

## THE PREREQUISITES FOR THE FORMATION OF BUSINESS STRUCTURES IN THE CONTEXT OF MODERN GLOBALIZED SPACE

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### Citation:

Denisenko, M., & Shatska, Z. (2020). The prerequisites for the formation of business structures in the context of modern globalized space. *Economics, Finance and Management Review*, (1), 17–25. <https://doi.org/10.36690/2674-5208-2020-1-17-25>

Received: January 10, 2020

Approved: March 22, 2020

Published: March 25, 2020



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**Abstract.** It is proved that the development of modern business is influenced by many external factors, were named «global problems» of humanity. Annually, the number and depth of humanity's global problems is only increasing. It is proved that all global problems are interconnected and form the so-called “global syndrome”. Finding out about the global problems of humanity will help you better understand the future prospects for the development of world and individual businesses. It is determined that the world business is now in the third wave of development namely “prosumer economics”; changing views on the effectiveness of the enterprise; reorientation and transformation of mass production enterprises to small-scale or flexible production under the order of a specific consumer; transform large corporations, reorienting themselves into business structures; transition of the world business to the active use of information technologies. These trends indicate a change in the modern sustainable account a new stage of the evolutionary development of world business and modern global trends in the formation of business structures. The prerequisites for the formation of business structures are generalized. The main prerequisites for the formation of renew business structures in the context of modern globalized space are the following: permanent changes in the external and internal economic conditions of an enterprise, caused by instability of socio-economic processes in the national economy, to which it must constantly adapt; the modern enterprise must reach the mega level, becoming a subject of international relations, joining the regional and economic and economic associations and transnational corporations, international corporations; by increasing the convergence process as a long-term goal of convergence between countries or regions, due to the impact of globalization and the rise in investment potential, the speed of experience and technology; implementation of new ways of organizing production and marketing of products due to the rapid development of new technologies, global processes of globalization and integration; formation of a single system of international planning and distribution of material goods, the formation of a joint world-wide government in context to transformation (or merger) into a complex integrated business structure.

**Keywords:** world business, enterprise, business structure, globalized space, global problems of humanity, integration.

**JEL Classification:** F01, F02, F15, F63

**Formulas:** 0; **fig.:** 0; **tabl.:** 0; **bibl.:** 14

**Introduction.** The current state of development of world business is under the influence of the process of globalization, which, as Volovich A.O. [4] has a powerful impact on all aspects of society, as a complex geopolitical, geo-economic and geocultural phenomenon. The process of globalization has a contradictory impact both on the global economy as a whole and on individual economies of states, giving impetus to the economic growth of the world economy on the basis of: accelerating the process of diffusion of new technologies; increasing the efficiency of the use of various resources by

improving the mechanism of their distribution; improving the quality of life and well-being of the population; dissemination of ideas of democracy, humanism, protection of fundamental rights and freedoms. At the same time, the process of globalization poses certain threats to the world economy, namely: widening the gap and widening inequalities in the socio-economic development of the countries of the world; loss of national uniqueness of each individual country, its subordination to international standards; growing conflicts of various scales and nature; widening the gap between financial and commodity markets; creation of international criminal cartels; the spread of international terrorism.

The main features of the world globalization process are the formation of common standards, values and principles that underpin the functioning of the world economy; accelerating and simplifying the processes of movement of goods, resources and capital; the growth of financial unity and interdependence of the financial and economic systems of the countries of the world, which led to the creation of world and interregional associations (EU, NAFTA, MECS, ASEAN), as well as business structures as new business entities operating on the world market (such as transnational corporations and transnational banks).

**Literature review.** Domestic and foreign scientists give considerable attention to the study of globalization factors. In study «Modern economy» by Echenko P.S. (2005) [9], globalization factors are grouped into three groups: technical and economic; political and power; socio-psychological. This classification does not take into account environmental global problems, which, in our opinion, have a dominant influence on today's world business. On the globalization factors, according to the classification of A. Urazov, I. Sauka, O. Vikarchuk (2013) «Foundations of economic theory» there are three groups of global problems: the problems of interaction between nature and society, problems of social relations, problems of human development and securing its future [12]. However, such a classification is not sufficiently disclosed as economic factors. On globalization factors according to I. Amelina, T. Popova, S. Vladimirova (2013) «International Economic Relations exacerbation of problems» that are common to all people and countries of the world and important in terms of the preservation and development of mankind should be added [1].

**Aims.** The purpose of the article is to study the prerequisites for forming business structures in the context of today's globalized space.

**Methods.** During the research, the method of analysis and synthesis was used (in the study of the concept of "business structures", the analysis of existing theoretical and methodological approaches and provisions, scientific developments on the problems of prerequisites for the formation of business structures in the context of modern globalized space); structural and logical (to systematize the factors that influence business structures in the context of today's globalized space); generalization (in the process of systematization of influence globalization factors).

**Results.** Society is facing dramatic changes, as E. Tuffler rightly points out in his book *The Third Wave* [11], which have been dubbed the “global problems of humanity”, some of which have already come, and which influence (or affect) how the world business develops, and the functioning of the individual subject. Global problems are planetary “major problems that cover economic, energy, demographic, social, environmental and other spheres of human existence” [3]. Along with the term “global problems”, researchers use the same term “globalization factors”. Annually, the number and depth of humanity's global problems does not decrease, but only increases, so to simplify their understanding, we group and classify global problems into specific groups. Taking into account the different opinions of scientists, we will propose our own classification of global problems of humanity, which will help to better understand the prospects for the future development of world business and certain economic subjects, namely:

1. Global economic: formation of new business subjects – transnational corporations and transnational banks; formation of interregional associations; transition of most countries to market conditions; export expansion of countries and regional entities; periodic global financial and economic crises; economic backwardness of parts of regions and countries of the world; frequent regional and international conflicts; increased interdependence between rich and poor countries; smuggling of goods; deepening cooperation between countries; deepening the international division of labor, further developing the internationalization of production. The impact of global economic problems caused by the globalization process contributes to the formation of complex integration forms of business structures, both at macro and regional and macro levels, as a reaction and a way to adapt enterprises to complex dynamic and difficult to predict environmental conditions.

2. Global techno-technological: development and implementation of new information technologies - global computer, radio and television network; development of international infrastructure, new generations of transport and communication; the scientific and technological revolution and the acceleration of scientific and technological progress. Scientific and technological progress has become a driving force in the evolutionary development of world business, resulting in enterprises gradually moving from manual labor to machine, then automated. In today's digital economy, there is an active transition of enterprises to the use of information technology, as a result of which human labor will be replaced by artificial intelligence. This in turn will change the organizational structure of the enterprise; there will be a reduction in redundant staff who will replace machine-robot; the number of operations in the production process will decrease (for example, 3D printing technology has reduced the number of operations in the assembly of a car by 1000 times), but the management processes will be complicated, the enterprise will gradually move to network management.

3. Global societies: the expansion and dissemination of liberal-democratic values of Western society; the expansion of Western culture, which undermines the cultural values of non-Western civilizations; uneven and uncontrolled population growth in some countries and its catastrophic decline in others; illegal world population migration; trafficking in human beings; drug addiction, AIDS, Ebola and other incurable diseases and epidemics; international crime, drug trafficking, terrorism; religious extremism; democratization and protection of human rights; weakening of the role of traditions, social ties and customs, internationalization of education, cultural space. One of the dominant global social problems for the world of business, in our view, will be the problem of recruiting due to the aging of the nation. “The number of survivors under the age of 100 will increase more than 50 times by 2100 – from the current 500,000 to over 26 million. The number of countries with more people over 65 will grow in the world” [14]. The solution to this problem will be the ability to use human genetic modification technologies that can be used in the recruitment of enterprise personnel, when the advantage will be given to employees with better artificial qualities or in the near future to replace them with artificial intelligence human-robots who do not need to pay salaries. In doing so, business will face the moral and ethical problems of humanity.

4. Global natural-geographical: change of natural-geographical environment under the influence of scientific and technological progress; lack of food and drinking water; providing humanity with raw materials and energy; preservation of the environment; misuse of the oceans resources; peaceful exploration of outer space; environmental degradation; global warming. One of the most serious global natural-geographical problems facing global business in the near future, in our opinion, is climate change, accompanied by tsunamis, rising sea levels, droughts and more, which will lead to the emergence of “climate” refugees who will not be able to live in such difficult conditions and will be forced to move to better territories or other continents. Thus, according to the UN forecast by 2100 [8], 280 million people around the world can become “climate refugees” because of rising ocean levels. In addition to the shortage of human resources, business will face a shortage of raw materials and energy, which will necessitate the transfer of production to other countries, which is already reflected in the activities of world multinational corporations that transfer their production to third world countries. This, in turn, will lead to a worldwide business migration. Scientists predict that “even if greenhouse gas emissions can be reduced, ocean levels will increase by 60 centimeters over the next 80 years. If you do not take the necessary regulatory measures – 110 centimeters. However, even under the most optimistic scenario, cities near the seas and oceans will be at risk of flooding by 2050, such as Jakarta, Manila, Bangkok, Lima, Singapore, Barcelona and Sydney, as well as a number of American cities, as Los Angeles cities, Miami, Savannah, Honolulu, San Juan, Key West and San Diego. And in the next 100 years, a number of Ukrainian cities may be threatened with flooding - in particular, Odesa, Kobleve, Yuzhne

may be affected by their geographical location” [2]. Reducing human habitable areas will intensify the global struggle for access to resources (which is already happening in the energy market), which only large multinational corporations will be able to obtain. For example, "21st Century technologies and gadgets require rare earth components: an average smartphone has more than 60 “ingredients”. It is estimated that in China, where 90% of rare earth metals are mined, their reserves run out in 20 years. And it will be extremely difficult to find an equivalent replacement” [14]. Consequently, small businesses will either have to close or, seeking access to exhaustive resources and (or) new technologies, access to production locations in new territories will be merged with more powerful enterprises, forming entrepreneurial structures that are responsive to today's global integration processes and globalization.

5. Global political-power: US dominant role in the world market; NATO's military and political expansion; the creation of a new US and EU doctrine of NATO; the arms race and the proliferation of weapons of mass destruction; the threat of a global fusion war and peace; disarmament and conversion.

The aforementioned global problems of humanity should be considered not separately from each other. Scientists have long proven that all global problems are interconnected and form the so-called “global syndrome” [5]. The Global Syndrome is three of humanity's major problems: obesity, hunger and climate change. It is driven by the focus of modern business on sustainable economic growth and meeting the growing needs of humanity, despite the adverse effects on all ecosystems on the planet, which are factors contributing to climate change, obesity, and population hunger. The urgent solution of the above-mentioned global problems depends not only on the functioning of world business, but also on the existence of terrestrial civilization, and this can only be achieved by the joint efforts of all countries, international organizations and world business by integrating their efforts in solving the above-mentioned problems. For further business development, as E. Tafler points out in his research [11, p.16], this means “a profound social upheaval and a creative reorganization of all time”. If “the first wave of change – the agricultural revolution - has required millennia to outlive itself. The second wave – the growth of industrial civilization - took only 300 years. Today, history reveals even more acceleration, and it is likely that the Third Wave will sweep through history and end in a few decades” [11, p.17]. This period brought to the development of world business new previously unknown processes and trends, namely:

1. There is a creation of a new economy – “prosumer” economics, as a result of which the “historically formed gap between the producer and the consumer is erased, that is, the reintegration of consumers into production (production by consumers or production for oneself)” [11, p.18].

2. The previous trend is shaping the change in views on the efficiency of the enterprise, which scientists have considered to date in terms of comparing alternative methods of production of goods (providing services), which resulted

in the best option. “They (consumers) rarely compare the efficiency of production in Sector B with the efficiency of 'production for themselves' in Sector A”. In the context of globalization, consumers “realized that once they were provided with a certain level of monetary income, they may be more profitable to produce for themselves - both economically and psychologically - than to earn more money” [11, p.195].

3. The trends discussed above lead to the reorientation and transformation of mass production enterprises to small-scale or flexible production under the order of a specific consumer, which is based on various renewable energy sources; on new production methods and so on, which, according to E. Tafler, “makes most factory assembly lines unnecessary” [11, p.18].

4. Large corporations, as a typical form of organization of the world business of the industrial era, are “shocked, collapsed and transformed by the influence of the Third Wave of Change” [11, p.158]. During the period of industrial civilization (according to E. Tafler's “second wave”), a concentration of production and capital occurred, which resulted in the formation of large world corporations. So, “by the mid-1960s, the Big Three of car companies in the United States produced 94% of all American cars. In Germany, four companies – “Volkswagen”, “Daimler-Benz”, “Opel” (GM) and “Ford-Verke” – produced together 91% of all production; in France, “Renault”, “Citroen”, “Seven” and “Peugeot” - almost all 100%. In Italy only “Fiat” produces 90% of all cars. In the United States, more than 80% of aluminum, beer, cigarettes and ready-made breakfasts are produced by four or five companies operating in their field. In Germany, 92% of all plasters and dyes, 98% of photographic films, and 91% of industrial sewing machines were produced by four or a little more companies in each of these categories ”[11, p.46]. Let us agree with E. Tafler's prediction only in terms of transformation of large corporations that have not yet collapsed, since their number, which has been tracked since 1995 by Fortune [6], has been decreasing annually and is only the largest 500 worldwide. The leading positions in the “Fortune Global 500” for five years in a row are held by the American corporation “Wall-Mart”. The above tendency of concentration and transformation of the world business, in our opinion, means the onset of the process of globalization and strengthening of integration processes in the world, the result of which is the formation of new subjects of the world market – business structures.

5. The transition of the world business to the active use of information technologies, namely:

- the use of artificial intelligence and machine learning to process information and data that “organizations accumulate as much as the human brain cannot process in a lifetime” [10];
- change of manual control of information network for automatic device configuration and connection establishment;
- create virtual assistant programs that can manage and anticipate all processes in the enterprise. For example, “Video conferencing equipment communicates

with your calendar and learns that the meeting should start in two minutes and dials the number you want. The room will also see that you are alone and will raise the air temperature a few degrees to make you feel comfortable” [10];

- storing large amounts of information anywhere: in the private cloud, in the public cloud of Microsoft, Amazon, Google;
- transition to the use of enterprise information security devices.

**Discussion.** The trends described above indicate a change in the modern sustainable view of the world business, in which the enterprise is an independent business subject and a leading link in the economy or an open system operating in a dynamic external environment should be expanded to take into account a new stage of the evolutionary development of the world business and modern world trends in the formation of business structures. Business structure will mean the voluntary statutory or temporary association of several enterprises and (if necessary) individual entities (freelancers) of different forms of ownership into a single integrated open system operating in a globalized environment for the purpose of development and commercialization of innovative products. (goods, works, services), which increases the efficiency of activity and accelerates the integration development of economic entities that form such a structure [13]. The main prerequisites for the formation of such structures are the following:

1. Permanent changes in the external and internal economic conditions of an enterprise, caused by instability of socio-economic processes in the national economy, to which it must constantly adapt.

2. The modern enterprise must reach the mega level, becoming a subject of international relations, joining the regional and economic and economic associations and transnational corporations, international corporations. The integration defines common needs for joint development subjects of the interdependent relationship, concepts of adoption of global writings require movement from national to intergovernmental economic economic regulation [7, p.8].

3. By increasing the convergence process as a long-term goal of convergence between countries or regions, due to the impact of globalization and the rise in investment potential, the speed of experience and technology. The term “convection” is used to define globalization, keeping in mind the convergence of the country rates by the industrial countries and by the developing countries and in the study through an international integration development, in which there are general tendencies and imperatives of the scientific and social and economic progress, which leads to the convergence (convection) of the economics of the esteemed number of countries and the preservation of their national characteristics. Similarly, the level of development of a modern enterprise, which is gradually becoming a complex integrated business structures, should approach the level of competitiveness of leading competitive entrepreneurial structures by industry.

4. Implementation of new ways of organizing production and marketing of products due to the rapid development of new technologies, global processes of globalization and integration, which gradually transform the enterprise from an open socio-economic system functioning at the micro level to a complex integrated business structure operating at the mega level in a global world space (such as “Nestle”, “Wal-Mart”, etc.) or the creation of virtual networked business entities (eg, “Google”, “Facebook” and more).

5. Formation of a single system of international planning and distribution of material goods (which is the goal of the globalization process), the formation of a joint world-wide government (due to the possible political and legal unity of the United Nations, etc.), which act as a means of reducing the management of international conflicts within which a modern enterprise can function, in context to transformation (or merger) into a complex integrated business structure [7].

**Conclusion.** Thus, based on the above, a modern, sustainable view of world business in which an enterprise is an independent business subject and a leading economic unit or open system operating in a dynamic external environment should be expanded to take into account a new stage of the evolutionary development of world business and modern world tendencies of formation of business structures as new subjects of globalized space. The main prerequisites for the formation of such structures are the complexity of a dynamic external environment; the need for the enterprise to enter the world globalized space; by increasing the convergence process; introduction of new ways of organizing production and marketing of products caused by the rapid development of new technologies.

**Author contributions.** The authors contributed equally.

**Disclosure statement.** The authors do not have any conflict of interest.

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