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THE PROCESS OF FORMING INTEGRATED BUSINESS STRUCTURES USING METHODS AND TECHNOLOGIES

Statement of the problem. The processes of globalization, informatization of society, increasing dynamism of the business environment and other integration processes in Ukraine are becoming the basis for the introduction of a new model of economic development of the national economy. In addition, today, in the context of war and political instability, the conditions for competition are becoming more complicated, and additional barriers to the entry of national producers into the world market are being created. One of the ways to solve these problems is to expand integration processes and the emergence of business associations. An important reason for the emergence of such structures in the real sector of the Ukrainian economy is the creation of favorable conditions for doing business, the possibility of strengthening competitive positions and control over the market situation. Under such conditions, the need to study the dominant methods and technologies of integration, which are embodied in the informatization of all processes within integration entities, organization and substantiation of an effective organizational and legal form of integrated business structures, and improvement of management efficiency and performance of integration structures, is becoming more relevant.

Analysis of recent scientific research. The problem of methods and technologies for the formation of integrated business structures has recently been the subject of attention of many specialists. These issues have been studied by such well-known domestic researchers as V. Belozubenko [1], M. Belousenko [2], L. Ganushchak-Efimenko [3], Y. Ivanov [6], O. Nifantova [7], A. Pylypenko [8], V. Prokhorova [11], K. Smirnova [12], Y. Usenko [13], Z. Shatska [14], and others, as well as by foreign scholars M. Benner [17], M. Delgado [18], M. Portern [16], S. Stem [18], and others.

The purpose of the article is to define the methods and technologies for the formation of integrated business structures, which are a prerequisite for the strategic management of integrated business structures.

Summary of the main research material. Economic integration of enterprises in modern conditions is conditioned by the formation of financial and industrial capital. It is an integrated form of industrial, financial and intellectual capital. It has an internal structure of interaction, which allows for the most efficient consolidation of investment resources for further development and improvement of the management and production process. The integration of industrial, financial and intellectual capital is based on the concentration of production, which, together with specialization, cooperation, combination and diversification, determines the integration of enterprises and is the basis for obtaining a synergistic effect when using different methods and technologies in market conditions.

A method is a tool for achieving the goal and objectives of a study, which shows how to conduct a study and draw reasonable conclusions and proposals based on the results.

Technologies are procedures that should ensure that indicators are linked to introducing new equipment, technology, and improved production and labor organization. It is technology that should ensure the use of market instruments in order to make timely adjustments to the plans developed, etc.

Integration of corporate structures can be carried out in the following main ways: financial (concentration of capital), organizational (concentration of production), managerial (creation of a particular system of participation/management), and methods of coverage (creation of certain territorial entities).



The creation of corporate structures by financial means means financial acquisition or control of individual business entities by purchasing the capital of another company, purchasing all net assets of another company, recognizing liabilities of another company, purchasing part of the assets of another company, which together form one or more types of business.

Moreover, the rigidity of the formation (strength of property relations) is determined in complex integrated business structures when all their participants are owned by the owners or the parent company by more than 75% (qualified majority) or an agreement is concluded between the enterprises, which allows the parent company to impose decisions on the subsidiary; in soft (vague) integrated business structures, when the integrated ownership includes controlling stakes in the participating companies and large stakes that allow for decision-making influence (they may not reach 50%, but in Ukraine they usually do).

Integrated business structures are a set of heterogeneous economic agents, each of which has its characteristics, between which there are significant and regular interconnections that cause mutually determined influence on each other [11].

The creation of corporate structures by organization means the organization of interaction between structural elements; by managerial means, it means the formation of a particular system of participation in the management of individual business units in a joint business. This process can be carried out in various ways: through successive mergers or gaining control over companies united by the same type of business, merger of enterprises of the same technological cycle, through successive creation of enterprises and their subsequent merger into an integrated structure; through the merger of integrated structures rather than separate organizations; through "division" of large companies in the course of their restructuring.

Management is structured as follows: either integrated business structures have a management company, or operational management is carried out by a constantly active management body, or, depending on the type of organizational structure (linear, divisional, matrix, conglomerate), specific management methods are used (people, process, indicator, project management). Given the existing degree of management rigidity, there is a corresponding degree of consolidation: consolidation at a level sufficient to ensure the effectiveness of the management process or formal consolidation. Therefore, a different system of participation of individual members is envisaged: pure holding (performance of control and financial functions); mixed holding (in addition to the pure holding system, the participation of the governing body in operational management is envisaged); contractual integration (within the provisions of institutional theory).

The creation of corporate structures by territorial means means the organization of integrated business structures of the following types: transnational integrated business structures, national integrated business structures, regional integrated business structures, cluster formations, and corporate enterprises. Depending on the level of activity of integrated business structures (macro-, meso-, micro-level), these structures have different levels of connection with the state: state-owned integrated corporate structures based on the transfer of state ownership to a new legal entity based on the transfer of state ownership to an existing legal entity; with a significant share of state ownership; created to implement a specific state project; with a small share of state ownership. To establish the balance of power and the balance of power between individual market agents, incentives of different strengths are acceptable: a contract that can be considered as an agreement on the transfer or protection of property rights [15]; the establishment of a legally limited institutional framework [8].

Depending on the intensity of interaction between the integration entities, one of three types of contracting can be used: classical, neoclassical, and one of the options for integration control: through full ownership or a system of agreements. Such relationships can be viewed as a set of complete short-term exchange contracts, and integration subjects as long-term incomplete contracts concluded between owners of capital assets and labour [2, p. 56]. The combination of contracting options and members' autonomy level creates hybrid structures.

Due to the objective difference in the level of development of individual business entities, differences in their economic potentials and subjective obstacles and contradictions in the integration process, inconsistencies in economic interests, and different visions of the integration result, it is necessary to choose the criteria for integration reasonably [1, p. 85]. Some authors (L. Ganushak-Jefimenko, I. Kobernik) see strategic advantages of vertical integration mainly in the growth of production of goods and services [3]. V. Prokhorova and Z. Shatska reduce such criteria to determining the scale, results, financing sources and integration decision timing [11; 15].

Taking into account the contradictions and incentives for the initialization of the integration process identified by us and presented in [10, p. 346], the authors offer their own vision of the preferred methods and technologies for the formation of integrated business structures, which is reduced to a combination of the features presented in Fig. 1 features (depending on the context of consideration of integrated business structures and the set management task).

This approach provides flexibility in the use of the main methods of forming integrated business structures. The solution to the problem of finding the most adequate form of building integrated business structures to the

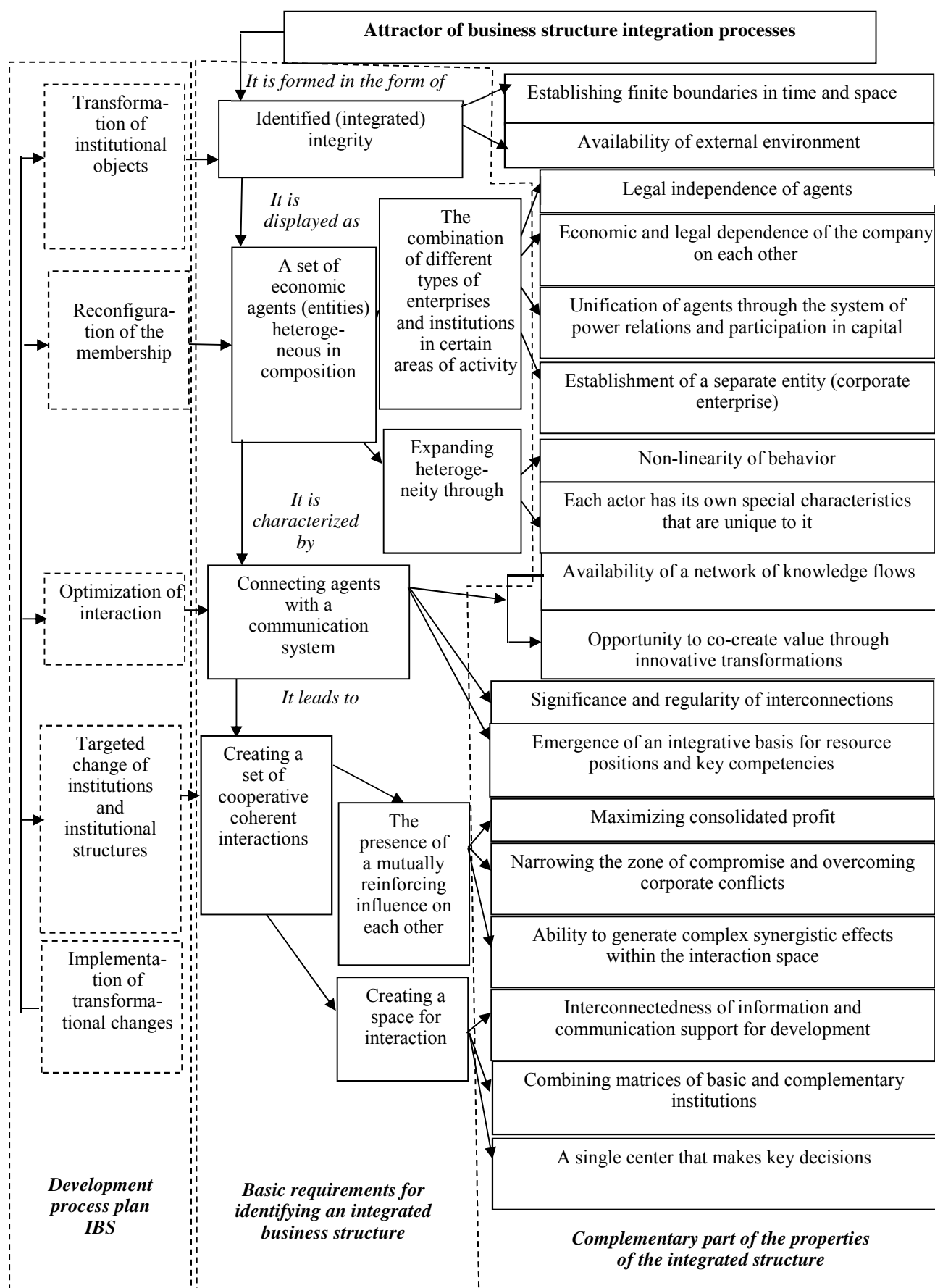


Fig. 1. Preferred methods and technologies for the formation of integrated business structures
(developed on the basis of [10])

current structural changes in the economy requires a comparative analysis of its reflection in different paradigms and concepts of integration to determine the main incentives for initiating the integration procedure; determining the potential contribution of integration processes to improving the efficiency of business activities of the integrating entities.

One of the main ways of integrating corporate structures is organizational, with the most common types of organization being horizontal and vertical integration, as well as financial, which allows structuring ownership relations within the formed integrated structures. Depending on the chosen type of integrated business structures and the option of structuring ownership relations, a certain management technology is chosen [9].

Most scholars consider the following to be the main management technologies suitable for use directly in integrated structures: strategies of integrated business structures of individual structural units as an action plan for achieving strategic goals; a system of balanced parameters as a quantitative expression of the strategy, monitoring its implementation; the type of management of integrated business structures as a way to control and achieve financial goals of the business; organizational structure as a means of distributing functions, responsibilities and determining the degree of responsibility of the parent company (corporate or financial center) and members of integrated business structures; a budgeting system as a tool for strategic planning, monitoring and controlling the implementation of key strategic and operational business indicators; development of corporate standards and management accounting for their compliance as a way to ensure transparency, efficiency, and reliability of information; transfer pricing system as a tool for fair distribution of consolidated value and assessment of the efficiency of divisions, as well as motivation of their managers [11].

The spread of a mixed ownership structure in national integrated business structures is reflected in the concentration of controlling stakes in major production structures (fundamental and financial sectors) in a few legal entities. Such chains of intermediary firms of any length and complexity usually have a single owner or a group of owners, and are managed by a specially created management company. Legislative uncertainty,

shadowy sources of initial capital, and high tax burden explain the variability of ownership rights, which ensures their flexibility and opacity for an external observer (as opposed to classical holdings or mutual participation models) [8].

Conclusions. The study shows that holding-type structures prevail among the possible forms of formation of integrated business structures in Ukraine. The integration of corporate structures can also be carried out through financial means, such as capital concentration (capitalisation) or initial public offering. The capital formation process aims to accumulate sufficient financial support to implement strategic decisions to create integrated business structures. Proper structuring of capital formation sources is also necessary to implement such complex decisions.

Integration of corporate structures can also be carried out in two financial ways: through capital concentration (capitalisation) or initial public offering (IPO), which have a number of advantages: 1) IPO can be seen as a form of debt-free and interest-free financing; 2) increase in the market value of the company after the IPO; 3) diversification of risks; 4) increase in the volume of possible investments [6].

The integration of corporate structures can be carried out not only by financial, organisational and managerial means but also by creating certain territorial entities. The identification of sources of capital formation reflects a review of the system of integration constraints, the composition of members of integrated business structures and institutional norms.

Thus, optimising the organisational structure of integrated business structures allows for the co-organisation of many independent and autonomous systems of activity by ensuring regular reproduction of the forms and properties of the whole and optimising the interaction of processes. Focusing on the technologies of co-organisation and the combination of knowledge within an integration entity allows for solving the problem of balancing centralisation and decentralisation of the integration process management. Implementing this approach requires developing criteria for possible structuring options and determining the composition of work within the framework of optimising the organisational structure of integrated business structures.

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Пілецька С., Мягких І. Процес формування інтегрованих бізнес-структур з використанням методів і технологій

У статті аналізуються умови розвитку інтеграційних процесів, методи та технології формування інтегрованих бізнес-структур, а також їхні переваги й недоліки. Основна увага приділяється структурним змінам в економіці та формам побудови інтегрованих бізнес-структур, які вимагають порівняльного аналізу в різних парадигмах і концепціях інтеграції. Це допомагає визначити основні стимули інтеграційних процедур і оцінити внесок інтеграційних процесів у підвищення ефективності бізнес-діяльності об'єктів, що інтегруються. Орієнтація організаційної структури інтегрованих бізнес-структур сприяє координації багатьох незалежних систем діяльності, забезпечуючи регулярне відтворення форм і організації взаємодії процесів. Водночас акцент на технології співорганізації допомагає вирішити питання управління інтеграційним процесом.

Ключові слова: глобалізація, інтеграція, методи, технології, корпоративні структури, інтегровані бізнес-структури.

Piletska S., Miahkykh I. The Process of Forming Integrated Business Structures Using Methods and Technologies

This article presents an analysis of the conditions that facilitate the development of integration processes, methods and technologies for the formation of integrated business structures. In addition, it considers the advantages and disadvantages associated with these processes, methods and technologies. The analysis is centred on structural changes in the economy and forms of integrated business structures, which require a comparative analysis across different paradigms and concepts of integration. This enables the critical incentives for integration procedures to be identified and the contribution of integration processes to improving the efficiency of the business activities of integrated entities to be evaluated. The orientation of the organisational structure of integrated business entities facilitates the coordination of numerous independent activity systems, ensuring the regular reproduction of forms and the organisation of process interaction. Concurrently, the emphasis on co-organisation technologies helps resolve issues related to the management of the integration process.

Keywords: globalisation, integration, methods, technologies, corporate structures, integrated business structures.

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