MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY

School of Management and Business
Department of International Economic Relations, Business & Management

Bachelor's Qualification Work

The influence of globalization on emerging markets and economic development

(based on the LLC “Kolchuga” case)

Bachelor’s student of 4th year study **Valeriya Shakun**

Field of Study 29 – International Relations

Specialty 292 – International Economic Relations

Educ.program – International Economic Relations

Research supervisor **Lesya Leshchiy**

Ph.D. in Economics

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Abstract

The paper examines the phenomenon of globalization as one of the main drivers of the economic development of emerging markets, as well as the advancement of Ukraine and Ukrainian business under the impact of world liberalization. The work outlines theoretical approaches to globalization aspects along with practical approaches to estimating economic and political integration of Ukraine based on numerical evaluations and reveals the most integrated sector. The adverse effects of global interdependence on emerging economies were researched. The example of a Ukrainian international company was analyzed for the purpose of demonstrating the direct result of worldwide interconnection. The study investigated the current economic and social growth of the leading emerging market economies under the ongoing war pressure and ascertained two-dimensional outcomes. The analysis of policy recommendations was conducted and the number of personal proposals was determined.

Keywords: globalization, emerging markets, economic development, integration, trade liberalization, Ukrainian globalization process, war impact on globalization.

Анотація

У роботі розглядається феномен глобалізації як один із головних драйверів економічного розвитку ринків, що розвиваються, а також просування України та українського бізнесу під впливом світової лібералізації. У роботі викладено теоретичні підходи до аспектів глобалізації разом із практичними підходами до оцінки економічної та політичної інтеграції України на основі числових оцінок та виявлено найбільш інтегрований сектор. Було досліджено несприятливі наслідки глобальної взаємозалежності для економік, що розвиваються. Проаналізовано приклад української міжнародної компанії з метою демонстрації прямого результату глобального взаємозв’язку. У дослідженні розглядалося поточне економічне та соціальне зростання провідних ринкових економік, що розвиваються під тиском триваючої війни, і було отримано двовимірні результати. Проведено аналіз рекомендацій та встановлено певну кількість персональних пропозицій.

Ключові слова: глобалізація, ринки, що розвиваються, економічний розвиток, інтеграція, лібералізація торгівлі, український процес глобалізації, вплив війни на глобалізацію.

PHEE-institute «Ukrainian-American Concordia University»

School of Management and Business
Department of International Economic Relations, Business and Management

Educational level: **bachelor degree**
Specialty: **292 "International Economic Relations"**
Educational Program **"International Economic Relations"**

APPROVED
Head of Department Prof. Liubov Zharova

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TASK
FOR BACHELOR'S QUALIFICATION WORK

Valeriya Shakun

Topic of the work: **The influence of globalization on emerging markets and economic development (based on the LLC "Kolchuga" case)**

Supervisor of the work ***Lesya Leshchii, Ph.D. in Economics***.
Which approved by Order of University from "22" September 2022 №22-09/2022-1c
2. Deadline for bachelor's qualification work submission "***23" April 2023***
3. Data-out to the bachelor's qualification work
The information obtained from open sources, Internet resources, scientific articles, etc., as well as the actual data of the company obtained during the internship and its financial statements and other documents

4. Contents of the explanatory note (list of issues to be developed).

There are three main topics a student should develop in this work:

- develop an understanding of globalization and its essence along with learning of four main dimensions of globalization process and studying the impact of globalization on macroeconomic dynamics in emerging market economies;
- provide understanding of negative effects of globalization on emerging markets on various economic channels;
- determine awareness of modern business development in one of emerging countries (Ukraine) by completing an internship at a Ukrainian company LLC "KOLCHUGA", analyzing its local and international business competitiveness, and building its SWOT matrix;
- find out how war in Ukraine impacted the breakthrough of globalization in terms of economic development of India and China as two most prosperous emerging markets;
- conduct research into understanding how globalization has affected the development of Ukraine;
- provide an assessment of policy recommendations to maintain economy of emerging markets and provide personal recommendations for KOLCUGA based on an overall analysis.

5. List of graphic material (with exact indication of any mandatory drawings)

The work presents and analyzes graphs and tables for the analysis of economic and statistical information about the company and its development, evaluation of the company's activities

6. Consultants for parts of the work

Part of the project	Surname, name, position	Signature	
		Given	Accepted
1	*Lesya Leshchii, Ph.D. in Economics*	+	+
2	*Lesya Leshchii, Ph.D. in Economics*	+	+
3	*Lesya Leshchii, Ph.D. in Economics*	+	+

7. Date of issue of the assignment

Time Schedule

№	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	*31.12.2022*	*In time*
2.	II chapter	*20.02.2023*	*In time*
3.	III chapter	*11.04.2023*	*In time*
4.	Introduction, conclusions, summary	*23.04.2023*	*In time*
5.	Pre-defense	*27.04.2023*	*In time*

Student

Supervisor

Conclusions:

The Bachelor's qualification work is composed at a high level, its content and structure fully correspond to the methodological requirements. The paper presented a thorough analysis of a phenomenon of globalization and its extensive impact on emerging market economies and economic development. The research consists of all the mandatory elements of scientific research along with empirical and theoretical recommendations. The work contains comprehensive theoretical materials to the analysis of globalization and provides the investigation of its direct influence on the development of emerging market economies based on the example of LLC Kolchuga enterprise. The practical recommendations and suggestions were formulated properly and were concentrated on the main goal and tasks of the paper. In general, if successful defense, the thesis can claim to be "excellent".

Supervisor

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INTRODUCTION

Was the world once more interconnected than it is now? We live on a planet where we are linked to other people by different means - socially, politically, economically and environmentally. Increasing trade between countries, the growth of international organizations, and changes in transport and communications technology mean that these links are expanding rapidly. Therefore, the very essence and **meaning** of globalization can be explained as the increasing interconnection of the world's economies, cultures and society, forced by cross-border trade in goods and services, technology and the flow of investment, people, knowledge, and information.

The topic of globalization is so extensive and diverse that it can be interpreted from completely different sides and from any angle, but if to speak clearly and precisely about the **importance** of this phenomenon, it is potential say that the globalization is directly related to the boost of technological development, which in turn allows countries to gain easier access to foreign knowledge, and to enhance universal competition—including as a result of the rise of emerging market firms—so that it strengthens firms' incentives to innovate and adopt foreign technologies. Along with, it encourages enterprises to find lower-cost ways to produce the products and provide services, since the all-encompassing competition encourages prices to go down and creates a larger diversity and assortment of choices for consumers, which helps people in all countries live better on less money. Increased capital flows and labor mobility together with improved international relations are an integral part of the right globalization progress.

The relevance of this process can be especially openly seen in connection with recent events starting in 2019. The global pandemic caused by Covid-19, russia's full-scale invasion of Ukraine, severe climate changes have harshly affected economic, political and social globalization all at once. Persistent inflation, high energy prices, weak real income growth, falling confidence and tightening financial conditions, limited economic growth, shifting political power, a changing world order and global migration are only getting stronger every day, testing the resilience and reliability of globalization as the main lifebuoy.

In order to clearly study all these changes and dimensions, the following work will discuss the globalization as a whole and its influence on emerging markets and their economic development, the negative influence on developing countries, its impact on Ukrainian businesses and their operations, analyze the current unequal allocation of globalization benefits and suggest policy recommendations to reduce this inequality.

The aim of the bachelor thesis is to research and investigate how globalization and all its aspects became the driving force for the economic, political, social, and cultural development for emerging economies and what disadvantages it caused for emerging countries' development as well as show how the phenomenon of globalization impacted Ukrainian advancement during recent historical changing events.

In order to achieve the aim, the following tasks were set:

- develop an understanding of globalization and its essence along with learning of four main dimensions of globalization process and studying the impact of globalization on macroeconomic dynamics in emerging market economies;
- provide understanding of negative effects of globalization on emerging markets on various economic channels;
- determine awareness of modern business development in one of emerging countries (Ukraine) by completing an internship at a Ukrainian company LLC "KOLCHUGA", analyzing its local and international business competitiveness, and building its SWOT matrix;
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- conduct research into understanding how globalization has affected the development of Ukraine;
- provide an assessment of policy recommendations to maintain economy of emerging markets and provide personal recommendations for KOLCUGA based on an overall analysis.

The methodological basis of this work is composed of peer-review journal articles, acclaimed internet publications, and personal data analysis and calculations.

Also, it includes the SWOT analysis on an enterprise, methods of induction and deduction, and trend analysis.

The research objects are economic globalization and its influence on emerging markets development.

The research subject is a set of theoretical, methodological and practical approaches to analyze the ways of economic business development of LLC "KOLCHUGA" in both local and international markets.

CHAPTER 1. THE GLOBALIZATION INFLUENCE OF THE EMERGING MARKETS AND THEIR ECONOMY

1.1 The essence and dimensions of globalization

The general concept of globalization can be defined as the increase of international influence generated by intensive integration and interaction between individuals resulted in sharp interdependence and interconnectedness among countries and their economies, cultures, and populations. Accordingly, globalization nowadays is not just a word and some incomprehensible clever term, but the meaning and basis of world relations and all their participants. The process of globalization was so inevitable that it is now in its full prosperity and thrift. This phenomenon has affected everyone to varying degrees, but in no case should one overestimate its huge impact on all aspects of life, such as society, politics, trade, culture, etc.

Economists highlight two waves of globalization throughout history: the first occurred between 1870 and 1914 and was driven by a combination of lower transport costs, such as the shift from sailing to steamships, and lower tariff barriers, and the second broke out as early as 1960 and continues to this day since (Martin, 1999). Therefore, the world economy became much more integrated after World War II, during the second wave of globalization. This process has profoundly altered people's lives, as it is widely believed that multinational unification and development have contributed to strong income growth and significant poverty reduction in recent decades, especially in emerging market economies (Jane H. Murphy, 2022). Globalization, particularly tightening trade connections, have also encouraged to enhance social conditions more extensively, for example by narrowing the gender pay gap, and may have contributed to the reduction of interstate wars (Yavuz Arslan, 2018).

The sector that directly depends on the course of the globalization process as well as the closeness of integrity between nations and countries is trade relations and finance. With the opening of borders to trade and foreign investment, globalization has brought opportunities and pressures for domestic firms in emerging markets to innovate and promote their competitive position. The significance of competition is truly ponderable and substantial and is interlaced with the performance and functioning of foreign enterprises.

In support of the statement about the interconnection between globalization and FDI concentration, it is appropriate to demonstrate global statistics for 20 years presented by the World Bank (see Figure 1.1).

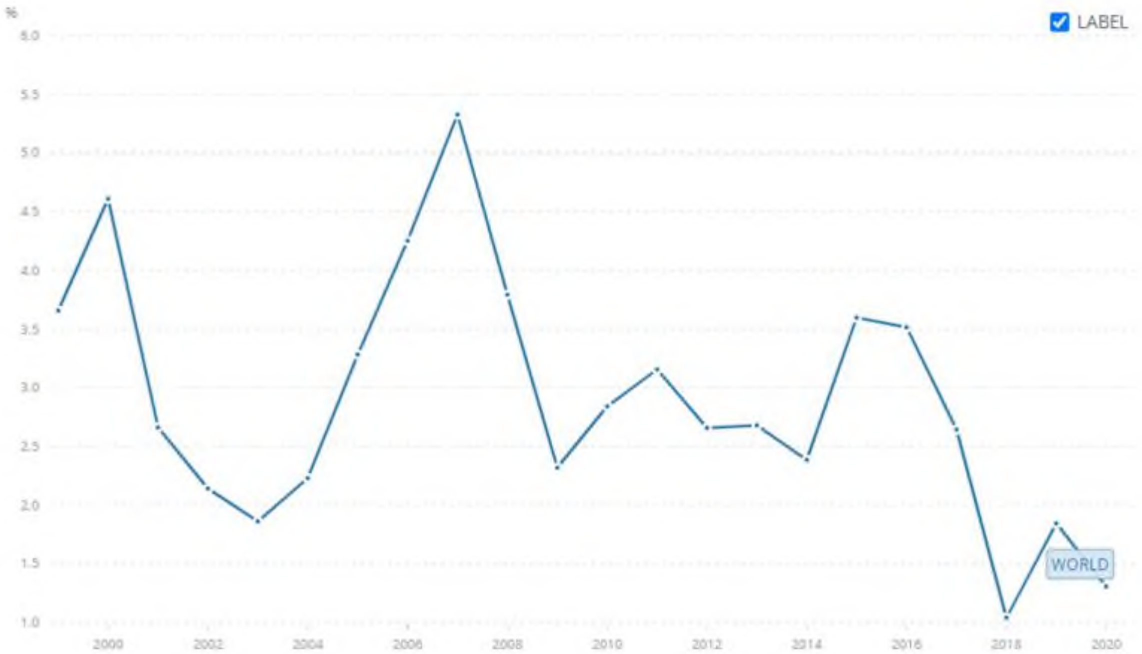

Fig. 1.1: Line of foreign direct investment, net inflows (% of GDP) 2000-2020
Source: World Bank, (The World Bank, 2021)

This statistic shows us how FDI has changed as a percentage of GDP over 20 years. Here it is easy to see the impact of economic hardship on investment inflows (Razin, 2021). For example, after the Great Economic Crisis of 2008, investment declined significantly as the world was in economic shock. Besides, there is a noticeable gap between 2001 and 2003, this is related to another financial crisis called the dot-com bubble, or tech bubble, or the Internet bubble, which implied a period of massive growth in the use and adoption of the Internet, causing a stock market bubble; and the September 11 attacks, commonly known as 9/11. The same thing with the FDI outflow happened after the start of the pandemic. And at a time when the situation seemed to have stabilized, the war of russia against Ukraine began, which had an incredible impact on the global economy and its improvement.

Summing up the available information and statistics, one can notice a trend in the interdependence between the inflow and outflow of investments and global economic shocks - the more powerful the crisis, the less investment flows into the country. And since the whole world is closely interconnected with each other precisely due to globalization, the economic shock caused in any country directly affects not only it, but also partner countries or states dependent on it (see Figure 1.2).

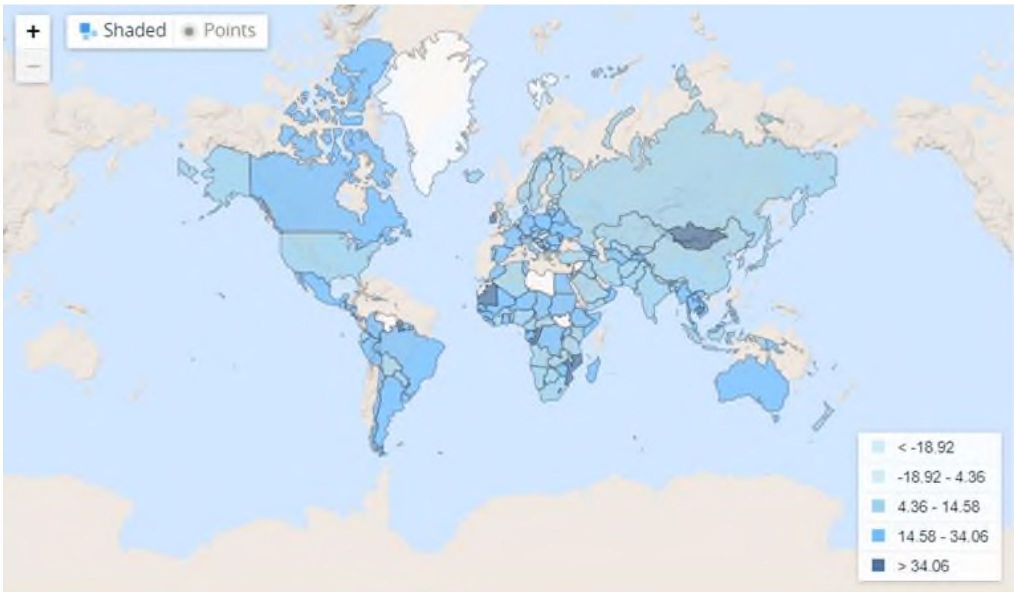

Fig. 1.2: Map of FDI net inflows (% of GDP) of 2018

Source: World Bank, (The World Bank, 2021)

With regard to investments and their distribution, this map helps to study what percentage of FDI as a part of GDP falls on a particular region as of 2018. Having carefully studied the map, one can understand that the countries of Europe, half of the countries of Africa, a certain part of Asia, Canada, as well as individual countries had a fairly high intensity in this dimension. Looking specifically at 2018, we can say that in emerging countries the statistics have not transformed sharply, the numbers are relatively unchanged compared to 2017, and there was still a strong need for additional investments in sectors that can generate the achievement of sustainable development goals. However, the decline in FDI flows to developed countries was the main reason for the downturn in overall global performance. In both Europe and North America, inflows declined by -27% and -33%, respectively. FDI in emerging markets remained stable at $653 billion and increased by 2% year on year. Investment inflows to Latin America, the Caribbean and developing Asia have increased slightly. Nevertheless, despite the deterioration, the United States received the lion's share of $311 billion in global FDI, followed by China, which recorded a record inflow of $144 billion. Along with, India, France, Singapore, Brazil, Australia, Ireland made the list of countries of the most FDI inflows as of 2018 (Caroline Jardet, 2022).

By focusing on the essence of globalization, it has stimulated world economic growth by facilitating the flow of goods and capital, accelerating progress in technology and civilization, and furthering the people-to-people exchange (Yuyan, 2019). From this point of view, economic globalization has emerged due to technological progress, where science and machinery as well as the innovative forces are the main sources driving forward historical development, which contributed much to the established concept of globalization that we know today. From a historical perspective, it is the industrial revolutions which have an enormous and subtle influence on human society and radical shifts in the world outlook. In the modern world, the role of both science and technology is becoming increasingly notable. Particularly these two factors are conclusive determinants in the growth of the productivity of society and labor, and also a decisive strength in the progress of education, culture, sports, health and art. Specifically, the rapid development of information technology, embodied in the Internet, has accelerated the pace of economic globalization in new areas through fresh paths, bringing economies and people even closer together (Marinko Skarea, 2022). For that reason, beneath the surface of the constant flow of goods, capital, information and experts prevails the essence of economic globalization - technological progress and innovation.

After clarifying the real core of globalization, the question remains: what then holds the wheels of economic globalization? The answer consists of two main components - the multilateral trading system and regional trade agreements, which are the two elements bringing up this theory. Trade is the generator of economic growth and also the central form of economic globalization. The success of trade is impossible without the improvement of the rules of international trade. Today, the rules of international trade are becoming more and more universal, which is one of the defining characteristics of economic globalization. The multilateral trading system, of which the World Trade Organization is the basis, is the pillar of international trade, playing a key role in pushing the growth of world trade and building an open world economy.

Economic globalization has greatly contributed to the expanding of trade, the facilitation of investment, the flow of personnel and technological progress. On the other hand, when the unfair, inequitable, and unreasonable tired international economic structure has not yet been reorganized, economic globalization is followed by an unbalanced, uneven development of the world economy, causing new risks and challenges, such as one-sided development, governance difficulties and digital gaps. Thus, the global problems deriving from economic globalization can be solved not by counter-globalization or anti-globalization activities, but by building up international economic cooperation and further integrating economic factors and development resources around the world. Since the global financial crisis of 2008, economic globalization has shown some new features. In this regard, President Xi Jinping mentioned that the world is facing an absolute change in economic globalization, which must transform in structure and content towards greater openness and inclusiveness, larger balance and legitimacy, and benefit for all: "It is true that economic globalization has created new problems. But this is no justification to write off economic globalization altogether. Rather we should adapt to and guide globalization, cushion its negative impact, and deliver its benefits to all countries and all nations", "The international financial crisis is another example, it is not an inevitable outcome of economic globalization, rather it is the consequence of the excessive chase of profit by financial capital and a great failure of financial regulation," he said (Ceri, 2017).

Hence, it is indispensable to modernize the global trade management system to match both the new technological and industrial revolutions, create a favorable environment for international cooperation, allow more states and people to appreciate the output of technological innovation, and rely on its progress to overcome the negative effects of economic globalization. In addition, it is imperative to protect the rules of the World Trade Organization, maintain an open, transparent, inclusive and non-discriminatory multilateral system, set an open world economy, and make full use of free trade agreements to sustain trade and investment (Yuyan, 2019).

As already mentioned, the basis of globalization is the multilateral trading system and regional trade agreements, but in addition to these two components, there are still distinct dimensions that also form the very nature and purpose of globalization. They are trade, foreign direct investment, short-term capital flows, knowledge, and movement of labor, which in the past few years have received a consensus regarding the relative merits.

1. Trade. A large number of cross-country studies show a positive association between trade and economic growth, although several other studies have questioned it (Easterly, 1993). The standard theory holds that countries benefit from the removal of their own barriers, even if trading partners do not reciprocate. This "unilateral disarmament" approach to trade liberalization, although this liberalization approach widely foisted on developing countries, has been met with resistance from the very countries, such as the United States that have put the most pressure on them (them = emerging markets). Usually, they refused to lower the internal trade barriers unless they receive parallel concessions from their trading partners. But even when it is the situation when a specific small country may gain from trade liberalization on its own, there can be terms of trade effects from broad arrangements of trade liberalization, and the improper trade agenda — liberalization aimed at lowering global impediments to goods which are the developed countries' comparative advantage — has resulted in sub-Saharan Africa, which is the poorest region in the world, actually being worse off at the end of the last round of trade liberalization (Joseph, 2003).

2. Foreign direct investment. The movement of capital carries several different forms which are direct investment by foreigners and portfolio investment. In case of portfolio investments, they can acquire the form of short-term capital flows (short-term lending) or long-term flows such as long-term bonds. The effects of these different forms of capital movement differ considerably. Foreign direct investment or FDI is widely praised for attracting not only capital but also access to foreign markets, technology and human capital. It also suffers from less cyclical volatility than constitutes portfolio capital. But, as we shall see, even foreign direct investment does not always bring the promised results. The primary correlation between foreign direct investments and the development of globalization processes state that the higher the ratio of FDI and GDP, the greater share of FDI is implied, thus leading to an increase of the level of globalization (Irena Pekarskiene, 2015).

3. Capital market liberalization. Liberalization of the capital market, which allows and ensures a freer flow of short-term capital around the world, has been the most controversial aspect of globalization, although now the controversy is dying down. Particularly, the liberalization of the capital account in the long-term perspective is associated with a decrease in the income share of the poorest half by 2.66–3.79% points and an increase in the share of the richest 10% by 5.19–8.76% points (Xiang Li, 2020). As soon as the financial crisis began in East Asia, provoked by the crash of the currency exchange rate and hot money bubble in 1997, the IMF went to its annual meetings in Hong Kong to ask for a Charter change, allowing it to promote capital market liberalization in the world. This was done without evidence that such liberalization would improve economic growth or people's lives. But with plenty of evidence that this would contribute to economic instability, with notably adverse effects on the poor in emerging markets, most of whom did not have adequate institutions to manage the risks involved or deal with the consequences. (Fischer, 2001). Nowadays, senior IMF officials recognize dangers of capital market liberalization.

4. Knowledge. Basically, the phenomenon of globalization of knowledge can be measured as one of the most prominent dimensions, since the free flow of ideas and their sharing have followed the lowering of communication costs and the tighter integration of societies. The transfer of this knowledge, facilitated by globalization, is to become one of the strongest growth drivers in emerging markets in the near future decades, since directly this aspect has already affected the innovation uprise in emerging economies (JENÍČEK, 2018). Concerning the appearance of new inventors, the topic of patents is unavoidable. When inventors file a patent application to protect their intellectual property, they must cite relevant prior knowledge on which their innovations are based, such as patents from other inventors. Thus, the number of patent cross-references are a direct indicator of knowledge flows. One of the research projects I found, studied citations from the worldwide PATSTAT patent database containing over 100 million patent documents. The results demonstrated that in 1995 the US, Europe, and Japan dominated global patent citations, but in recent years, Korea and China have increasingly tapped into the global stock of knowledge as measured by their patent citations. In support of the statement, the specific chart was illustrated (see Figure 1.3).

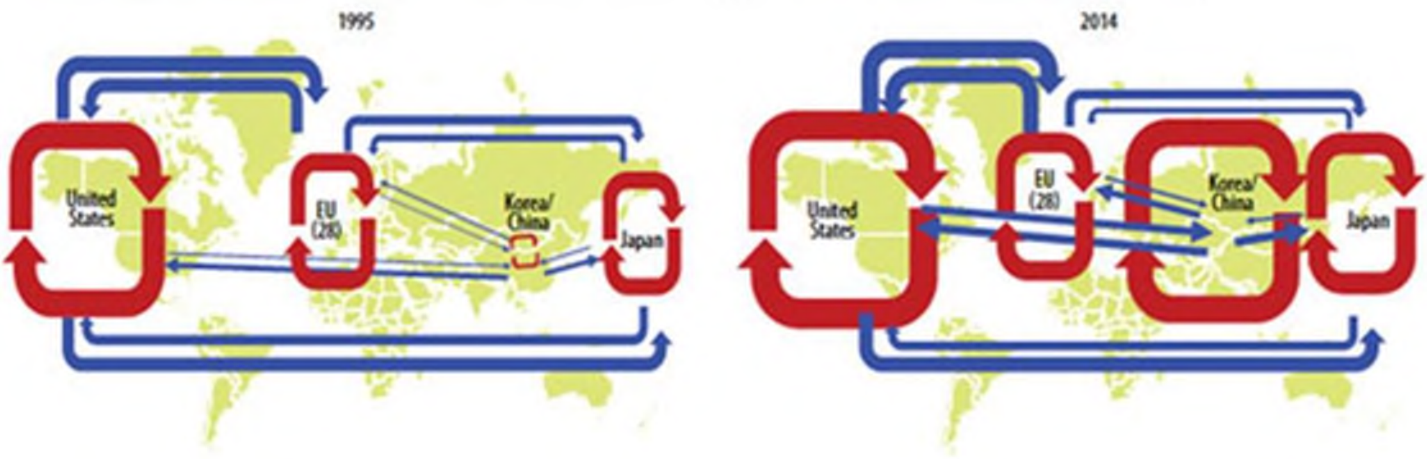

Fig. 1.3: Difference in the cross-patent citations 1995-2014

Source: European Patent Office, PATSTAT database, IMF staff calculations (JOHANNES EUGSTE, 2018)

The data above provides evidence that patent dominance shifted from US, Europe and Japan to Korea and China, since they have made increasingly large use of the global stock of knowledge as measured by their patent citations. A more formal analysis of these cross-referencing of patents—to assess the intensity of knowledge spread—also shows that the share of knowledge dispersed by G5 technology leaders to emerging markets (not only China and South Korea) has recently increased over two decades. In contrast, the share of knowledge transferred by the Big Five to other advanced economies has generally not changed and has even declined slightly since the global financial crisis. Thus, the information above displays the trend that emerging market countries have been able to take advantage of this greater access to global knowledge to improve their innovation capacity and productivity (JOHANNES EUGSTE, 2018). Knowledge flows from the G5 have been found to provide a significant boost to domestic innovation and productivity in both advanced and emerging market economies.

This globalization of knowledge brings with it not only technical knowledge, but also ideas that transform society—ideas such as democracy and markets—and knowledge that sets the basis not only for the adoption of policies aimed at accelerating growth, but also for institutions. Thus, the globalization process is pushed by several unique and vital elements, which altogether compose the technological and interdependent future for all countries involved (Behera, 2021).

1.2 Globalization and macroeconomic dynamics in EMEs

Several trends indicate that trade openness has coincided with an improvement in macroeconomic performance in many emerging market economies. Production growth has accelerated since the 1980s along with rapidly expanding trade. Indeed, trade openness is associated with higher GDP growth rates. Notes from Argentina and Brazil show that the effect of trade globalization on economic development has been positive but mostly small in Latin America; reports from China, the Philippines and Thailand, on the contrary, mention more significant effects (see Figure 1.4).

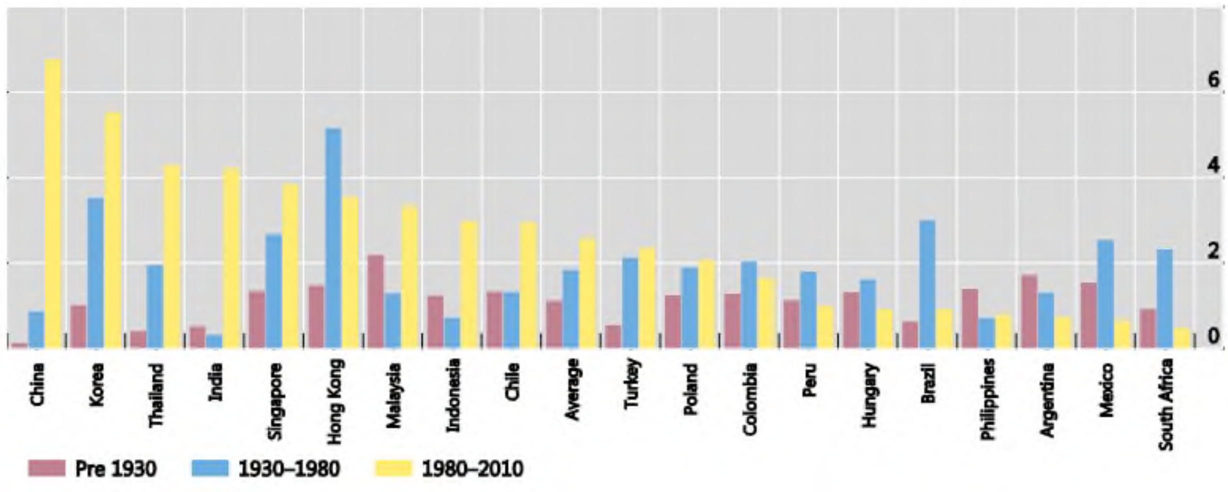

Fig. 1.4: Faster EME growth with less volatility as globalization advances
Source: IMF, World Economic Outlook, BIS calculations (Yavuz Arslan, 2018)

The more recent data exhibits how the world economy has matured over the past four decades (from 1980 to 2019). The statistics compares the development of both emerging and advanced economies (see Figure 1.5 and Figure 1.6).

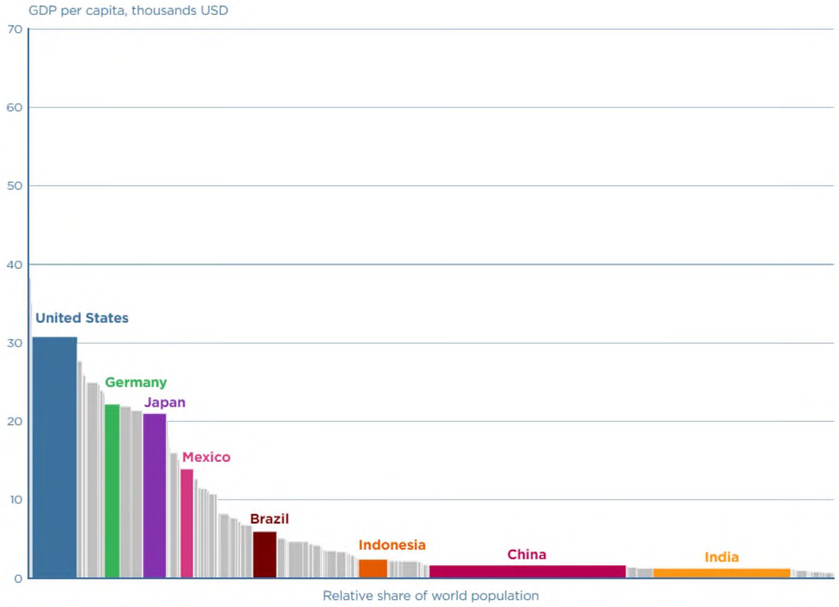

Fig. 1.5: GDP per capita, thousands USD vs. relative share of world population by country/economy

Source: The Next Generation of the Penn World Table, American Economic Review (Robert C. Feenstra, 2015)

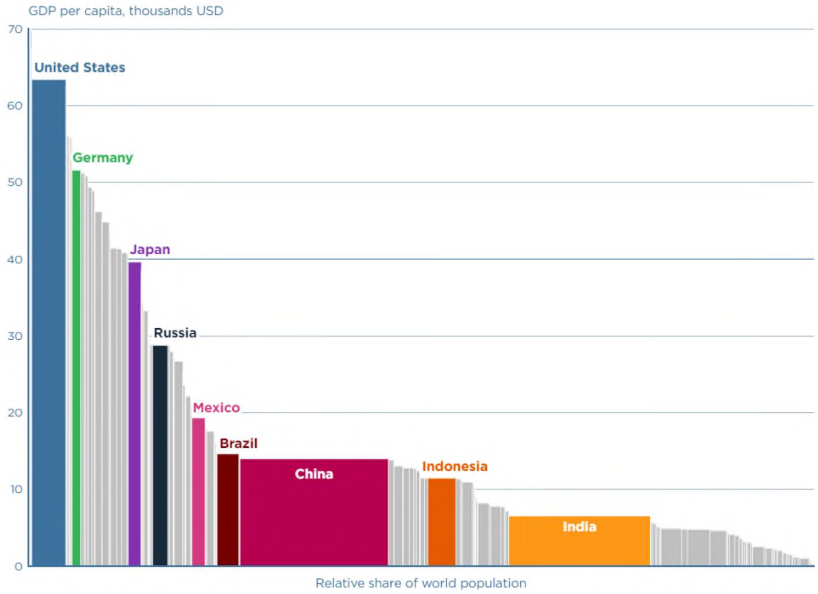

Fig. 1.6: GDP per capita, thousands USD vs. relative share of world population by country/economy

Source: The Next Generation of the Penn World Table, American Economic Review, (Robert C. Feenstra, 2015).

These two comparative graphs clearly show the change in globalization processes for different countries of the world. It can be seen with the naked eye that

China has done everything possible and impossible for 40 years to become one of the world leaders in the economy. GDP per capita has also risen markedly in emerging economies such as Indonesia, India and Brazil. But it is also worth noting that such countries as the USA (a highly developed mixed-market economy) and Germany (a highly developed social market economy) did not stop there but continued to develop, therefore they also climbed the world economic ladder.

Broadly explaining, in 1980, before globalization truly took action, there was a group of wealthy advanced economies led by the United States, followed by Western Europe and Japan. Middle-income countries came after them, many of which were in Asia and Latin America, accompanied by a long line of very poor countries, some of which are densely populated, especially India and China. The 1990s sealed the age of the Washington Consensus, time of liberalization of trade and investment rules and a shift towards a more market-oriented economic approach (Irwin, 2022). The downfall of communism and the beginning of reforms in the developing world, including China and India, opening up previously shut economies helped incorporate and harmonize countries into a really global economy. The stream of trade, investment and technology between countries has increased significantly, and the term "globalization" has come into use. This new era of development could bring with it two possible scenarios: 1) some expected a highly competitive environment in which the distribution of world income would level off as poor countries get richer at the expense of advanced economies; 2) some in poor countries saw the expansion of world trade as a new model of colonialism, in which high-income countries would gain even more wealth at their expense, exacerbating global inequality.

However, both predictions were wrong. It turned out that the global distribution of income has shifted upwards. The US and Western Europe were richer in 2000 than in 1980, middle-income countries grew mostly but at a slower pace (missing ten years in Latin America due to the debt crisis), while China was able to advance slightly after Deng Xiaoping, China's leader from 1978 to 1992, began to open up the Chinese economy (Irwin, 2022). In 2019, the consequences of increased globalization became clear. The entire distribution of world income has shifted even higher. Middle-income countries now have higher incomes than in the 1980s and 1990s. The lower end of the distribution also fared much better, as both China and India and other countries in Africa and Asia have made great strides in raising their incomes and reducing poverty (Irwin, 2022).

As a result, greater openness goes hand in hand with less macroeconomic volatility, as was briefly mentioned earlier. Over time, output volatility has declined in almost all countries. Moreover, some evidence suggests that vulnerability to sudden stops and collapses in currencies decreases as trade opens up (Cavallo Eduardo A., 2008). One mechanism is that an open economy requires smaller contractions to accommodate a reduction in external financing, such as a smaller real exchange rate devaluation, which in turn leads to a smaller increase in foreign currency-denominated liabilities. Deeper linkages through trade and global value chains also appear to have had a stabilizing effect, although they may have led to vulnerabilities in times of financial stress. Nevertheless, more open economies experienced a significant, if short-lived, decline in growth after the Great Financial Crisis – a reminder that closer integration may have made economies more vulnerable to external shocks, but also more capable of flexibly reallocating resources. Closer integration is likely to have increased the co-movement of macroeconomic variables between countries (Arifenur Güngör, 2021). In addition, global value chains connections also tend to increase co-movement, where Hungary and Israel can be mentioned as examples. For instance, Malaysia was observed having the reduced sensitivity of exports to changes in the exchange rate and identifies global demand as the main driver of exports. Meanwhile, South Africa's note points out persistent current account deficits as a possible cost of globalization.

Besides, there was conducted a regional level survey by the authors of the paper in 2018 (Yavuz Arslan, 2018) on the impact of globalization on economic synchronization and inflation. Study responses also show that globalization has increased commitment at both regional and global levels. More than half respondents believe that internal/domestic factors have become less important with increasing integration. In addition, many central banks believe that globalization has reduced the level and volatility of inflation (see Figure 1.7).

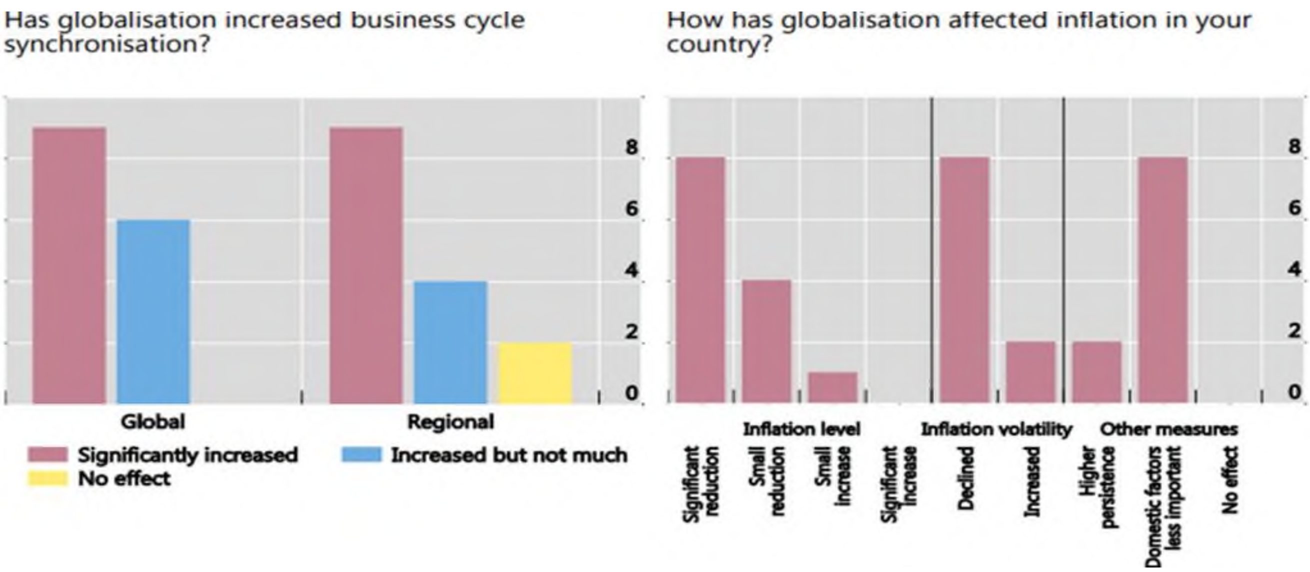

Fig. 1.7: Impact of globalization on economic synchronization and inflation

Source: How has globalization affected emerging market economies? (Yavuz Arslan, 2018)

Globalization may also affect remittances, which have expanded considerably over the past two decades. Remittances account for a significant share of household income in some emerging economies. For example, remittances reach almost 10% of GDP (latest data of 2020 estimates 9.64%) in Philippines or $34.9 billion, Mexico, which is the third-biggest remittance recipient in the world, received $42.9 billion, and they account for nearly 3% in India (as of November, 2022) or $100 billion (McCarthy, 2021). The impact of remittances relies on the nature of the shock. Volatility in remittance flows due to developments in migrant-hosting countries can exacerbate macroeconomic instability, especially in remittance-dependent countries. However, remittances can also support growth during downturns in cases where shock occurs in countries that send migrants. As examples can be mentioned Philippines, South Korea, Mexico, and Thailand, where remittances lessen or moderate the impact of major downturns on GDP levels. For instance, when South Korea's GDP contracted during the 1980s, the remittance-to-GDP ratio increased by about 0.7 percentage points.

Similarly, when Philippine GDP fell by about 4% during 1991–1992, the share jumped by more than 1% point. Conversely, during the Great Financial Crisis in 2008, as workers' incomes in sending countries fell significantly, remittances were not a stabilizing factor.

At the same time, globalization coincided with certain burdensome environmental trends. The increase in the weight of the trade sector appears to have coexisted with an increase in the share of energy-intensive manufacturing sectors, which in turn brought greater environmental risks. There is a close relationship between trade openness and carbon emissions (Lin Zhang, 2022). Local environmental risks are probably higher than global ones. Gases such as carbon dioxide quickly diffuse into the atmosphere, but solid and liquid wastes remain local. Relatively less environmentally friendly production technologies, environmental emissions from transportation, and raised production due to cheap labor can upsurge environmental risks worldwide. And this relationship remains statistically significant even after controlling for GDP growth.

Sectoral impact:

The sectoral structure of economic activity in countries with developing markets has changed significantly over the past 45 years. The share of the service sector in GDP increased by an average of 15 percentage points, and the share of agriculture decreased by the same amount. Case in point can be Poland, whose share of services make up almost 57% in 2021, where in 1995 they accounted for 49%; For comparison, the world average in 2021 based on 137 countries is 54.35%. Another representative of the emerging economy is the Czech Republic, whose services report for around 60% of the economy, with manufacturing at around 38%, and agriculture at over 2% (The World Bank Group, 2022).

As noted by economist Simon Kuznets, sectoral transformation naturally accompanies economic development (Kuznets, 1971). Perhaps globalization has accelerated this process. In particular, the share of employment in industry and services has increased, while the share of agriculture has declined more sharply in economies where trade barriers have fallen more. Not surprisingly, the slum in agricultural employment has gone along with intensifying urbanization and female labor force participation. In the long run, globalization can cause changes in industrial structure (Thomas Sigler, 2021). As foreign markets open up, specialization can lead to rapid growth in several sectors, partly at the expense of others. The note by the Central Bank of Brazil also points out that after trade liberalization and a more competitive environment, the sectoral composition of the Brazilian economy changed but output did not increase in all sectors. So, generally, this should increase overall welfare according to the notion of comparative advantage; but the possible absence of diversification can also make countries more vulnerable to shocks. However, some evidence suggests that employment in emerging economies became less, rather than more, sectorally concentrated between 1995 and 2015 (Yavuz Arslan, 2018). This pattern is quite consistent across countries: the countries with the highest concentration in 1995 such as India, China, Indonesia, and Turkey subsequently experienced a significant decline. Interestingly, developed economies on average show the opposite trend, although they start from a lower base. The correlation between concentration changes and trade openness is not statistically different from zero. This suggests that greater openness does not muchly slow the greater diversification trend in all emerging market economies. The concentration of the manufacturing sector has increased on average in both emerging economies and advanced economies. But, in any case, those emerging market economies that saw a sharper increase in trade openness also saw a smaller increase in the concentration of employment in production sub-sectors. While globalization may affect concentration, concentration in turn can also impact the degree and dispersal of globalization. Ferreiro and Faccini, for instance, show that during the trade liberalization event in Brazil between 1988-1994, more concentrated industries secured higher protection for themselves (Pedro Cavalcanti Ferreiraa, 2005).

Firm dynamics and globalization:

Theory and evidence strongly suggest that globalization increases productivity (Camilla Mastromarco, 2018), (George, 2019), (Francisco Alcalá, 2004). One of the mechanisms is increased competition, which redistributes resources to more productive firms. During this process, less productive firms are dragged out of the market. At the firm level, globalization can also raise productivity, as shown by Brazil, the Czech Republic, Poland, Thailand, and Turkey. Firm-level analysis in the Polish report shows that internationalized firms perform better than others, both through exports and foreign ownership. A paper from the Czech Republic conducted a meta-analysis and concluded that a 10%-point increase in foreign presence is likely to increase the

productivity of domestic firms by 11%. The effect is even greater for joint ventures, reaching 19% (Yavuz Arslan, 2018).
As a downside risk, globalization may increase firm size concentration, benefiting larger firms at the expense of smaller ones, since more highly productive firms are likely to be bigger and to gain more from trade (Yuyan, 2019). This is partly because access to a larger market allows firms to benefit from economies of both scale and scope as the relocation of production in multiple location reinforces productivity. This, in turn, manifests itself in lowering prices, increasing quality and diversifying products (Schwörer, 2013), (Cristina Constantinescu, 2019). While this transition is good for consumers, it can be painful for many small businesses and their employees. Moreover, in the long run, greater concentration of firms may even harm productivity and growth due to reduced incentives for firms to invest due to lack of competition (Germán Gutiérrez, 2017).

Nevertheless, the share of SMEs in employment has been increasing in the Asia-Pacific emerging market economy region since the 1990s. And, with the exception of Mexico, the share of employment in large companies decreased in the emerging market economies (The Czech Republic, Poland, Turkey, South Korea). In Mexico, the share of employment in the top four companies (by employment) increased across sectors, such as secondary (manufacturing had the largest increase), tertiary (had a medium increase), and primary (had a modest increase in 2014). In Poland, the concentration of firms, as measured by the Herfindahl indices, decreased for employment but increased for production (Yavuz Arslan, 2018).

1.3 Adverse effect of globalization on emerging economies

Through globalization, there are eight broad and often interrelated channels that can have a negative impact on growth. This does not always have a beneficial influence on the pace of job creation. This affects—almost always negatively—the risks a country faces. While uncontrolled short-term capital flows have contributed a lot to the globalization process in the 1990s, these capital flows do not provide funds to finance growth but increase risk; they force countries to put aside funds with opportunity costs in low-income reserves and lead to adverse macroeconomic effects, from high exchange rates to the high interest rates required for sterilization. In other countries, globalization has meant massive capital flight, divesting countries of the capital they need to grow. Openness, more in general, has decreased the scope of monetary policy, which led to greater economic instability; and the loss of independent national financial institutions often puts domestic firms at a market disadvantage in raising capital. But some of the most important and adverse effects have to do with how globalization affects political and social "equilibrium" in ways that may not always be positive for long-term growth.

1) Job creation. Job creation is at the heart of growth and poverty reduction. Although this may sound like a self-evident truth, it is a fact that is not always fully taken into account. Jobs are not created automatically or instantly. Unemployment is not a fantasy. This is important because unless one understands what leads to job creation, and what leads to unemployment, one cannot be sure of whether a particular policy will increase or decrease growth, increase or decrease poverty. The standard theory of comparative advantage states that the removal of trade barriers is desirable because it shifts resources from low-productivity uses to high-productivity uses. This increases GDP, and while this may have distributional implications, in principle, everyone may be better off.

But too often, old jobs in protected industries are eliminated before new ones are created. Resources do not go from low-productivity use to high-productivity use, but from low-productivity use to zero productivity unemployment. This increases poverty and reduces GDP.

Job creation depends on a number of factors, including the general business environment, risk and cost of capital. Globalization as practiced has had a lot of contradictory effects on the general business climate, making job creation more difficult. Most importantly, it must be recognized that job creation requires investment. Admittedly, advocates of trade liberalization often accompany these measures with calls for concern accompanying changes that would make the country more attractive for investment. But in reality, these changes do not occur before liberalization, and very often the liberalization package in general actually results in changes that make it less, not more, attractive for investment. In particular, "adjustment" packages, including trade liberalization is also often accompanied by a tightening of monetary policy, raising interest rates to levels that would make investment unattractive even in a country like the USA with a good business climate. And they, as a rule, are not accompanied by measures to strengthen the ability of the financial system to provide loans for new enterprises. Indeed, high interest rates often prompt several financial institutions to focus on lending to the government—why take on risky loans with all the hassles of vetting, monitoring and enforcement when you can get a guaranteed return from the government of 30, 50% or more.

2) Risk. Globalization, especially the wrong one, can increase risk; and increased risk can have a negative impact on economic growth (Terje Avena, 2020). The risk may be caused by the liberalization of the capital market. The inflow of capital first into the country and then from there leads to huge costs regardless of the exchange rate regime. For example, under flexible exchange rates, these jumps can lead to large changes in exchange rates, creating huge risks for all aspects of society. Capital market liberalization is also systematically associated with financial and currency crises, and such crises, which can be seen as extreme forms of instability, have enormous costs. Research has shown that such instability has enormous costs in terms of economic growth Often, such crises destroy the financial system, and enterprises are left without external sources of financing must rely on own funds, slowing growth.

Risk-averse firms, especially concerned about the risk of bankruptcy, will limit their debt, but this in turn will limit the rate at which they can expand. South Korea's success was based on a policy of high debt. Thus, the risk associated with capital market liberalization will inevitably slow growth, especially since the IMF usually forces countries to respond by raising interest rates to prohibitively high levels. Innocent firms that have avoided external debt or carefully hedged their currency exposures generally cannot purchase insurance against interest rate volatility; they can only respond to the new globalized environment by reducing their indebtedness.

The risks that firms face are transformed into risks that financial institutions that lend money to firms face as well, which increases the spread they charge, the limits they impose on loans, and so on. All this has a negative impact on job creation and growth.

Even trade liberalization can lead to increased risk, given the enormous volatility of commodity prices. Again, increased risk for any reason increases the cost of capital, negatively impacting the creation of new jobs and businesses.

3) Loss of independence of monetary policy. Unrestricted globalization through capital market liberalization also entails a loss of control over monetary and/or exchange rate policy, and this loss of control can be very costly to economic growth, as was evident during the last global financial crisis. Malaysia's capital controls have allowed it to maintain a stable exchange rate at lower interest rates. Lower interest rates not only boosted economic growth—the economy faced a severe recession, and the higher investment associated with lower interest rates was beneficial in both the short and long run—but did not burden an expansionary fiscal system policy, thus leaving a smaller public debt legacy after the crisis (which may have a negative impact on future growth). In addition, lower interest rates meant that fewer firms were in distress, which is a particular concern given the high levels of debt. Such a disaster also has a negative impact on growth because the firms that survive still go through a period low investment, and since many firms do not survive, it comes at a huge cost in the form of loss of informational and organizational capital. Moreover, the costs of solving the problem were lower for the banking system and ultimately for the government, again leaving a smaller legacy of debt with its negative impact on future growth.

4) Loss of national financial institutions. Globalization is also associated with the opening of financial services markets. Banks in emerging countries are often at a significant disadvantage in competition with large international firms. Although the evidence for economies of scale and scope is not always clear, it is clear that banks have defended their mega-mergers on the grounds that such economies are powerful and that such gains outweigh losses from reduced competition, for example in SME loans market business (where competition often, in any case, very limited). Even if there is a small amount of validity in these claims, it means that a small bank in Ethiopia has little chance to compete with a giant like Citibank. Of course, in the absence of good deposit insurance, most depositors would trust Citibank more, and therefore the domestic bank would have to pay much higher interest rates for attracting funds. However, the negative impact on growth is more related to the lending side: where are the funds going? In the United States, there has long been concern that national banks would divert funds to large money centers and the businesses that operate there, prompting partial restrictions at the national level (and even, in many places, at the state level), which were liquidated only in 1995 (Joseph, 2003).

Argentina has felt the effects of the replacement of national banks with global banks: although its banking system has survived global economic fluctuations, the banking system has not done what banks are supposed to do: provide credit to small and medium-sized enterprises. Lack of credit has undoubtedly been a major factor in maintaining double-digit unemployment in this country.

In addition, foreign banks may be less subject to window management than domestic banks, and thus the ability of the monetary authority to control the economy—to ensure full employment with low inflation—may be reduced. This may be particularly important in open developing countries, where price (interest-based) interventions may be less effective, and where there may be more uncertainty in instruments such as the relationship between open market operations, rigidity as measured by interbank rates, and lending rates, and credit availability may be less reliable.

5) Globalization and the domestic political equilibrium. One of the greatest ironies is that developing countries like the Congo and Nigeria, with their wealth of natural resources, have not succeeded: clearly, wealth is not everything. Instead of creating wealth, there is a constant struggle for the distribution of rent. Globalization played a key role in this devastating civil struggle. The most obvious cases involve the diamonds that fueled the conflict in Sierra Leone. But the problem, in a less dramatic form, is larger. Bribes to get concessions — or even to get investment protection undermines democratic political processes; the resulting corruption almost inevitably has a negative impact on the investment climate and, therefore, on economic growth (STIGLITZ, 2012)

There is another related channel through which globalization, as currently practiced, can have negative consequences. We have seen how capital market liberalization often leads to crises. Crises, in turn, lead to IMF programs. When the IMF enters a country, it often effectively dictates the terms, undermining the fragile political consensus. In addition, reforms carried out under the dictation of outsiders are not politically sustainable. They cannot resist the changes and fluctuations of the political process. Investors - both domestic and foreign - know this; there will be a lack of long-term trust. From this perspective, it is no accident that the countries with the fastest economic growth (such as China) did not have IMF programs.

CHAPTER 2. ECONOMIC ANALYSIS OF THE 'KOLCHUGA' ENTERPRISE AND COMPANY'S GLOBALIZATION PRACTICES

2.1 General characteristics and analysis of financial activity of "Kolchuga"

As demand for cars and other light engines continues to grow, car manufacturers started to rethink their global growth strategy. Mature markets such as Western Europe are already showing signs of stagnating car sales. And since the automotive market is a crowded place, emerging markets offer a new battleground for the big automotive brands to compete.

According to Global Data (Global Data, 2022), there are five main emerging countries which include the world's key emerging economies: Brazil, China, India, Mexico, and South Africa. These countries contributed $421.7 billion to the global automotive industry in 2021, and are predicted to spur at a compound annual growth rate of over 5% during the period 2021-2026.

Within the car manufacturing industry, China is the leading country among the top 5 emerging nations, followed by Mexico and India in terms of revenue. In recent years, China's auto industry has seen a decline in both value and volume. The industry resumed growth in 2021, and auto production has reach pre-pandemic levels in 2022. However, due to a decline in demand and a slow stabilization of the domestic fuel vehicle market, the Chinese car market's inventory rose to 3.41 million units in February 2023. The Y-O-Y (year-on-year) growth reached 10%, resulting in a stock crisis due to relatively cautious production followed by the slow stabilization of domestic fuel vehicle market. Together with a current price war, it brings difficult times to the Chinese car market. In January, the national car market experienced a decline of 37% due to the early Spring Festival (Chinese New Year), the withdrawal of subsidies, and the departure of car purchase tax incentives. Nevertheless, stocks of joint venture brands (non-Chinese automotive brands other than luxury brands) at major automotive companies have declined significantly in recent months, reflecting increased risk prevention awareness and improved security of joint venture stock (Qian, 2023).

Before Covid-19 in 2020, annual car sales in South Africa exceeded 500,000 units, but fell to 380,206 in 2020 after strict lockdowns, spare parts shortages and supply chain problems caused by the virus. As of 2023, according to Naamsa (automotive business council in South Africa), there is growing concern about global "stagflation," meaning high interest rates and inflation combined with sluggish growth. Similarly, the ongoing russian-Ukrainian war is still disrupting supply chains, spare parts availability and energy prices, while tighter monetary policy in major international markets has increased the likelihood of a global recession. One more local factor that will play a role is GDP growth, which continues to adjust downwards and is now expected at 1.1% in 2023. All things considered, the performance of the domestic new car market is expected to remain resilient. Thus, a key priority for the South African government in 2023 should be to fully support new energy vehicles for investment decisions and the implementation of next-generation models (TOIT, 2023).

The Brazilian car market has experienced several ups and downs over the past decade, with 2012 registering the highest figures in recent years (3.6 million sales). In 2020, the COVID-19 pandemic caused severe human suffering and triggered a deep recession in Brazil. Demand for consumer goods fell and auto sales fell below the 2 million for the first time in a decade. Despite the economic recovery in 2021 (+5.0% of GDP), the underlying trend was still weak. In fact, 2022 slowed by 0.9% as inflation picked up and demand remained weak. Forecasts for the year 2023 do not look the best due to the constant increase in prices in parallel with the introduction of additional safety regulations and the transition to electrification.

As for Ukraine, it is considered to be the last emerging market in Europe of significant size. Obviously, due to the full-scale russian invasion of Ukraine and harsh economic conditions, the auto market crashed in 2022 and is still suffering. Nevertheless, the companies and manufacturers continue their work, and Kolchuga LLC takes part in it as well. And even though, it is not primarily involved into the car manufacturing, its area of work supports this sphere.

During my month-long practice I worked in the Ukrainian company Kolchuga, which is engaged in its own production of steel engine compartment protection systems for cars and is considered to be a national leader in this line of work. This is the main and basic specialization of the company. The enterprise was created in 1998 with the head office located in Kyiv, Ukraine. The form of ownership is a private company and the organizational and legal form of management is LLC (limited liability company). The main mission is to provide customers with quality and reliable steel engine protection systems to make trips as safe and secure as possible and protected as much as possible, so that that the customer is fully satisfied with his/her experience with the company.

Kolchuga LLC most closely matches the production business sphere of activity, since the company manufactures its items (protections, wardrobe systems, equipment) from scratch. It has its own production which fully constructs the products. After that, the company sells its goods to other businesses, B2B mostly, private buyers, etc. Therefore, speaking of an economic activity, the firm has one dominant type of business operations, which is the manufacturing business. It turns raw materials into end products that people buy and use in the future. This obviously involves human labor and machinery to compile, design and produce goods. Kolchuga LLC purchases all materials and sends them to its production, where the desired product is made from start to finish.

To better understand the general structure of a company and to learn the main departments it includes, it is favorable to observe the chart below (see Figure 2.1). Kolchuga LLC has a functional organizational structure in which employees are grouped into different departments depending on their work specialization. It is a top-down decision-making process where department heads report to upper management. These departments cover the sales, accounting, HR, and marketing teams.

Fig. 2.1: Organizational chart of Kolchuga LLC

Source: Compiled by author

The number of employees has not changed compared to August 2022, the company still employs 176 employees, of which 63 are women and 113 are men, which is a percentage of 36:64. The women are mostly in the office while the men are involved in production and product manufacturing.

Analyzing the commercial activities of Kolchuga LLC, it is prominent to focus on its economic and financial activities, since it forms the basis. When examining economic dynamics of a company, it is significant to pay attention to its main competitors and what differentiates the enterprise from its opponents. In order to do that, there must be clearly evaluated the competitive advantage of Kolchuga, which currently consists of a highly skilled labor (people who are in charge of manufacturing both of cars protection systems); their modern and constantly innovating technologies that change and improve simultaneously and in proportion to the emergence of new technologies; service, namely the attitude towards customers; the pricing strategy (prices are higher than those of competitors, but this is all due to much better modern quality and approach to work); ecological approach to manufacturing their products, since absolutely all materials are recyclable after the end of their service life; and the approach to safety. Now, evaluating the main competitors of Kolchuga LLC, it is definitely Polygon Auto located in Ukraine, Zaporizhzhia. This company was launched six months before Kolchuga was established. They as well specialize in manufacturing and selling of engine protectors. The main difference and weakness of this enterprise compared to Kolchuga is that the first one does not evolve and does not improve the quality of their products.

Determining exactly the financial activity of a company, it is possible to start with its volume of production. First of all, it is worth noting that the company produces an average of 4,300 protections per month right now combining local and international sales, which is more comparing to 2022. Even though the winter of 2022-2023 was rather difficult for the enterprise, the quantity of orders did not decline significantly. All of the changes are explained by the temporary difficulties, caused by russia’s aggression towards Ukraine, where exactly the problem with electricity especially affects production and the number of orders. Besides, the winter is less profitable for Kolchuga, since it is considered to be a low-demand season due to seasonal activity of customers. The most money-making seasons are September-October and March-May. There are two main justifications for that. First of all, consumers want to prepare their cars before cold seasons, so that their vehicles’ engines are protected and ready to meet harsh weather conditions. And secondly, there is a historical tendency of purchasing new cars in March-May when the warm is coming. Therefore, clients want to fully equip their automobiles right after the purchase.

So, in order to calculate the sales revenue of a company, I estimated the number of orders per each month multiplying by the average price of one product. Thus, the company received 1960 orders in January this year. The number varies according to seasonal demand. So, as an example of one-month revenue sales = 1960 × 4,500 = 7, 650 000. This number is sales revenue received for the sale of goods without taxes, salaries, total cost, etc. Thus, to thoroughly comprehend the difference in numbers between these years, I can say that January of 2023 was less productive and profitable in terms of manufacturing and production compared to January 2022, but it is totally understandable due to the current circumstances. Besides, right now, it is hard to predict the prospects of sales due to the highly unstable economic and general safety situation in Ukraine.

Another element is the composition and value of the assets which accounts for $450, 000 and includes mostly tangible assets such as machinery, land, buildings, cars, offices, raw materials, inventory, and royalties as intangible assets as well.

Besides, there is gross profit margin and the turnover of inventory, which was provided to me by the company employee.

As for the profit and loss statement, it is important to mention that the company does not have such expenses as rent, since all the premises in which the company operates, such as offices, production, and equipment for the manufacture of products and all other supplies, are completely under the control of the company and therefore nothing is rented.

To better understand the dynamics of an enterprise, I decided to provide a comparative statistic both for profit and loss statement and for key financial indicators based on the three years of company's operations, my personal observations and calculations during my internship month, and statistics provided to me by an employee of the company for 2021, part of 2022, and 2023. Given the change of seasons, the global electricity problem due to russia's full-scale invasion of Ukraine, and the financial capacity of buyers, the dynamics will vary accordingly (see Table 2.1, Table 2.2, Table 2.3, Table 2.4, Table 2.6, and Table 2.6).

Table 2.1: Profit and loss statement of Kolchuga LLC

Fiscal year 2021

Particulars	Amount (UAH)	Amount (UAH)
Revenues		
Sales	120, 708 000 UAH	
Total Revenues		**120, 708 000 UAH**
Expenses		
Cost of Goods Sold	31, 000 000 UAH	
Salaries/wages	57, 000 000 UAH	
Advertisements	501, 000 UAH	
Depreciation	89, 000 UAH	
Utilities	613, 000 UAH	
Total expenses		**89, 203 000 UAH**
Net income		**31, 505 000 UAH**

Source: Compiled by author based on financial information of Kolchuga LLC

Table 2.2: Profit and loss statement of Kolchuga LLC

Fiscal year 2022

Particulars	Amount (UAH)	Amount (UAH)
Revenues		
Sales	81, 447 000 UAH	
Total Revenues		**81, 447 000 UAH**
Expenses		
Cost of Goods Sold	17, 000 000 UAH	
Salaries/wages	54, 000 000 UAH	
Advertisements	312, 000 UAH	
Depreciation	50, 000 UAH	
Utilities	502, 000 UAH	
Total expenses		**71, 864 000 UAH**
Net income		**9, 583 000 UAH**

Source: Compiled by author based on financial information of Kolchuga LLC

Table 2.3: Profit and loss statement of Kolchuga LLC

January - April 2023

Particulars	Amount (UAH)	Amount (UAH)
Revenues		
Sales	34, 515 000 UAH	
Total Revenues		**34, 515 000 UAH**
Expenses		
Cost of Goods Sold	10, 000 000 UAH	
Salaries/wages	17, 400 000 UAH	
Advertisements	120, 000 UAH	
Depreciation	20, 000 UAH	
Utilities	200, 000 UAH	
Total expenses		**27, 740 000 UAH**
Net income		**6, 775 000 UAH**

Source: Compiled by author based on financial information of Kolchuga LLC

Three tables above comprehensively explain the difference in numbers and total gains and losses. It is hard to predict the total net income of fiscal year 2023, since it is still ongoing, however, we can already observe that 2023 is more productive and profitable than 2022. Looking at the tables, it is easily seen that 2021 was much more efficient in terms of net income for Kolchuga, the company spent much more on advertising as well. Totally, the revenue I spoke of earlier fell in 2022 on 39, 261 000 UAH (revenue, not net income), meaning that sales decreased significantly, as the purchasing power of buyers fell and the production facility also reduced the scope of work due to energy capacity issues. Especially hard months for an enterprise were March, April, and May of 2023, since the uncertainty of both company and clients was extremely sharp. Nevertheless, since the number of employees working remained almost unchanged and their salaries and wages are almost the same (2021-2023), the expenses regarding this matter do not differ critically. The relatively small gap in 2022 is explained by the temporary production stop and the employees' movement to other countries in the beginning of the war. The salaries were cut a little bit, but the company continued to pay the base payments. Also, 2021 had more expenses on advertising, since the company spent more budget on a marketing need comparing with 2022-2023. However, the company decided to spend smaller amount on marketing and advertising in 2022-2023 for a couple of reasons. Firstly, because of the sales reduction, the company does not want to have a lot of expenses on commercial announcements. Secondly, March-May and September-October are efficient seasons, the seasons when the demand for steel engine protections is much higher than in winter, Kolchuga needs much fewer public notices, since it had already actively done it during cold period.

So, analyzing the financial activity by the net income, 2021 was a really productive year after the pandemic rehabilitation. If 2023 continues to be as it is, the tear will show much better results than 2022. However, even though, Kolchuga as all other Ukrainian enterprises struggled a lot, it is still operating and demonstrates more positive statistics.

As for key financial indicators, the table is organized in order to fully see the picture:

Table 2.4: Key financial indicators of Kolchuga LLC of 2021

Particulars	**Value**
Sales revenue	120, 708 000 UAH
Value of assets	$470, 000 000
Gross profit margin	60%
Turnover of inventory	5.2
Liquidity	2

Source: Compiled by author based on financial information of Kolchuga LLC

Table 2.5: Key financial indicators of Kolchuga LLC 2022

Particulars	**Value**
Sales revenue	81, 447 000 UAH
Value of assets	$465, 000 000
Gross profit margin	43%
Turnover of inventory	5.2
Liquidity	2

Source: Compiled by author based on financial information of Kolchuga LLC

Table 2.6: Key financial indicators of Kolchuga LLC of 2023

Particulars	**Value**
Sales revenue	34, 515 000 UAH
Value of assets	$461, 000 000
Gross profit margin	51%
Turnover of inventory	5.2
Liquidity	2

Source: Compiled by author based on financial information of Kolchuga LLC

It is possible to observe that the assets depreciated year by year as well as the percentage of gross profit margin varied. Again, 2022 here shows much less fruitful results.

Also, in order to better analyze the local, namely the Ukrainian market, where the Kolchuga company operates, I decided to demonstrate the top 5 cities to which the company supplies its products, as well as their volumes. According to the company's official report, the top 5 cities for orders include Kyiv, Kharkiv, Vinnytsia, Zhytomyr and Odesa. It is these cities that most often cooperate with the company. The chart below shows the average production volumes in each city for 2023 (see Figure 2.2).

Fig. 2.2: Volume of sold goods in Ukraine of January 2023

Source: Compiled by author based on financial information of Kolchuga LLC

The diagram above shows that almost all manufactured goods are sold to these cities, and only a small percentage is distributed to other cities of Ukraine. These cities are, so to speak, stable buyers, and these statistics are almost always constant.

2.2 Globalization practices in Kolchuga LLC

Cross-border economic activity and its effectiveness are directly related to globalization and its impact on the market and economic development, and, of course, on Kolchuga's operations. The definition of globalization is often described as the increasing interconnection of the world's economies, cultures and society, forced by international trade in goods, services, technology and the flow of investment, people, knowledge, and information, as was repeatedly mentioned earlier. Speaking of this particular enterprise, the impact of globalization can be best explained in such features as entering of new markets, access to foreign resources, the implementation of new technologies, increased competition, and exchange of knowledge and information.

Starting from the first point, the effect of globalization is best described in respect of sales. The globalization influenced the company's activities primarily by the ability to export products to other European countries and also to America. There are nine main countries to which Kolchuga LLC exports its production, they are Poland, Latvia, Lithuania, Estonia, France, Czech, Slovakia, USA, Norway, and others (see Figure 2.3, Figure 2.4, Figure 2.5).

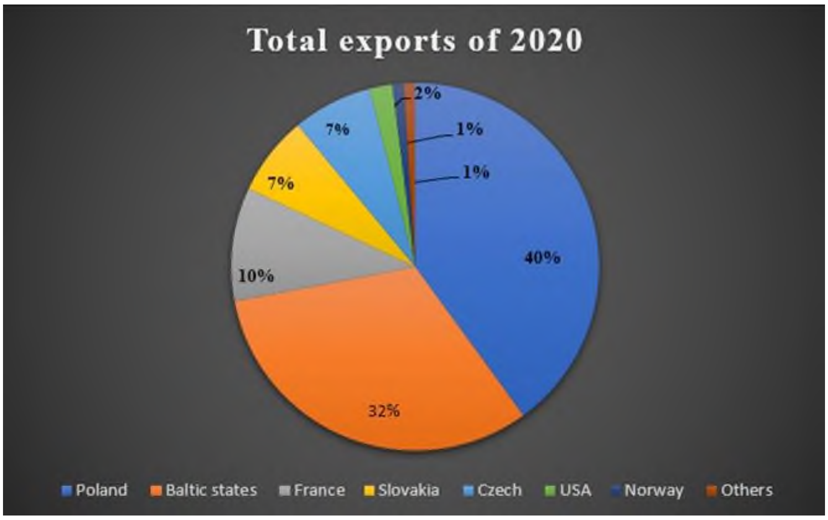

Fig. 2.3: Percentage of total exports to countries in 2020

Source: Compiled by author based on financial information of Kolchuga LLC

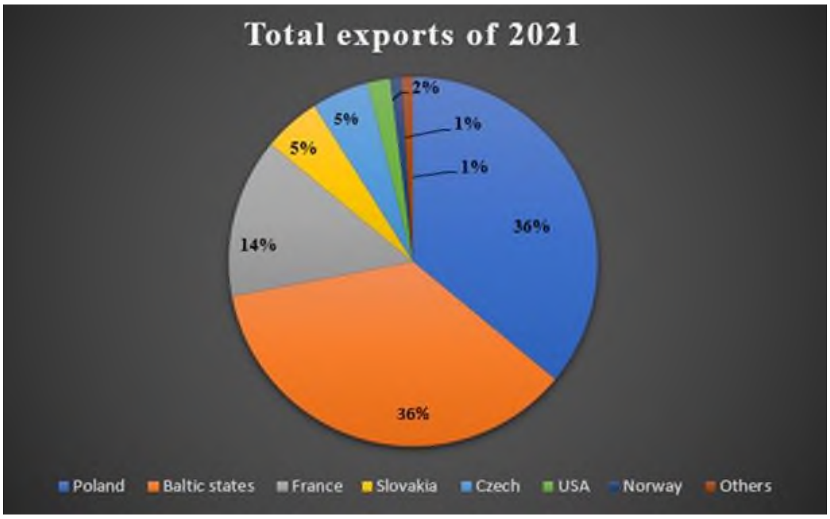

Fig. 2.4: Percentage of total exports to countries in 2021

Source: Compiled by author based on financial information of Kolchuga LLC

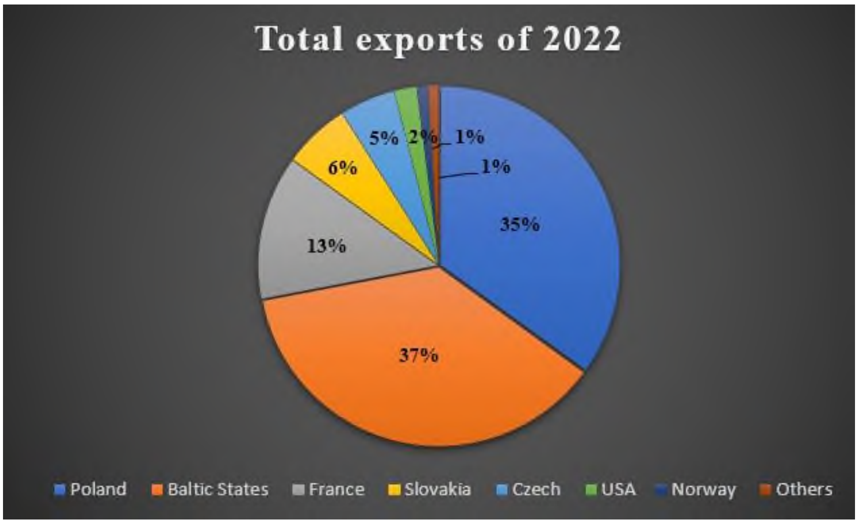

Fig. 2.5: Percentage of total exports to countries in 2022

Source: Compiled by author based on financial information of Kolchuga LLC

While writing my internship report, I took the most up-to-date data for the last three years, but the company did not yet have ready-made data for on exports in 2023. Therefore, in this work, I decided to make the same comparative statistics, but taking into account the just past 2022. Thanks to these charts, it is possible to notice that last year was very similar to 2021 in terms of exports to the above countries. The slight difference is that the volume of shipments to the Baltic countries increased by the same percentage as it fell in Poland. It can be concluded that now the Baltic states are the main importer of Ukrainian steel engine compartment protection systems for cars from the Kolchuga company, but they keep pace with buyers from Poland.

Along with analyzing the total percentage of exports in different countries for three years, it is appropriate here to estimate the number and the volume of exported produced goods during each month of a year (see Figure 2.6, Figure 2.7, Figure 2.8).

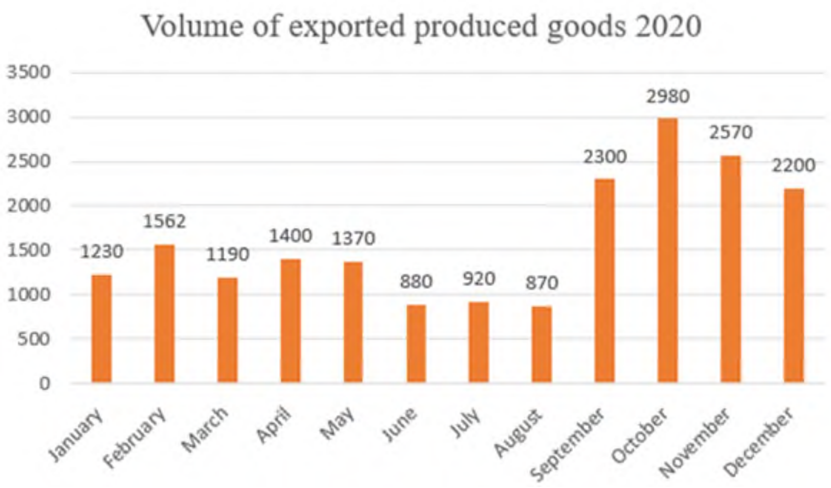

Fig. 2.6: Volume of exported goods in 2020

Source: Compiled by author based on financial information of Kolchuga LLC

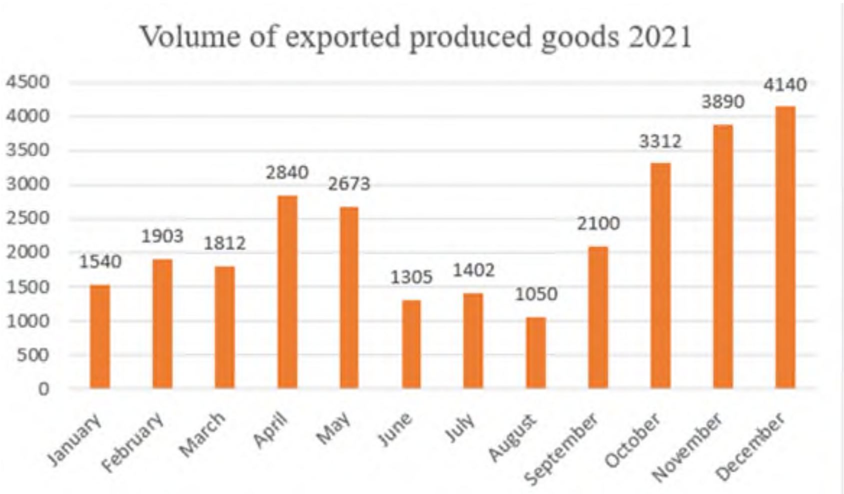

Fig. 2.7: Volume of exported goods in 2021

Source: Compiled by author based on financial information of Kolchuga LLC

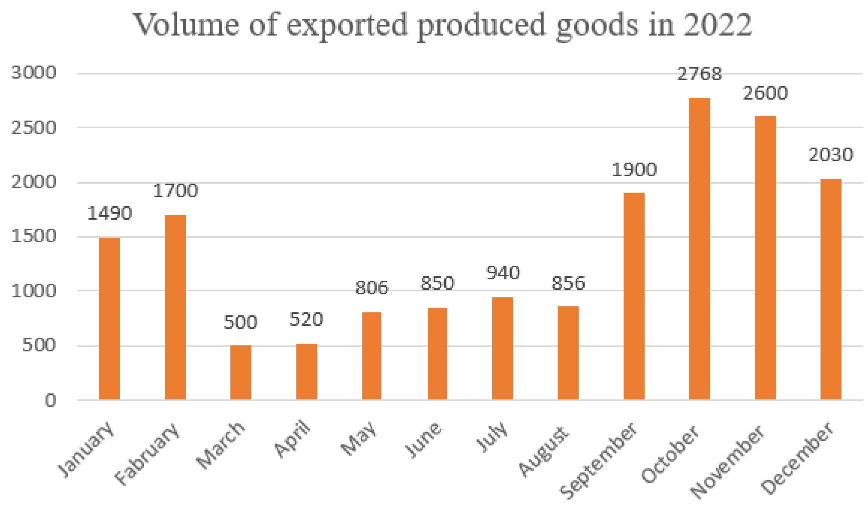

Fig. 2.8: Volume of exported goods in 2022

Source: Compiled by author based on financial information of Kolchuga LLC

Looking at the visual numbers and their dynamics, one can conclude that 2022 was the least profitable of all three, but this is easily explained and pretty obvious. You can see how immediately after the start of the full-scale russian invasion, namely in March and April, the number of orders decreased very sharply. As expected, the company also stopped production, and the customers themselves did not place orders. However, closer to the summer, when the economy began to gradually stabilize, and enterprises also began their activities, orders went uphill. Indeed, these are not the numbers that were in 2021, but this did not prevent the company from entering positive changes. You can also see similarities with 2020 as there has also been a reduction in supply due to the pandemic and a sharp decline in market activity. December 2022 proved to be less profitable than November due to lack of electricity and reduced customer purchasing power.

Along with exports, the firm visits and represents its goods at various European and American exhibitions, such as IAA Transportation (Germany), SEMA Show (LC, USA), AutoProfi (Poland) and others. At these events, the company advertises its products, finds new customers from all over the world who attend these exhibitions, provides advice and contacts and, of course, places orders for production. Besides, the company had a significant cooperation with a very well-known French car manufacturer – Peugeot. It manufactured the protections for their last car models.

As for the direct presence of the company abroad, it is important to note the availability of several warehouses in Poland and Lithuania, specifically two, in addition to the main storage places in Ukraine. This is done in order to facilitate the supply of products to other countries and save resources and transportation costs.

Touching upon the use of foreign resources, it is appropriate to mention that even though Kolchuga LLC manufactures the goods totally on its own, the enterprise exploits some foreign raw materials, mostly from Germany, and adopts the newest technologies. When creating their protective equipment, production uses the latest standards of safety and reliability, namely revolutionary technologies and patents in order to make products flawless. These innovations include the TAKE-OFF security system, the OFF-Energy care energy-absorbing beam system, the BloW-OFF airflow system, the Bounce elasticity system, the ZipoFlex coating, the Quick WitteD service system, as well as other protection elements, manufactured after the latter technology and quality characteristics, namely, shock absorbers are made of high-quality rubber, stiffeners are created using element forging technology, and additional wings and side protection elements.

It is also vital to indicate that globalization primarily alters competition, and at the same time is the driving force behind the development, improvement and growth of the company. Increasing global competition pushes down prices and expand consumer choice, which is the main profit of globalization. Reducing costs helps people in both developing and already developed countries to live better with less money. That is why this factor pressured Kolchuga to overdo its Ukrainian competitors and conquer the customers abroad.

Thus, summing the above part up, it is attainable to conclude that globalization has affected Kolchuga’s activities in such aspects as the export of goods to European countries, as well as to America, the purchase of certain materials for the manufacture of products abroad, the use of innovative technologies in products, the placement of warehouses outside Ukraine as the main place of production, as well as visiting and positioning of their merchandise at international exhibitions.

Nevertheless, the company has even more opportunities to expand its international activity even more, not focusing only on European segment. It is appropriate to analyze the company based on its SWOT matrix as well to better identify the enterprise's weak spots, strong sides, opportunities dimensions, and threats it faces right now. It is relevant to say that is one of the most common used approaches of a firm as part of the strategic planning process. By recognizing its external opportunities and threats, a company can exploit opportunities and counter threats. On the other hand, by finding out its internal strengths and weaknesses, a company can build strategies upon its strengths and eliminate its weaknesses.

So, that it would be possible to fully understand the meaning and intentions of each point, I will provide an opinion and description for each element (see Figure 2.9).

Fig. 2.9: SWOT analysis of Kolchuga LLC

Source: compiled by author

Starting with the company's strengths, the quality of its products is greatly appreciated by the customers due to the modern technologies used in the production. Clients permanently provide positive feedback on the quality of protections. Customer service is also valued by Kolchuga's customers. Again, feedback plays a crucial role here, since primarily using customer feedback, it is easy to analyze whether they are satisfied with customer service or not. Managers of Kolchuga are extremely attentive to complaints or doubts of the buyers. They always respond to the purchaser's concerns. What is imperative in this dimension is that there are different platforms where managers communicate with customers (via phone calls, messengers, social networks). Thirdly, it is a long-term experience in steel engine protection sector and their manufacturing. Almost 25 years of constant innovation and development made Kolchuga a national leader in this sector of production. The company knows what customers need, how to satisfy their needs, and establish long-term business relationships. Last but not least, recognition on the international market. Kolchuga is rather competitive on the European market. As a result of regular attending of international exhibitions, the company is well-known in its sphere. Moreover, it is competitive due to the price and quality correlation and strategy. The products are cheaper than those of European manufacturers but quality is on par.

The second measurement is weaknesses. From my perspective, there is a lack of staff. In my opinion, there can be more sales managers, since the number of calls and orders is high, and workers simply may not have a proper break. I think, in order to make work more efficient, it will not be redundant to hire more staff. Regarding the second point of strategic planning, it could sound too abruptly. Undoubtedly, the company has this element, nevertheless, it is not as long-term as it could be, from my point of view. For example, the option of expanding on more markets, such as Asian continent, not focusing only on the close borders is viable and an enterprise has it in mind to say so. However, it is not part of a clear strategic goal. I think, all possible choices should be estimated and taken into account, especially now when Ukrainian-Chinese relations are becoming stronger. And raising the subject of customers' doubts, this point is entitled that way, because according to consumers, the fact that 2 mm steel is used for the protections production, buyers consider this a weak aspect of the company. But the fact is that Kolchuga is convinced that this approach makes it possible to increase the security of protections. Since in accidents, these protections simply fly off the car and do not injure the driver. It is simply a safety matter.

It has been mentioned that the goal of the company is to enter the international market, so the opportunities are directly related to this aspect. The expansion on other foreign markets is particularly interesting, since both China and India are attractive destinations for business running. Starting with China, the country has been it has been a leading direction for businesses and entrepreneurs to expand and grow in their field. Exporting goods and services to China has brought huge profits to many investors around the world. Many international firms have taken benefit of doing business in China since it opened up to the world. Over the past few decades, China has conquered its place in international trade from an agriculture-based economy to one of the leading high-tech countries in the world (Schwartz, 2021). China has the largest economy by PPP (purchasing power parity) and it is the second largest economy by nominal GDP after the USA. The country is important to evaluate especially due to the fact that it continues to be the world's largest vehicle market by both annual sales and manufacturing output, with domestic production expected to reach 35 million vehicles by 2025 (International Trade Administration, 2023). Kolchuga LLC is primarily related to this sphere of production by manufacturing engine protection systems, meaning that there will be a demand for the goods. Other advantages are that China is a low-cost country, since it is still relatively cheaper than most developed countries when it comes to manufacturing. However, it is inevitable to avoid risks and threats, such as complicated logistics, which will increase costs and high-level competition. Therefore, the company does not state the expansion on Chinese market as a primary strategic goal, but keeps that in mind.

Speaking of India, it is a desirable spot for the business growth as well. There are several factors to support this statement, which are huge market, constantly rising youth population levels, large pool of skilled workers, growing economy, and improved buying capacity. With the country's path towards economic liberalization in 1991, India witnessed an exponential growth in the opportunities available to consumers - the IT industry and the automotive industry were two notable successful stories, where the second one is directly beneficial for Kolchuga. And about purchasing capacity, 15 years ago, 69% of India's population was considered poor. Since then, there have been huge economic improvements, and the country now boasts a large, healthy middle class. It is currently projected that by 2030, 1 out of every 2 households will be in the high or upper middle-income category. Government promotion of business is highly noticeable as well, which have implemented a number of different schemes and policies aimed at attracting foreign business owners wishing to expand their business or relocate their operations. Moreover, China has been expanding the business to India in the recent decades as well. Nonetheless, the risks basically remain the same as with China, since the far location can be an obstacle.

And last but not least, threats are primarily related to the russian full scale invasion of Ukraine, which are increase in prices of products, higher export prices, inflation and currency fluctuations, and the biggest threat is a missile attack. And on the international scale, it is a high level of competition on the international market with international manufacturers. By the way, before the war, the main threat on international exhibitions were russian manufacturers and their production. As we know now, they are forbidden to run their business in Europe properly, so this threat is no longer valid for the European markets.

Thus, the evaluation of Kolchuga from different perspectives gives a better understanding of how the company is doing right now, and what opportunities it has in the future. Even though, Kolchuga has many strong sides which are really significant in terms of its success, it is irresistible to avoid threats during such harsh times. At the same time, the company can consider possible opportunities to exploit in the prospective as a task of a long-term strategic planning.

CHAPTER 3. THE FUTURE OF GLOBALIZATION AND OPPORTUNITIES FOR EMERGING MARKETS AND UKRAINE

3.1 Analysis of the current unequal allocation of globalization benefits in emerging markets caused by the war

Although emerging markets are at a level below developed countries, they have a substantial leverage on the global economy. China and India are among such prominent representatives of emerging economies. Analyzing the economy and the general development of these markets, especially the impact of globalization on them, these two countries could not be ignored. Moreover, they are especially meaningful to analyze due to the Kolchuga possible opportunities of global business expansion on these markets.

Since the opening of the economy and economic reforms in 1978, China's GDP has experienced a period of unprecedented growth, rising from 367.9 billion yuan in 1978 to more than 90 trillion yuan in 2018. Over the same period, more than 850 million Chinese have lifted themselves out of poverty. Many attribute this powerful achievement to the fortunate embodiment of globalization into reforms. While India started easing its economic restrictions in 1991, where an elevated level of liberalization led to the private sector expansion. In 1990, GDP of India was $321 billion and accounted for 5.5% of economic growth, when already in 2021 it reached an all-time high of $3,176 trillion, accounting for almost 22% of economic growth (World Bank , 2022). Free trade and the free flow of foreign capital and investment have greatly reduced poverty. Poverty has declined in regions where special economic zones (generally defined as a geographical region in which economic laws are more liberal than the country's domestic economic laws, established to generate additional economic activity, promote exports of goods and services along with investment from domestic and foreign sources) have been formed. In India, openness to foreign investment has led to a significant reduction in poverty. The rapid development of the capital market has been one of the important features of today's integrated economic structures (Bhambri, 2021).

Of course, today's world crisis, such as the pandemic and the war in Ukraine, are directly related to globalization. The globalization itself has contributed to such a close interdependence of countries, which is especially clearly manifested in the form of tighten political relations, as well as the war directly affects the level of globalization and its pace. Many even claim that this historical changing crisis marks the end of globalization as we know it (Russu, 2022). Thus, it is plainly unreasonable to avoid such a paramount topic as how the full-scale russian invasion of Ukraine altered such large-scale emerging countries as China and India.

It is common knowledge that the question often arises of why China chose russia and not Ukraine in its position about the war? In the Chinese official language, China's official position on the war was clear and consistent. China does not condemn or support russia's ‘military operation’, but urges for respect for the reasonable security interests of countries. However, China has not given recognition to the independence of Crimea, Luhansk or Donetsk, while at the same time the country conveyed support for the sovereignty and territorial integrity of Ukraine. China has shipped humanitarian help to Ukraine and asked both sides to negotiate an end to the war, but the country has not responded to the Ukraine's requests of China becoming one of the guarantors of security along with other major countries. Nevertheless, one of the latest extremely important developments, especially at a time like this, was the progress in diplomatic relations between China and Ukraine - the leaders of two countries held a telephone dialogue for the first time since February 24th, 2022.

First and foremost, it is solid to analyze the war impact on China’s economy. The country is the largest trading partner of both russia and Ukraine. In terms of overall trade, the straight impact of the war on China is rather narrow. Bilateral trade with Ukraine accounts for only 0.2% of China's total foreign trade, reporting for over $1 billion per month, compared to about 2.3% with russia, which accounted for $53.84 billion in the first quarter of 2023, which is 38.7% more than in the same period in 2022 (Devonshire-Ellis, 2023). Still, China is a key trade partner for Ukraine. However, for some strategic issues related to energy, agriculture and mining, China is heavily dependent on both countries. Shortly after the start of the war, the Chinese leadership reportedly instructed the NDRC (National Development and Reform

Commission) to encourage state-owned enterprises to find other source options of imports of iron ore, grain and energy to offset potential supply cuts from the two conflicting countries.

Besides, China is densely dependent on oil and gas imports for energy. In 2021, 72% of China's crude oil consumption and 45% of natural gas came from imports (Jiang, 2022). China is also the world's largest grain importer. Beyond the primary impact of the war on bilateral trade, the indirect impact on the Chinese economy is manifested in the rise in commodity prices and raw materials for Chinese companies, which increased inflationary pressure on its economy. The war and subsequent turmoil in the global stock market also brought volatility in the stock market of China. What’s more, the war in Ukraine, China’s trade war with the US, and domestic Covid lockdown measures have been the top three factors slowing down the economic growth of China this year, which could have pervasive implications for jobs and social stability.

From the point of view of the supply of strategic goods, Ukraine has played a significant role in ensuring China's food security. China is the main buyer of Ukrainian corn, barley and sunflower oil. In 2021, grain imports from Ukraine amounted to 20.04% of China's total imports of this grain. Among them, corn accounted for 29% of its total corn imports. Moreover, the war has slowed down or harmed Chinese investment projects in Ukraine. In 2021, Chinese companies received construction contracts in Ukraine worth more than $6.6 billion (Xinhua News Agency, 2022). China's top three investments came from China National Machinery Corporation, China Hydropower, and State Grid, each with more than US $1 billion. The country has been an active investor, contractor and financier of projects in important sectors of Ukraine, consisting of infrastructure, agriculture, energy and telecommunications, covering the war-ravaged ports of Mariupol and Odesa. This is about the relationship between Ukraine and China.

Regarding russian-Chinese trade relations, they have been partners for many years. China's imports from russia amounted to almost 23% of all imports of fertilizers, 19% of nickel and related products, 18% of wood and wood products, 12% of mineral fuels and petroleum products (Jiang, 2022). Most importantly, China is heavily dependent on russia for energy and mineral imports, which accounted for 70%. The country is China's largest source of energy and electricity imports, and the second largest importer of crude oil (after Saudi Arabia) and coal (after Indonesia). Oil imports are of significant amounts as well. China's current Strategic Petroleum Reserve is estimated at 220 million barrels, equivalent to 15 days of consumption (Reuters Staff, 2021).

When the war just started, China avoided new deals with russia so to not show support. Nonetheless, as the war dragged on due to a string of EU sanctions against russia, it diverted Europe's oil exports to China, India and elsewhere.

Furthermore, russia is not the largest supplier of natural gas to China, but is no less important as the second largest supplier of pipeline gas (after Turkmenistan). russia launched the supply of gas to China in December of 2019 via the Power of Siberia-1 (or Eastern Route) gas pipeline. In January 2022, the two countries agreed to build the Power of Siberia-2 gas pipeline in 2024–2030.

Making a brief conclusion, the drawn-out russian war in Ukraine has not only created a serious humanitarian crisis, but also damaged the world's energy and food reserves, global capital markets, supply chains and the worldwide economy as a whole. According to China's official words, this is really not what China wants to see. China does not have intentions to prefer between Ukraine and russia in its official position or be involved into the conflict. But at the strategic level, China's choice is not so much between both countries. The analysis carried out shows that even though both Ukraine and russia are valuable suppliers of strategic goods to China, the second one is much more essential for China both economically and strategically, or rather, an indispensable partner. But the question is whether China can really stay away from the direct and indirect aftereffects of the war? The war in Ukraine, China's techno-economic war with the US, and domestic Covid-19 lockdown limits are three leading undermining factors for the country’s economy. China is under pressure to avoid a massive return to poverty and needs to cope with historically high unemployment rates, with a reported urban unemployment rate of 6.1% in April 2022 and 18.2% for people aged 16-24 (Beijing News, 2022).

Moving on to India, the South Asian region, which has faced soaring commodity prices and supply constraints even before the war, is likely to witness further inflation due to rising food and oil prices. About 18% of the world's population and 74% of the population of South Asia live in India. It is foreseen to be the largest and rapidest flourishing economy this year. The country consumes about 5 million barrels of crude oil daily, but imports more than 89% of its needs from abroad. Crude oil prices were up by 27% globally in just four months since the start of the war (February-June 2022), however, right now according to the recent data, India pays $53-56 on average (Sen, 2023). Another source says that Indian firms paid an average of $64 per barrel for russian oil in the weeks after the price cap began (Alaric Nightingale, 2023). Edible oils have also become more expensive, with prices for palm oil and soybean oil rising by approximately 14% and 18%, respectively. The price of sunflower oil rose by 42%, of which 86% came from Ukraine and russia. There is also a significant dependence on the import of fertilizers from conflict regions. russia was the 5th largest supplier of fertilizers to India in 2021-2022, while Ukraine and Belarus were the 9th and 10th largest suppliers (Balaji SJ, 2022). Rising prices for both ready-made fertilizers and mineral fertilizers prompted the government to double fertilizer subsidies planned earlier in 2022.

Nevertheless, in 2022 after the start of the russian invasion of Ukraine, India's appetite for russian crude oil increased to an unprecedented level (see Figure 3.1). And already in December 2022, India purchased an average of 1.2 million barrels per day from russia. India is buying additional shipments of russian crude oil, which, according to the report, comes from russian ports in the Western side of the territory and usually goes to Europe. But as European countries reduced their purchases of russian oil, India began to accept more shipments at reduced prices, as the route would normally be too long to be economically viable (Buchholz, 2022). It is possible to make a conclusion that Western sanctions on oil trade with russia have been of great benefit to India. In less than a year, the government has economized an estimated $3.6 billion by extending russian oil imports, even though, this number can be much higher. Continuing the topic of cheap Indian imports of russian crude oil, in May 2022, shipments from russia cost

$16 less than the average price of a barrel of crude oil imported by India. By then, russia had already cut $30 off every barrel sold to India (Verma, 2022).

Fig. 3.1: Indian and Chinese imports of russian fuel oil in 2022
Source: China Customs/India Trade Ministry via Bloomberg

We can see that the yellow pillar which represents India in the above chart was rather high. Even comparing to 2021 (the pre-war period), the numbers are bigger in 2022, which is really disturbing. The same situation is with China which I spoke of earlier. The figure and numeric data summon us that India and China now play a significant role in keeping russia's oil balance sheet afloat. As mentioned above, India depends on imports to meet almost 90% of its petroleum needs. Private participants such as Reliance Industries and Nayara Energy weigh for more than half of its total inbound shipments (Verma, 2022).

One more chart (see Figure 3.2) provides more detailed data on how many barrels were purchased by India throughout the war year.

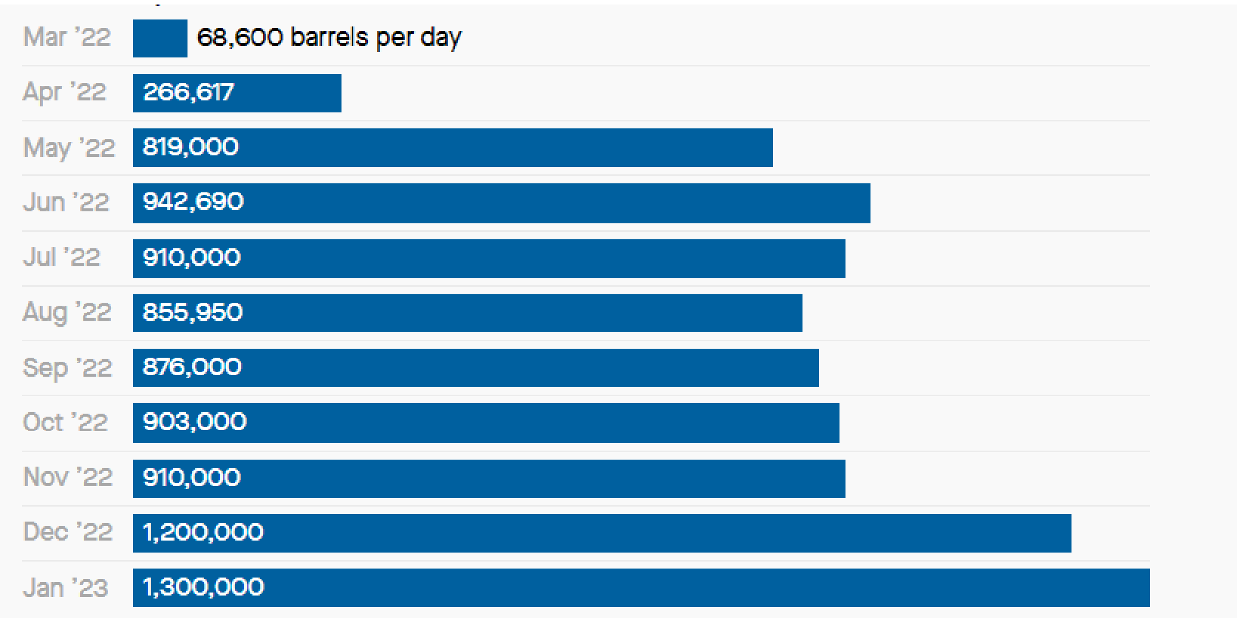

Fig. 3.2: Indian imports of russian crude oil

Source: Vortexa, Industry Sources

Thus, it is visible the constant increase dynamics of crude oil imports. January of 2023 estimates the highest number of barrels of an overall 11-months history. From Jan. 1 to Jan. 15, Indian refineries cumulatively imported about 1.3 million barrels per day. And 60% of this volume comes from private firms.

International prices for fertilizers have also increased, as russia was a key global exporter of fertilizers. It was the 5th largest supplier fertilizers to India in 2021-2022, the import of which amounted to about \$0.8 billion. Ukraine and Belarus were 9 and 10 largest suppliers of fertilizers. These three countries together accounted for about 12% of India's fertilizer imports in 2021-2022. Although India imports most of its urea from China, Oman, UAE and Egypt, Ukraine supplied about 10% of India's imported urea in 2020-2021 and 7.4% in 2021-2022. Russia stood next to Ukraine with approximately 1% in 2020-2021 and 3% in 2021-2022 (Balaji SJ, 2022). As mentioned by government and industry sources, India's fertilizer imports from russia rose 371% to a record 2.15 million tons in the first six months of 2022 due to price discounts, which are still valid. Such large imports are explained by scarcity avoidance. As mentioned by a source, India sometimes got discounts of more than \$70 per ton over global prices (Reuters, 2022).

Besides, India is largely dependent on imports of edible oil. About 94% of palm oil was imported from Malaysia and Indonesia alone. Argentina accounted for 83% of soybean oil imports, followed by Brazil (14%). In the case of sunflower oil, Ukraine supplied about 74% of its imports, and russia supplied another 12%. This is the smallest amount of edible oil imports in the last six years. In April 2022, imports of sunflower oil from Ukraine declined by 93% (Balaji SJ, 2022).

As for general economic situation itself, India's economy has shown remarkable resilience to such externalities and grew by 13.5% in the first quarter of the financial year 2022-2023 (April-June 2022). For the next quarter, July-September 2022, GDP growth was 6.3%. Although India's growth rate is forecast to slow in the next financial year, it is still touted as the fastest growing among major economies. In the beginning of 2023, IMF noted that India alone will account for 15% of global growth in 2023.

Analyzing why this is so and why India is such an attractive economy, several reasons can be identified. Above all, the country has done very well to turn digitalization, which is already in full swing, into a major engine to surmount the shock of the pandemic and develop opportunities for prosperity and jobs. Second, because India's fiscal policy is responsive to economic conditions. A new budget has been unveiled that shows a commitment to fiscal consolidation and also provides significant funding for capital investment. And finally, because India did not shy away from learning the lessons of the pandemic and implementing very tough policies to overcome a really tough period for a few months (The Times of India, 2023).

Speaking in more details about inflation, one of the biggest and most widespread consequences of the war in Ukraine was the struggle to control domestic prices for basic goods, which led to an increase in the imbalance between supply and demand. Due to erratic rains and supply shocks due to russia's invasion of Ukraine, prices of daily consumption goods such as grains and vegetables, the largest category in the inflation basket, have increased further since February 2022. In April 2022, two months after the war started, retail inflation in India jumped to an 8-year high of 7.79% and remained above the Reserve Bank of India's (RBI) tolerable range of 2-6% (The Times of India, 2023). Inflation rose again to 6.52% in January 2023 after hovering at 6% for 3 months due to higher food prices.

Global trade growth fell in 2022. This slowdown in global trade, especially with the US and the Eurozone – two of India's biggest export destinations – could also have a significant impact on India's exports. A slowdown in their economies mean lower demand for Indian exports. In December 2022, exports fell by 12% and imports by 3% to $58.2 billion, widening the trade deficit. It was the fastest fall in two years.

As of general impact of full-scale russian invasion of Ukraine on emerging markets, there can be stated three-dimensional influence: food, energy, and finance. The most obvious and direct macroeconomic impact since the war was in the prices of energy carriers and goods. russia was the world's largest exporter of crude oil and gas, and there was a risk from several fronts: sanctions, the technical possibility to maintain production at the previous level, the decision of the European countries to stop buying energy from russia, as well as russia's refusal to supply energy to what it calls "unfriendly countries." Inflation, high and rising interest rates have been and remain a serious obstacle to economic recovery in many emerging markets. Several EM countries, including China and Brazil, raised interest rates earlier developed markets. As inflation begins to ease and real rates turn positive in some areas, there is potential for the decline.

Global growth is forecasted to slump from an estimated 3.4% in 2022 to 2.9% in 2023, then rise to 3.1% in 2024 (International Monetary Fund , 2023). Emerging markets are generally much better positioned today for higher rates than in 2013-2014, when many countries ran large twin deficits.

Hence, as it is possible to observe, the impact of war on two of the most significant, influential, powerful, and overall interesting emerging markets is two-sided, from my point of view. On one hand, both countries felt strong economic shocks impacting all spheres of life and the general pace of globalization. But, on another hand, both of them receive benefits of cheap russian imports saving a considerable amount of financial resources. Nevertheless, it is in the interests of both countries to end the war and stabilize the economy.

3.2 Impact of globalization on economics of Ukraine

Ukraine is the last emerging market in Europe of significant size, providing a wide range of under-discovered opportunities (Ukraine Invest, 2022). When the third millennium started, the world changed on the basis of the global economic system, a globally functioning world economic mechanism arose, the elements of which were individual national economies. World lives in a time period of history where a whole bunch of changes occur prompting all-encompassing integration, due to the presentation of science-intensive technologies and the creation of global infrastructure. The globalization has already greatly influenced the country from different points, however, there are more possibilities to study.

As for Ukraine, one of its most important stages of integration into the world space means joining the European Union. The integration of Ukraine into the EU is an extremely difficult dilemma for both Ukraine and Europe. Already today, Ukraine is able to build its foreign economic relations on mutually beneficial terms. The high level of competition on the world market, the flexibility of the strategy and tactics of product manufacturers require the creation of structures in Ukraine that would ensure and coordinate the functioning of the foreign economic complex, as well as the entire infrastructure of foreign economic relations. Advances in technology, changing geopolitics, and expanding trade and financial flows have created enormous opportunities and removed obstacles of learning about methods for solving problems accumulated by countries around the world. European integration and membership in the European Union are strategic goals of Ukraine, because it best implements national interests in the formation of a socially oriented market economy and the construction of a developed democratic state as well as strengthens the country's position in the system of international relations. By joining the European Union, Ukraine opens up new horizons, additional opportunities to realize its potential, as well as the opportunity to reach a higher level as soon as possible advancement, adopting the experience of other countries, adjusting it for its developing economy (Плахотнік О. О., 2022). In order to see the possible opportunities of possible further globalization of Ukraine, it is essential to look at its current global positions. To assess the level of globalization, the system of quantitative measurement of the degree of development of globalization processes KOF is used, which measures economic (the volume of international investments, restrictions and taxes on international trade, the level of international activity, etc.), social (the volume of postal shipments, the level of cultural integration, the volume of cross-border money transfers, the development of information and communication infrastructure, etc.) and political (number of embassies, membership of states in international organizations, ratification of international multilateral treaties, etc.) aspects of globalization. Each of these indicators is divided into de facto and de jure categories. Indicators de facto measure actual flows between countries, and de jure - their institutional capabilities, and are assessed on a 100-point scale. Besides, each indicator is formed based on the data of world official statistics since 1970 and is published with a delay of two years.

First of all, it is relevant to consider the positions of some countries in the overall rating of the level of globalization for three years (the latest estimated data of KOF) (see Table 3.1, Table 3.2, Table 3.3).

Table 3.1: Positions of countries in an overall globalization level rating 2019 KOF Globalization Index (rating of 2017)

Country	Overall globalization index		Globalization index de-facto		Globalization index de-jure	
	place	index	place	index	place	index
Ukraine	45	74,83	34	76,51	57	73,15
Switzerland	1	91,19	1	91,65	6	90,73
The Netherlands	2	90,71	2	90,66	5	90,76
Belgium	3	90,59	3	90,48	7	90,71

Source: (Плахотнік О. О., 2022), based on KOF Globalization Index

Table 3.2: Positions of countries in an overall globalization level rating 2020 KOF Globalization Index (rating of 2018)

Country	Overall globalization index		Globalization index de-facto		Globalization index de-jure	
	place	index	place	index	place	index
Ukraine	44	74,95	33	76,31	53	73,62
Switzerland	1	90,79	1	90,81	7	90,78
The Netherlands	2	90,68	2	90,01	5	91,35
Belgium	3	90,46	3	89,96	6	91,00

Source: (Плахотнік О. О., 2022), based on KOF Globalization Index

Table 3.3: Positions of countries in an overall globalization level rating 2021 KOF Globalization Index (rating of 2019)

Country	Overall globalization index		Globalization index de-facto		Globalization index de-jure	
	place	index	place	index	place	index
Ukraine	45	73,93	40	74,10	54	73,75
The Netherlands	1	90,91	2	90,12	5	91,69
Switzerland	2	90,45	1	90,38	10	90,52
Belgium	3	90,33	3	89,68	6	90,97

Source: (Плахотнік О. О., 2022), based on KOF Globalization Index

The most globalized countries in the world are Switzerland, the Netherlands and Belgium. The differences between the three leading countries have been quite slight in recent years. They carry high foreign trade rates and strong and healthy financial sectors. The higher the value of the state index, the more it is involved in world processes. Switzerland, the Netherlands and Belgium are the focal point for many nongovernmental organizations. The Netherlands is particularly characterized by a very high degree of economic globalization (financially attractive place for companies, trade in goods through the ports of Rotterdam, etc.). As for Ukraine, according to the general index of globalization, it has a stable character.

Furthermore, Ukraine's position according to individual components of the globalization index can be analyzed below (see Table 3.4).

Table 3.4: Positions of Ukraine in the overall rating of the level of globalization KOF Globalization Index

Indicator	Positioning	Analyzing period		
		2019	**2020**	**2021**
		Rating of 2017	Rating of 2018	Rating of 2019
Overall globalization index	place	**45**	**44**	**45**
	index	74,83	74,95	73,93
Globalization index de-facto	place	**34**	**33**	**40**
	index	76,51	76,31	74,10
Globalization index de-jure	place	**57**	**53**	**54**
	index	73,15	73,62	73,75
Economic globalization	place	**72**	**66**	**71**
	index	64,87	66,01	64
Social globalization	place	**90**	**88**	**95**
	index	70,29	70,38	69,04
Political globalization	place	**30**	**32**	**32**
	index	89,24	88,32	88,35

Source: (Плахотнік О. О., 2022), based on KOF Globalization Index

If we analyze the trends of changes in the index of globalization of Ukraine over three years, it becomes noticeable that de jure indicators prevail over de facto indicators. As a conclusion, in the processes of economic, social and political nature, the created legislative and institutional assistance mechanism is insufficiently used for globalization. The most prone to globalization was the political sphere characterized by diffusion of state policy (89,24—88,35).

The process of the influence of globalization on the national economy of Ukraine is quite complex and contradictory. There are both positive and negative sides. The positive sides are obvious: the opportunity to be solidly engaged in the discussion of regimes for regulating international economic relations; reduction of costs for the implementation of foreign economic operations, which will contribute to increasing the price competitiveness of Ukrainian manufacturers. Thus, our country will fulfill one of the main conditions for deepening relations with the European Union and will have the opportunity to protect the interests of Ukraine and its enterprises in accordance with international forms and procedures. Also, a positive factor of globalization for Ukraine is the possibility of its participation in international cooperative projects, hence ensuring investment attractiveness for foreign investors and expanding the possibilities of freer access to foreign markets due to the reduction of tariff and non-tariff barriers. The negative consequences of globalization are: dominance of economically developed countries; suppression of development of certain branches of the national economy, which are not ready for international competition due to their substitution by imports; social inequality compared to economic successful countries; liberation of economic forces that increase inequality in the field of employment, in issues labor productivity, material well-being, etc.

Making a brief conclusion, globalization is a historical process. But this process is by no means problem-free. It has both positive and negative consequences. Globalization primarily strengthens the position of industrialized developed countries and gives them additional advantages. Thus, globalization is a reality of modern society and is a complex process that affects various spheres of society's functioning, affects the formation of a world economy with a single market in which capital, goods, services and labor move freely. This phenomenon does not bypass Ukraine, which gradually takes its place in the system of new international economic relations and actively influences all aspects of Ukraine's economic development. The potential of Ukraine to participate in global markets is quite high, but it has both positive and negative consequences as well. Nevertheless, this topic had to be evaluated and examined not least due to the active operation activity of Kolchuga on international markets, which also became a reality due to the emergence of globalization and the opening of the country. Kolchuga plans to expand in the future even more, so the knowledge and understanding of where Ukraine stands right now and what opportunities and prospects it has, must be endured and taken into thorough consideration.

And one last aspect as for the process of European integration, it will be long and pretty difficult. By the way, integration into Europe means an increase in the openness of the national economy and competition from European Union firms. At the same time, rather painful consequences for individual sectors of production and even regions are inevitable, but, unfortunately, without this, it is impossible to form a national strategy for further integration into the world economic space. However, the potential achievements and benefits of European integration exceed the possible losses and risks.

3.3 Analysis of policy recommendations

Even though, energy and food prices are really high compared to the pre-war period, recently there was noticed a trend of their slight decline - a key factor in improving activity and sentiment in early 2023. This increases the purchasing power of most firms and households and helps reduce overall inflation. The earlier-than-expected reopening in China is expected to have a positive impact on global activity, easing pressure on supply chains and boosting international tourism (OECD, 2023)

Consequently, general inflation began to decline mainly due to lower energy and food prices. The decline in energy prices partly reflects the impact of a warm winter in Europe, which helped maintain gas storage levels and reduce energy consumption in many countries.

Based on the above so-called achievements of 2023, and lessons learnt in 2022, OECD provided a list of three main recommendations what emerging countries should do in order to at least maintain the current positive result and provide growth in the future.

1) Monetary policy should stay the course.

From 2021, monetary policy tightened around the world in response to a surge in inflation. Fiscal policies generally remained expansionary, especially when governments introduced subsidies and transfers to protect households first from the pandemic and then from rising energy and food prices (Ana Aguilar, 2023). Continued inflationary pressures in services and cost pressures from tight labor markets will require many central banks to keep rates high through 2024. Nearly all central banks have carried on with stiffening monetary policy recently, revealing continued broad-based price pressures and the necessity to counter high inflation from becoming entrenched in inflation expectations and spending pressures (OECD, 2023). Several central banks that tightened monetary policy early on have now made a proclamation to take a break to estimate and determine the economic repercussions of the aggregating policy rates hike, including the Central Bank of Brazil (an emerging market). Others continued to tighten while starting to ease the pace of tightening, signaling that government rates will remain high for an extended period of time. If Brazil estimates that this kind of policy was worth, it must definitely continue its approach in order to prevent high inflation (OECD, 2023).

In its turn, a simultaneous tightening by many countries is likely to limit the impact of domestic policy tightening on exchange rates, potentially extending the length of time or the degree of policy tightening needed to bring inflation back to target. At the same time, widespread tightening in many countries is likely to further reduce global demand and prices.

Deteriorating global financial conditions, persistently higher interest rates in advanced economies, and persistent inflationary pressures limit policy room for maneuver in most emerging market economies. The divergence between domestic and US rates is likely to remain an important policy driver, particularly in countries with significant foreign currency-denominated debt and where inflation forecasts are especially susceptible to domestic currency food and energy prices. Previous policy tightening in Brazil could lead to some rate cuts in the second half of 2023, while India, Indonesia, Mexico and South Africa won't start cutting rates until 2024.

2) Fiscal support should become more targeted

A lot of countries presented new procedures or improved already functioning measures, such as subsidies, to soften higher food and energy prices consequences on both households and businesses. In case of lack of this economy backing, there is a significant chance of serious downturn in real income in many countries and extensive economic hazard in less advantageous households. Even though, energy and food prices are lower than they were, they are still far above levels seen several years ago, therefore there is a chance for phasing out vast policy support but for putting efforts to arrange targeted support to those who need it the most. A proper cutback in accumulated support, along with revised targeting, would contribute to fiscal stability, maintain incentives for energy preserving, and narrow additional demand stimulus during high inflation (OECD, 2023).

Targeting involves selecting those households and businesses which mostly require the help. Those on low-income assistance are one indicator, but others may include an inability to renovate energy-efficient housing or significant energy urgency due to age or illness. Digitalization, consolidation of various databases and faster delivery of payments should be taken advantage of. Limiting prices to energy consumption levels well below average and focusing support on viable companies, especially SMEs, would improve the structure of support schemes and incentives to reduce energy consumption. Generally, support should encourage energy efficiency, simplify adaptation to higher energy costs, and avoid redistributing barriers by maintaining energy-intensive actions that are not sustainable in the midline outlook.

3) Boost underlying growth prospects

Productivity growth has been disappointingly slow in recent decades. Encouraging digital adoption through structural policies such as upskilling and competition that drives adoption of key ICT technologies will be important. Narrowing gender gaps in participation in STEM programs and lowering barriers to trade in services can help achieve this.

Both small- and longer-term trends lead to the extensive role of structural reforms in increasing supply in emerging economies. According to the OECD Economic Survey for November 2022, supply-side factors are estimated to have driven most of the rise in global inflation. Reinvigorating reforms aimed at reducing constraints in labor and product markets and stimulating productivity growth will raise sustainable living standards and accelerate the recovery from the current slowdown by easing supply-side shortages and inflationary pressures.

The current slowdown in growth is exacerbating long-standing challenges for growth, sustainability and well-being due to aging populations, accelerating digitalization and the need to reduce carbon emissions. Fundamental growth prospects have lessened considerably over the past decade in both advanced and emerging economies, which are primarily important to us. This is partly a function of demographic trends, since as the population ages, the contribution to potential output growth from a rise in the working-age society falls progressively, although this has been offset to some extent by rising employment. However, the decline in the potential growth rate primarily reflects slower underlying growth in labor productivity, which consists of two elements, which are capital per worker and total productive efficiency.

Hence, it is imperative to boost investment in a sustainable way and improve production efficiency. Reviving business dynamism by removing barriers to entry for innovative young firms and exit for struggling firms will increase competition, drive investment, and provide the required reallocation of resources between activities. In order to enhance future development and growth opportunities as well as ease short-term supply difficulties, countries should be open to trade and investment and remove barriers to international trade in services and economic migration. Reinforcing workforce skills with the help of well-formed adult education policies and the number and gender blend of students learning science, technology, engineering and mathematics, will help increase digital adoption and labor market participation.

Thus, those three policies, namely tighten fiscal policy, monetary policy course, and boost of economic growth can provide a sufficient result if carefully and wisely applied. But what is crucial, emerging market economies are more sensitive to shifts in financing positions, especially concerning external borrowing. The cost of financing has already risen in line with higher interest rates around the world. However, concerns about insufficient fiscal consolidation and a possible weakening of inflationary expectations could lead to higher sovereign risk premiums, currency depreciation and tightening domestic financial conditions. Also, fiscal concerns could infuriate the domestic impact of tighter international financial conditions and broaden the chance of an abrupt stop in capital flows.

From the point of view of monetary policy, the financial channels of fiscal imbalances burden the exchange rate, spurring inflation and influencing its dynamics. From a fiscal policy perspective, higher interest rates increase the cost of servicing debt and put a burden on public debt. Going forward, interest rates are likely to continue rising and remain high as central banks commit to lower inflation. Therefore, fiscal authorities need to balance the provision of support, while maintaining debt at controllable levels. Expansionary fiscal policy should be seen as sustainable, with a clear exit strategy that leads to future consolidation. It must be temporary, purposefully and targeted. So far, it has been widened, vast and expanded.

Nevertheless, these recommendations were of a more general character applied to not only emerging markets but other as well. Speaking of more focused suggestions for Kolchuga LLC, my personal opinion is provided below.

1) The first recommendation is based on the trend of international exports as well as the presence in emerging markets. As described in section 2, Kolchuga has been exporting its goods abroad for a long time. In particular, there are top countries that are stable importers of engine protections, such as Poland and the Baltic countries that take on the largest percentage of imports. In addition to these countries, there are also such as Norway, France, the Czech Republic, and Slovakia and a small percentage of the United States. In order to diversify the market and broaden the customer base, the company may begin to supply products to other markets. However, at this point in time, I would not recommend making major changes and expanding into very large markets (although it is possible) such as China or India. Yes, they are very promising emerging markets, and Kolchuga would like to open its production there, but right now, due to the tightened economic situation and impact of war, there is not enough strategic planning, budget, and also confidence that this market will definitely pay off. Therefore, they are more of a really long-term strategic possibilities rather than short- or middle-term ones. I would now pay attention to smaller, but also rather promising markets that are closer to Ukraine in order to make the logistics process less difficult.

Such countries can be, for example, Romania and Hungary. They are both members of the European Union, their locations are quite attractive, and they also have a fairly good economic situation. For instance, the analysis now places Romania among upper-middle income countries, the 44th richest economy by GDP per capita (USD 12,915 in 2020), where GDP per capita increased by an average of 3.9% in the last 5 years, surpassing the average of the region (Dumitrescu, 2023). Besides, according to Economy Minister Florin Spataru, the automotive industry is one of the most prominent ones in Romania, accounting for more than 28% of GDP. More than 500 companies operate in this sector, employing more than 230,000 people and covering almost a third of all exports, meaning that there will be a demand for cars protections system. Furthermore, Romania is not an expensive country so it will not be highly costly to supply products there. Romania is a country that offers many business and investment opportunities and proposes lower costs of doing business compared to other countries in Eastern Europe.

Regarding Hungary, its economic freedom is estimated to be 64.1, which puts it in the 54th place in a list of the freest economies in 2023. Hungary is ranked 31st out of 44 countries in the Europe region, and its overall score is well above the world average (The Heritage Foundation, 2023). Besides, Hungary has an export-oriented market economy with a heavy emphasis on foreign trade, thus the country is the 35th largest export economy in the world with an average annual income of 17,740 USD is one of the high-income countries (International Trade Administration, 2023). There have been conducted reforms carried out in different areas of its economy to keep up a vital private sector and market openness. By the way, Kolchuga also exported products to Hungary, but this country is not a stable buyer. Therefore, I think that it would be possible to invest in advertising and marketing in order to promote products in this country. Taking into account an automotive industry development, it is strong as well. Therefore, this country destination is rather attractive, and Kolchuga can take it into account as well to promote is production further.

2) The next recommendation is based on the direct impact of the war on the country. The production of Kolchuga is located in the Kyiv oblast, that is, in Central Ukraine. A more or less safe region is the West of Ukraine compared to others. Thus,

to ensure greater security and safety, it would be possible either to transfer part of the production there, but this is quite a costly business, or to organize warehouses with products in the West of Ukraine, so as not to concentrate everything in one place. Also, when analyzing the international activities of the company, I mentioned that Kolchuga has a couple of warehouses in Poland and Latvia. To reduce the cost of delivery and, again, to insure goods, one of the options is to open a couple more warehouses outside of Ukraine. Unfortunately, it is simply a safety matter in today's reality.

3) Another recommendation also directly depends on the previous one and is to diversify supply chains. Kolchuga buys raw materials both in Ukraine and abroad, for example, in Germany, however, in order to reduce dependence on local suppliers, it would be possible to focus more on foreign suppliers.

4) Finally, the last recommendation is based on the diversification of the variety of products. Kolchuga has long specialized in the production of engine compartment protection systems. The enterprise has a stable client base, many years of experience and a good reputation. In my internship report, I wrote that the company is thinking about releasing another product - a tow hitch (trailer hitch). It is a sturdy metal device mounted to the frame of the vehicle, cars mostly. Trailer hitches connect the vehicle with attachments, such as trailers, bike racks, etc., allowing to tow a wide variety of items. Thus, the introduction a new product, trailer hitches, to the market, both domestic and foreign one, will increase sales and diversify the product line of Kolchuga LLC. The new product is fully consistent with the specialization of the enterprise and there is a demand for such products, which is most important. The firm has been thinking a lot about launching it, and I think, it is a rather viable option.

Summing this part up, from my point of view, there are four main suggestions for Kolchuga LLC right now, which may help it diversify the market, customer base, provide more safety to the manufacturing, and expand product offerings.

CONCLUSIONS AND PROPOSALS

When writing the bachelor qualification work, several tasks were set in order to analyze the essence of globalization itself and how it influences the emerging market economies from different perspectives. Before summing up each point, it is still imperative to remind the very meaning of globalization once again. Thus, globalization in its broad terms can be referred to as the as the increasing interconnection of the world's economies, cultures and society, forced by cross-border trade in goods, services, technology and the flow of investment, people, knowledge, and information.

Thus, by examining each task set and what has been achieved and studied, I can conclude that:

- The essence of globalization can be defined by two main determinants:
technological progress and innovations. This statement can be supported by the fact that particularly technological progress, science and machinery as well as industrial revolutions have contributed to the introduction of economic globalization. The rapid development of information technology, embodied in the Internet, has shaped the tempo of economic globalization.

- Also, this work investigated the four dimensions of globalizations. Mainly, they are 1) trade, which is generally positively correlated with economic growth; 2) foreign direct investment, which is widely praised for attracting capital, access to foreign markets, technology and human capital, where most observations support that the greater the share of FDI is implied, the more increased the level of globalization is; 3) capital market liberalization, which has been an ambiguous aspect, since it can lead to economic instability; 4) and knowledge, where the results demonstrated that patent citations (integral part of knowledge sharing) global domination moved from USA, Europe, and Japan to South Korea and China.

- The subchapter 1.2 also examined how globalization impacted macroeconomic dynamics in emerging market economies and found out that trade openness is positively interacted with macroeconomic performance and its lesser volatility in many emerging market economies, such as China, South Korea, Thailand, others.

- Moreover, the paper estimated negative effects the globalization can cause and determined five main cons it triggers: the difficulty to organize job creation, risks associated with trade liberalization and capital market liberalization, loss of monetary policy independence, loss of national financial institutions due to strong competition with world-wide financial authorities, and sway of domestic political equilibrium associated with corruption and IMF programs.

- Another major objective was to show how transport sector develops nowadays in emerging markets. Based on evidences from three most prominent emerging economies, China, South Africa, and Brazil, I came to a conclusion that the transport industry in those countries is experiencing hard times as a result of consequent worldwide crisis, such as Covid-19 pandemic and ongoing russian-Ukrainian war, and local economic asperities.
- Furthermore, Chapter 2 was fully devoted to the analysis and examination of Ukrainian company "KOLCHUGA" as a part of modern business development and studying its local and international business competitiveness. The numeric results showed that the company is well-recognized in its local market – Ukraine, and is doing successfully abroad, especially in such countries as Latvia, Poland, Lithuania, and Estonia. The compound SWOT matrix evaluated strengths, weaknesses, opportunities, and threats faced by the company right now.
- The finishing, 3rd Chapter, provided an understanding how two most prosperous emerging market – India and China were influenced by war in Ukraine. The outcome presented that both countries felt strong economic shocks impacting all spheres of life and the general pace of globalization, but, at the same time, it given them an opportunity to receive benefits of cheap russian imports saving a considerable amount of financial resources.
- The last chapter studied the impact of globalization on Ukraine as well, where the result showed that the country is mostly integrated into the global market from political perspective, and its de jure indicators prevail over de facto indicators.
- Summing the chapter up, three policy recommendations were specified in order to maintain and support the economy, which are tightening monetary policy, fiscal policy, and boost of underlying growth prospects. Along with it, several personal proposals for Kolchuga LLC were introduced based on overall research. The first one,

the expansion of exports to other emerging markets, namely Romania and Hungary, was based on the importance of further market expansion to more European countries. A brief economic analysis was done in order to understand that both markets are reasonable, stable enough, and open for business cooperation. The second proposal, the transferring of warehouses to safer places, was set up due to the primary war concerns and possible safety measures. The next, the diversification of supply chains, was introduced in order to lessen the dependence on local manufacturers, and increase trade relations with foreign ones. Kolchuga already purchases some overseas raw materials, therefore, it would not be a challenging job. Besides, it is a part of safety measures as well. And last but definitely not least, the diversification of the variety of goods by introducing a new product – trail hitches, can increase attractiveness of a company, grow revenues, expand the target audience and customer base, and enter more markets.

Hence, these objectives contributed to the achievement of an overall aim of the Bachelor Thesis – to research and investigate how globalization and all its aspects became the driving force for the economic, political, social, and cultural development for emerging economies and what disadvantages it caused for their development as well as show how the phenomenon of globalization impacted Ukrainian advancement during recent historical changing events.

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