УДК 388 https://doi.org/10.31713/ve2202320
JEL: F53

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DEVELOPMENT OF INTERNATIONAL BUSINESS IN THE CONTEXT OF GLOBALIZATION CHANGES

The article analyzes the consequences of the financial crisis for international trade as a form of international business. It was determined four main ways to support international trade by the financial sector, which are demonstrating the direct link between them. In particular, the financial sector helps to overcome the period between the need for means of production, transportation, etc. and the payment of such products by the importer; the financial sector provides services that help the exporter to receive payments in the least costly and risky way; financial institutions provide valuable information to investors / to traders; the financial sector provides insurance for certain risks associated with the trading process. In addition, it is determined that the impact of financial crises on international business can be determined indirectly by comparing the dynamics of key indicators of key economies (China, Russia, UK, USA, Germany) and Ukraine as a direct reflection of the solvency of international businesses. Given the following, based on the IMF data, an analysis of GDP at current prices, GDP deflator, gross debt of the general government sector, population, unemployment, total investment, exports and imports of goods and services was conducted. According to the results of the analysis, it was found that the financial crisis had a negative impact on the economic growth of the studied countries: the international image of four of the six studied countries (USA, UK, Russian Federation and Ukraine) decreased. Such trends have a negative impact on the development of international business in these countries. However, it is determined that the only among the studied countries, which in the analyzed period increases the globalization of the economy, thereby expanding the boundaries of their own international business, is China. It has been established that most of the studied countries have suffered significant economic losses, and their post-crisis period continues to this day. In particular, the United States, Germany, and the Russian Federation have seen rising unemployment since 2008, while governments in China, the United Kingdom, and Ukraine have seen their accelerating unemployment growth fall

sharply. This situation against the background of the general global trend of slowing population growth may in the future lead to a reduction in international business due to reduced demand for products and services, on the one hand, and reduced production by reducing labor resources.

After analyzing the consequences of this crisis and drawing conclusions from the analysis, it can confidently be asserted that it had a multifaceted impact on both the financial sector and international business. In addition to the positive factors that international trade, as a manifestation of international business, can generally exert on the financial sector, and vice versa, the results of the conducted analysis of the development indicators of the national economies of the world's leading states and Ukraine have allowed for the identification of real consequences of the 2008 financial crisis.

Keywords: financial crises; international business; international trade; influence; economic indicators.

Problem statement. Financial crises are an integral part of the economic landscape of humanity. They evolve and transform in accordance with the challenges of the present and the development of the global economy. The contemporary global economy is undergoing rapid processes of integration and globalization, commensurate with the scale of the world economy. The swift development of integration and globalization processes in the current era of the global economy significantly amplifies the risks of financial shocks. The global and national economies are increasingly susceptible to fluctuations in financial markets and become more vulnerable to their manifestations. Financial fluctuations and instability spread fairly rapidly to national economies, the majority of which, together with international financial and economic institutions, demonstrate an inability to prevent and effectively counter financial upheavals due to the rapid integration and globalization-driven changes.

Over a span of forty years (from 1970 to 2010), approximately 150 banking crises, 220 currency crises, 70 debt crises, and 220 stock market crises occurred. Prior to 2007, the majority of these crises took place in developing countries. However, in the past decades, developed countries are increasingly falling victim to crises, one of which is ongoing to this day. For Ukraine, this issue is particularly pertinent, as since gaining independence, the country has been in a state of persistent crisis.

Analysis of recent research and publications. The issues of financial crises and their impact on international business have been studied and explored by both domestic and foreign scholars, including L. Kaminska, S. Lizondo, N. Polyak, K. Reinhard, I. Kovzanadze, L. Maurin, A. Drobyazko, N. Sivulsky, M. Toivanen, M. Coase, D. Karim, K. Mulder, O. Baranovsky, A. Bogomolov, A. Vovchak, L. Dmytrishin, V. Kovatenko, A. Korenev, A. Tereshenkov, and F. Davis. Having made significant contributions to the study of the financial crisis problem, particularly in the context of international economic instability, it is necessary to examine the question of the influence of these crises on international business.

Objective setting. The aim of this research is to identify the tangible consequences of the 2008 financial crisis for the economy of Ukraine and leading world states, while uncovering the interplay between the financial sector and international business amidst economic destabilization and the adverse effects on international trade.

Presentation of the main research material. International trade is one of the crucial domains that experience the repercussions of the financial crisis, representing a facet of international business. NBER experts Zihui Ma and Leonard K. [1], in their research, conducted an analysis of the impact of financial crises on international trade. Specifically, the scholars examined 195 crisis episodes in 77 developed countries and 118 developing countries, covering 108 post-war and 87 pre-war periods. Based on the research findings, it was revealed that a similar reduction in global trade occurred after each of these crisis events.

Mostly, the primary assertion concerning the determination of the impact of financial crises on international trade is the limited proposition regarding such influence through exchange rate changes (currency devaluation increases export volume and decreases import volume). The classical theory of international trade demonstrates that devaluation improves the trade balance if the Marshall-Lerner condition is met.

Taking a broader view of the Marshall-Lerner condition [8], which describes the situation in the Ukrainian economy during the post-crisis period, when currency devaluation leads to an increase in import costs and the direction of the change in the balance of payments is undefined. Devaluation of the national currency will improve Ukraine's balance of payments if the sum of the price elasticity of export and import demand in absolute terms is greater than one. The condition is also valid for foreign currency. The uncertainty of trade condition changes lies in the inability to assess the impact of the devaluation of the national currency on both exports and imports, as well as on the country's balance of payments. Under normal price elasticity of supply and demand in the market, prices will rise. The expressed price of imported goods in the national currency increases in any case because the supply of imported goods is perfectly elastic, while demand is not. An increase in import prices, with a certain price elasticity of supply, occurs even more so the less elastic the demand, therefore trade conditions during currency devaluation can improve, remain constant, or deteriorate. However, in the import market, regardless of the magnitude of the price elasticity of demand and supply, we can expect the following trade condition changes during currency devaluation:

Improvement of trade conditions is more pronounced, the larger the absolute value of price elasticity of export and import demand, and the smaller the price elasticity of export and import supply.

There are also other mechanisms influencing the economic situation, namely, financial crises (including currency, banking, and others) that can also impact trade through channels beyond the exchange rate. Drawing on Reinhard's perspective [4], it is indicated that financial crises typically trigger a reversal of capital transactions ("sudden stops") and provoke an economic downturn. Researcher Mendoza [3] noted that in economies with imperfect credit markets, these sudden stops can be equilibrium outcomes.

Indeed, international trade can thrive when essential trade-related financial services are available, and these are existing manifestations of such interconnection.

International open trade and financial systems, while yielding significant economic benefits, are not independent of each other. International trade greatly benefits from a well-developed and functioning financial environment, and vice versa. International trade necessitates the involvement of substantial and weighty services from financial institutions, and if these are unavailable, transaction costs or, more precisely, in the words of Kenneth Arrow, the costs of operating economic systems, substantially rise. It's clear that finance is an integral component of international trade. And trade, above all, generates demand for financial services and institutions, contributing to their development.

It's worth noting that international trade activity is predominantly a part of the investment process. When an entrepreneur invests in products intended for export markets, the aim is to generate profits. The financial sector supports international trade through four main avenues. Firstly, it assists in bridging the gap between the need for production resources, transportation, etc., and the payment for such products by the importer. In essence, the financial sector provides working capital. Banks play the most prominent role in this context by extending loans to investor traders. To do so, they must gather deposits. Banks act as not only intermediaries between depositors and investors but also facilitators of varying temporal preferences of depositors (who often want short-term investments) and borrowers (who often require medium or long-term capital) [5].

Secondly, the financial sector provides services that assist exporters in receiving payments in the least costly and risky manner. Financial institutions ensure a "smooth" cash flow, which can range from simple intra-bank money transfers between two accounts to more complex financial services, such as leasing or currency exchange-related services.

Thirdly, financial institutions provide valuable information to investor traders. They inform their clients about current and future money and capital market conditions, establish business contacts, conduct market research, and assess the creditworthiness of clients and their banks. Fourthly, the financial sector engages in insuring certain risks associated with the trading process. Insurance instruments include cargo and export credit insurance, as well as forward contracts used for hedging against exchange rate fluctuations. Other provisions can insure against non-compliance by the seller and risks associated with changes in government policies. Without these financial instruments, international trade would be significantly more complicated.

The entire path of financial innovation shows that managing extraordinary risks associated with trade often underpinned new financial instruments. Joint-stock companies allowed the spreading of risk from large trading operations among many capital providers. The use of a bill of exchange payments allowed for avoiding the risky transportation of coins for contract settlements. Leading global trade centres also served as vital financial hubs of the world. From Italian cities of the Renaissance era (Venice, Genoa, and Florence) to London, New York, Hong Kong, China, and Singapore today – the most powerful financial markets of any era have also been leading trade hubs for goods and services. By creating conditions for trade prosperity, the financial sector becomes more potent and correspondingly gains, and vice versa [6].

By establishing a direct link with the dynamics of international trade, the impact of financial crises on international business can be determined by employing a comparative approach to the dynamics of key indicators of national economies, which directly reflect the solvency of international business entities and international trade.

Taking into account our previous experience, we can draw the following conclusion based on IMF data, an analysis of indicators such as GDP at current prices, GDP deflator, gross government debt, population size, unemployment rate, total investment volume, export and import volumes of goods and services has been conducted. Such a selection of indicators is justified by the fact that:

GDP indicators are key characteristics of the national economy, its investment attractiveness, and solvency, which significantly enhance the capabilities of national business entities on the international stage. Moreover, while the GDP deflator reflects changes in prices for all produced goods and provided services, GDP at current prices reflects only those goods that are part of the consumer basket. The GDP deflator does not reflect changes in prices for imported goods, as imports are not part of GDP, but imported goods are included in the consumer basket. Therefore, GDP at current prices, which takes these changes into account, was used. Another distinction between these indicators is their weighting (GDP deflator – currently weighted, GDP at current prices – base weighted), allowing for a more detailed analysis of the dynamics of the main characteristics of the country's economy.

Any financial crisis has four main manifestations: banking, currency, debt, and stock market crises. On one hand, the indicator of gross government debt reflects the presence of a financial crisis in the economy, and on the other hand, it serves as a characteristic of the country's investment attractiveness, as it portrays the overall investment climate and shapes the level of trust from the international economic community towards the state.

By examining the indicators of population size and unemployment rate, which are chosen as key characteristics of the consumer market, we analyze the number of consumers, their purchasing power, and the potential for producing goods and services for international trade.

By comparing the indicators of total investment volume, export volumes, and imports of goods and services, we have direct characteristics of international business related to its key manifestations: international trade and foreign direct investment.

With the aim of determining the impact of the financial crisis on international business, an analysis of deviations from the linear trend of these indicators was conducted during the pre-crisis (1997–2008) and post-crisis (2009–2020) periods. By examining the crisis's influence on international business, it is manifested through negative shifts in the development trends of the national economy. The analysis was carried out for key world economies (China, the United Kingdom, the United States, Germany) and Ukraine.

Based on the results of the conducted analysis, it has been determined that the studied countries can be conditionally grouped as follows: 1) countries where the acceleration of the economy after the financial crisis shifted to a growth deceleration (China and the Russian Federation); 2) countries where an economic slowdown began after the financial crisis (Ukraine, the United Kingdom); 3) countries where the trends of economic slowdown shifted to growth after the financial crisis (the United States, Germany).

At the same time, trends in the GDP deflator allow us to draw conclusions that the United Kingdom has not altered its strategy in positioning itself within the international business environment, as the growth rates of the analyzed indicator have hardly changed. For Chinese goods, there is a sharp shift from an accelerated growth trend to a decelerated one. In the context of international competition, Germany, the Russian Federation, and the USA are compelled to compromise on price components in order to meet quality requirements. For Ukrainian goods, slowed cost increase trends are also characteristic during the analyzed period.

Thus, it can be concluded that the financial crisis had a negative impact on the economic growth of the surveyed countries. However, while the anti-crisis measures taken by countries like the United Kingdom, the USA, and Germany appear to be effective, the same cannot be said for the measures of others. Speaking about the international image of these states, based on the trends of growth/reduction rates of the gross debt of the public administration sector, it decreased in four out of the six surveyed countries (USA, United Kingdom, Russian Federation, and Ukraine). Such trends have a detrimental effect on the development of international business for these nations.

At the same time, analyzing the data regarding China's economic development, conclusions can be drawn that it is the only among the surveyed nations that is expanding the scope of economic globalization during the analyzed period, thereby extending the boundaries of its international business. However, comparing the dynamics of trends in the growth of foreign direct investment, it becomes clear that the increase in China's gross debt is driven by the Chinese government's policy of utilizing debt resources to stabilize the economy in the post-crisis period.

The financial crisis impacted investment processes. Investment volumes significantly decreased after 2008, especially in the case of Ukraine.

If before the crisis there was a certain growth in Ukraine's international investment business, then after 2008, its volumes have been steadily decreasing. The 2008 financial crisis practically did not affect foreign direct investment into China, the USA, the United Kingdom, and Germany, indicating a high level of trust in the economies of these countries among international investors and rational state regulation of foreign direct investment issues.

At the same time, for the USA and Germany, there is a noticeable increase in the unemployment rate in the period after 2008, while China, the United Kingdom, and Ukraine shifted from accelerated unemployment growth to sharp declines.

The current situation against the backdrop of the global trend of slowing population growth rates may lead to a reduction in the volume of international business in the future. This could occur due to decreased demand for products and services on one hand, and reduced production volumes due to a decrease in the workforce on the other.

Based on the results of the analysis of trends in the change of growth rates or slowdown of export volumes of goods and services, it can be observed that there is an increasing focus on export orientation among the studied countries. The acceleration of export-oriented trends suggests that the governments of these countries, in order to mitigate the negative consequences of the 2008 financial crisis, have made decisions prioritizing an export-driven economic development strategy.

Significant slowdown is characteristic of the United Kingdom, the United States, and China. Only Germany and Ukraine are rapidly increasing import volumes after 2008. While this trend can be explained for Germany by the virtually non-alternative energy situation and its dependency on other world states not only for consumer needs but also for successful industrial development, for Ukraine, this situation highlights the scale of losses its economy experienced due to the financial crisis. A large number of domestic producers couldn't overcome its consequences. Growing competition against the backdrop of economic globalization, the signing of the Association Agreement with the EU, along with the financial-economic repercussions of the crisis, have increased Ukraine's import dependency. The measures taken by the Ukrainian government in combating this dependency have proven to be relatively ineffective so far.

Conclusions from the conducted research. After analyzing the consequences of this crisis and drawing conclusions from the analysis, it can confidently be asserted that it had a multifaceted impact on both the financial sector and international business. Apart from the positive factors that international trade, as a manifestation of international business, can contribute to the financial sector, and vice versa, the results of the analysis of the indicators of the development of the national economies of the world's leading countries and Ukraine allowed us to identify the real consequences of the 2008 financial crisis. It was found that most of the researched countries experienced significant economic losses during the post-crisis period, which continues to this day. The substantial economic disruptions undoubtedly found support from the governments of states that are unwaveringly striving to reflect the trends in international business development, improve the post-crisis state, and demonstrated the ability and genuine aspirations of governments to make certain changes to improve the economic situation, create an attractive investment environment, prioritize export-oriented economic development strategies, position themselves on the international stage, and enhance their reputation in the eyes of the global community. This reputation serves as capital that enables advancing international interests on the global stage.

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РОЗВИТОК МІЖНАРОДНОГО БІЗНЕСУ В УМОВАХ ГЛОБАЛІЗАЦІЙНИХ ЗМІН

У статті проведено аналіз наслідків фінансової кризи для міжнародної торгівлі як однієї з форм міжнародного бізнесу. Виділено чотири основних способи підтримки міжнародної торгівлі фінансовим

секторoм, які демонструють прямий зв'язок між ними. Визначено, що вплив фінансових криз на міжнародний бізнес можна визначити опосередковано шляхом порівняння динаміки основних показників ключових економік світу (Китай, Велика Британія, США, Німеччина) та України як безпосереднього відображення платоспроможності суб'єктів міжнародного бізнесу. З огляду на це, на основі даних МВФ було проведено аналіз показників ВВП у поточних цінах, дефлятора ВВП, валового боргу сектору державного управління, чисельності населення, рівня безробіття, загального обсягу інвестицій, обсягу експорту та обсягів імпорту товарів та послуг. За результатами проведеного аналізу встановлено, що фінансова криза негативно вплинула на зростання економіки досліджуваних держав: міжнародний імідж чотирьох досліджуваних країн (США, Німеччина, Велика Британія, Китай та Україна) знизився. Такі тенденції негативно відображуються на розвитку міжнародного бізнесу цих держав. Установлено, що більшість із досліджуваних країн зазнала значних утрат економіки, їхній посткризовий період триває й донині.

Проаналізувавши наслідки кризи та зробивши висновки з аналізу, можна сміливо стверджувати, що вона мала різнобічний вплив на фінансовий сектор та міжнародний бізнес. Окрім позитивних чинників, які у цілому може чинити міжнародна торгівля як прояв міжнародного бізнесу на фінансовий сектор, та навпаки, результати проведеного аналізу показників розвитку національної економіки провідних держав світу та України дали змогу виділити реальні наслідки фінансової кризи 2008 р.

Ключові слова: фінансові кризи; міжнародний бізнес; міжнародна торгівля; вплив; показники економіки.

Отримано: 25 травня 2023 року
Прорецензовано: 30 травня 2023 року
Прийнято до друку: 23 червня 2023 року