ECONOMIC DIMENSION OF GLOBALIZATION: DETERMINANTS OF CREATING VALUE FOR CUSTOMERS

ЕКОНОМІЧНИЙ ВИМІР ГЛОБАЛІЗАЦІЇ: ДЕТЕРМІНАНТИ СТВОРЕННЯ СПОЖИВЧОЇ ДОДАНОЇ ВАРТОСТІ

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The article describes the approach to the design of global value chains and defines the role and place of these formations through the prism of objective globalization trends. It is illustrated that the reformatting of atomized economic relations into an effectively organized value chain is based on a rather long historical perspective. It was determined that the sources of the concept of the global value chain as a toolkit aimed at understanding economic processes are the works of primarily American scientists. It has been proven that the trends and effects of the global integration process are determined by the technical, technological, and marketing characteristics of certain industries. They are also determined by the market practices of leading firms and the social/institutional characteristics of the external environment in which this value chain exists.
Key words: *globalization, economic processes, consumer value, competition, supply chains.*

В статті розглянуто підхід до проектування глобальних ланцюгів створення доданої вартості, визначено роль та місце цих утворень через призму об'єктивних тенденцій глобалізації. Проілюстровано, що переформатування атомізованих господарських взаємин в ефективно організований ланцюг створення доданої вартості базується на доволі довгій історичній перспективі. Визначено, що першоджерелами концепції глобального ланцюга вартості як інструментарію, направленого на пізнання господарських процесів, котрий допомагає зрозуміти процеси, що відбуваються у світовій економіці, є праці передусім американських науковців. При чому, оскільки учасниками глобалізації в економічному її вимірі є як виробничі, так і торгівельні підприємства, це слугує передумовою для виокремлення двох типів ланцюгів у: глобальні ланцюги постачання, утворені та координовані або виробником, або або торговцем. Визначено, що глобальні ланцюги створення вартості приймають ринкову форму у чистому вигляді в той час, як підприємство-споживач та організація-постачальних не потребують інтегрованих дій по формуванню товару у його завершеному вигляді. Небезпека для покупця у даній ситуації редукується з огляд на те, що або вимоги, які окреслені ним по відношенню до певних комплектуючих/матеріалів є легкими до виконання, або ж постачальник володіє настільки високими компетенціями, які спроможні задовольнити максимальні потреби своїх клієнтів. Аналіз глобальних ланцюгів створення вартості дозволив виокремити у кожній галузі дві широкі категорії господарюючих суб'єктів: фірми-лідери та постачальники. Також, на кожному етапі функціонування ланцюга обґрунтовано необхідність оцінюванню за допомогою набору параметрів, які базуються на відповідях на три запитання: що повинно вироблятись, в який спосіб, коли та скільки повинно бути вироблене та як саме забезпечуватиметься товарорух. Доведено, що тенденції та ефекти процесу глобальної інтеграції в значній мірі залежать від технічних, технологічних та маркетингових характеристик тих чи інших видів економічної діяльності, від ринкової практики, яку провадить фірма-лідер та інші учасники глобального ланцюга вартості, а також від суспільних та інституціональних характеристик того зовнішнього середовища, в якому існує цей ланцюг створення вартості.
Ключові слова: *глобалізація, економічні процеси, споживча вартість, конкуренція, ланцюги постачання.*

Setting problems. Permanently the blurring of administrative borders between different countries through either foreign direct investment or international subcontracts has deepened the interdependence and functional integration of the international economy. Along with these processes, there is a growing awareness that the benefits of globalization are unevenly distributed. In this context, in all studies, the subject of which to some extent relates to the economic development of territories, there must be an analysis of the impact of globalization on such development. The design that is optimal for the application of this type of analysis and, at the same time, plays the role of a tool of the globalization process, is the so-called. global value chains.

In recent years, many scholars specializing in international trade have begun to emphasize in their work that international trade in goods and services should not be seen solely as the sum of individual, unrelated market transactions. A significant part of international trade is realized not through purely market relations of independent economic entities, but rather within the internal framework of multinational corporations or through such organizational forms that unite enterprises into diverse networks, called global value chains. Empirical studies of global value chains show the critical importance of the role played in the construction and operation of such chains, the so-called. "Leading companies". Such firms are usually de jure located in highly developed countries and include not only international manufacturers, but also large retail chains or "manufacturers without factories" – companies that provide the entire marketing process for a product, except the direct link

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of production , which is "closed" by an external partner (usually from countries such as China, Bangladesh, Indonesia, Pakistan, etc.). It is the leading firms that have the decisive say in global chains about what exactly, how, when and by whom it should be produced.

If To perceive globalization in a narrow sense – as a functional integration of disparate activities scattered around the world, in this sense, global value chains de facto institutionalize the organizational forms that such integration takes. The concept of global value chains extends the boundaries of management efforts from a purely production process to the full range of competencies and thus allows us to understand what the organization and management of global enterprise networks. This approach helps to understand how the benefits of globalization are shared, who loses or wins in the process, and how the latter can be increased.

The analysis of global integration in the economic sphere indicates that for many enterprises access to international markets is not defined by the framework of design, production and / or marketing of new products. On the contrary: gaining access to international markets is considered by economic entities in the context of access to international networks, which consist of many enterprises, each of which specializes in performing a particular function. Moreover, global value chains are not a constant, their content is constantly changing. Along with the change of time, the positions occupied by individual enterprises within a particular chain, as well as its form itself, also change. Understanding how global value chains work is important for both the development of individual members and the economic policies that are formed at the local, national or international levels. Without a clear understanding of the organization and coordination of global value chains, it is not possible to help new businesses engage in these chains or to support existing members in maintaining / improving their position in global markets.

Analysis of recent research and publications. Significant experience in the field of analysis of economic globalization processes has been accumulated in domestic and world practice, as well as in the scientific dimension. However, the tools that the concept of global value chains offers for this purpose are only beginning to gain recognition in academia and among practitioners. In particular, this issue is given considerable attention in the works of such scholars as G. Jerefi and J. Humphrey [1; 2] (identified the main postulates of the concept, forms of power used in the management of value chains), T. Hopkins and I. Wallerstein (defined the main postulates of economic development in the global economy), A. Ignatiuk (analyzed the country's involvement in global value chains in the context of increasing its competitiveness), A. Vyshnyakov (studied the characteristics and features of value chains in various industries). At the same time, the question of determining the role and place of global value chains in the globalization of economic processes needs in-depth analysis.

Objectives of the article. The purpose of this article is to critically analyze modern scientific views on global value chains and determine their role and place in the globalization of economic processes.

Presenting main material. The formation of separate disparate economic relationships in a functionally organized chain has a long history. The sources of the concept of the global value chain as an analytical tool that helps to understand the processes taking place in the world economy should be sought primarily from American authors. It was Terence Hopkins and Immanuel Wallerstein who introduced the term "product chain" into the scientific literature in 1977. received the above name [7].

Since globalization involves both manufacturing and trading enterprises, this provides grounds for distinguishing between two types of chains in the international economy: global product chains initiated by the manufacturer and the purchasing organization. In the first case, a powerful international manufacturer of certain products (such as IBM, Apple) plays a central role in coordinating internal and external production networks, including relationships with businesses that are both before and after the act of the company in the technological chain. Such chains are more characteristic of economic activities, which are characterized by a high rate of capital intensity and intensive use of the results of scientific and technological progress.

On the other hand, customer-initiated product chains are more typical of those sectors of the economy where large distribution networks (Tesco, Aushan) or certain types of producers play a key role in building a complex multi-stakeholder production system. , usually located in the so-called countries. "Third world" [2]. The above-described model of industrialization based on trade has become most widespread in consumer goods markets with considerable complexity. Such examples include, but are not limited to, the textile industry, the manufacture of footwear, household appliances, and so on. In this case, production plays, in the narrow sense, a supporting role and is formed from a multilevel network of performers from countries with underdeveloped economies, who produce certain goods for foreign buyers.

At the turn of the century, global product chains were considered an absolutely relevant tool for describing the phenomena occurring in the context of enterprises entering international markets. However, it is gradually becoming clear that the paradigm of thinking about the functioning of global sectors of the economy within the product chain is unable to explain the complexity of the development of economic phenomena occurring in the international environment. In response, new designs are beginning to emerge, such as international production networks, global production systems, and others. At the same time, at the same time, attention is drawn to the fact that each of the concepts only focuses on aspects important for further analysis of the relationship between enterprises in the global economy [4]. With this in mind, there is a constant search for a common approach / concept that would embrace the full range of possible processes that take place throughout the chain – from the extraction of raw materials to the delivery of final goods to the consumer and its subsequent disposal.

As a result of such a search / discussion in scientific and practical circles, the concept of global value chains emerges, which today is the current foundation of the theory of relationships between enterprises in the world economy.

This concept is not the basis of the whole theory of globalization, but is a fundamental component of the theory of relationships between enterprises in the global economy. Its role in this case is to find sound explanations and predictions of how these or other economic activities are related, which result in added value. Moreover, such links may arise both within the enterprise and between different economic entities. Thus, the theory of global value chains disseminates knowledge in the field of organizational and spatial structures and the dynamics of economic sectors. In particular, this theory specializes in the study of strategies and behavior of partner companies [5].

According to the approach of J. Humpri and H. Schmitz, global value chains can take many forms. Based on empirical research, they proposed such forms as market, network, quasi-hierarchy and hierarchy [8]. Organizational forms outside the market involve significant funds and other indirect costs of monitoring and controlling the value chain of the leading firm. In view of this, they take place in situations where leading firms anticipate a significant level of risk associated with the professional competencies of suppliers. This risk grows in parallel with the differentiation of these competencies. The smaller they are, the more the organizational form of the global chain moves away from its version, which is called the market, and goes in the direction of a clear hierarchy.

Global value chains take market form in their purest form, when the industrial buyer and his supplier do not need additional joint efforts to determine the final product. The buyer's risk in this case is low, because either the requirements he sets for certain components / materials are easy to meet, or the supplier has such high competencies that it is able to meet the highest needs of its customers.

Global value chains take the form of a network, where the buyer and the supplier act as equal partners, namely, they jointly determine the final product, combining their complementary (complementary) competencies. In such relationships, the risk from the industrial buyer is minimized due to the high level of professional competence of the supplier. These competencies are the argument that leads potential partners to cooperate in a single network and maintain a close relationship in the long run.

The quasi-hierarchy appears in value chains in which the industrial buyer determines the parameters of the final product, because the supplier is unable to do so and / or the buyer is otherwise at significant risk of losses due to design errors in the supplier. In the case of a "pure" hierarchy, the buyer provides complete control over all activities that take place in the value chain. The global chain in this form creates an opportunity for the "global" buyer of total control over the production process.

The analysis of global value chains allows us to distinguish two broad categories of economic entities in each industry: leading firms and suppliers. The former are global players who define product development strategies, place orders for them and take responsibility to end consumers for products originating from their suppliers. Such leading firms may be enterprises that are exclusively engaged in the purchase of goods, their marketing, but do not have production facilities; Another variant of this type of firm is enterprises that are direct producers of finished products and in relation to their partners are industrial consumers. Because leading firms (with certain restrictions and exceptions, of course) can choose and change their suppliers, they have consumer power that allows them to put pressure on suppliers and coordinate the chain of which they are part [1].

At each stage of the chain operation is subject to evaluation using a set of parameters. The four main parameters determine the functional scope of the value chain:

– What should be produced?
– How should it be produced?
– When and how much should be produced?
– How should goods move along the chain? [3]

The specificity of logistics parameters is manifested when a certain level of complexity of tasks and / or time constraints appear in the chain, which require harmonization of activities between enterprises. Although the price factor is usually interpreted as a variable that depends on market conditions, it often happens that leading firms (especially those that compete on price) put pressure on their suppliers to design such a design, functional content of the product or the process of its production, which would correspond to a predetermined price level. In this way, a fifth parameter may appear, which determines the type of activity within the chain. Coordination of activities within such a chain takes place when companies operate within the parameters previously agreed or determined by them "from the mountain".

Using their power as consumers, leading firms can determine and enforce the basic parameters of the global value chain. In this case, it will be about internal coordination of the value chain, which is a partial option of self-regulation by the private sector. Determining the parameters of the product by the leading firm makes economic sense when the firm has the best knowledge of the final product market, better, compared to its suppliers, understands the needs of the consumer. In turn, the definition of parameters that describe the processes occurring in the supply chain is logical when due to non-compliance with the supplier's obligations or non-compliance with mandatory product quality standards, it can lead to significant losses of all partners in the value chain.

Parameters that describe product and process requirements can also be determined by entities external to the global value chain. In the role of such entities are public authorities, intergovernmental organizations, industry associations, etc.: then we are talking about the so-called. external coordination. Defined through the above-mentioned institutions and mandatory parameters, they are largely the result of beliefs, values and priorities in the social groups from which these institutions come. If companies do not comply with established standards, they are subject to various fines, non-financial penalties. If this does not work (also for objective reasons from the point of view of economic entities), such enterprises "fall out" of the global chain.

The procedure for determining the parameters relating to the characteristics of the product or its manufacturing process must be separated from the procedure for enforcing them. These parameters can be determined by the leading firms, and controlled by the above institutions, or vice versa. In this way the idea of public-private coordination of the global chain is realized. The first of these situations occurs when the leading firm requires suppliers to implement in the practice of their market activities certain process requirements, such as ISO 9000 or ISO 14000. In the second situation, the parameters are determined by institutional entities, but the leading firm is responsible for their implementation in the practice of the value chain. For example, businesses are often required not to cooperate with those who use child labor. At the same time, this social requirement is not supported by any legal act. Leading firms must independently create mechanisms that will meet this requirement.

The second category of power at the enterprise level in the global value chain is the power of suppliers. The power of suppliers in the global chain can be divided into hard and soft. The firm power of suppliers refers to the construction of technological / technical elements / goods on which other products or services in this field are based. Technological dominance enables suppliers to set standards, but such dominance is too difficult to achieve, as it requires the highest possible technological competencies of the supplier. The power to set standards, even if it is very strong, is usually not linked to the explicit coordination of economic entities at the "top" or "bottom" of the value chain. This type of supplier power is primarily in high-tech industries.

In the case of suppliers, the option of using soft power is more common. This type of power is based on difficult to achieve / copy technical competencies, much of which is formed on the experience of market activities of the enterprise. Suppliers use the power of these competencies when their goods or services are perceived by the leading firms in the global value chain as virtually unalterable.

In order to limit the so-called. Competent power of suppliers, leading firms use their consumer power. One of the most effective measures in this case is the actions of the leading company aimed at creating the most competitive environment among suppliers of a particular type of raw materials, components.

Power in the global chain is closely linked to its organizational form. In modular chains, in which the supplier is responsible for the whole range of its activities (from supply to production), the competent authority de facto provides them with a significant level of freedom of action. If, in addition, the competence of the supplier is unique, he has the opportunity to spread his risk to a group of "global" buyers [6].

In relational chains, the value of know-how possessed by suppliers makes their position in building relationships with customers as profitable as possible. At the same time, deep cooperation and, consequently, close relationships that need to be formed with customers can be difficult to copy in the medium term. However, as market experience shows, if we take into account the consumer power of leading firms, in the long run, the relationship in relational chains leads to a significant asymmetry of power, usually in favor of the leading firm – the buyer. This statement can be contradicted only by the argument in the theory of transaction costs, according to which the relationship between buyer and supplier, given the specificity of assets, significant, unique competencies of the latter can create a situation where the leader will not be able to change supplier.

Conclusions and prospects for further research. Research on globalization through the tools provided by the concept of the global value chain has been conducted internationally for the past twenty years. The aggregation of the results of the analysis of individual practical situations has created the conditions for the development of an original theory, which tries to find certain economic rules in such different, at first glance, patterns of globalization. However, this theory is still in the initial phase of its development. Current research indicates that trends and effects of global integration largely depend on the technical, technological and marketing characteristics of certain economic activities, market practices conducted by the leader and other participants in the global value chain, as well as from the social and institutional characteristics of the external environment in which this value chain exists.

In this context, further research requires questions on how both global and local institutions (including public ones, such as public authorities) can promote or, conversely, create a bar. to shape the development of relationships between partner firms within global value chains.

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