

## ПРОБЛЕМА ІДЕНТИФІКАЦІЇ ІНТЕГРОВАНИХ СТРУКТУР У КОНКУРЕНТНОМУ СЕРЕДОВИЩІ

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Розглянуто підходи до визначення теоретичного змісту інтегрованих структур, мету, завдання та економічну роль функціонування інтегрованих структур у системі національного господарства України. Подано характеристику активів інтегрованих структур, їх питому вагу в різних галузях. Визначено напрями їх функціонування в умовах глобалізації та загострення конкурентної боротьби, основні критерії їх класифікації та види інтегрованих підприємств.

**Ключові слова:** партнерські відносини, інтегровані структури, кооперація, конкуренція, глобалізація, синергетичний ефект, конкурентне середовище.

## THE PROBLEMS OF IDENTIFICATION OF INTEGRATED STRUCTURES IN A COMPETITIVE ENVIRONMENT

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The approaches to determining the theoretical content of the integrated structures are considered. In this article the aim, objectives and role functioning economic structures integrated in the national economy of Ukraine are considered. The characteristic of the assets of the integrated structures, their share in various fields is showed. Directions of their functioning in the context of globalization and increased competition are determined. The main criteria for their classification and types of integrated companies are defined.

**Key words:** partnerships, integrated structure, cooperation, competition, globalization, a synergistic effect, competitive environment.

**Problem formulation.** With the development of globalization and increasing competition in the market relations in the entities is necessary to adapt to the unstable, ever-changing business environment. Changing the type and style of competition, which at the current stage provides no accumulation of the resource base, and its rational and efficient use, the need to adhere to the principles of environmental and social responsibility in business, the priority of creating social impact on profit maximization – all led to the emergence of new market structures that in scientific literature is defined as integrated.

**Analysis of current research outputs and publications.** The problems of formation and development of integrated structures were engaged by such scientists as I. Alekseev, M. Kizim, T. Pasichnyk, Y. Pappé, L. Chepurda and others who have made a significant contribution to the clarification of the content of the integrated economic entities, the functioning, their benefits and disadvantages others. However, there are a number issues that need some clarification and refinement, in particular problems of integrated structures, modern forms of expression, the factors that positively or negatively impact on spread of similar organizations in different countries.

The concept of “integrated structure” T. Pasichnyk [1, p. 123] interpreted as a set of economic agents (entities doing business), which are inherent in property and production relations. In his interpretation the scientist includes integrated structures only to business entities without the cooperation of non-governmental or academic institutions. Scientist M. Kizim [2, p. 4] treats the concept as a highly complex system, which is formed from the heterogeneous composition of subsystems for different types of relationships between them, the trajectory of behavior which is probabilistic in nature. Its definition is no need to emphasize the strategic direction of integrated business structures that exactly offset by levels of probability. L. Chepurda and others [3, p. 104] explains how an integrated structure having two or more parties, each of which is unique to him characteristics; between the parties, there are certain relationships through which they influence each other; integrated structure exists in time and space, it means that its structure can be defined in a particular time; integrated structure has finite boundaries and environment. This is the most complete characterization of which, unfortunately, is focused on a static perception of integrated structures and does not reflect the dynamics of the integration process. In addition, the achievement of common goals as an incentive for integration not always leads to a state of mutual influence. I. Alekseev [4, p. 9] treats the concept as a form of management that can be combined into one concept of variety in its industrial and economic sense, legal form, scale production and business activities and other features grouping enterprises and their associations with institutions and organizations other areas of economic activity. Scientists predict the presence of legally binding relations between participants of integrity that cannot be considered as integrated structures of enterprises, strategic partnerships such as alliances or cluster network structure. According to the definition of Y. Pappé [5] integrated structure – a set of organizations (at least some of which are commercial), between which there are regular relationships are closer than just market (in some significant economic and managerial aspects of permanent or occasionally performs as a whole), and there is a center key decisions (central element), mandatory for all agents of the whole. The definition is designated by necessary to have regular communication that does not contain the mandatory criterion of efficiency, a manifestation of which may be particularly synergy.

Analyzing the definitions, we can conclude that almost all researchers focus on the emergence of ties between members of structure which should lead to the emergence of a synergistic effect. However, it should be noted that, despite the natural need for synergy emphasis on it is almost done. Another significant aspect in determining the integrated structures is disagreement of formation or not formation a separate legal entity.

**Article objectives.** The aim of the article is to analyze the problems of identification of integrated structures in the national economy of Ukraine in the context of globalization and increased competition.

**Presentation of main materials.** There are four types of integration: horizontal, vertical, diagonal and combined.

Horizontal integration – in microeconomics and strategic management, the term describes a type of ownership and control. Horizontal integration occurs when one firm takes control or absorbs another company that is in the same industry and the same level of production, and that the absorbing company.

Vertical integration is the degree of ownership in microeconomics one holding, infrastructure, business processes, technologies, competencies, etc., in the process chain of production of goods or services. Vertically integrated holdings are controlled by a common owner. Typically, each holding company produces a different product or service to meet the general needs.

There are two types of vertical integration:

Unlike horizontal integration, where there is a consolidation of several companies producing the same goods or services, vertical integration is aimed at capturing one company several stages of production of goods or services – for example, the production of raw materials, actual production of goods or services, transportation to the place of implementation, marketing and retail sales.

### **1. Vertical integration down**

Company provides vertical integration down, if it wants to gain control over the companies that produce the raw materials needed to produce the goods or services of the company. For example, automakers can own tire manufacturing company, for the production of automotive glass and automobile

chassis. Control over such companies provides stability of supply, quality and price of the final product. Apart from that it can increase the vertically integrated holding its own volume of surplus value.

## **2. Vertical integration up**

Company provides vertical integration up, if it wants to gain control over the companies that produce goods or services that are closer to the end point of the implementation of a product or service to the customer (or even subsequent service or repair).

Diagonal integration – is an association of companies that are at different stages of the production cycle and the vertical produce parallel products. This integration is due to the ability to influence what interests the company indirectly through its related companies, including the ability to put pressure on competitors, customers or suppliers.

The combined integration runs along the production process and in its parallel branches and conditioned to minimize transaction costs and portfolio management total range [6].

The most commonly encountered form of the following associations:

Association by interests – a formal agreement uniting the interests of two or more enterprises to achieve a common goal without losing independent legal form of association with the same interests advocating “agreement on joint cooperation”.

Association by interests, tend to occur at the horizontal level, there is no relationship of subordination combining capital, interest organizations in general economic activity can be: coordination of production programs; increasing serial production; sharing of patents, industrial wastes; inform each other about the economic situations, etc.

The purpose of association by interests – increasing profitability of organizations through joint implementation of the tasks previously performed separately (research, development, rationalization, etc.)

Association to do the job – the union legally and economically independent organizations with a view to the joint implementation of a specific task, the implementation of one or a limited number of production agreements or agreements supplies.

This form of integration is most often produced in industrial construction to fulfill large orders, individual research projects and development. One of the reasons for their creation is the desire to share the risks of economic activity.

Here are the forms of integrated structures.

Consortium is a temporary union organization on a contractual basis for the implementation of a specific task that requires substantial resources, after which it is dissolved.

Historically, the consortium is one of the splice forms of banking and industrial capital most often formed a consortium of banks for joint large financial transactions, gain total financial strength and risk sharing partners.

In industry consortia are created for the joint implementation of large-scale projects. Consortium, as a rule, has total capital and does not create joint ventures. Property provided by participants managed, as a rule, on the basis of trust. Consortia often arise in the new science and capital intensive industries or sectors at the junction.

In consortium organizations retain their independence, obeying the overall management of the contract only.

Cartel – an association of independent organizations, involves the coordination of marketing activities of participants and individual elements of business planning on a contractual basis. Actually, it is the market-sharing agreement in the regulation of prices and conditions of sale of the goods and services.

The main purpose of the cartel is providing its members a dominant position in the market through the elimination or restriction of competition between them.

At the core of cartel lies the agreement, establishing mandatory for all participant rules: condition of commercial transactions, labor recruitment, production and marketing of products, prices, etc.

Cartel agreement usually contains a variety of quantitative restrictions, the nature and composition of which is determined by the objectives of the cartel: the quota limits on loans, exports, the share of the total capital, etc. Exceeded quotas participants usually entails penalties shortfall – encouraged bonus.

Depending on the degree of autonomy and economic freedom provided by members of the cartel agreement, cartels distinguish lower and higher order.

First directly regulate only the conditions for marketing and business participants, not directly touching the processes of production and marketing.

Second directly regulate prices, view and volumes of produced products cartel members, the rationalization of production, the use of patents, forms and processes of marketing.

Syndicate – shaky form of association, centralizes structure promoting products and services to markets, sales management, marketing plans in an increasingly competitive environment

Syndication subjects while retaining its legal and industrial independence, losing in the syndicate commercial product sales of all its members, as well as procurement of material resources in proportion to quotas into a single entity – with sales office. In pure form, this form of integration is now almost never used, although its main features are often found in disposable form alliances for intervention in order to capture market niches [7].

Concern – union organizations with limited autonomy, common core property and the supervisory authority; the concern is usually included a financial institution, but it plays a subordinate role.

Concern may arise on the basis of relations of dependence or association as equal partner organizations under a single leadership. Into practice developed two approaches to the formation of the group: the so-called contractual concern, based on the transaction on the recognition of one of the main organizations; real concern, based on the actual domination of capital of a member of the association.

Concern can be created as a result of the horizontal and vertical union organizations with a strong industrial core.

Targets of horizontal concern are such as cartel – achieving dominant positions in the market, eliminating competition between its members, independent of price policy

Vertical concern – union organizations engaged in successive stages (stages) the production or marketing of products [8].

Concerns may also have irregular organization and near horizontal and vertical links combine various industries, stages of production or distribution of products.

One form of integration close to the concern is trust. Its members also lose all industrial and commercial independence and obey unified management.

Education of trust is effected by the controlling shareholder of the formerly independent organizations or confidential transactions in the so-called confidential advice. Shareholders receive a certificate that entitles to dividends, but not the right to vote.

Total income of the trust is distributed in accordance with the equity participation of previously independent parties.

This form of association through excessive centralization and limitations on autonomy participants found no spread in modern conditions. In addition, the distribution of profits of the trust according to the equity participation of its members does not allow for centralized investment. In this regard, the stable form, implement the process of centralization of capital is not completed in the trust became the holding company (group of companies).

Differences between associations as cartel, syndicate and trust are especially in property relations: in the cartel and syndicate – generally different owners; in the trust – one legal entity.

Further concentration of production and capital leads to associations of an international character, such as transnational corporations (TNCs).

TNCs is a concern that operates on a number of national markets TNCs not only sell their products in many foreign markets, but there stirred its production capacity and this allows you to use these or other benefits of economies of different states (resources, labor, tax laws, etc. etc.) in the interests of transnational corporations, to actively pursue expansion into new markets.

Industrial and Financial Group (IFG) – association of legally independent interconnected by capital organizations, includes specialized financial institutions that are fully or partially pooling their tangible and intangible assets on a contract basis to address common problems.

Declared goals – technological or economic integration for investment or other projects and programs aimed at improving the competitiveness and expansion of markets for goods and services, increasing the efficiency of production, creation of new jobs.

General regularities of IFG: extensive development of trust relationships within the group; purposeful concentration of ownership, including through cross-shareholdings; long-term prospects and

investment property on the basis of a high level of expertise of the projects; a high degree of managerial autonomy and competition group members in the implementation of projects; selective intervention of major shareholders to resolve the big problems; joint implementation of product marketing functions in a tough competition, vertically integrated groups.

The purpose of the business groups is the desire to effectively influence the market by controlling production and distribution cycle from a single center. For business groups characterized by the predominance of vertical integration, while for IFG is more typical horizontal structure. It is formed between members of the group developing the economic and financial interdependence, sharing and coordination of work.

Analysis of the practice of creating IFG provides a basis for identifying factors that influence which causes formation of integrated corporate structures important among them: the development of financial capital; technological factors; market factors; management factors.

Holding company is a system of commercial organizations, which includes the management company, which owns controlling stakes and / or shares of subsidiaries and affiliated companies. The Management Company may perform not only management, but also the production functions. Feature activities of holding companies are to establish the optimal ratio of centralized management and freedom of action of the enterprises, spheres of influence, the boundaries of intervention and interference in each other's activities. Holding company today are the champions of the interests not only of shareholders and their subsidiaries, but also suppliers and consumers, all subjects interaction.

By forms of production integration holdings are:

1) horizontal holdings – the union uniform businesses (energy, distribution, telecommunications, etc.). They are, in fact, affiliated structure, which controls the head (parent) company.

2) vertical holdings – associations of enterprises in the same production chain (raw material extraction, processing, production of consumer products, sales).

3) diversified holdings – associations of enterprises not directly related to any trade or industrial relations.

One form of business combination of large and small business is franchise business. Entrepreneurship in such a structure is built on the basis of agreements between the franchisor (a large organization) and its network of small firms: a large organization delivers the goods, services, promotional products, business management technology – small firms undertake to carry out the implementation goods (services) the franchisor, marketing, management in a coherent territory in respect of certain product brands, invest in the parent company of its profits.

Such an organization is effective for firms producing products for which demand is dependent on consumer preferences, trademark popularity, prices. Franchise association gives good results as a tool for coordinating the activities of small firms. Large business requires more sophisticated forms of associations.

Strategic alliances are called cooperation agreements between firms that go beyond conventional debt transactions, but do not bring the case to the merger. Strategic alliances can help firms in industries with global competition to strengthen its position without losing independence.

Alliance involves joint research, technology transfer, joint use of production capacity to market products to each other or to join efforts in the production of components and assembly.

Companies enter into alliances with several strategic considerations. The three most important of them achieve economies of scale and / or marketing of filling deficiencies in knowledge of technology and production, as well as gain access to the market. By joining forces in the production of components, the preparation and promotion of their products, companies can realize that the cost reduction cannot be achieved in their own small production volumes. Allies can learn a lot from each other, making collaborative research, sharing of know-how and manufacturing processes by studying each other.

However alliances have their drawbacks. Effective coordination between independent companies, which have different motivations and possibly conflicting objectives is a challenging task that requires numerous meetings, a lot of people to determine that it is necessary to divide that leave in their property and in what form the agreement will operate. Allies may have also overcome language and cultural barriers. Costs of time it takes to managers of firms in meeting mutual trust, coordination, great.

Pole – a form of business combination, when accumulated profits of all participants in a single fund and then distributed among them in preset proportions.

By pooling features include: the temporary nature of associations; accordance to the agreement, participants divide the total costs and profits [9].

This organizational form of integration is the monopolies. In world practice, there are various types of pools, which gives an idea of the areas of activity: shopping pole – an agreement between the two companies more for keeping in warehouses until a certain moment a certain number of products to create situational deficit and then selling these goods at higher prices; exchange pole, when a union funds in order to increase or decrease the prices of shares on the stock market and speculation on the difference in rates; patent pole – a common agreement on the use of a particular patent; members of the association receive income when joining the patent pool other patents, as well as profit sharing patent.

Association is defined in law as a contractual union created for the purpose of permanent coordination. Note that the association is a voluntary union of businesses and individuals to achieve a common economic, scientific, cultural or any other non-commercial purposes.

If the decision of the association members charged with doing business, this association needs to be turned into a business partnership.

Association has gained distribution as one of the leading types of unions. This is due to the universal nature of the implementation of joint activities. Association sets itself apart from the group and a small degree of centralization of the corporation, from the consortium – latitude areas of businesses and organizations that make up its membership.

Control of the association can be carried out by a specially created body and the main entity in consultation with its members. Thus the governing body of the association established largely becoming informational and coordination center. It provides coordinated activities for certain types and areas of work.

Association members retain their legal independence and can combine their activities in her participation in associations and other business associations.

Corporation – a contractual union of companies and organizations that are based on a combination of industrial, scientific and commercial interests, with the delegation of certain powers of centralized control of each of its members.

Corporation stands degree of centralization of certain functions. Delegate certain powers to a centralized implementation of the corporation opposed to full centralization. This means that the performance of a function of a corporation provides for non-participation and non-interference in other areas of industrial and commercial activities of its members. This may be the organization of finished products businesses and bringing it to the consumer, logistics major raw materials or critical components parts and components, supply of technological equipment and technical services, and so on.

The purpose of forming a corporation is the consolidation of the economic activities of enterprises, coordination of efforts in solving complex technical, financial, socio-economic issues, the protection of common interests, cooperation in production and so on.

Business corporations based on the principles of voluntary and unhindered entry out of it, equality of its members, self-financing, transparency and completeness. There are two kinds of functions: industrial and commercial activities and management of the affairs of the corporation within the scope of its authority. The company has a complete production and economic independence and can perform any type of business and commercial activities not prohibited by law.

Cluster – is a branch, regional and voluntary association of business organizations who work closely with academic (educational) institutions, NGOs and local authorities to improve the competitiveness of its products and promote economic development.

Cluster is not limited to any one sector, and addresses several related industries, representing a form of organization of interacting and interdependent enterprises, which gives opportunities for enhancing the competitiveness of the regional economy, and is also an important criterion for assessing the development of an economic system or one or a region [10].

Causes of clusters directly related to the determinants of national advantage and are a manifestation of their systematic. One competitive industry helps to create another in the process of strengthening mutual relations. This area is often the most demanding buyer of goods and services on which it depends. Its presence in the country is an important determinant of growth, competitiveness supply industry.

**Conclusions and further research prospects.** Thus, the active emergence and development of integrated structures is not just another effective way of adapting to the changing market conditions, and the whole philosophy and effective strategy for businesses seeking to remain as long as market relations and thus strengthen its competitive position. The integrated structure with a rich historical heritage and was a long process of its formation, which in turn allows to select a group of the main factors that contributed to the emergence of large-scale phenomena. Identification and classification of concepts such partnership formations contributed to a deeper analysis of their essential content, as well as provision out both positive and negative features of this economic phenomenon. Integrated structures were promising field of activity for those who understand all the benefits of the partnership that has emerged as a flexible response to the rather excessive demands of now days.

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