

Analysis of trends in the global development of modern big business

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Abstract—The paper considers the problem of the effective use of world trends in the development of modern big business in Russia. The analysis of statistical sources, the results and conclusions of the World Economic Forum, economic forums and leading analysts' opinions of various countries including Russia was conducted on the basis on the methodological system approach. The methodology of GDP estimation according to purchasing power parity in different countries was used on the basis of a synergistic approach. The authors identified the main directions of world trends in the development of modern big business and their manifestation in Russian reality. The study revealed the opportunities that were provided for large enterprises in various industries and the reaction to them in different countries. The international experience of using advanced trends and its impact on GDP were summarized. As a result, it was revealed that following the global trends did not always give the expected effect.

Keywords—*development trends, network of alliances, environment of interaction of global organizations, cyber risks, GDP structure, growth dynamics.*

I. INTRODUCTION

On the basis of the analysis of Russian and foreign publications devoted to the trends and tendencies in the global market it can be concluded that modern big business is now at a crucial point of its history. The World Economic Forum in Davos in 2019 highlighted the most important directions in its development. One of them is the formation of networks of alliances.

Creating networks of alliances can be traced since 2005. More than 4,000 alliances - unions, partnerships, joint ventures - are formed in the world every year. In modern conditions alliances are becoming an essential tool for achieving a competitive advantage. Besides simple alliances, large networks are already being created.

Philips Electronics can serve as an example of such a network. This company has created a seemingly paradoxical alliance with Sara Lee (a food manufacturer). As a result of this alliance there appeared coffee making systems: Philips produces the systems, and Sara Lee roasts and packs special coffee. The alliance of AB InBev (a beer manufacturing giant) and Philips has resulted in portable beer bottling systems. Philips is an example of an enterprise capable of

creating innovations in partnership with particular types of enterprises, and then transferring them to other parts of its network. The concept of transferring knowledge of innovations and models from an alliance to an alliance is the main advantage of the network and the creation of modern enterprises.

II. METHODS

The potential of alliances lies in the form of creating partnerships and in the ability to choose the right partners and to establish relationships.

Strategies that change partnership forming habits are the following: a) to create more open connections; b) to establish relationships with manufacturers of substitute products; c) to support newcomers to the industry; d) to build relationships with competitors of partners; e) to analyze the market of manufacturers of complementary products; f) to find contact with direct competitors.

Networks of alliances offer advantages of three levels: 1) a combination of the resources and capabilities of each firm with the resources and capabilities of each partner; 2) obtaining timely access to information, establishing reliable cooperation and influence on the activities of other partners; 3) thanks to information and cooperation, a firm can achieve status through its central position in the network of alliances in the industry [13, 14].

Thus, the period of competitive wars of big business is being transformed into the establishment of mutually beneficial alliances, which requires completely different competencies from both the management and employees of enterprises.

According to A. Ivanov, a representative of PwC auditing practice, in Russia the lack of highly qualified personnel is the most serious problem for the countries of central and Eastern Europe. The same concern was expressed by the heads of Russian enterprises (over 50% of respondents). For heads of enterprises in Western Europe and the United States, this issue becomes problematic only in 25% of cases. However, all of them believe that not only new knowledge but also more flexible skills are necessary that allow managing transformations and being ahead of time, which confirms the conclusions drawn above [8,15].

The following reasons for the growth of corporations go into the background (without losing importance), giving way to alliances that allow firms to maintain independence, but at the same time to gain an advantage of the network:

1. Technological savings, i.e. the desire to get profit on the scale of production.
2. Savings on growth, i.e., on the diversity of products and markets.
3. Savings on transaction costs. These are costs associated with the functioning of the market system.
4. The desire to gain competitive advantages in industrial, national or global markets.

A modern approach to corporations and big business should be associated with rapid changes in both the external and internal environment. One of the most important aspects of the interaction of environments is informatization. The virtual space provides not only opportunities, but also serious threats.

At the World Economic Forum in Davos “Globalization 4.0: Forming a Global Architecture in the Age of the Fourth Industrial Revolution” in 2019, much attention was paid to this very important problem. Some well-founded concerns were mentioned along with clear advantages.

Cyber resilience is a challenge for all organizations, but because of its vital role as a social foundation, it is of particular importance to the electric power ecosystem.

The power-supply system is becoming an increasingly popular target for cyber threats including those of hacktivists whose aim is to cause civil unrest or government-sponsored espionage groups. Moreover, electric power organizations operate in an interconnected and interdependent environment, where the effects of a cyber attack in one place can cause damage in many others. Struggling against this growing risk requires that leaders change their attitude towards cyber resistance in two fundamental ways:

1. Cyber risk is a business and a risk for the entire ecosystem, it is not an IT-risk, and cyber risk management should be integrated into all business decisions;
2. Cyber risk management in such an interconnected environment requires that leaders think not only about the cyber resistance of their “homes”, but also about the cyber resistance of the broader “neighborhood” of suppliers, customers, competitors, colleagues and regulators among others.

The outlined methods were justified at the World Economic Forum in collaboration with partners in the electric power industry. The Boston Consulting Group also proposes principles to help solve unique cyber risk management tasks in the ecosystem [5].

In addition to the risks directly related to informatics, other risks were identified at the World Economic Forum where globalization and, mainly, large corporate businesses were discussed. The forum stressed that "the formation of global, regional and industrial policies for 2019 occurs in the context of a fairly good macroeconomy, but with a very high level of uncertainty in geopolitics and weak environmental sustainability" [5, 6, 7].

Martin Reese identified the following business-critical ideas: a gradual slowdown in growth as the most likely scenario and simultaneous increased risks in several areas.

The environment in which global organizations operate (Fig. 1) is a nested system consisting of several levels: technologies that are a part of the economy; technologies that are a part of the society; and technologies that are a part of the planet. Risks covered all these levels [6].

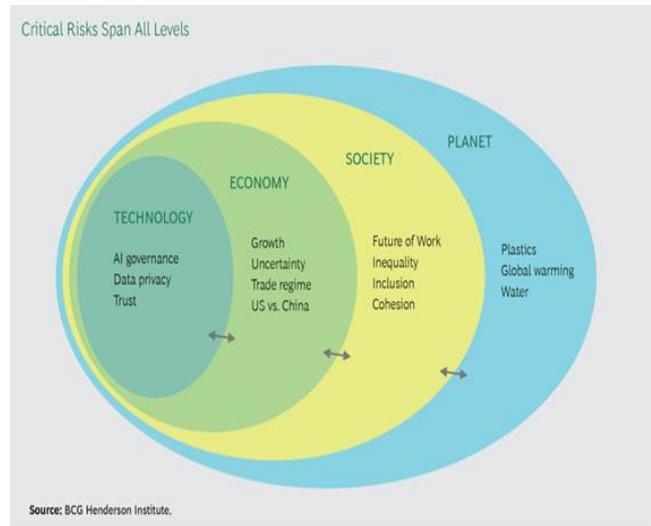


Fig. 1 The environment in which global organizations operate

At the technological level the following risks can be identified: risks associated with IT-technologies in the management, data confidentiality, and cybersecurity and trust.

At the level of the economy the risks are: a decrease in growth rates, growing uncertainty and challenges to the international trade regime.

At the level of society there are risks associated with the impact of artificial intelligence on work, growing inequality within countries and the destruction of social cohesion.

And at the planet level, it is important to mention risks associated with plastic pollution, the lack of fresh water and global warming.

These risks have several important characteristics. Most of them are not new - although many seem more relevant than last year. The levels interact with each other, so it is impossible to focus on one area without considering the others; in other words, a business should have a much broader view of its environment. Many of these questions are clearly defined, and some even have clearly defined solutions. But most of them require cooperation and collective action.

That's what it all means for business:

- Business leaders will have to focus on sustainability to cope with a wide range of likely trajectories for the development of global economy.
- Balancing this they will also have to focus on innovation and viability in order to create

differentiated growth amid a decline in aggregate growth.

- At the technological level companies will have to strive to be reliable through self-regulation and / or adoption of government regulation, as well as through the implementation of best practices for managing algorithmic and information resources.
- At the level of society, they should be purposeful and inclusive, clearly express the social value of their business and solve the problem of growing social division in many countries.
- At the planet level they will have to adopt sustainable business models, avoid social sanctions and avoid aggravating environmental degradation which already exists.

Finally, they must be active and cooperative in creating and promoting collective solutions to these problems while many governments are distracted and unable to take bold, farsighted steps.

These are the trends in the global development of big business. It is encouraging that many leaders are ready not only to discuss, but also to move on to pragmatic actions. In order to maintain its relevance in addressing major global economic problems, the World Economic Forum will have to evolve in order to become an effective platform for collective action at all levels, which the world lacks today.

Russian business has its own specifics. When analyzing statistical data and speeches at economic forums, it can be noted that the mining and processing industries remain the leaders of business in Russia. The raw material structure of a big business remains stable.

Russia's participation in globalization is rather nominal, and it is going slowly [4, 12, 13]. Commodity dependence of the economy does not allow entering more active international markets. Foreign investors prefer to make investments in industries engaged in the extraction and processing of raw materials. Despite the fact that Russia is a member of the CIS, the EEU, the SCO and other associations, modernization mainly consists in applying foreign experience and maintaining traditions [9,10,11].

As a result of analyzing the volume of investment in big Russian business according to the type of activity it can be seen that the largest amounts of investments were made in such industries as mining, transportation and storage [2]. This fact confirms the conclusions drawn above. Industries such as the development of IT technologies, data management, the development of artificial intelligence are not even considered. As we saw in the analysis of world trends - these are the sectors that are the most promising and popular in international global markets. Federal State Statistics Service confirms our findings: "the industries that create high added value, such as, telecommunications, transport, and engineering show a low dynamic of revenue and profit growth" [1].

There are some good tendencies in the development of the agricultural industry. As it can be seen from the diagram,

investments in this industry are paying off. In 2018 agricultural growth in Russia gave one percent.

As you can see, according to the data given by Federal State Statistics Service almost all indicators are in positive growth [1, 2, 3]. Only the list of key indicators does not coincide with international priorities.

Since big business is a producer of a real product the analysis of the GDP structure of the leading world countries and Russia was carried out in order to study how big business affects the GDP of various countries (Table 1).

TABLE I. THE STRUCTURE OF THE LEADING COUNTRIES' GDP ACCORDING TO PURCHASING POWER PARITY IN BILLIONS OF DOLLARS (IMF DATA FOR 2017)

Sectors in GDP structure, %	Russia	USA	China
Industrial production	30.5	15	40
Agriculture	4.8	0.86	10
Building industry	7.4	3	7
Mining	9.4	1.4	3.5
Total share of the real sector	52.1	20.26	60.5

In this case the US leadership is not confirmed. The volume of real industrial production per capita in Russia and the United States is about the same. In spite of the fact that China produces more real product than the Russian Federation, it has a population of 9.38 times more than that of Russia. It turns out that in Russia the amount of industrial product produced per capita is 1.26 times more than in China.

III. RESULTS

As a result of the analysis of trends in the global development of modern big business the following points can be highlighted:

1. The concept of big business in the modern world has shifted from the manufacturing to the non-manufacturing sector. According to Forbes Global, Industrial and Commercial Bank of China (ICBC) became the largest company of 2018, while such China banks as China Construction Bank and Agricultural Bank of China took the second and the third place. In making the analysis Forbes takes into account four indicators - revenue, profit, assets and market capitalization. Thus, companies producing real product left the leading positions. As for Russian companies, Gazprom ranked highest in the Forbes 2018 ranking, Rosneft ranked second, and Sberbank ranked third [16].

2. The fourth technical revolution leads not only to technical changes, but also to economic and political ones. During the World Economic Forum (WEF) in Davos in 2019 the Minister of Economic Development of the Russian Federation M. Oreshkin noted that humanity had come to the end of the super cycle (30-year globalization cycle) in economic policy, but this process did not benefit all countries, and as a result the tendencies of de-globalization are growing [17].

3. The functions of big business include stabilizing the economy, paying taxes, developing technologies and R & D, providing employment, and developing regions. But the most expensive companies in the modern world are virtual ones.

In 2019 the first place among Top 10 most expensive companies in the world belongs to Amazon – an American trading company selling and delivering goods via the Internet. The second place is occupied by Microsoft dealing with software development, and the third place - the company Google (Alphabet) [18]. These companies develop only Internet technologies and are international. They hardly ever perform the functions mentioned above.

4. State and political regulation of big business has always been an axiom. But in the modern world, when large companies only nominally belong to specific countries, one cannot say who has more influence. Nowadays already big business itself is activating discussions on the de-globalization and fragmentation of a single economic space.

5. Such classical concepts as “concentration of economic activities around one enterprise”, “work in isolation from other market participants” are already obsolete. Acceleration of all processes, creation of new technologies, use of big data, virtual space, artificial intelligence in production, etc. make modern enterprises of big business become more and more open and flexible.

IV. CONCLUSION

It is necessary to emphasize that global trends in the development of big businesses are associated with the creation of alliances, information technologies and environmental problems. Russian industry is weakly focused on the presented trends. But the general economic picture of the Russian Federation shows that the country is in strong positions in the top ten leading countries of the world. As for the share of industrial product per capita it can compete with world leaders.

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