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The Role of Globalisation in the Strategic Development of Ukrainian Enterprises

Abstract

The article analyses the characteristics, criteria and various factors influencing the impact of globalisation on economic development and business activity in contemporary Ukraine. At present, society is facing new goals, tasks and requirements, which are largely determined by scientific and technological progress, implementation of innovative technologies and the need for a certain degree of flexibility, resilience and adaptation to dynamic changes in the economic sector. At this stage, financial stability and prosperity are among the most important values in the modern world, and this is driving the interest in studying the peculiarities of innovative economic development. At the same time, globalisation issues remain understudied and require an analysis of specific "parallels" between past and present outcomes. This analysis helps to identify the "gaps" and "risk zones" within the global market, which is crucial for all countries participating in these market relations. *The subject of the study* is globalisation as a driving force for the development of enterprises in Ukraine. An assessment of the dynamics of the crisis' impact on Ukrainian business, based on a survey conducted by EKONOMICHNA PRAVDA in 2020–2023, leads to the following conclusions: approximately 25% of the establishments that existed and successfully operated in Ukraine before 2020 have closed; the quarterly drop in revenue in the most successful restaurants is approximately 30–35%; staff loss or shortage is about 48%; and approximately 80% of establishments are experiencing logistical problems (Business and the Crisis in Ukraine). *The purpose of the research* is to assess the current state of development of enterprises in Ukraine and to study potential opportunities for optimising their activities in view of globalisation. *Methodology*. Definition of conceptual apparatus, analysis, synthesis and synthesis of information on the relevant issue. *Conclusion*. The destructive and destabilising processes that pose challenges to the development of Ukrainian businesses are characterised by a high degree of risk and uncertainty in the context of Russia's full-scale war against Ukraine. The following components must be taken into account: political factors: an unfavourable situation caused by military aggression, the need for additional alerts in case of emergencies and to ensure the safety of customers; additional expenses: generators, security systems and video surveillance; economic factors: rising prices of domestic goods and products; the need to create a new service concept that stands out from the competition.

Keywords

domestic resources, economy, investment, integration, national economic security, globalisation

JEL: F01, F15



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1 Introduction

The current challenges facing Ukraine require the development of new approaches and strategies to address pressing issues in various sectors. Undoubtedly, the foundation and potential for the country's development lies in the economic sector, which is the driving force for the functioning of other areas (such as education, healthcare, tourism, etc.). Simultaneously, the historical stage of the nation's state-building is taking place in the context of integration and globalisation, and each of these

processes has a certain impact, in particular on the development of Ukrainian enterprises. The role of globalisation in the strategic development of the country's economy, especially of enterprises, remains insufficiently studied, which determines the interest in the chosen research topic.

The relevance of this study is underlined by the dynamic global environment, which requires Ukrainian enterprises to quickly adapt to economic, political and social changes by using modern methods of effective management. Issues related to business management in today's globalised

conditions have been extensively discussed in the works of both Ukrainian and international scholars, including N. Aleshugina, V. Babarytska, I. Balabanov, V. Huliaiev, S. Glaziev, D. Dorokevych, Yu. Zabaldina, M. Kozlova, Ye. Kozlovsky, F. Shtylmark.

The research objectives include the following:

- Development of a conceptual framework;
- analysis of specific components of the problem to identify fundamental laws and concepts that contribute to the analysis of issues affecting society;
- identification of key vectors of strategic development of Ukrainian enterprises.

Given that the creation of an efficient and reliable economy is a primary goal for any democratic state, international organisations and forms of international cooperation play a crucial role in finding optimal strategies to prevent risks and mitigate potential challenges. Further scientific research is needed to explore the issues surrounding Ukraine's activities in the context of globalisation and to understand this complex process.

2 Definition of Key Terms in the Research Framework

Current developments require knowledge and understanding of the functioning of the global financial system in the context of worldwide globalisation. In author's view, an important aspect in this context is the implementation of globalisation policies. A determining factor of globalisation is the orientation of states towards the expansion and development of capital markets, the strengthening of production positions, as well as the distribution and redistribution of trade, with an emphasis on trade liberalisation (Munko, Treshchov, 2020).

Taking into account the opinions of experts, it can be concluded that globalisation is essentially a process that promotes the formation of interdependence between structures and leads to an increase in the share of international trade agreements (Chubukova, 2015). This creates the basis for the establishment of criteria for the

international division of labour, resulting in a correlation between the formation of wealth of a nation and the level of development of economic entities in other countries. According to the author, the processes of world globalisation have significantly influenced the formation, establishment and potential development of international economic relations, which has led to a reorganisation aimed at strengthening financial relations that contribute to the achievement of the national economic security of the country.

From a scientific point of view, "national economic security of the country" means protection of the country's economy from various external and internal influences that negatively affect its functioning and thereby reduce the living standards of the population (Munko, Treshchov, 2020).

Ensuring economic security is determined by adherence to three main principles that determine the effectiveness of counteracting factors and threats:

- The first principle is "independence", which implies the formation of an economy that minimises dependence on other countries and fluctuations in the global market;
- the second principle, "stability", is aimed at preventing crises and social upheavals and ensuring the stability of the country's development;
- the third principle relates to the "sustainable growth of the national economy", which involves improving the system and creating conditions for citizens to work.

In this case, the main goal is to reduce unemployment, decrease the number of low-income families, develop unique products that can withstand global market competition, and promote business growth (Business and Crisis in Ukraine).

As with any vector of activity, globalisation manifested in Ukraine's economic sphere has both positive and negative consequences, as shown in Figure 1.

Among the modern characteristics and structural elements that form the main types of international economic relations in the context of the globalisation vector, the following can be distinguished:

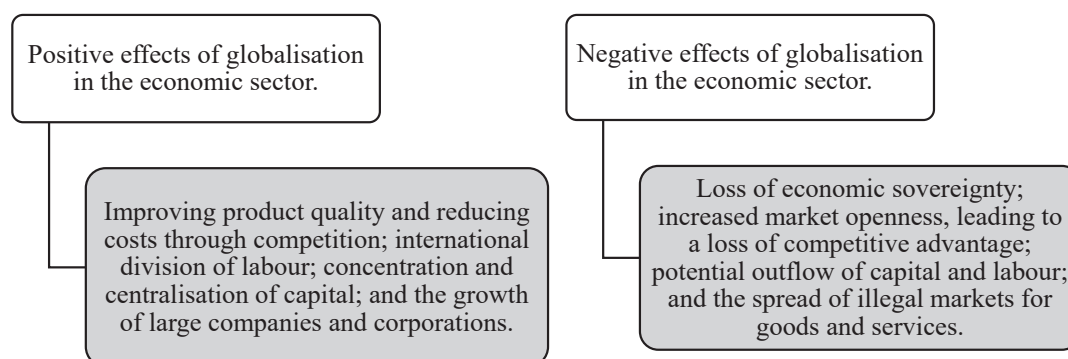


FIGURE 1 Positive and negative effects of economic globalisation

- Trade classified as global and external;
- financial markets, and the functioning of monetary relations;
- possibility of capital outflow and migration;
- potential for international integration processes;
- implementation of labor migration;
- joint introduction of innovative technologies, formation of relationships based on collaboration in production and scientific-technical activities;
- development of principles of intergovernmental policy aimed at regulating various spheres of international relations.

This area includes currency, trade, and financial and credit relations (Chyhur, 2015). Integration processes play a significant role at this stage.

Integration is a complex, multi-component process of convergence, union and formation of mutual influence on the national economies of several countries, the purpose of which is the creation of a single economic entity (Business and Crisis in Ukraine). Innovations play a crucial role in modern economic relations. A notable feature of innovation as a commodity is the high degree of uncertainty of its outcome, and thus the presence of risk, which is manifested in the temporary difference between investment and profit (Business and Crisis in Ukraine).

Considering the peculiarities of globalisation's impact on the development strategy of systemic enterprises and assessing further prospects in this area, it is appropriate to highlight the characteristic features that are implemented in four areas:

1. Regulation of financial markets and investment institutions aimed at strengthening the economic system:

- Implementation of reforms in national financial organisations with the development and implementation of regulations for the management of banking systems, stock markets and other financial institutions;
- Development of universal audit standards, accounting standards, payment systems and bankruptcy procedures;
- formation of areas of remote documentary supervision in countries with different levels of economic development;
- regulation of the securities market and investment regulation with more efficient use of credit funds (Chyhur, 2015).

2. In the field of economic policy:

- Identification of the most favourable conditions for expanding the free functioning of domestic markets;
- development of controls over financial movements;
- introduction of various options for reducing financial losses and objective distribution of social benefits;

- increasing the level of openness of the public and private sectors, as well as financial institutions (Chyhur, 2015).

3 Dynamics of Economic Development

The volume of goods exported to European Union countries in January-October 2023 increased by 35.9% compared to January-October 2022. The volume of imports decreased by 10.9%. Foreign trade transactions were conducted with 29 countries of the European Union, and the share of goods exported to EU countries made up 28.8% of the total export volume (Ukraine in Globalization Processes). The structure of import receipts was dominated by machinery, equipment and mechanisms and electrical equipment.

The most exported products were food (including cereals) and metals. This specificity is explained by the ease of organising logistic routes and the relatively lower cost of additional resources required (labour, equipment). However, the overall trend in commodity exports has been negative for two consecutive years. In 2021, exports will amount to 68.2 billion USD, fall to 44.2 billion USD in 2022 and 36 billion USD in 2023 (Ukraine in Globalization Processes).

It has been established that the globalisation of economies leads to the widespread emergence of new goods, services, technologies and business models (Business and Crisis in Ukraine). The experience of the most economically developed countries shows that innovations play a crucial role in economic prosperity, and without their implementation in Ukraine's economy it is impossible to solve the country's major economic problems.

The implementation of innovations in production leads to an increase in its scale and profitability, as well as the creation of unique, innovative products that are highly beneficial to consumers. This increases the competitiveness of such products on the global market and, consequently, the competitiveness of the country as a whole. A high level of competitiveness ensures an increase in state revenues and provides additional funds for further improvement and development of production processes, thereby ensuring sustainable economic development (Chubukova, 2015). In the innovative development of the Ukrainian economy, there are certain problems that, if solved, will contribute to the effective economic development of Ukraine.

In order to improve and increase the efficiency of the national innovation system, the efforts of the state and the business and scientific environment are necessary. Such a system of relationships is the basis for the development of the economy and society. At the centre of this system are organisations involved in organising production for innovation. However, the state also plays an important role in

such activities by creating the necessary conditions for the system to function, such as macroeconomic policies, the development of a competitive environment, the creation and development of a legal framework, the promotion of entrepreneurship and the creation of conditions for international trade. In Ukraine, many of these conditions are not in a sufficiently satisfactory state.

The state plays an important role in the development of the technological base of production enterprises, which is largely manifested in the low capacity utilisation of industrial sectors (Chyhur, 2015). It should also be noted that while state funding for science has increased over the past decade, the share of research and development spending in gross domestic product has decreased significantly. At present, about 60% of the expenditure is spent on the purchase of machinery and equipment, 20% on production planning, and only 10% on scientific and research and development (R&D), with the remaining 5% spent on new technologies. By comparison, Germany allocates 50% of its expenditure to R&D, Sweden 65% and France 70% (Ukraine in Globalization Processes).

All these measures do not make the country innovative, and there is a risk that Ukraine will continue to lose competitiveness. Science, education and production have become organisationally and economically disconnected, and without their integration the economy cannot develop. Another obstacle to innovation is the lack of an effective mechanism for economic stimulation of subjects of scientific activity. In addition, the development of innovative infrastructure is weak because it is not integrated.

4 Leading Vectors of Strategic Development of Enterprises in Ukraine

It is also essential to encourage the integration of innovations into the activities of economic entities, even if they do not immediately generate substantial profits. Thus, there is a need for financial incentives to encourage economic entities to develop and implement innovations. In view of the existing challenges, the primary objective of government innovation policy should be to create all the conditions necessary to achieve a technological leap. This can be accomplished by leveraging resources within scientific fields with innovative potential.

Currently, as part of the implementation of the innovation development strategy, the state aims to actively contribute to the creation of innovation-industrial clusters, technological parks, advanced development zones and other innovative business models. A distinctive feature of the foreign economic strategy is that, for the first time in

recent years, sectoral and geographical priorities have been identified for foreign economic policy and cross-border cooperation, in line with the country's long-term domestic policy goals.

The strategy defines the key priorities and parameters of Ukraine's foreign economic policy in relation to the long-term goals and objectives of its domestic policy in the context of the transition to an innovative type of socio-economic development.

A current strategic focus is the development of youth entrepreneurship. An examination of statistics in the field of youth entrepreneurship shows that many young people are not in permanent employment, with about 25% having opportunities and prospects for developing their own business projects (Business and Crisis in Ukraine). Despite this potential, only about 11% of young people decide to start a business and achieve positive results in this field (Business and Crisis in Ukraine).

According to the author, the decision-making process is influenced by an understanding of the strengths and weaknesses that determine the development of entrepreneurial activity. Strengths include high mobility, a variety of approaches to problem solving, an increased thirst for knowledge, and the ability to withstand high psycho-emotional stress.

Weaknesses include a lack of entrepreneurial experience, a lack of interaction skills in social communication, and a lack of contacts with people who have the necessary knowledge in the field of entrepreneurship.

When analysing the balance between strengths and weaknesses, it is clear that the positive qualities outweigh the negative ones. Hence, it is necessary for the government to develop a strategy of state support that will encourage increased interest in entrepreneurial activities and shape an understanding of the sequence of steps that will lead to occupying a necessary niche in the field of youth entrepreneurship in the context of globalisation.

5 Conclusions

The direction of business development in the context of globalisation determines Ukraine's orientation towards the processes of European integration. Theoretical and methodological justification of the laws of business management in the modern environment has led to the identification of laws based on economic, political, social and cultural principles and aimed at innovative development of society.

To date, Ukraine has outlined the contours of specialisation in the field of innovative technologies, which need to be properly consolidated both in the global markets for high-tech goods and services and in the system of global production and cooperation links.

These include aviation, nuclear energy, shipbuilding, information and telecommunications technologies, and in the future – nanotechnology. The main objectives of Ukraine's foreign economic policy in the development of high technologies and related industries are as follows:

- Creation of a mechanism to support the export of high-tech products, including R&D incentives, harmonisation of national and international standards, certification and creation of an after-sales service network, as well as implementation of modernisation programmes;
- contractual and legal support of interests in the field of modern technologies, including issues related to entering foreign markets and importing technologies and high-tech goods;
- expansion of supplies of high-tech products to the global market and consolidation of companies in the relevant market segments,

provision of organisational and financial support for the export of high-tech goods and services, and creation of infrastructure for servicing goods supplied to foreign countries;

- construction of cross-border production chains and production and technological cooperation in high-tech industries, formation of alliances with leading global companies, and promotion of the transfer of high-tech production to Ukraine.

The prospects for further research in this area lie in conducting in-depth and comprehensive studies to identify opportunities and improve the strategy of business activity in modern conditions. The outlined vector, in general, will contribute to increasing the level of competitiveness of their products and, accordingly, to forming a resistance to the impact of risks and destructive driving forces in the foundation of Ukraine's economic development.

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