

Samoilyk Iuliia

PhD in Economics, Associate Professor,
Department of Enterprise Economics,
Poltava State Agrarian Academy,
1/3 Skovoroda Str., Poltava, 36003, Ukraine
iuliia.samoilyk@gmail.com

Sedláková Iveta

PhD in Economics,
College of International Management ISM Slovakia in Prešov,
3951/1 Duchnovičovo námestie Str., Prešov, 080 01, Slovak Republic
sedlakova@ismpo.sk

GLOBALIZATION TRENDS OF UKRAINE'S SOCIO-ECONOMIC DEVELOPMENT

Abstract: The article deals the contemporary countries development trends on the world. Socio-economic cycles have been become shorter. The cyclical economy development is characterized by constant recessions and ascents. Under these conditions, crises will have been being occurred more and more often. Globalization affects the deepening of inequalities between countries and groups of people. Global inequalities deepen and advocate a significant risk of globalization, creating threats for effective socio-economic development of a large part of the world. Population distribution by regions and countries of the world is not proportional to socio-economic indicators of states development. Such globalization tends deepen to polarization between countries and increase inequality, which manifests itself in economic, environmental and social indicators. The population growth is a big problem for food security. But most developed countries begin to reduce the proportion of agri-food in favor of other complex industries. Under such conditions, Ukraine will be able to become an important player in the global agrarian market, provided that economic processes are improved. Under such conditions, if Ukraine will be improving economic processes, it will be able to become an important player in the global agricultural market.

Keywords: globalisation, socio-economic development, inequality, socio-economic cycles, agri-food market, food security.

JEL Classification: E10, F01, Q17.

Introduction

The world market development and economies of most countries is characterized by significant structural changes. These changes are manifested in various spheres and in particular in the agri-food sector of the economy. In general, the modern processes of agro-food market transforming have been

conditioned by globalization growing. It covers all areas of activity, development and interaction of subjects and objects of socio-economic and environmental relations. Consequently, it is possible to form systemic groups of tendencies that characterize the structural changes consequences caused by globalization processes and affect new agri-food market transformation.

Globalization of markets and production has produced many opportunities and new threats for businesses hitherto accustomed to dominating their domestic markets. Globalization can be defined as a set of economic, social, technological, political and cultural structures and processes arising from the changing character of the production, consumption and trade of goods and assets that comprise the base of the international political economy (Hregova, 2017).

In the last decades, globalization raised an increasing interest in many of our contemporary culture areas, from economics and politics to ethics and anthropology, and the opinions regarding this major phenomenon tend not to a unified vision. On the contrary, they tend to be as diverse and specific as the communities and countries which the thinkers belong to are (Corina, 2014).

Globalization refers to a fundamental shift in world economy in which nations are moving toward an interdependent global economic system (Hill, 2009).

Globalization was depicted in the early 1990s as the ultimate stage of development for the field of international management. Globalization would require from large business firms highly skilled managers to cope with the challenges and responsibilities of the so-called global market. Ten years later, the scenario has changed considerably. As globalization headed towards placing an extraordinary amount of power in the hands of large corporations, international management became a major concern not only to business firms and their managers, but also to governments and other institutions (Boddewyn, Toyne, & Martínez, 2004).

From the standpoint of IM researchers, the skeptical perspective is problematic because it places excessive importance on national and “international” boundaries. This could lead to the recognition of imperial or colonial issues - regarding the corresponding political, economic, social and legal domains - in the globalization era. Its focus on national boundaries disclaims the dominant representation of the global market as a sort of ‘free market’ governed by ‘free enterprises’. The skeptics’ point of view emphasizes political questions more closely related to the public and government domains rather than economic questions more closely related to the private domain. Moreover, this approach is not convenient for TNCs since ‘nationalists’ have used it to describe or explain anti-globalization and antiTNC movements. In other words, this theoretical perspective challenges the major interests of TNCs (Guedes, 2007).

Globalization has resulted in markets in which previously historically separate markets have become one huge global marketplace as a result of reductions in trade barriers and advances in information and transportation technologies. As a result, small firms can now participate in international trade right from inception. Another facet of globalization is globalization of production. Companies can locate production facilities in countries where labor and other production in-puts are cheaper. One of the strongest evidences of globalization is the interdependency of global economies. With the ongoing globalization of the world's marketplace, there has been a shift from supplying overseas markets from a domestic base to establishing subsidiaries in numerous countries, acquiring or merging with foreign firms, or establishing inter-national joint ventures (House et al., 2001). Globalization is an on going process around the world, integrating nations, economies, and cultures etc. (Austrade, 2002).

Ukraine's development is located also under significant influence of globalization.

Analyzing the main world economic and socio-political indicators, we may point to the fact of the absence of systematic changes and reforms in the existing economic systems of many countries, including Ukraine. According to the wide range of economic indicators, Ukraine occupies one of the last places in the region in its development progress, and this fact reflects the current state of the country's socio-economic environment (Markina, 2017). Globalization, interdependence in the world and deepening integration processes are crucial processes that dominate the world and influence the course of economic reforms Ukraine. The globalization of economic market forces is an important factor. It defines the practical activity sphere. Globalization must make full use on global market forces in the role of productive forces national economy. Globalization basis can be competitive advantages of the field of resource, transport, production, scientific and technical potential and Ukraine geopolitical position.

Consequently, globalization has a significant impact on all economy countries areas of the world. New development trends are emerging. These trends have been required detailed research to shape future development projections.

Global changes of socio-economic cycles

The first group of tendencies has been associated with change of regularities of the cyclical of socio-economic systems development. The cyclical economy development is characterized by constant recessions and ascents. The periods between the economy stages can be long (several decades), medium (one or two decades) and short (up to ten years). However, the interval between cycles has been reduced after entering the new third millennium. It

generates chaotic development, instability of socioeconomic systems, and a constant redistribution of influence levers.

The crisis gives impetus to further development along the ascending line, provides “economy recovery”, the unstable and inefficient systems elimination, becomes a catalyst for the manifestation and use to hidden reserves. However, the stimulating effect of economic cycles disappears under modern conditions.

Bifurcation tendencies arise under economic development acceleration by reducing socio-economic cycles. That is, large integrated systems (enterprises and state unions) are more resistant to structural fluctuations, because they are subjects and catalysts for changing cycle phases. Such formations become more large-scale and influential under context of global downturn by setting of control over the less developed world system subjects or their absorption. Increasing world economies polarization and deepening the dependencies of weak economic systems from the more powerful are the consequences of such tendencies.

Strengthening the demographic crisis

The second group of trends related to the demographic crisis. According to the US Department of Agriculture (USDA), in 2016, the world’s population have been 7,251 thousand people. According to USDA forecasts, by 2026, this figure will be 8025 thousand people.

According to the UN, in 2042, this figure will be 9 billion people. The most inhabited territories of the Earth are Southeast Asia, namely the valley of the Yangtze River and the Yellow River in China, the Mekong River in Vietnam, the Brahmaputra River (one of the largest Asian years passing through the territory of China, India and Bangladesh). In general, Asia has more than 60% of the world’s population. Second place is Africa (12%), Europe has 11%, North America has 8%, South America has 5.3%. Australia has the smallest population in all continents (Fig. 1).

The South Asia has the largest population by continents, it is 1710 million people, it is 22% of the world’s total. India has the largest population in the region - 1267 million people. East Asia holds second place, the population of this region is 1,585 million people, it is 21% of the world’s total. At the same time, the largest population in this region is concentrated in China - 1,374 million people. The population of Africa takes up third place and stands at 1,149 million people (15%); the region is divided into North Africa (186,000 people), including Egypt and Morocco; Sub-Saharan Africa (963 thousand people).

The European continent has 545 million people, or only 7% of the total population of the world, of which the Cain of the European Union has 515 million people. The countries of the former Soviet Union have a population of 285 million people. It should be noted that according to the USDA fore-

casts, the Ukraine population has a negative tendency to decrease, on the average the percentage reduction is 0.4% annually, with such changes in 2026, the Ukraine population will be 42.2 million.

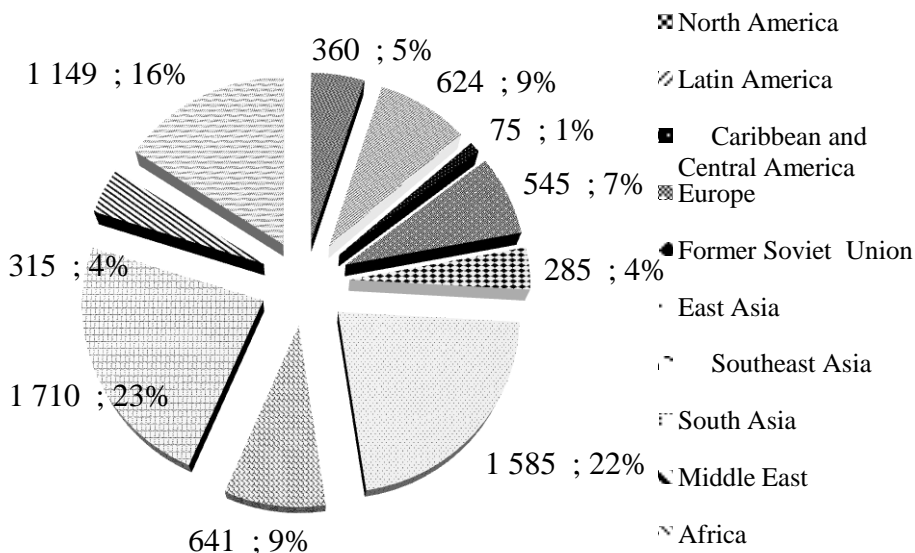


Fig. 1. Population distribution by regions of the world, 2016, thsd. persons

Source: Improved by the authors on the basis by (USDA, WORLD)

Socio-economic inequality

Population distribution by regions and countries of the world is not proportional to socio-economic indicators of states development. Such globalization tends deepen to polarization between countries and increase inequality, which manifests itself in economic, environmental and social indicators. This is the third group of globalization trends.

According to the World Economic Forum, in 2017, the total income (1.7 trillion dollars) by 85 most wealthy people in the world is equal to the total incomes of 3.5 billion people, which is almost half of the population, herewith 1% of the world’s population owns 46% of the world’s wealth (110 trillion dollars) (WORKING & THE GLOBAL, 2017).

Thus, global inequalities deepen and advocate a significant risk of globalization, creating threats for effective socio-economic development of a large part of the world.

Opalco V. proposes four imperatives to reduce inequality: accelerating economic growth and, accordingly, increasing household incomes; population migration from poorer countries with more developed ones; different

forms of investment; limiting the benefits to wealthy people when imposing taxes on wealth, combating the evasion of corporations and individuals from paying taxes, and providing equal access to education, health care and other benefits for all people regardless of their income level (Opalko, 2017).

Each of the proposed imperatives is rather controversial. Firstly, the poor countries will not be able to provide rapid economic growth, especially under today's conditions, when strategic resources have been already distributed. Economic growth requires an integrated approach. This approach should include educational reform and the creation to unique competitive advantages on a global scale. Moreover, modern society is changed from a market economy to a socially oriented economy. A market economy considers a person as a production factor. The social economy is created to meeting human needs.

Consequently, an important role is played by the motivation of the population to carry out activities related to economic growth. In the absence of such a motivation, migration will intensify (the second imperative reduction of inequality). Today migration is becoming a global problem. On the one hand, it has positive effects, especially for people who find opportunities in other countries, while improving their well-being and investing in their country. Moreover, richer countries receive cheap labor, as well as skilled personnel who, under a high motivation condition, will realize their intellectual potential effectively. At the same time, they have been already overwhelmed by the influx of migrants, whose labor potential and level of socialization does not always meet the requirements of the host party.

Accordingly, investment attraction is more effective mechanisms. At the same time, excessive dependence on foreign investment creates the basis for weak countries economic colonization. They lose their authenticity and, to a certain extent, lose their economic freedom. In our opinion, the global inequality problem can not be solved quickly. The need to redistribute socio-economic benefits by increasing wealth taxes has been a rather subjective factor, because this factor has no incentive for the poor to raise their development level and improve their material conditions.

The main inequality cause has been the uneven access to resources, including education and health care. Nation education determines the country's potential for effective socio-economic development. The lack of most of the material resources can be offset by their purchase in a well-established international relationship (for example, Japan does not possess any natural resources, but is among the top three in nominal GDP).

Assessment of aggregate indicators of country development and their interconnections

The highest GDP in 2016 has been in the US - 18561.9 billion dollars, China - 11391.6 billion dollars, Japan - 4730.3 million, Hungary - 3494.9

billion dollars, the UK - 2649.9 billion dollars. Also, high GDP figures have been France, India, Italy, Brazil, Canada, South Korea, Australia, Spain, Mexico, Russia. GDP of these countries exceeds the value of 1000 billion dollars. The ranking of countries only in terms of nominal GDP does not reflect the general picture of the level reached by the countries development of the world, because the high values of such an indicator can be achieved at the expense of extensive factors (large territory and population, while the citizens' welfare can be low). Domestic product per person on parity of purchasing power reflects the economic development level gross the most accurately (Fig. 1).

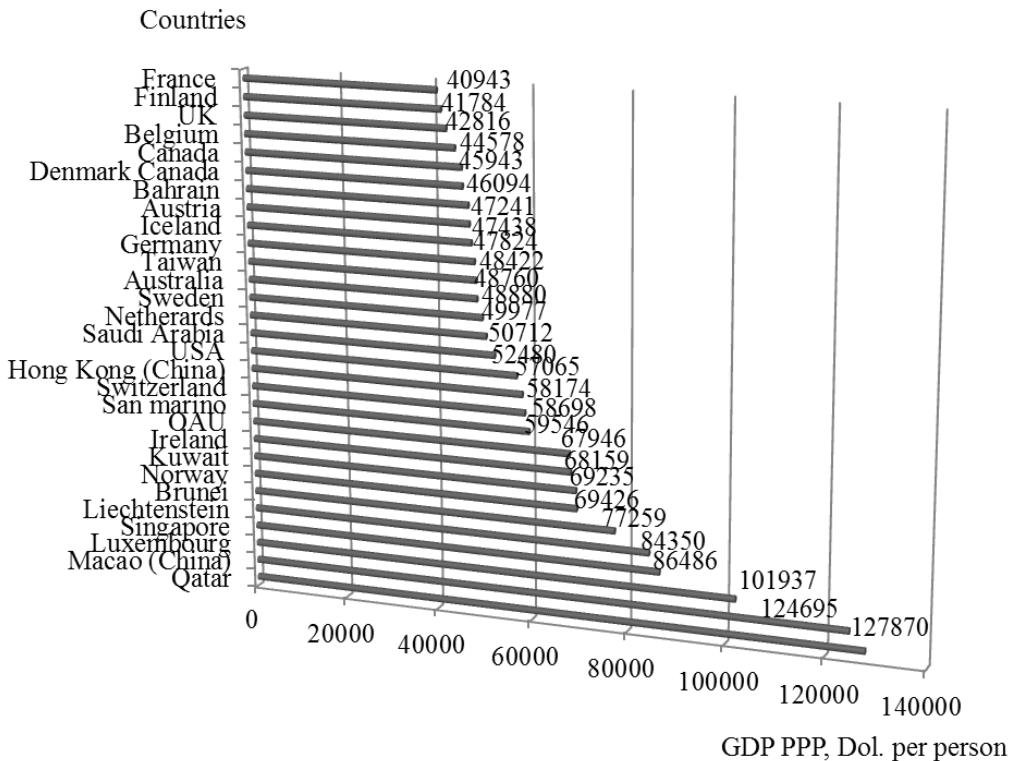


Figure 1. **Country rating by GDP index per purchasing power parity per person, USD. US / person, 2016**

Source: Developed by the authors by (USDA, WORLD)

According to this indicator, the most developed are countries such as Qatar - 27.9 thousand dollars per person, Macao - 124.7 thousand dollars per person, Luxembourg - 101.9 thousand dollars per person. Also high indicators have been by Singapore, Liechtenstein, Brunei, Norway, Kuwait, Ireland, the United Arab Emirates, San Marino, Switzerland. It is worth noting that such countries as the US, China, Japan, Germany, Great Britain (which

are leaders in nominal GDP), according to GDP per capita GDP, occupy respectively 14, 86, 32, 22, 29 places. Consequently, this analysis emphasizes the extensive trends of the countries development of the world.

A correlation-regression analysis using the Statistica program has been conducted. The dependence of GDP per purchasing power parity per person from the country's territory, population and nominal GDP has been determined. It is found that the correlation connection between these features is strong bond. This is evidenced by the correlation coefficient of 0,995; Fischer's criterion is $F(3,197) = 5962,1$, which indicates the high quality of the model. GDP per purchasing power parity per person mostly depends on nominal GDP (the pair factor of correlation between these features is 0.736), depending on the population size and the countries territory is weak (the pair correlation coefficients are respectively 0.337 and 0.04) (Fig 2).

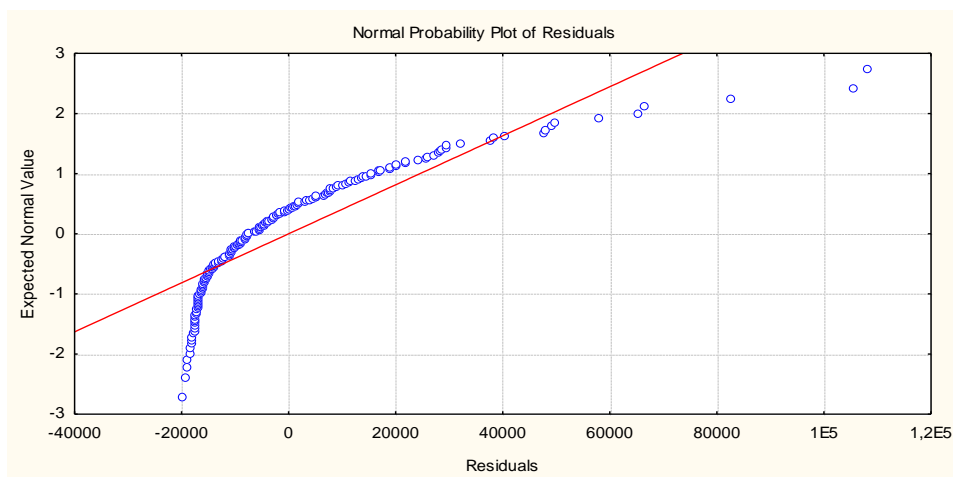


Fig. 2. Normal distribution of correlation-regression analysis indicators of GDP per purchasing power parity per person depending on factors by country, 2016

Source: Developed by the authors

The fourth group of globalization trends is linked to others trends and is characterized by increased food crisis and increased food security threats. In the context of this problem, It is appropriate to distinguish the following features:

- an population growth causes a food resources shortage;
- the natural potential (soils, agricultural animals and plants) is exhaustive, therefore it is not able to meet the growing needs of humanity;
- under the conditions of growing demand for food, on the one hand, and the inability of natural resources for its provision, on the other hand, technology development is being implemented that promote the

- agricultural production intensification, at the same time, give impetus to the non-traditional technologies development, in particular genetic engineering, the influence of which on the human body is not proved;
- the inefficiency of international trade in agri-foodstuffs is manifested under the conditions of imperfect international relations;
 - the consumption culture of dissimilar countries is different, it does not allow to unify the management methods in the agri-food sector on a global scale;
 - an economic paradox has been emergent: the countries with a dominant agrarian trend have lower aggregate indicators of economic development, and the industrialized countries have high these indicators: it is caused by the world's prices disparity to food and industrial goods;
 - the agrarian sector development under global competitiveness is manifested only with the goods production with high added value; in modern conditions, most countries with a high agricultural potential are exporting raw materials.
 - the instability of the international environment;
 - the domination of the world's aspirations to maintain sovereignty and protectionism (especially in developed countries).

Conclusions

Ukraine has significant potential to development, but it has not been disclosed. Imperfect and unbalanced state policy, undeveloped infrastructure has the greatest negative impact.

A significant part of the created value added in Ukraine falls on agriculture. However, trends in the European countries development and other countries with a developed market economy indicate that excessive dependence on raw agricultural production is characterized a group of countries with a low level of socio-economic development.

Many different globalization trends affect agri-food market development: deepening of integration processes within individual states and on a global scale; increasing instability in foreign exchange markets, the failure of world currencies to fulfill the role of standards; the instability of the international environment; domination of the world's aspirations of countries to preserve sovereignty and protectionism.

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