

MODERN DEVELOPMENT STATUS OF TRANSNATIONAL CORPORATIONS

Akande Folasade Anthonia

Scientific supervisor – PhD in Economics, Associate Professor **P. Hrynko**

This article is devoted to the peculiarities of the development of transnational corporations (TNCs) at the present stage and the nature of their functioning in Ukraine. Based on the analysis of scientific researches, the reasons for active development of TNCs, as well as the peculiarities of corporate governance, were identified. The ratings of the largest multinational corporations in the world for 2014 and 2016 are considered. A brief description of the world's leading TNCs is given. The leading TNCs are determined by the number of employees. The division of transnational corporations according to the industrial specialization and the country of base is presented. The comparison of TNC's annual revenue with GDP in some countries is presented. The rating of transnational corporations according to the index of transnationalization is formed. Positive and negative factors influencing the economy of the host country and the host country are identified. The most attractive industries of Ukraine for TNCs and investors are mentioned. Financial results of TNCs for the first half of 2016 in Ukraine are presented.

Keywords: transnational corporation, management structure, country-based, index of transnationalization.

АНАЛІЗ СУЧАСНОГО СТАНУ РОЗВИТКУ ТРАНСНАЦІОНАЛЬНИХ КОРПОРАЦІЙ

Акаде Фоласад Антоніа

Науковий керівник – канд. екон. наук, доц. **П.Л. Гринько**

Розглянуто особливості розвитку транснаціональних корпорацій (ТНК) на сучасному етапі та характер їх функціонування в Україні. На основі аналізу наукових досліджень визначено причини активного розвитку ТНК, а також особливості управління корпораціями. Розглянуто рейтинги найбільших транснаціональних корпорацій у світі за 2014 та 2016 роки. Наведено короткий характеристику провідних світових ТНК. Визначено провідні ТНК за кількістю працюючих. Представлено поділ транснаціональних корпорацій за виробничою спеціалізацією та країною базування. Наведено порівняння річних доходів ТНК із ВВП деяких країн. Сформовано рейтинг транснаціональних корпорацій за індексом транснаціоналізації. Виокремлено позитивні та негативні фактори впливу на економіку країни базування та приймаючої країни. Зазначено найбільш привабливі галузі промисловості України для ТНК та інвесторів. Подано фінансові результати діяльності ТНК за I півріччя 2016 рік в Україні.

Ключові слова: транснаціональна корпорація, структура управління, виробнича спеціалізація, індекс транснаціоналізації.

АНАЛИЗ СОВРЕМЕННОГО СОСТОЯНИЯ РАЗВИТИЯ ТРАНСНАЦИОНАЛЬНЫХ КОРПОРАЦИЙ

Акаде Фоласад Антониа

Научный руководитель – канд. экон. наук, доц. **П.Л. Гринько**

Рассмотрены особенности развития транснациональных корпораций (ТНК) в настоящее время и характер их функционирования в Украине. На основе анализа научных исследований определены причины активного развития ТНК, а также особенности управления корпорациями. Рассмотрены рейтинги крупнейших транснациональных корпораций в мире за 2014 и 2016 годы. Приведена краткая характеристика лидирующих мировых ТНК. Определены ведущие ТНК по количеству работающих. Представлены разделение транснациональных корпораций по производственной специализации и страной базирования. Приведено сравнение годовых доходов ТНК с ВВП некоторых стран. Сформирован рейтинг транснациональных корпораций по индексу транснационализации. Выделены положительные и отрицательные факторы влияния на экономику страны базирования и принимающей страны. Отмечены наиболее привлекательные отрасли промышленности Украины для ТНК и инвесторов. Представлены финансовые результаты деятельности ТНК за I полугодие 2016 в Украине.

Ключевые слова: транснациональная корпорация, структура управления, страна базирования, индекс транснационализации.

Statement of the problem. At present the world economy is characterized by such processes as internationalization, globalization and transnationalization that affect the economic activity around the world and are closely interrelated.

In terms of enhanced internationalization of the world economy transnational companies (TNCs) are a powerful part of corporate business, play a leading role in enhancing and strengthening the world economy. In its industrial and commercial activities of TNCs effectively linked national and regional markets, which in turn ensures the integrity of the world economy. No process on the world stage occurs without the participation of multinational corporations that serve the driving force of the world economy.

Today there are about 82,000 TNCs, of which 80% is located in the industrialized countries, which have about 810,000 branches in different countries on all continents. But the consequences of TNCs in the markets of the host countries do not always have positive aspects for national economies. Despite this, an important question is not only the role of

transnational corporations in the global economy, but also the characteristics and effects of their operation on the markets of the host countries, including in Ukraine. Therefore, this study will provide an opportunity to update Ukrainian companies and the development of national businesses.

Review of the latest research and publications. An important contribution to study the characteristics of transnational corporations was made by such scientists as V.V. Andrushko, N. Bezrukov, N. Bolharova, V.I. Kosenko, V.M. Levkovsky, E.M. Limonov, O. Molchanov, I.V. Ponomarenko, A.V. Popov, A.V. Rokocha, Bulat Khusainov and others. The growing number of publications devoted to this issue, however, leaves a number of poorly investigated issues such as the need arising for further study of the characteristics of TNC during intense globalization of the world economy and development of TNCs in Ukraine.

Setting objectives. Study is the analysis of the current state of TNCs, defining the role of transnational corporations in international economic relations and features that characterize the development of TNCs and their foreign affiliates functioning in Ukraine.

Methodology. The basis of the study put the economic analysis methodology, methods of statistical analysis: comparison; logical generalization of research results; Graphical method.

Presentation of the research. It can be argued that up to this date there is no significant process in the global economy, that would have happened without TNC. They participate in the global political process as the main force that shapes the current and future shape of the world.

The main causes of multinationals are:

1. Imperfection of market mechanism in the implementation of ownership of technology, production experience. Within TNCs such assets are mobile, able to transfer to other countries, and external effects of using these assets do not exceed TNCs.

2. Additional opportunities to increase efficiency and competitiveness of raw materials, research capacity, productive capacity and financial resources of the host.

3. Proximity of the company's foreign branch to consumers and opportunity to obtain information. Prospects of markets and competitive potential of host companies.

4. Ability to use own interests characteristics of the state, including tax, policies in different countries, the difference in exchange rates, etc.

5. Ability to continue the life cycle of their technology and products.

6. Use of an opportunity by FDI companies to avoid barriers to enter into the market of a country through export of goods and / or services.

TNCs number has significantly increased since 1970: at that time it was registered only 7,000 such firms.

Based on numerous studies of economists concluded that having affiliates in many countries ensures reliable revenue stability than such important factors as a large absolute size and degree of diversification of its production program in the country.

A key feature of the TNC is its management structure. The parent company is the center of control and strategic decision making. From parent to affiliate moving goods, capital, technology, management. But the same factors of production flow can be directed from one branch to another or even from the branch to the parent.

Among the management structures, TNC most common are functional, matrix, and mixed divisional management structure.

Functional structure of TNC apply until the company is small, since this structure has a fast response and high production of competitive reaction. In the divisional structure, each unit is focused on one group of products, or even a single product, the units operate on the principle of sustainability, and the central unit only monitors and coordinates their work and develop the overall strategy of the corporation. Mixed structure contains elements of all the above organizational structures. This branch of foreign multinationals may not only be established but also be purchased:

Approaches to management, organizational and economic construction TNCs often determine its location.

According to the study, more than 80% of the parent company and about 33% of affiliated are placed on the territory of the industrialized countries, of the developing countries – 19,5% respectively, and almost 50% in the former socialist countries – about 0,5% and 17%.

500 most powerful international (multinational) companies (TNCs) control 85% of all foreign investment. TNC function are not available in all areas. These 500 powerful TNCs exercise 95% of pharmaceuticals, 80% of industrial electronics and chemistry and 76% of engineering products (industrial sector). More than a half, namely 60% of international companies are employed in manufacturing, 37% – in the service sector and 3% – in mining and agriculture.

Total sales of foreign affiliates of TNCs in 2015 reached 34,5 trillion USD. USA (in 2013 – 21,5 trillion Dollars.), and their total assets exceeded 96,6 trillion USD (In 2013 – 83,8 bln. Dollars). According to UNCTAD (United Nations Conference on Trade and Development), the total value added of foreign affiliates of TNCs in 2015 amounted 7,5 trillion USD (In 2013 – 6,3 trillion Dollars), more than 10% of the world GDP. In 2015, foreign affiliates accounted for slightly more than a third of the world

exports – 7,7 trillion USD. From 25,5 trillion USD of total foreign direct investment (FDI) accumulated by the end of last year, the vast majority is controlled by the TNC.

Investment activity in the country TNCs from developing economies continues to grow, reaching in 2015 a record level of 460 billion Dollars. However, the countries with economies in transition (100 bln. Dollars.), represent 39% of global foreign direct investment. Investments in the developed countries are almost on a par with investment activities in 2014 858 billion Dollars.

According to the rating of transnational corporations (TNCs) Forbes China in 2016, three firmly hold the leading position (ICBC, China Construction Bank, Agricultural Bank of China), compared to 2011 in which the US cemented a place for themselves. The top ten of the Forbes ranking includes only the US and China TNCs, indicating a significant economic potential of both countries.

Journal Fortune Global 500, annually researches the world's largest companies. The main criterion for the list of participants is revenue. The Fortune Global 500, 2014, was headed by Royal Dutch Shell. The volume of oil and gas giant revenue totaled 484.489 billion Dollars, USA. Following are Exxon Mobil, Wal-Mart Stores, BP and Sinopec. According to the Fortune 500 in 2016 (Table. 1), after the economic downturn and financial crisis, the 500 largest companies in the world are able to show rather high income and even break the record Fortune Global 500 in 2015. Their total revenue was 31.1 trillion dollars, which is 2,5% more, compared to 2015. As you can see from the data, significant changes in the rankings during the 2014–2016 biennium have occurred. The same multinationals enter the rating, changing only the position and annual income. In the Fortune 500 in 2016 there are 95 Chinese representatives (in 2015 – 89 companies). The Chinese are firmly fixed in the leaderboard. Thus US companies fell into four smaller, although the US remains the leader of the ranking. The list is 128 corporations, including №1 Fortune – Wal-Mart Stores, which is the richest company in the world and specializes in retail.

Royal Dutch Shell, which ranked second in the Fortune 500, is a Netherlands-British company. In 2015 at Forbes +2000 recognized it the seventh largest oil company in the world. In 80 countries Shell conducted geological exploration of gas and oil. Shell is in possession of more than 13 refineries. One is the Pernis refinery, which is considered the largest in Europe.

The company Sinopec ranked third in the Fortune 2016, and in 2010 – the company was still in sixteenth place. The share of the national market, was 73,4% for natural gas, 60% oil, 41% of petroleum products.

Table 1

10 largest TNCs. Fortune magazine, 2016, mln. USD

№	Company name	Annual income	Assets	Branch
1	Wal-Mart Stores	476294	204751	Retail
2	Royal Dutch Shell	459599	357512	Extraction and processing of oil and gas
3	Sinopec	457201	352982	Petrochemical industry
4	China National Petroleum	432009	6200651	Extraction and processing of oil and gas
5	Exxon Mobil	407666	346808	Extraction and processing of oil and gas
6	BP	396217	305690	Extraction and processing of oil and gas
7	State Grid	333386	424531	Power
8	Volkswagen	261539	446866	Production of cars
9	Toyota Motor	256454	402422	Production of cars
10	Glencore	232694	154932	Wholesale

For several decades, the leader in the home country of TNCs are the US (Figure). According to the ranking of Global 500 in 2016, in the United States 128 parent companies were registered, members of the 500 largest multinationals in the world, the 95th China 57 – Japan 31 – France, 28 – in Germany and the UK, 17 – South Korea, on the 13th the Netherlands and Canada.

The total number of employees in the top 500 TNCs is 65 mln. people. Rating companies by the number of employees is significantly different from the ranking in terms of assets and income. Only Wal-Mart Stores managed to keep the lead (tab. 2).

The amount of staff first 10 TNCs by the number of employees is 15,1%, the other 409 TNCs account 84,9%. The number of Wal-Mart Stores is 3,38% of the total number of employees.

TNCs do not function in all areas. The largest group of TNCs is concentrated in the banking sector (Table 3). It includes mainly US and China corporations.

Table 2

Rating TNC by the number of employees in 2016, mln. persons

Rank in	The company name	Number of employees	Branch
1	Wal-Mart Stores	2200	Retail
4	China National Petroleum	1636.532	Extraction and processing of oil and gas
31	Hon Hai Precision Industry	1060	Electronics
7	State Grid	921.964	Power
143	China Post Group	903.357	Mail transportation
2	Sinopec	897.488	Petrochemical industry
8	Volkswagen	592.586	Production of cars
137	US Postal Service	553.089	Mail transportation
159	Aviation Industry Corp. of China	535.942	Aerospace and defense
418	Compass Group	514.718	Food services

The second most numerous group of multinationals is present in the extraction and processing of oil and gas, the third group of TNCs – in pharmaceutical production and biotechnology.

Table 3

Separation of TNCs on production specialization in 2016

Scope	TNC number	The founding
Oil and gas	43	US, China, Russia
Banking and Finance	71	USA, China, Australia
Food production	9	Switzerland, United Kingdom, USA
High-tech production	16	USA, Japan, Taiwan
Production of cars, parts	17	Japan, Germany, USA
Pharmaceuticals and Biotechnology	22	Switzerland, France
The retail	17	USA, Spain, Mexico

To characterize each TNC penetration in the economies of other countries put transnationalization index companies (1990 UNCTAD). This total figure is based on a comparison of the size of economic activity at home and abroad, and consists of three components: assets, sales staff and company. Table 5 shows some code of TNCs Transnationalization.

Table 4

**Comparing revenues of the largest multinational corporations
in the world of GDP in some countries (2016)**

Country / GDP (billion dollars)	TNC / income (billion dollars)	Country / GDP (billion dollars)	TNC / income (billion dollars)
China – 489,2	Wal-Mart Stores (469,2)	Morocco – 104,8	IBM (104,5)
	Royal Dutch Shell (467,2)		Agricultural Bank of China (103,0)
Austria – 415,3	Exxon Mobil (420,7)	Slovakia – 96,9	Citigroup (90,7)
Kazakhstan – 224,8	Chevron (222,0)		Procter & Gamble (83,3)
Ukraine – 175,5	Apple (164,7)	Belarus – 69,2	Microsoft (72,9)
Hungary – 130,5	General Electric (147,4)		
	Ford Motor (134,3)	Croatia – 58,7	Mitsubishi UFJ Financial (59)
	AT & T (127,4)		

Based on the Table 5 it can be concluded that Vodafone Group Plc. had the highest degree of involvement of the provision of services abroad. In 2012 had the highest multinationals specializing in the oil industry (production, processing).

Table 5

Transnationalization Index of TNC

Place	Corporation (country)	Index	Industry
1	Vodafone Group Plc. (UK)	85	Telecommunications
2	British Petroleum Plc. (UK)	80	Oil industry
3	Total SA (France)	74	Oil industry
4	Royal Dutch / Shell Group (UK /Netherlands)	70	Oil industry
5	Exxon Mobil Corp. (USA)	68	Oil industry

Table 6

Influence of TNCs in the economy of the host country and the home country

Effect	The host	Country-based
Positive	additional resources (capital, modernization of industry)	access control and a host of natural resources; taking into account
	management experience, skilled labor); accelerated	differences in environmental regulations and standards between countries
	development of the business sector	stimulate demand for the products of the country-based multinationals
	reducing unemployment; international	reducing the cost of education professionals through their
	standards of training of qualified personnel	involvement with the host country; access to information resources of
	strengthening the position of foreign countries (intensification	other countries; improve national export; strengthen the balance of
	of exports, reducing imports)	payments; political influence in the world
	increase in the GDP, accelerating economic growth	
	increasing tax revenues; improving the tax regime	
Negative	manipulate pricing; Representatives of the host country is not	TNC possible political pressure on the government
	allowed to participate in research and development; enhanced	"Exporting jobs", increasing unemployment
	maintenance and installation of external control by	Reduced tax revenue through the use of transfer pricing TNC activities or transfer to other countries
	multinationals; TNCs can use obsolete technology of	state regulation of foreign investments (ban on investment in some sectors
	production	special conditions for investment)
	non TNC environmental standards and the problem	R & D in the receiving country
	Greenwash	

Maximum transnationalization index by the industry are multinationals in the media (82%) in the steel and mining industry (65%), oil and gas industry (63%).

According to the "World Investment Report" UNCTAD, in Ukraine there were 367 foreign affiliates of TNCs at the end of 2014, while in many CIS countries the figure is much higher. In particular, the number of foreign multinationals in Moldova reached in 2670, in Russia – 1176, Kazakhstan – 1772. In Ukraine there is less than 1% of all global multinationals.

However, it is understood that the operation TNC ambiguous influence the economy. Based on the analysis of research, scientists singled out positive and negative impacts on the economy and host-based (table 6).

Ukraine TNC is of particular interest in the areas where competitive advantages in domestic companies are evident. In 2015, the most attractive for multinationals and investors from the European Union and the United States were the sectors of the Ukrainian economy: food industry and processing of agricultural products (15,7% of total FDI, trade (15,6%), financial sector (8,5%), engineering (8,0%), transport (7,6%), real estate (4,6%), pharmaceuticals and petrochemical industry (4,1%).

Today in Ukraine there are a significant number of multinational corporations in different industries, but the role of multinational corporations in the economy of Ukraine should not be exaggerated. Their activities are focused mainly on the national market. Few companies have come to produce goods for export. However, the presence of TNCs in Ukraine ensure efficient import production technology, management efficiency, reduce unemployment and increase cash flows to the country.

Table 7

Financial results TNC Ukraine in the first half of 2016

Number	Corporation	Branch	Revenues for the first half of 2016, mln. USD	Revenues for 2015, mln. USD
1	JT International	Tobacco	3776,7	7103,7
2	philip Morris	Tobacco	2907,3	5675,1
3	Imperial Tobacco	Tobacco	2233,8	4299,4
4	Bunge	Agroindustrial	2088,4	5623,4
5	ViOil	Food	2259,9	3359,8
6	Nestle	Food	2443,4	5305,5
7	Shell	Oil and Gas	1720,6	4155,8
8	Toyota	Engineering	1861,9	4377,6
9	Procter & Gamble	Chemical	2691	5733,1
10	PepsiCo	Food	3273,5	6068,5

Conclusions. Thus, this study shows that the activities of transnational corporations is important for the economy of any country, and Ukraine is no exception. The level of integration country's participation in the international division of labor and global competitiveness increasingly depends on the success of the TNC.

The scientific novelty of the paper is to analyze the activities of transnational corporations at the present stage and determine the nature of their activities in Ukraine. Analysis of the financial performance of TNC provides vector specify cooperation and development of their activities in Ukraine.

Ukraine has a great potential of cooperation with TNC and requires legislative, legal and economic changes that create a favorable investment climate to accommodate subsidiaries of leading multinationals in the world and, consequently, increase investment in the economy.

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TENDENCY OF THE WORLD MARKET TOURIST SERVICES DEVELOPMENT IN THE CONDITIONS OF STRENGTHENING GLOBALIZATION PROCESSES

Nyande Joseph

Scientific supervisor – PhD in Economics, Associate Professor **P. Hrynko**

The article analyzes globalization processes of the world economy, which accelerate the development of international tourism; the specifics of the tourist product are determined; the regulatory role of national institutional structures in the development of international tourism and global unions are generalized; the role of transnational corporations in the formation and development of the world tourism market is shown.

Keywords: international tourism, tourist services, world markets of tourist services, globalization, regionalization, tourism sector of economy.