ANALYSIS OF TRANSFORMATIONS OF THE MODERN ECONOMY

The object of research is the economy, its types and directions of modern transformation in the conditions of global instability of world development in the 21st century. Since the economy is a reflection of the trends of social development, the understanding of the definition of «modern economy» changes and needs clarification and improvement. The active movement of resources and capacities as a result of global social upheavals of the 21st century has created a need to understand aspects of the migration economy.

The research is analytical. During the research, special methods of information processing and analysis were used: elimination, intuitive method. The work is aimed at the systematization and generalization of the terminology used to characterize modern social production processes, determining the expediency of introducing the definition «migration economy». This will make it possible to formalize the process of making management decisions in the conditions of the trend of total migrations.

The paper analyzes the terms that describe the economy at the current stage of development. It is shown that several terms are used simultaneously: «movement», «migration», «relocation». And only the term «migration» has an essential interpretation as emergency and unplanned actions. An attempt was made to formulate the definition of «migration economy» as a specific economic activity of society, caused by both voluntary and forced (including emergency) migration of subjects of economic relations across national or regional borders, which changes the spectrum of economic, social interactions and the economic landscape both in the territories of departure and in the territories of destination.

The work shows that the real processes of the world economy require a modern terminological definition. This will form the basis for its forecasting and development.

The interpretation of the modern economy as a migration economy allows for the formulation of new principles of the organization of production processes: autonomy, adaptability, allocation of business blocks according to the principle of optimal added value. The practical value of the work lies in the effort to form a definition of the modern economy, which makes it possible to specify management decisions on the organization of production and to understand the directions of changes.

Keywords: type of economy, economy of sustainable development, circular economy, digital economy, migration economy.

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1. Introduction

The economy is a reflection of the social system, trends of social development. In the scientific literature of the beginning of the 21st century, it is possible to find various characteristics of the modern economy – integrated economy, global economy, economy of change, creative economy, sustainable development economy, circular economy, knowledge economy, digital economy, virtual economy, etc. All these terms characterize aspects of the state of the modern economic system during the transition to the VII technological order [1], expand the list of types of human activity in the process of their interaction.

Destabilizing changes in social relations of the 21st century began to shape the foundations of the migration economy. The active beginning of these processes was the desire of some Ukrainians to aggressively change the borders in Central Europe established by the documents after the end of the Second World War. So, in 2014, Russia annexed part of the territory of Ukraine. The next step was the process of self-isolation of individual territories related to COVID-19. The active movement of resources and capacities as a result of the full-scale Russian invasion of Ukraine in 2022 brought migration processes to a climax. All this prompted the introduction of the terms «movement», «migration», «relocation» in descriptions of the modern economy.

The issue of relocation of enterprises is thoroughly considered in the works of various authors. Thus, the relocation of transnational corporations as a result of changes in state policies is studied in works [2, 3]. The study of the spatial organization of economic activity and the role of agglomerations in the formation of industrial location structures is
systematized in the work [4]. The economic geography of industrial location and the spatial organization of global value chains are studied in [5]. And in work [6], the authors investigated the impact of relocation of enterprises on local communities. All these works recognize that the driving force behind the relocation of enterprises is market efficiency and financial profitability. The authors note that the main movements took place as an expansion or optimization of the structure of transnational and international corporations. These actions shaped the globalizing economy.

In the conditions of a globalized economy, the main factor of mobility [7] is mainly determined by the search for financial stability. But state institutions, territorial communities, and economic entities give preference only to qualified labor force, and form levels of financial stimulation only for qualified migrants. Mobility is concentrated at the level of labor resources, is individualized, permissive and selective.

The issue of enterprise migration has also been studied, mainly by British economists. Their opinions are divided as to the reason for such migration. Thus, in the work [8], the authors note that such migration is associated with global economic changes in the labor market. That is, according to the researchers, enterprises migrate only under the conditions of the inevitable disappearance of the labor market. But this point of view is not shared by the author of the work [9]. He believes that the main reason for the migration of enterprises is the tax policy of the territories. And the business consciously and planned separates the countries of registration and the countries of the location of facilities. Also, a certain amount of scientific research is devoted to issues of organization and coordination of business management with such separation.

The issue of planned relocation of enterprises was considered only from the standpoint of investment feasibility and regional specialization [10]. And the issue of emergency relocation was not raised at all in the scientific literature.

Thus, the terms «mobility», «movement», «migration», «relocation» are used by specialists at the same time, randomly, arbitrarily.

The situation in the economy of Europe and the world today creates new challenges for the management and management of economic entities and requires a theoretical study of terms and definitions. Conscious and justified use of terms will allow forming methods, tools of operative response to complex challenges of social development.

The paper puts forward a hypothesis that the correct name of the stage of development of the modern economy will allow to identify it, to understand the context of the processes taking place. Such identification will make it possible to distinguish special stages of the development of the modern economy and effectively refer to them.

The aim of research is to systematize and generalize the existing terminology, to determine the expediency of introducing the definition «migration economy». This will make it possible to formalize the processes of making management decisions in the conditions of total migration processes. In order to carry out the research, the hypothesis was put forward that migration processes, due to both voluntary and forced incentives, create specific organizational and management principles for the development of economic systems in modern conditions.

2. Materials and Methods

The object of this research is the transformational processes of the modern economy. This research is analytical. It is based on a systematic approach with the use of special scientific technologies for information processing and analysis. The method of data preprocessing as a logical method of elimination (taking chain substitutions) was used to determine the place of the term «migration economy» in the general list of definitions of the modern economy. The intuitive method of informal analysis is used to determine the research hypothesis.

3. Results and Discussion

The international division of labor in the second half of the 20th century initiated the integration processes of the economy. Under the influence of scientific and technical progress, stable integration ties between national economies were formed. Integration took place according to plan, with the expansion of international specialization and cooperation. A thorough systematization of the essence of integration processes is considered in work [11]. Integration was considered as a process of extensive exchange of goods, services, capital, and labor. It expanded the limited internal markets of individual countries, promoted the joint use of resources.

The integration of the economy promoted the exchange not only of resources and capital, but also of values. And this has already become the basis of the global economy. At the end of the 20th century, the economy acquired signs of globalization processes, a globalized economy. Global world institutes of international development were formed and communicative globalization took place at the beginning of the 21st century. The global economy provided for the combination of not only resources, but also politics, information space, socio-economic development of society [12]. The constant growth of interdependence of national economies [13] formed specific features and signs of the new global economic reality.

If the main rule of the economy of integration was the expansion of the scale of production [14], then the globalization economy was based on openness, deregulation, increasing the investment attractiveness of national economies [13]. Even in the 20th century, separate industrial territories began to be formed to provide all participants of the world market with the necessary resources.

In 1987, the term «economics of sustainable development» appeared for the first time [15]. But a thorough concept of the economy of sustainable development was formed only in the 21st century. The basis of such an economy was to ensure the development of society without threats to the existence of future generations. The ecological factor in the development of the world economy comes to the fore. In 2015, the UN General Assembly resolution «Transforming our world: The 2030 Agenda for Sustainable Development» formulated the goals of sustainable development. It is the goals of sustainable development that have formed new features of the world economy: the economy of sustainable development (Goal 11), the circular economy (Goal 12), the ecological economy (Goal 13), the digital economy, the economy of the metauniverse, etc.

The economy of a closed cycle or circular economy [16] became the next step, the improved goal of the economy of sustainable development. It is designed to reduce the negative impact of humans on the environment. The principles of thrifty production, collective use, etc. began to be actively implemented. Marketing developments in the personalization of consumer goods contributed to the optimization of production processes and individualization of
the assortment. At the same time, several types of economic development began to function: globalization strengthening of resource-dependent industries (fuels and lubricants, metallurgy) and individualization of consumer production (minimization of production batches of consumer goods).

But there remained a significant, often disproportionate, gap in development between the territories of production and territories of consumption. The circular economy began to change the sequence of business operations in order to improve the product life cycle chain. But the logistics chains themselves were not limited or regulated. The circular economy has become a continuation of globalization processes in the field of logistics.

Stable processes of economic development have undergone drastic changes under the influence of the global shocks of COVID-2019 and an aggressive war in the center of Europe in 2022. Isolation trends to protect humanity from COVID-2019 stopped the usual flows of resource movement, changed the economic behavior of subjects at all levels: from production to consumption [17]. A significant reduction in export-import operations and differences in the consumption behavior of the population of different territories of the world posed to national economies the question of restoring production capacities in their own territories. Since the movement of resource-intensive productions is limited to the places of resource extraction, the restoration of production capacities in the territories of old industrial zones (Old Europe and the USA) took place precisely according to the principles of the circular economy: the economy of restoration, the development of processing, the principles of economic expediency and collective use of goods.

The intensification of Russia’s aggressive actions against Ukraine finally destroyed the logistics chains and technological schemes, and moved large masses of labor resources at the same time and unplanned. Volumes of single-moment migration of the population of Ukraine are comparable to the total population of Bulgaria, Serbia, Switzerland, and Austria. Or seven times the population of Latvia, four times that of Lithuania. At the same time, about 1.3% of the population of Europe left Ukraine and the same number moved within Ukraine. The migration of labor resources stimulated the spontaneous, unplanned migration of business entities. The total migration of economic entities has become the main feature of business organization.

Emergency large-scale migration in Europe forced managers of all levels to urgently change the forms, methods and trends of the organization of production processes and technological schemes. Thus, the events of the last three years formed the basis of the migration economy [18]. The study showed that relocation is considered a change of place of stay by the business entity. The reasons for relocation have traditionally been determined by reducing labor or resource costs, access to new markets, and improving the overall efficiency of business processes. In general, the essence of enterprise relocation is to make strategic decisions to improve the long-term success of the business, as well as to effectively manage the risks and challenges associated with the process.

Migration is defined as the movement of people from one place to another, caused by a range of social, economic, political and environmental factors with a range of potential consequences and outcomes. Enterprise migration involves moving businesses from one location to another for strategic reasons and includes a number of logistical or operational issues. Under the conditions of sustainable development, the migration of an enterprise involves planning and risk management.

Relocation of enterprises is called moving them from one place to another for a long period or on a permanent basis. Relocation is associated with the emergence of material and technical or operational problems, legal issues. Can have social and environmental consequences and therefore requires careful planning, coordination and implementation.

State programs of Ukraine to support business during the war [19] proposed the relocation of economic entities. But, as already mentioned, relocation is a planned process that involves moving production from a specific place to another specific place with certain infrastructural features. The migration of enterprises does not fix the end point of placement. The very term «migration» implies the process of finding the optimal territory. Therefore, the migration process becomes more complicated, takes longer, and requires multiple revisions of business models for recovery and operation.

As it is possible to see, all the mentioned terms are related to the movement of the business entity, have similarities, but also certain differences. These terms were formed during the period of sustainable development and, except for the term «migration», do not include emergency, unplanned actions. That is why the definition of the term «migration economy» can change depending on various factors, such as the scale and nature of migration, politics. But it is possible to single out several general characteristics that are associated specifically with the migration economy:

1) emergency migration that provokes a disruption in the national economy or in the economic development of territories;
2) unplanned migration changes the labor market;
3) mass migration affects the formation of informal economic processes, disrupting the system of accounting, taxation, and regulation;
4) unplanned migration creates fiscal pressure on the territory of spontaneous or targeted migration;
5) migration processes develop the economy of globalization.

Thus, the migration economy should have its own development rules, its own regulatory and accounting tools. Market instruments of demand management may not work in a certain limited territory in the short term – migration can be systematized only according to the rules of globalization (rapid redistribution of migration flows to large territories). The migration economy can contribute to the reformatting of individual territorial markets by sectors of the economy; create opportunities for economic growth thanks to the movement of carriers of hard and soft competences. Such a positive impact is possible only if there are effective methods of managing infrastructure, labor markets, and public services in conditions of emergency migration flows.

The digital economy is becoming a prerequisite for effective accounting and management of migration flows. Digitization makes it possible to remove language barriers and simplify the reconstruction of business processes. The study showed that participation in the digital economy made it possible to coordinate the issue of accounting for migration subjects between different institutional units.

When organizing production processes, the economy of sustainable development suggests focusing on optimizing financial efficiency and employing professional personnel.
The migration economy should be based on adaptive business models in conditions of limited and difficult-to-forecast funding. But compliance with the principles of sustainable development allows to form the optimal business models of subjects of the migration economy and to determine the directions of effective financing.

Thus, the migration economy is a specific economic activity of society, caused by both voluntary and forced (including emergency) migration of subjects of economic relations across national or regional borders, which changes the spectrum of economic and social interactions and the economic landscape both in the territories departure, as well as in the territories of destination.

Studies have shown that the migration economy requires new rules for organizing production processes. Thus, autonomous productions with easy adaptation of individual business processes become the basis of the organization. Production organization schemes should be made according to the principle of the LEGO designer: business blocks should be autonomous; their sizes should be determined by the optimal size of the formation of added value [20]. The optimization of such business units can help the introduction of machines and devices based on artificial intelligence, the production of equipment by the method of 3D printing and the optimization of the power of such equipment in accordance with the trends in the development of the consumer market.

The development of the marketing system focuses attention on personalization of goods and services, individualization of orders and production. The subjects of the economy are not focused on production processes, but on the production of consumption – goods on the market must change quickly, be constantly updated with mandatory improvements. The competitive advantage of the market is the ability to quickly update the assortment of goods with a slight change in the nomenclature. Such trends also stimulate the replacement of heavy-duty production equipment with modular adaptive block systems with a high flexibility factor (the duration of equipment reconfiguration is minimal). Taking into account the individualization of consumption, production should also acquire signs of personalization.

The volumes of modern production should be regulated by the principles of the circular economy. One of its main approaches is the segmentation of flows: the separation between consumables and components of long-term use for the purpose of further return to the biosphere [16]. Therefore, production areas and capacity of machines, equipment and devices can be regulated by reasonable expediency, taking into account the possibility of potential migration of the business entity.

The development of artificial intelligence, autonomous and automatic production systems, and the testing of adaptive business models have created conditions for minimizing losses during emergency migration of economic entities. Thus, the mentioned processes of development of priorities of personalization of consumption and trends of production migration form a new direction of development of economic processes – migration economy. Such trends in the conditions of the globalized world, together with the digital economy, emphasize the attention of scientific opinion on the improvement of the principles of management of planned and emergency migration flows, the formation of self-sufficient, autonomous, adaptive, mobile business units.

The introduction of the term «migration economy» into the dictionary of a scientist-researcher allows concentrating the direction of scientific thought. The migration of economic subjects is a process that has a geographically and temporally defined starting point, but does not have a fixed destination and end point; it is measured only by the subject’s awareness of achieving psycho-emotional comfort. This approach generates new business models of economic activity. Recognition of the proper name «migration economy» for the economy of a specific period of time forms the space of its objectivity with distinctive features, becomes the key to understanding social processes, effective communication, organization and identification of processes. The practical value of the work consists in determining the principles of implementing the principles of organizing economic activity in the conditions of the migration economy. As a result of the formalization of the definition of «migration economy», directions for changing the principles of the organization of economic activity in the conditions of the modern economy are proposed.

Global processes, such as pandemics and wars, stimulated global movements of both production capacities and labor resources. The economic landscape of social production and consumption has changed. Such changes require scientists to understand the principles, methods, and tools of social economy organization. The conducted research makes it possible to formulate a definition of the term «migration economy» for the purpose of further development of the world economy. This will make it possible to formalize the processes of making management decisions in the conditions of total migration processes.

Global cataclysms that affect stable economic systems require either the creation of new business entities or the restoration of existing ones, but already in new territories and taking into account migration trends. Multi-tonnage production systems become vulnerable and require adaptation based on the principles of the migration economy.

The emergency migration of subjects of the national economy of Ukraine to the western territories became not only a source of qualified labor for many countries, but also a trigger for economic intercultural dialogue. It will have profound long-term consequences for the world economy and requires an awareness of irreversibility.

The results of the study showed that the migration of economic subjects has its own characteristics: it provokes a failure in the development of territories, changes the labor market, and is a catalyst for informal economic processes. The modern paradigm of making a management decision from the point of view of the migration economy can look as follows – a business entity should consist of autonomous, optimized according to the principle of the completed cycle of the formation of added value, business blocks capable of independent multiple recovery in the process of migration.

The migration economy, as the economy of a certain period of time, must «overgrow» with its own models, tools and methods. The migration economy should be based on adaptive business models. Business blocks should be autonomous, adaptive, with a high flexibility factor. The boundaries of a separate business unit should be determined by the optimal size of the added value generated. This will form the direction of further research.

4. Conclusions

The work examines the trends in the formation of the modern economy. It is shown how the content of the understanding of the term «modern economy» changed in the 20th – 21st centuries. The peculiarities of the transformation
of the globalized economy to the economy of sustainable development are considered. It was determined how the achievement of the goals of sustainable development contributed to the formation of a circular economy, a digital economy.

The definition of the terms «movement», «migration», «relocation» is systematized. Studies have shown that only the term «migration» implies the presence of emergency and unplanned actions. It is proposed to use the term «migration economy» on the basis of the performed terminological analysis to identify the stage of development of the modern economy, and the reasons for the feasibility of using the definition are given.

The work shows how the understanding of the essence of the migration economy changes the principles, tools, and methods of making managerial decisions.

The analysis of the features of the modern economy made it possible to theoretically substantiate the definition of «migration economy». The need to revise the principles of management of subjects of the modern economy in the presence of planned and emergency migration flows is determined. The directions of these changes in the conditions of simultaneous and global reformatting of the factors of the external environment are shown.

The presented study showed that the modern economy has already undergone changes, but does not have a thorough reflection in scientific theory.

Thus, in the conditions of radical simultaneous global reformatting of the external environment, the understanding of the term «modern economy» and the context of the processes taking place are changing. This means that the principles of the organization of economic activity need to be updated, modernized.

Conflict of interest

The authors declare that they have no conflict of interest in relation to this research, whether financial, personal, authorship or otherwise, that could affect the research and its results presented in this paper.

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References


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