security of the world, national security of individual states in terms of the totality political, socio-economic, cultural, mental and environmental factors. The expansion of the scope of transnational business has a significant impact on the level of security, as most companies are oriented mainly to obtain their own economic benefits, which can encourage social tensions in the recipient state's society.

The complexity of the manifestations of globalization processes, their impact on the world economy, the economy of individual states and regions of the world encourages the spread of research, due to the political and socio-economic processes, especially the mentality of the population. The works of many scientists are devoted to the research on the essence and peculiarities of the process of globalization, the transnationalization of the world economy, their interrelation with political and socio-economic systems, among which: O. A. Volodymyrova (2010), V.I. Vlasova (2012), V.G. Voronkova, D. Ghed (2004), P.Gerst (2002), E. Giddens (2004), L.O.Zelenova (2010), E.G. Kochetova (2010), E.I. Stepanova (2010), Ya. Piterze (2008), R. Robertson (2008), R. Skase (2007), J. Soros, J. Stiglitz, E. Toffler. Historical principles of the process of globalization and its manifestations are researched in the works: Luttwak E. (1990), Huntington S., Berger L., Sadlak J.

An evaluation of the results of the authors' research shows that globalization processes are multifaceted, but their impact remains significant and involves the development of appropriate system approaches to leveling down negative processes and ensuring the sustainability of all systems in order to guarantee the security of the world community, both in terms of political equilibrium and socio-economic and environmental criteria of influence on the development of the world economy, the economy of individual states and regions of the world, as well as the preservation of the peculiarities of the mentality of the population.

The study of the historical development of the essence of the process of globalization suggests that this is a gradual process of socio-economic, political and cultural integration. The main characteristics of the process of globalization are the global division of labor, the migration of all kinds of resources, the unification of legislation in the field of international cooperation and trade, the spread of new technologies and knowledge. Historical processes of globalization became active in the 20th century, which was due not only to the need for international trade but also to the strengthening of socio-economic, political conflicts, the actualization of the

issue of preservation of the natural environment and the growth of environmental risks.

The main globalization impact on individual states and regions of the world is manifested through interstate and interethnic relations in all spheres of activity, including the formation of a global market. At the same time, creating a single global market can have a number of risks that can lead to negative consequences and increased social tensions in individual states and regions of the world.

That is why the study of the process of globalization, its manifestation through the transnationalization of the world economy remains relevant and requires the formation of new knowledge in order to minimize possible threats and challenges in guaranteeing the security of the world, the co-ordination of national interests of individual countries of the world with globalization manifestations.

Research results and discussion.

The process of forming a single world economic space is multifaceted and controversial. There is globalization and unification of activity, which, in turn, has a tendency to curtail the diversity of business forms. In turn, there are local trends that contribute to the diversity of cultures, norms of behavior, as well as the growth of differences in the way of life. Thus, international business is a multilevel, flexible and open system that is constantly evolving under the influence of various factors - from the simplest forms (foreign trade business) to complex entities (global business).

It is revealed that the modern globalization of the world economy is expressed in such processes: deepening, internationalization of production, and not exchange, as it was before. The internationalization of production is manifested in the fact that manufacturers of many countries of the world participate in the creation of the final product in various forms and at different stages. Intermediate goods and semi-finished products take an increasing share in world trade, and between the corporate transfers, the institutional form of internationalization of production, are TNCs (Sovremennaja...2010).

Principles of TNC activity are based on the implementation of foreign direct investment in order to create production capacities abroad; the use of different forms of international division of labor, which allows placing various parts of the production process in different countries of the world; development, transfer and use of innovative technology; Intra-corporate trade, which is carried out between separate units of TNCs using transfer prices that are significantly different from market prices, is significantly higher or lower than the prices for the same goods on the world market.

It should be noted that TNCs use a global approach to management, which is based on the optimization of the corporation as a whole, rather than in its individual units, which allows maximization of profits in the long run. Most TNCs are multidisciplinary, which allows them to cover a large volume of different segments of the world market. TNCs can be concentrated in 5 to 50 different industries. So, in the group of 100 leading UK businesses, 96 are multi-sectoral, 78 in Germany, 84 in France, 90 in Italy.

Consequently, in recent years, TNCs have taken leadership positions in the global economy, have greatly strengthened the interconnection and interdependence

of national economies; in the world trade, the number of TNCs is steadily increasing. TNCs became the main subject of the movement of international investment, technology and operation of international production, which prompted the formation of a global market.

The rapid development of transnational corporations in the globalized environment is directly linked to their investment activity. It was foreign investment that formed the basis for the formation of a global system of branches of TNCs and international production, and the investment process is one of the main features of a transnational corporation. The process of transnationalization has led to an increase in the level of interdependence between states and regions of the world and characterizes the strengthening of global integration as a result of global operations of TNCs.

It is determined that the process of transnationalization is one of the stages of internationalization of society characterized by the growing role of external factors in the development of states and regions of the world, the creation and expansion of transnational capital. The feature of TNCs is the investment of funds, mainly in the high-tech industry, which provides a corresponding result through the investment income of companies.

Most scientists consider transnationalization as a process of expanding the international activities of industrial firms, banks, service companies, and their exit from the national boundaries of individual countries, leading to the expansion of national companies into transnational ones. It is characterized by interweaving of capital by absorption of firms of other countries, creation of joint ventures, attraction of financial resources of foreign banks, establishment of connections between companies and banks at the global level (Table 1).

Table 1. The essence, features and manifestations of the process of transnationalization of the economy in a globalized environment

TNC Groups	Criteria and characteristics of TNCs	TNC structure	Manifestations of the process of transnationalization
Horizontally integrated TNCs - manage units located in different countries, producing the same or similar products.	- presence of parent company and units abroad in no less than 2 countries of the world. (divisions can be established by a company on the basis of foreign direct investment through the creation of production capacities or through mergers and acquisitions of other enterprises);	- a subsidiary is a joint-stock company in the host country, more than half of whose shares are owned by another enterprise; - an associate company is a joint-stock company in the host country, in which 10 to 50% of the shares belongs to a foreign investor;	- increase in the number and activity of TNCs and transnational banks; - a new stage in the internationalization process of the world economy;
Vertically integrated TNCs - manage units in a particular country that produce goods shipped to their units in other countries.	- control of assets of foreign units - provides	- a branch is an unincorporated enterprise that is wholly or partly owned by the investor, while it may acquire the	- change in the nature of involving countries and enterprises in the international division of labor; - intensification of the process of internationalization of

<p>Separate TNCs - manage divisions located in different countries, which are not vertically or horizontally united.</p>	<p>that the shareholding in a subsidiary owned by a parent company in another country is 10% or more.</p>	<p>following forms: permanent representation of a foreign investor in a particular country; non-equity joint venture formed by a foreign investor and third parties;</p>	<p>economic life, the result of which is the development of international production within the framework of TNCs; - high level of internationalization of production and capital; - the expansion of the scope of TNCs; - new forms of organization of life that contribute to its internationalization.</p>
--	---	--	---

Source: Summarized by the authors on the basis of the analyzed literary sources

The development of TNCs is a consequence of global integration processes, and the globalization environment itself has led to the spread of TNCs in all regions of the world. The process of transnationalization of the world economy has advantages and disadvantages, while most TNCs have no intention to restrict their own production capacities, while increasing the volume of resources used and exercising significant influence on the ecosystems of the world. The main negative processes take place in view of guaranteeing the economic security of the world's countries, which take investment capital from TNCs, as there is a danger of lowering the rates of development of their own industries and industries. In the global environment, the 100 largest TNCs that control more than 70.0 percent of all foreign direct investment play a leading role. The largest number is the number of parent companies of TNCs in the US, Japan, Germany, France, Great Britain, PRC.

The development of TNCs is a consequence of global integration processes, and the globalization environment itself has led to the spread of TNCs in all regions of the world. The process of transnationalization of the world economy has advantages and disadvantages, while most TNCs have no intention to restrict their own production capacities. The main negative processes take place in view of guaranteeing the economic security of the world's countries, which take investment capital from TNCs, as there is a danger of lowering the rates of development of their own industries and industries. In the global environment, the 100 largest TNCs that control more than 70.0 percent of all foreign direct investment play a leading role. The largest number is the number of parent companies of TNCs in the US, Japan, Germany, France, Great Britain.

Trends in the global world economic space determine the processes of production of goods and services, the use of labor sources, the direction of investment in physical and human capital, technology and their distribution from one country to another, which is a requirement of the time. All these large-scale changes affect the competitiveness and efficiency of production, labor productivity and employment. National economies are now more integrated into the world system than any other time in the past (Aheyeva, 2017).

Most TNCs have their own interests due to the need to increase the profitability of the parent company, affiliates and representative offices in different countries of the world. Capacity building, increasing the presence of TNCs in various sectors of the world economy and sales markets are accompanied by the scale of investment, which is a requirement of the time for most countries in the world. The investment process involves the technological upgrading of productions, increasing the competitiveness of products, but limits the possibilities of the national economy of the country due to the restriction of sales markets.

It is determined that the global market has an impact on the international balance of supply and demand in all segments of the market, changes the relationships between participants in international trade, combines opportunities and creates restrictions that are regulated by the World Trade Organization. It is the global market that influences the gross output of goods in terms of existing needs. Formation and development of the global market, changes in approaches in international trade are under the direct influence of TNCs, which is growing and requires the introduction of appropriate mechanisms for adaptation.

Most scientists believe that the process of transnationalization is an objective requirement of time and it is associated with the deepening of the internationalization of world society, characterized by the need to expand the geographical framework of international trade and the need for innovative solutions in all sectors of the economy (Geoekonomika...2010).

This causes the need to adapt the economies of the world to the process of transnationalization and increase the impact of TNCs on the further development of the world economy. The process of transnationalization is associated with the strengthening of the level of the international monopoly of TNCs, as well as the increased need for resources, including the natural resources of the states that accept investment resources and act as the recipient. The role of TNCs plays an important role in the international financial system, which is associated with most international financial institutions that may act as potential investors for the recipient state.

Consequently, TNCs have a significant number of benefits in the global economy, given the unlimited financial capabilities that can lead to the further growth of the level of international monopoly of different groups of global companies and corporations. In order to ensure the national security of the world, there is an urgent need to introduce appropriate mechanisms for interaction, adaptation to global change and the growing impact of TNCs.

At the same time, the policy of the countries of the world in a globalized environment should have a long-term character and provide for the implementation of a set of measures to protect the interests of the national economy, including the increasing influence of the process of transnationalization. The policy of the states of the world in a globalized environment should be oriented towards the mutual coordination of their own interests with external processes and phenomena of a globalizing nature. Priorities of the national interests of the state should be not only social but also economic categories based on the creation of a competitive economy, ensuring the growth of living standards and welfare of the population; preservation and strengthening of scientific and technological potential; the formation of

prerequisites for the introduction of an innovative model of economic sectors development; providing environmentally and technologically safe living conditions, preserving the environment and rational use of natural resources.

Ensuring the national interests of the state in the globalized environment provides the creation of preconditions for guaranteeing material, intellectual and spiritual values due to the priority needs of society and the state, the realization of which guarantees state sovereignty and development of the national economy. Implementation of approaches to protecting the national interests of the state in a globalized environment is driving the development of the economic sectors and public safety. Protection of the interests of the national economy of the state should be based on the strengthening of the influence of state instruments of the influence and motivations on domestic investment of the economic sectors due to the need for the introduction of innovative technologies, creation of new knowledge, strengthening of competitive positions in the global market. Priority approaches for the protection of national interests in a globalized environment were formulated by the authors in Table 2.

Table 2. Priority approaches to protect the national interests of the state in the globalized environment

Approaches	Sources of financing (investing)	Influence of TNCs
Improvement of the regulatory framework in the field of investment	internal sources	insignificant
Control over the implementation of statutory norms by all participants in the investment process	internal sources	insignificant
Monitoring the implementation of investment contract terms	internal sources	insignificant
Implementation of measures to increase the level of investment attractiveness of industries and regions of the state	internal sources, partly external	significant
Assessment of the impact of TNCs on the environment	internal sources	significant
Assessment of the impact of TNCs on society	internal sources	significant
Assessment of the impact of TNCs on the national economy	internal sources	significant
Development of branches of the national economy on an innovative basis	internal sources, partly external	significant
Priority of the distribution of state subsidies due to the formation of the state's GDP	internal sources	insignificant
Preferential taxation for domestic investors	internal sources	insignificant
Activation of the process of creation of new knowledge and technologies	internal sources, partly external	significant

Source: Created by authors

Guaranteeing the national interests of the state and ensuring the security environment in the society should be ensured through a well-considered state policy in accordance with accepted concepts, strategies and programs in all spheres of activity (political, economic, social, environmental, scientific, technical, informational, cultural) due to the changes in the globalization environment, the

growing influence of the transnationalization process, and the international obligations of the state. Protecting the national interests of the state will allow us to adapt to the changes in the global environment, the growing influence of the global market, to determine the priority directions of increasing the competitive positions of the branches of the national economy, to neutralize the opportunities for the growth of social tension in society. The choice of approaches to ensure the national interests of the state is conditioned by the need for decisions that take into account the nature and extent of the potential threats to the globalization environment and must also take into account internal capabilities in implementing measures, including adaptive.

Conclusions.

The impact of globalization and transnationalization on the world economy is growing and it changes the approaches to business in all spheres. Adaptation to the transnationalization process requires active involvement of funds in real sectors of the economy in order to increase their competitiveness. In an effort to capture the markets of TNCs, they have a significant impact on the national producer, with much higher competitive advantages and financial opportunities, including investment opportunities. The opportunities of the global market and TNCs create the corresponding threats in guaranteeing the national interests of the countries of the world, the development of national economies.

An assessment of globalization processes is a prerequisite for the adoption of global solutions in the economic, social, political, and environmental spheres. Adapting to globalization factors of influence is a significant or even basic prerequisite for guaranteeing the national security of the countries of the world due to the need to ensure socio-economic development, preservation of the national identity of society, leveling out possible manifestations of social tension.

Implementation of approaches to protecting the national interests of the state in a globalized environment involves the introduction of a set of actions that should be aimed at developing the national economy and guaranteeing public safety. The protection of the interests of the national economy of the state should take into account the possibility of introducing approaches that will allow them to settle investment processes, identify the interests of all participants, minimize potential threats from the process of transnationalization and strengthen the competitive position of the state in the global environment. The world's politics in a globalized environment should be oriented towards adapting to the growing influence of TNCs, and also taking into account the need to develop, correct and implement appropriate government instruments of the influence in order to ensure the coherence of their own interests with the external growing influence of the process of transnationalization of the world economy. At the same time, ensuring the national interests of the state must be based on the peculiarities of the mentality and the priority needs of the society, the realization of which minimizes the internal and external threats of a global nature.

References

- Ahyeyeva A.A. Hlobalizaciya yak suchasna tendenciya rozvytku svitovoho hospodarstva: sut", protyrichchya, perspektyvy // A.A. Ahyeyeva, S.V. Lyashenko // *Ekonomichnyj visnyk Donbasu*. — 2017. — S. 83 – 95
- Ckejz R. Hlobal"nyj peredel : kak perestroyt" sebya y svoyu kompanyyu : [per. z anhl.] / R. Skejz. — M. : Vershyna, 2007. — 210 s.
- Geojekonomika. Osvoenie mirovogo jekonomicheskogo prostranstva / Je.G. Kochetov. — M. : Norma, 2010. — 528 s.
- Held D. Hlobalizaciya (antyhlobalizaciya) : [per. z anhl.] / D. Held, E. Mak-Hryu. — U. : K.I.S., 2004. — 178 s.
- Herst P. Sumnivy v hlobalizaciyi : [per. z anhl.] / P. Herst, H. Tompson. — K. : K.I.S., 2002. — 306 s.
- Hiddens E. Nestrymnyj svit : yak hlobalizaciya peretvoryuye tvoji zhyttya [per. z anhl.] / E. Hiddens. — K. : Al"ter Pres, 2004. — 100 s
- Hlobalistyka : istoriya, teoriya : monohrafiya [Tekst] u 2-x tomax / V.I. Vlasov, NNC "IAE", DNSHB NAAN.— Vinnycya : TOV "Nilan - LTD", 2012. — 570 s.
- Indeks hlobalizaciyi krayin svitu po versiyi KOF / Shvejcars"kyj ekonomichnyj instytut (KOF Swiss Economic Institute). / [Elektronnyj resurs]. Rezhym dostupu: URL. <http://globalization.kof.ethz.ch>
- Luttwak E. From Geopolitics to Geoeconomics. Logic of Conflict, Grammar of Commerce / E. Luttwak // *The National Interest*, 1990. — P. 17–23.
- Piterze Ya. Hlobalizaciya i hibrydyzaciya / Ya. Piterze // *Hlobal"ni modernosti* : [per. z anhl.] / za red. M. Fezerstouna, S. Lema, R. Robertsona. — K. : Nika-Centr, 2008. — S. 73—105.
- Robertson R. Hlokalizaciya : chasoprostir i homohennist" — heterohennist" / R. Robertson // *Hlobal"ni modernosti* : [per. z anhl.] / za red. M. Fezerstouna, S. Lema, R. Robertsona. — K. : Nika-Centr, 2008. — S. 48—72.
- Sovremennaja globalizacija : sostojanij i perspektivy / L.A. Zelenov, A.A. Vladimirov, E.I. Stepanov. —M., 2010.—314 s.