

References

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*Scientific supervisor: Maksymovych G.O.,
Senior Lecturer*

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Bilyk A.V.

National Aviation University, Kyiv

TNC IN THE CONDITIONS OF GLOBALIZATION

One of the most relevant processes that determines the trends of the modern world community is globalization, which penetrates into all spheres of society from TNC to the person on which the political and economic integration processes in the world depend.

At the present stage, the development of globalization consists in expanding and complicating the interconnections and interdependence of both people and states, which is expressed in the formation of the planetary information system, the world capital market, goods and labor, and so on. The prevailing system of global society has led to the need to coordinate all processes of social activity at the global level: the global economy, ecology, the political structure of the world community, human rights and the sovereignty of national states.

Globalization is an all-encompassing and irreversible process. Economies of the countries of the world year after year form a single state-owned economic system. As a result, multidirectional ties between national economies and the world economy arise, their deep interdependence and interconnectivity. The development of economies in each of the countries leads to increasing trends in the functioning of the world economy as a whole. The effect of the globalization process is manifested in the transition of the world economy to a new level of quality, the manifestation of which is the development and operation of transnational corporations.

The globalization of economic life is characterized by a sharp increase in the number and growth of the role of transnational corporations in the global economy. It follows that the processes of transnationalization of production and capital, the expression of which have become multinational corporations, is the basis and the driving force of the modern globalization of the world economy. At the same time, globalization leads to the emergence of economic interdependence of states, resulting in a gradual destruction of national economic state sovereignty and the extinction of new supranational economic entities – global corporations – transnational administrative structures.

Modern multinational companies pay little attention to national borders and do not feel favored by certain governments. They are global in scale, because they produce products, sell them and draw financial resources wherever and whenever they want it, but it is best suited to their long-term strategic plans. They are capable of mobilizing

capital from any developed market, and they are driving them to this desire to minimize costs and maximize profits.

In the last decade and a half, global TNCs have emerged and established with the following distinctive features:

- Planetary vision of markets and competition on a global scale; the section of world markets with a few of the same global TNCs;
- Coordination of the activities of its affiliates on the basis of new information technologies;
- Flexible organization of each individual production site;
- Adaptability of TNC structures;
- The same organization of accounting and auditing;
- The merger of branches, factories, joint ventures into a single management network, which in turn is integrated with other networks of TNCs;
- Predominant participation in high-tech industries;
- Ensuring high profitability by timely changing the geographical distribution and sector structure of the integrated business-scale TNCs;
- Integration of global companies in the form of so-called strategic agreements or alliances.

Globalization now covers virtually all areas of global society. It has made irreversible changes in the functioning of the world economy, has created new conditions for the interaction of states and business. A unique product of globalization is TNCs. They form the system of international integrated production, which allows them to combine the benefits of comparative advantages of individual countries and regions with specific advantages associated with its international activities.

*Scientific supervisor: Anpilohova T.V.,
Senior Lecturer*

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Bohomol K.S.

National Aviation University, Kyiv

HOW CORRUPTION AFFECTS ECONOMIC DEVELOPMENT

Corruption as an economic item implied the abuse of power in the money form or authority to achieve a special aims with illegal, dishonest or unfair methods.

According to the World Bank, in the states with low corruption level the average profit per year is three times bigger comparing with the high corruption countries.

Rarely businessmen using their authority and wealth to bribe government officials can manipulate the position on the market. It helps them to become monopolists and do not to compete against other manufactures. Such business owners tend to determine their prices high and they are not forced to make the quality of goods or services better. So, the corruption causes artificially high prices for low quality products and services in the market.

In the best practice, companies choose their suppliers via tender, which serve as mechanisms to select the suppliers offering the best combination of price and quality.