Action lines of business’s adaptation to the conditions of the new economic reality

Irina Igorevna Afanasyeva  
Department of World Politic and Globalization  
Rostov State University of Economics  
Rostov-on-Don, Russian Federation  
a-factor@bk.ru

Oksana Nikolaevna Voronkova  
Department of World Politic and Globalization  
Rostov State University of Economics  
Rostov-on-Don, Russian Federation  
vipokanka@yandex.ru

Tatiana Valentinovna Shipilova  
Department of World Politic and Globalization  
Rostov State University of Economics  
Rostov-on-Don, Russian Federation  
shipta@mail.ru

Abstract—The current situation of global development indicates intensive translation of the global level transformational changes to the national and entrepreneurial levels. At the same time, global challenges lead to significant changes of the world economy internal structure, relationships peculiarities between its elements, the laws of these relationships, where the main guide is the realization of the world economy actors’ interests through the achievement of effective interaction.

Complex processes of multi-factor transformation, which prevail at each time interval, taking into account the level of interacting subjects, generating links and interdependence both in the structure of the economic mechanism and in the various entities of the global system, accelerate the development of new schemes of business adaptation to the conditions of the new economic reality. New institutional forms of their implementation determine changes in the classical market mechanism of competition, based on the competitiveness of economic entities, where the forms of transformation can cause crisis situations in the functioning of the structural elements of organizational, economic and social systems of different levels, which form through revolutionary development of global system.

The new economic reality amalgamated with the crisis of traditional forms of entrepreneurship in conjunction with the lengthy period of searching for the "bottom" of the development crisis in national economies, determines reformulating the development strategy of business entities in the coordinates of "transformation–efficiency", which causes companies to develop and use innovative strategies to increase profit.

Thorough review of the identified problem stipulates the study of world economy modern characteristics, analyzes transformation processes from the spatial concept’s viewpoint of the business entities’ external environment.

Keywords—new economic reality, global dynamic, increasing competition, international business, transformation processes, emergent strategy.

I. INTRODUCTION

The modern world is currently developing as VUCA world (volatility, uncertainty, complexity, ambiguity) [1]. These feature in particular define the new economic reality and force businessmen to employ non-standard design thinking and, flexibility. Effective strength and approach of the development are taking into account the influence of the transforming factors [2,3].

On the one hand, new economic reality means the wreckage of the previous systems of the economy management, it also means the repositioning of the subject and the object structures and cooperation of economic process within the framework of evolution legal conformities. On the other hand, it operates through bifurcate - fluctuation character of the development. At the same time the new feature of local systems’ adaptation was appeared. For example, Nassim Taleb, the author of the bestsellers like «The Black Swan» and «Antifragile» paid his attention on the systems’ feature as «ability of becoming stronger and sturdier coming through all the convulsions and what is usually achieved because of steadfast attention to all what is going on, also operative follow up ant «set» interplay with the environment» [4].

Change is one of capitalism’s constants. It never stands still, but is in a state of constant churning, as old firms, products and technologies decline or disappear, and new firms, products and technologies emerge. It is this constant process of mutation and flux, what Schumpeter famously called ‘creative destruction’, the ‘perennial gale’ of structural and technological change [5].

To explain this phenomenon and abilities of its structure we can use the example of Buddhism tetralemma on the base of what the ways of the SySt tetralemma were invented in 80-s of the 20th century [6].

We need to imagine the thimble in tridimensional room that is being illuminated up and down from the one side, so the shadow on the floor will have the round form, but the shadow on the wall will be look like a rectangle . Adapting this premises to the investigation, we report them the new economic reality is constructed through some testimonials as: temporary and extensional connection, inside of that the mixture of qualities is being made, also there are the changes of attitudes and departure conditions, the establishment of the plural and paradoxically connections , the implementation of the new dimension and specifications that amplify the contextualization of the strategies of the business development and reflexive in frames of tactic decisions .
II. METHODS

The methodological basis of the article is the conceptual and terminological apparatus of economic comparative studies and institutional economic theory, geoeconomics, globalization, management.

The dialectical method of cognition, which allowed to consider the impact of new economic reality on the transformation of companies’ development strategies, as well as a systematic approach, in which the subject was considered from the point of view of structural-logical and empirical analysis is revealed in the article.

III. RESULTS

Apparently, studying the habits of transformations’ projection in bearings of temporary component, there are some detached testimonials of the Global Economy [7].

Dynamism, making itself felt in the changing of domestic mechanisms (from pre-industrial to industrial, post-industrial and innovative, including the processes of neoindustrialization) that includes the changing of the technic patterns what in conjunction with organization - institutional rekeys the top-down character of functioning of whole world-wide community in academic and technological sphere, amplifying the uncoupling in view of different speed of inflow of the academic and technic and innovative development, forming the strategy of «blue ocean» as reflection on the bifurcate - fluctuation character of extension [8].

All these are based on the specific of appearance of the new type of snatching effect of stock-snatching effect of access way of the production what emits new heterogeneity of the global Economy -engineering heterogeneity.

Technology is considered as a key factor for economic development. Many authors in the field of technology management mention this impact on economic development as a motivator for their technology oriented study. What is this relationship between technology and economic development? In most studies, the relationship between technology and economy remains implicit [9,10].

According to opinion of academic S.Y. Glasyev «countries that didn’t make by the date technic, economic and political preconditions of the new take-off will be accompanied by shock» [11]. The withdrawal from turbulence to the pathway of the stable growth connected with removing to the sixth technic pattern (TP). «Temps of the growth making the core of the sixth technic pattern achieve every year 35% of extension of scale of appliance of key (nano, bioengineered and information and communications) technologies.

Cyclical development of the market world economic system in the framework of aging of new natural characteristics and replacement of obsolete systems with the new ones through the stages of the life cycle of systems - degradation, dissipation, collapse and collapse of the system-bifurcation transition to an qualitatively new stable system. Using the Hopf bifurcation theory «the cycle bifurcates from a stationary point and the system proceeds from the instability to stability. The new type of cyclic behavior occurs due to the technological changes, when the bifurcation parameter is the rate of adjustment of the production coefficient to its equilibrium value. So, the cyclical development of the modern world economy involves a constant technological update of the production» [12].

At the same time there is an acceleration of transitions and compassion of cycles of replacement of old systems by the new on the basis of race of innovations as artificial braking of NTP [13].

The positions of spatial coordinates for business entities are manifested in the following:

- there are many Autonomous centers of market regulation in the world and there is increased competition between them due to the objective nature of the action of the market laws. According to the theory of competition H. White, N. Fligstein, V. Radaev (school of «economic sociology»), competition is defined as «institutionalized process of correlation of strategies of behavior of subjects».

- G. Hamel and K. Prahalad state in their concept of «strategy of nonlinear changes» and «key competencies» that the success of competition is based on the creation of markets of the future and «intellectual leadership», provided the possession of key competencies, competition is conducted by the principal of «non-standard solutions against step-by-step changes», «nonlinear innovation» against «linear», «key competence» [14]. Accordingly, "in the framework of modern competition combines opposite properties as devastating, destructive, and constructive, creating a new quality" that can manifest and co-competition (a theory proposed by A. M. Brandenburger and B. J. Upton. Thus, modern competition as a transformer of the economic system represents "competition in economic efficiency on the basis of continuous search and implementation of system innovations based on constructive achievement of the set globalized economy" [15].

The core of the modern global system is becoming less cohesive, modifying, first of all, the financial and technological sphere. Thus, at the international level, the evolution of financial institutions continues, manifested, for example, in the creation of the financial stability Board (FSB) on the basis of the Bank for international settlements (BIS); the establishment of a Global infrastructure investment hub (Australia’s initiative under the presidency of the G-20 in 2014) and the Asian infrastructure investment Bank from China. In addition, the Renaissance of the financial sector is based on the penetration of Finance in the “non-financial centers” (extensive way of financial globalization), the emergence of new financial instruments (engineering, credit default swaps, derivatives on natural resources, greenhouse gases, opportunities (bioengineering) and new human technologies NBIC (nano, bio, info, cogno) [4].

- a new level of international mergers and acquisitions, mediated by information technology and the political influence of international organizations, is observed in the activities of TNCs, which makes significant changes in the global environment, the concentration
of centralization of capital, price strategy, and the international division of labor. If within THK system-forming and self-supporting relations began to prevail, then between the companies informal alliances and agreements are concluded. Especially such agreements are common areas of R & D, which require large investments at high risks [16].

At the same time, TNCs acquire the character of autonomous economies of the world, the foundations of which increasingly depend not on the classical combination of factors of production, but on new institutional factors (for example, differentiation of tax systems) and information, which determines the territorial organization of corporations through the flows of foreign direct investment - the "second economy" - networks of affiliated TNCs around the world, various industries.

IV. CONCLUSION

Currently, there is a need to manage the modern transformation, which in a crisis of international institutions generates a "hybrid war" based on the use of information, social technologies combined with unpopular tools to deter "dissidents". At the international level, it reinforces the centrifugal tendencies that are supported by the introduction of the institution of sanctions. Consequently, the business generates centripetal tendencies of realization of efficiency through the clustering of forms from-competition and the transition to digital interaction [14].

The presence of externalities in competition, through which, in fact, it manifests itself as a whole a positive impact on the development of the economy, allows us to interpret it as a socially significant benefit which are regarded as so significant (so meritorious) that their interpretation as a socially significant benefit which are regarded as so significant (so meritorious) that their satisfaction is ensured through the state budget and payment for private consumers" [17].

Thus, the new economic reality creates the need for business to follow the emergent strategy, toughening competition, shifting high-tech sectors of the economy, on the one hand, and at the same time pushing co-competition, organization of cluster schemes of interaction, digitalization of development content. Only one thing remains stable the world has transparent borders that remain important for institutionalized actors, limitless business opportunities, but nationally generating.

REFERENCES