

FORMATION OF INDUSTRIAL CORPORATIONS AS A RESULT OF INTEGRATION PROCESSES IN THE ECONOMY

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Abstract. The article is devoted to the study of theoretical provisions, development of scientific and methodological approaches and practical recommendations for the development of industrial corporations based on the formation and use of appropriate organizational and economic support, taking into account the peculiarities of their structural transformation in market conditions.

The novelty of the approach lies in the development of a set of theoretical and methodological provisions and practical recommendations for the formation and use of economic and organizational support for the development of industrial corporations.

Keywords: *Integrated business structures, cooperation, corporatization, economic development, modeling, innovation, integration processes*

Introduction

The corporation, as a form of organization of economic activity, began to develop in the pre-capitalist era. Some scholars attribute their appearance to the XV-XVI centuries. and is associated with a period of initial capital accumulation, when corporations were a way of life and emerged in the form of professional associations, groups of traders or brokers, united in trade guilds.

However, according to E. Durkheim, corporations should be attributed to an earlier time, to the time of the craft, before production ceased to be exclusively agricultural (Kleiner, 2002). In Greece, corporations were not known because crafts were neglected and practiced exclusively by foreigners, in other words, corporations were outside the legal system but actually took place. In ancient Rome, the first corporations date back to the beginning of the republic. The purpose of the corporation was not to pool funds, as the basis and main function of the corporation's institution at that time was religious community.

For a long time, corporations were not widespread, but in the era of the empire, their number increased significantly. Professional associations, which acted as corporations, appeared in almost every rather numerous category of workers. The nature of these groups has also changed markedly. Now "they performed official functions; each profession was considered as a public service, for the implementation of which the relevant corporation was responsible to the state" (Kleiner, 2002, p. 13). Such dependence on the state led to the disappearance of corporations with the collapse of the empire. Civil wars and hostile invasions became an aggravating circumstance for the collapse of corporations.

Research methodology. Corporations were revived in European societies at the beginning of the XII century, when "artisans began to feel the need to unite, formed their first associations" and actively sought a monopolistic position (Kleiner, 2002, p. 14). XIII century became a period of prosperity of such associations, and the reform of Turgot – a moment of abolition, as a result of the fact that corporations ceased to perform their functions. The main reasons for the collapse of corporations, according to Turgot, were the shortcomings of financial management, the de facto monopoly of family clans, oppression and competition. In England, the forerunners of modern corporations were companies set up under common law company rules: these were unregistered partnerships with shares that could be sold. Their number grew rapidly in the late eighteenth and early nineteenth centuries, despite strong resistance from the legislature. This is due to the fact that

such corporate entities most often used the services of unscrupulous people to carry out fraudulent projects. As a result, the famous law on "blown" enterprises was adopted, which was in force until 1825. Activation of the process of creating corporations in the XIX century. led to the need for clear and formal regulation of their activities. The procedure for creating corporations has become formal. The corporation began to be perceived as an organization that is legally engaged in certain activities. There is an understanding of the corporation as a duly registered enterprise that has the rights of a legal entity, including the rights to economic activity, ownership and sale, obtaining loans, the right to act as a plaintiff or defendant in court, and so on. In addition, the use of the second half of the nineteenth century. the principle of limited liability in relation to joint capital allowed to identify the real potential of industrial cooperation, which further contributed to the rapid growth of share capital (Drucker, 2001). Thus, in England until the end of the XIX century. up to 4,000 limited liability companies were established annually, while unlimited liability companies virtually ceased to exist. In the economic literature it is noted that the main part of the mechanism are organizational and economic relations, covering those that are formed in the process of organizing social work, relations for the exchange of results (market relations) and management relations, or in a broader sense – management.

Literature review. From this standpoint, most scientists define the "organizational and economic mechanism" as a holistic set of management methods and tools by which to organize, regulate and coordinate the processes of individual components of the object (Yermoshenko, Hanushchak-Iefimenko, 2010, p.96). Based on this, the organizational and economic mechanism of development of an industrial corporation can be defined as a system of connections and relations that provides the transformation and transfer of action from driving forces (external and internal factors, causes) to subsystems and elements, internal and external elements of an industrial corporation, which gives rise to the process of its transformation, including the transformation of the composition, structure, organization, set of external relations, qualitative and quantitative characteristics of economic activity (Porter, 1993).

These forces are multidirectional and only together determine the overall vector of the process. The transformation mechanism, therefore, is a system of organizational and economic relations and is a form of communication between the various driving forces of the process. Its composition and structure are determined by the nature of the object being transformed, the specific historical conditions of the state, the peculiarities of its economic system, the characteristics of a particular industrial corporation and the factors that determine its functioning. The mechanism is based on a set of objective laws of systemic, organizational and economic dynamics.

Research results. Modernization of the Ukrainian economy on an innovative basis,

which is a prerequisite for increasing its competitiveness, involves the structural development of existing corporations in accordance with current global trends in organizational development and taking into account the peculiarities of market transformations in the country. Changes in the socio-economic system in recent years have led to significant changes in the organization of economic activity and the emergence of new types of structural transformation of corporations, the specifics of many of which are related to the transition state of the national economy (Yermoshenko, Hanushchak-Iefimenko, 2010). The emergence and development of new types of corporate interaction is especially important for the industrial complex, where the corporate sector is the basis for the development of highly efficient production and competition in domestic and foreign markets. In the future, it becomes clear that not all the predicted advantages of conglomerates are confirmed in practice, and most integrated structures of the conglomerate type undergo a new stage of transformation, which for most of them is the separation of non-core industries into separate companies and return to the standard vertical chain. Thus, over time, under the influence of external and internal factors, one type of structural transformation of the corporation turns into another (Porter, 1998). Thus, the structure of integrated corporations is being optimized. The analysis of the processes of formation and structural transformation of corporations in the industrial complex has the following sequence:

- study of the conditions for the development of the corporate sector in Ukraine;

- characteristics of the dynamics of the number of joint stock companies and identification of factors influencing it;
 - analysis of organizational and structural changes in joint stock companies and determination of their impact on performance;
 - determination of the share of large joint-stock companies in the formation of the main financial indicators of the industrial region;
- assessment of the impact of organizational and economic development of joint stock companies.

The study allows to identify the following main essential characteristics of organizational and economic development of industrial corporations.

1. Mandatory is a dynamic process of quantitative and / or qualitative changes in the internal structure and system of economic relations (production and economic, socio-economic, innovation and investment, credit and financial) of industrial corporations, the purpose of which is the efficient use of internal resource potential, increasing competitiveness and developing a new ability to adequately respond to changes in the environment.
2. The organizational and economic development of industrial corporations is influenced by such exogenous factors (outside the system) as the spread of new technologies and innovations, changes in consumer qualities, global implementation of communication networks in the organization of corporations, dynamic growth and expansion of industrial corporations in the world economy.
3. Effective implementation of the strategy of planned and managed organizational and economic development of an industrial corporation is possible if two groups of endogenous factors are taken into account (laid down within the system):
 - use of internal reserves through accumulation and expansion of production (intra-corporate integration; concentration of share capital; concentration of own accumulations);
 - use of involved external sources through the implementation of strategies and tactics of mergers and acquisitions (intercorporate integration; diversification of activities; redistribution of risks).
4. Organizational and economic development of industrial corporations is possible under the condition of formation and effective implementation of the appropriate mechanism, which is a system of connections and relations that ensures the transformation and transfer of action from driving forces to internal and external elements of industrial corporations, generating the process of transforming its structure. qualitative and quantitative characteristics of economic activity.
5. The need for organizational and economic development of industrial corporations is due to the instability of the external environment and increased competition on a global scale.

Conclusions

As a result, the study further developed the role of industrial corporations in the formation of innovation and investment model of Ukraine's economy based on research and systematization of global and domestic trends in corporate development, which increases the scientific validity of determining the processes of transformation in material production and improving the system relations between joint-stock companies of basic branches of domestic industry.

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