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## **THE INFLUENCE OF THE GOVERNMENT ON GLOBALIZATION PROCESSES IN UKRAINE: ANALYSIS OF THE CURRENT SITUATION**

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### **Abstract**

The article examines the influence of the government on globalization processes in Ukraine, with an emphasis on modern challenges and opportunities for the national economy. The purpose of the article is to study the key aspects of state regulation that affect Ukraine's integration into the world economy. To achieve the goal, the methods of analyzing political and economic strategies, comparing international experience and evaluating the effectiveness of state initiatives were applied. The influence of state policy on trade relations, investment climate and international cooperation is considered. Both positive and negative consequences of state intervention for globalization processes are analyzed. The role of the state in creating a favorable environment for economic growth and integration into global markets is defined. The practical significance of the study lies in the provision of recommendations for the formation of effective state policy, which will contribute to the successful integration of Ukraine into the world economy and the achievement of competitive advantages in the international arena.

### **Keywords**

Globalization, Tariff and non-tariff barriers, Trade blocs, SWOT analysis.

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### **Problem statement**

In a rapidly changing globalized world, Ukraine needs to effectively manage its integration into the global economy to ensure sustainable development. Public policy has a decisive influence on this process, but existing strategies can both facilitate and hinder this integration process. This creates a need for constant analysis and improvement of government initiatives to ensure their effectiveness in line with current global challenges and trends.

### **Relevance of the chosen topic**

In today's world, where globalization processes affect the economic and political realities of countries, Ukraine needs to adapt to new conditions to ensure sustainable development and competitiveness. Public policy plays a key role in shaping the conditions for integration into global markets, as well as in determining the pace and

direction of this integration. Therefore, it is important to study how government regulation affects globalization processes in Ukraine.

The relevance of this topic is driven by the need to understand and adapt to the ever-changing conditions of the global economic environment. The effectiveness of government strategies and policies can have a significant impact on a country's economic development, its ability to attract investment, maintain international competitiveness and ensure economic stability.

Thus, the study of the state's influence on globalization processes is important for formulating well-grounded recommendations for political and economic decisions that will help Ukraine adjust to global challenges and take advantage of globalization opportunities to improve its economic situation.

### **Analysis of recent research and publications**

Many prominent foreign and domestic scholars have studied this topic. According to V.V. Yakovenko (Yakovenko, 2015), global governance is at the stage of conceptual development and needs to improve its terminology. However, it is "governance" focused on cooperation and mutual assistance that can become a key paradigm that will guide globalization towards democratic development, ensuring economic and social balance between countries in the global economy.

The main idea of V. Yakovenko's publication is that globalization has become a key trend in the development of the world economy, affecting all spheres of public life and increasing the interdependence of countries. This is accompanied by challenges for global governance, which faces difficulties in solving international problems. The text also describes various concepts of global governance, emphasizing the need for corporations to adapt to new conditions in a globalized world.

According to Y. Koltko and O. Yevseytseva (Koltko & Yevseytseva, 2016), globalization is forming transnational companies and global supply chains supported by international intermediaries and telecommunication networks. It can also be argued that globalization and the development of international cooperation lead to an increase in the volume of cargo flows, which increases the need for efficient transport logistics. This requires optimization of goods delivery processes, expansion of logistics chains, and improved management to achieve savings and increase profitability in international markets.

According to D. V. Polozenko (Polozenko, 2014), globalization is an objective process that expands international markets, economic ties between countries, intensifies competition, and creates problems that need to be addressed immediately. According to Dmytro Polozenko, globalization is an objective process of economic, financial and cultural integration that leads to deep interdependence of countries, but also creates challenges, such as economic dependence, inequality and weakening of state sovereignty. Globalization has both positive and negative aspects, including opportunities for growth, but also threats to the economies of weak countries. The text also emphasizes Ukraine's problems related to the underutilization of resource potential and social inequality.

When analyzing such an aspect as globalization in Ukraine, it is necessary to take into account and study publications and research papers that take into account the conditions of war in Ukraine. Having studied the article by A. Motrenko and D. Sydorenko (Motrenko & Sydorenko, 2024), we can conclude that an important aspect in the study of globalization in the context of modern Ukraine is to highlight the topic of conflict-related destruction, with enormous damage to infrastructure and millions of displaced people. This prompts Ukraine to seek global assistance in rebuilding its basic social and economic structures. Western countries, particularly European countries, and the United States play a crucial role in strengthening Ukraine's defense capabilities and ensuring economic stability.

### **Purpose of the article**

The purpose of the article is to study the impact of the state on globalization processes in Ukraine by analyzing the current situation in the economic and political sectors.

Achieving this goal requires solving the following tasks:

- analysis of key aspects of state policy affecting Ukraine's integration into the global economy
- studying the specifics of regulatory initiatives and their impact on foreign economic relations and the investment climate;
- assessing the positive and negative effects of government intervention in globalization processes on the country's economic development;
- consideration of practical recommendations for optimizing state policy to improve the efficiency of Ukraine's integration into the global economy.

### Presentation of the main research material and results obtained

Globalization is the process of increasing international interdependences in all areas (economy, politics, culture, environment, communications, etc.) This aggregation of global relations is done at the level of individuals, companies, institutions and governments.

The main causes: technological progress (communications, transportation), political decisions to liberalize world trade.

Government drivers:

1. Reduction of tariff and non-tariff barriers.
2. Creation of trading blocs.
3. Decline of role of governments as producers and customers.
4. Privatization in previously state dominated economies and shift to open market economies.

Ukraine needs to pursue globalization in the difficult conditions that have arisen since Russia's full-scale invasion for key reasons such as economic recovery, expanding markets, attracting resources, strengthening international relations, and adapting to change. The amount of damage is shown in Table 1.

Table 1: General losses caused by Russia since the beginning of the full-scale invasion in Ukraine.

Areas of life that have suffered damage	US \$ billion
Housing	56
Transport	34
Commerce and Industry	16
Energy and Extractives	11
Agriculture	10
Education	6
Municipal Services	5
Water Supply and Sanitation	4
Other	8

*Source: (Motrenko & Sydorenko, 2024).*

Thus, globalization is becoming a prerequisite for Ukraine's recovery and development, contributing to economic growth, technological progress, and strengthening its international position.

Returning to the topic of the article, the processes of international trade liberalization involve the reduction of customs tariffs and the elimination of non-tariff barriers, such as quotas, licenses and other restrictions that impede the free movement of goods and services across national borders.

The creation of economic and trade blocs, such as customs unions, free trade zones and economic unions, promotes the integration of countries and regions, which allows for lowering trade barriers between their members and creating favorable conditions for mutual trade.

The reduction of tariff and non-tariff barriers is an important aspect of Ukraine's economic policy aimed at improving the conditions for exports and integration into global markets. This phenomenon has a significant impact on the competitiveness of Ukrainian goods and services, as well as on the country's overall economic development.

Tariff barriers, or customs tariffs, are taxes imposed on imported goods. In Ukraine, as in many countries, these barriers can significantly affect the cost of exported goods and services, which in turn affects their competitiveness in international markets.

Criteria of market and location choice have a significant impact on the Ukrainian customs market in several aspects, as shown in Fig. 1.

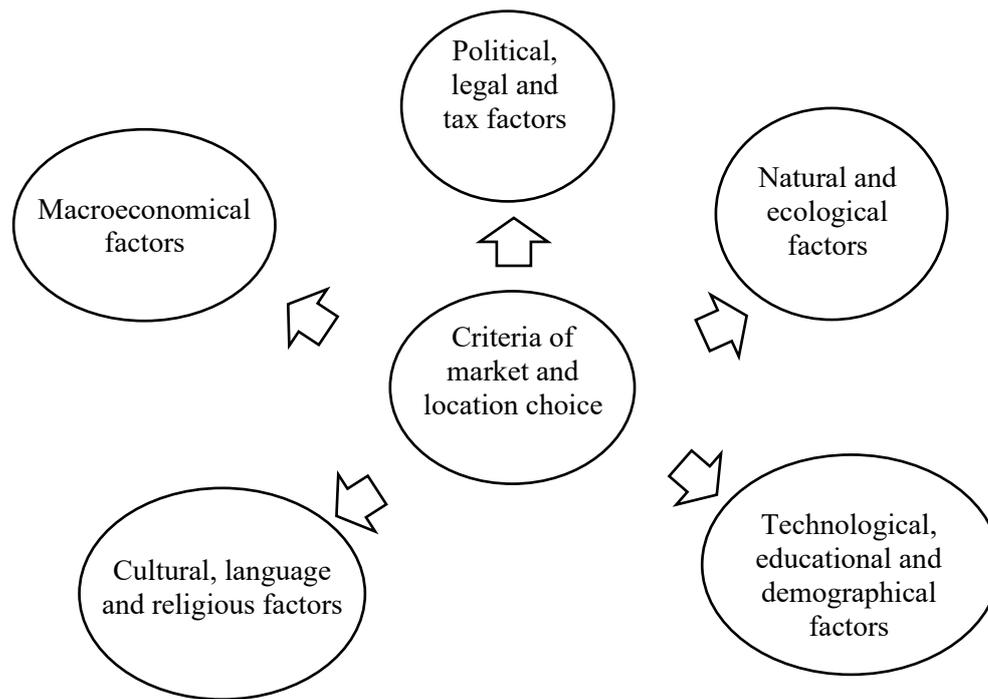


Fig. 1: Criteria of market and location choice.

Source: *Materials of presentations of the University of Applied Sciences Mittweida (Germany) in the discipline "International Management", 2024.*

According to the Fig. 1 these criteria directly affect the dynamics of the Ukrainian customs market, shaping its competitiveness and attractiveness for business.

The reduction of customs tariffs is part of the trade liberalization policy aimed at reducing the cost of imported goods and services and expanding the access of Ukrainian goods to foreign markets. As part of its integration processes, such as the signing of free trade agreements with the European Union and other trading partners, Ukraine has committed to reducing customs duties on a number of goods. This not only reduces costs for Ukrainian importers, but also opens up new opportunities for exporters by increasing their competitiveness on international markets.

Goairys taxation is a significant source of revenue for the state budget, as it provides significant financial income through the taxation of goods crossing the state border. This mechanism allows governments to provide funding for public expenditures such as infrastructure projects, social programs, and the state apparatus. Customs duties also serve as an economic regulation, affecting the trade balance and protecting the domestic market from foreign competition.

In our opinion, in the context of the war in Ukraine, taxation is taking on new aspects. The conflict leads to a decline in economic activity and destabilization of trade chains, which complicates customs operations and tax collection. The war disrupts logistics and supplies, leading to higher customs clearance costs and possible delays in the processing of goods. This, in turn, can reduce the effectiveness of customs duties as a source of revenue.

On the other hand, a military conflict may lead to an increase in customs tariffs and non-tariff barriers as part of a protective economic policy aimed at supporting the national economy and domestic market. This may complicate international trade by restricting market access for foreign goods and increasing costs for importers and consumers. As a result, economic growth and international cooperation may be adversely affected, creating obstacles to the free exchange of goods and services.

In turn, non-tariff barriers include various forms of restrictions that are not directly related to goods taxes. These include quotas, licensing, certification, technical regulations, sanitary and phytosanitary standards, and other administrative requirements that may complicate or restrict the export of goods.

In Ukraine, adaptation to international standards and requirements is an important aspect. Implementation of quality standards, environmental norms and technical regulations is critical to ensure access of Ukrainian goods to international markets. Ukraine's policy is aimed at harmonizing national standards with international standards, which reduces non-tariff barriers and facilitates the process of certification of products for export.

In particular, adjusting to European standards requires significant changes in technical regulations and

certification procedures, including modernization of production processes and compliance of products with European requirements. Accordingly, this requires significant efforts from both the government and businesses to develop infrastructure and improve technological processes.

In terms of policies and reforms, the policy of reducing tariff and non-tariff barriers is an integral part of the overall reform of Ukraine's trade policy. It includes both the adoption of new legislative initiatives and the implementation of existing agreements with international organizations. Important stages of these reforms include ensuring transparency in customs procedures, simplifying administrative procedures for exporters and importers, and improving the efficiency of customs control.

Ukraine is also actively cooperating with international financial and trade organizations, such as the World Trade Organization (WTO), to implement recommendations to improve the trade environment and reduce barriers. Such initiatives are aimed at ensuring the stability and predictability of trade policy, which is critical for attracting foreign investment and developing exports.

As for the formation of trade blocs, this is a rather important aspect of the modern international economy, which significantly affects global trade relations and economic integration between countries. Trade blocs, which can take the form of free trade zones, customs unions or economic unions, provide numerous benefits to partner countries, including lowering trade barriers, expanding market opportunities and strengthening economic cooperation.

The formation of trade blocs is based on the theory of economic integration, which suggests reducing or eliminating trade barriers between member states to achieve economic benefits. Theoretical models such as regional integration theory and commercial cost theory explain how economic integration can help reduce trade costs, increase competitiveness, and stimulate economic growth.

There are different types of trade blocs with different levels of economic integration, as shown in Fig. 2.

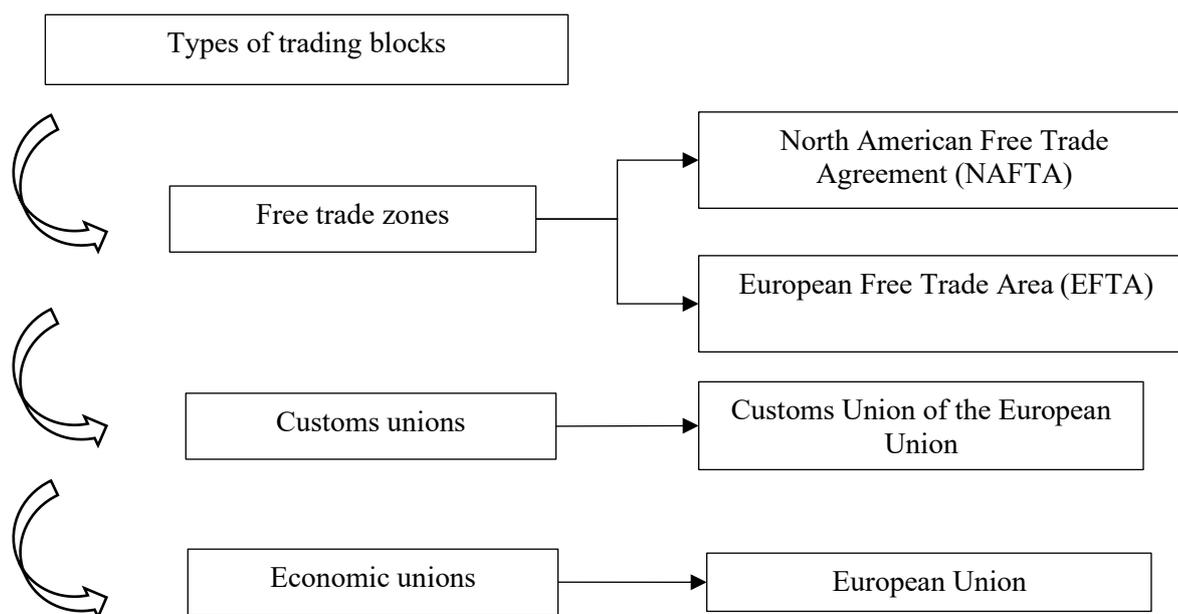


Fig. 2: Main categories of trade blocs according to the level of economic integration.

Source: *Materials of presentations of the University of Applied Sciences Mittweida (Germany) in the discipline "International Management", 2024.*

The first type of trade blocs is the least integrated, where member countries reduce or eliminate tariffs on imports between themselves but maintain independent trade policies towards third countries.

As for customs unions, in this case, member countries not only reduce tariffs on trade between themselves, but also harmonize external customs tariffs with countries that are not part of the bloc. A customs union provides for greater economic integration, but requires coordination of trade policies.

Considering economic unions, we can say that this type of bloc involves not only the reduction of trade barriers, but also the integration of economic policies, including a single currency, common labor policy, and coordination of macroeconomic policies.

The formation of trade blocs has numerous practical implications for member countries and the global economy as a whole. In particular, these include economic benefits, political stability, and the impact on third countries.

Reducing or eliminating trade barriers between member states reduces trade costs, expands markets, and increases the competitiveness of businesses. This contributes to economic growth and improves living standards.

In our view, economic integration through trade blocs can contribute to political stability and cooperation between countries, as economic interests often lead to stronger diplomatic relations and less conflict.

The formation of trade blocs can have both positive and negative effects on countries outside the bloc. For example, countries outside the bloc may face trade barriers due to higher external customs tariffs or may benefit from increased trade opportunities due to lower tariffs in member countries.

Reducing the role of governments as producers and consumers is an important aspect of economic reforms aimed at increasing the efficiency of market mechanisms and stimulating the private sector. This reflects the trend towards denationalization and privatization, which has become a key element of free market economies and globalization processes.

Theoretically, the diminishing role of governments as producers and consumers is explained by various economic concepts, including the theory of market efficiency and the concept of economic dynamics.

In turn, the war in Ukraine creates new barriers to economic integration, which include not only physical and logistical obstacles but also political and economic risks. The military conflict not only complicates the reduction of trade barriers, but also creates new economic and political challenges that require the adaptation of theoretical models to the changed conditions.

The privatization process, which involves the transfer of public property to private hands, has become the main mechanism for reducing the role of governments as producers. Privatization can increase production efficiency by introducing new technologies, improving management, and stimulating investment. Examples such as the privatization of state-owned enterprises in the UK in the 1980s or in Ukraine after 1991 illustrate how reduced government control can lead to improved economic performance.

As consumers, governments typically procure goods and services to meet public needs, such as education, healthcare, and infrastructure. However, the diminishing role of governments in this regard implies a shift from direct government consumption to the use of contracts and public-private partnerships.

Contracting with private companies to provide public services is one of the main mechanisms for reducing the role of the state as a consumer. Public-private partnerships allow the private sector to manage projects and provide services while maintaining a certain level of government oversight. This increases the efficiency of resource use and reduces budget expenditures.

Reducing the role of governments as producers and consumers is an important aspect of economic reform that allows for more efficient market mechanisms and promotes private sector development. The theoretical foundations and practical implications of this process emphasize the importance of transitioning to market-based economic models that ensure more efficient use of resources and stimulate economic growth. However, this process also requires careful management and regulation to ensure social equity and stability of the economic system.

The theory of economic efficiency emphasizes that the private sector is able to better manage resources and stimulate innovation due to its interest in profit and competition. Comparisons between public and private management show that private enterprises are often more flexible, adaptive and efficient than their public counterparts.

Regarding regulation and control, after privatization, it is necessary to ensure effective control over the new owners to avoid monopolistic practices and ensure compliance with anti-corruption standards.

Privatization has numerous economic and social effects. It increases the efficiency of enterprises through new technologies, improved management practices, and greater competition. Private enterprises are more flexible in responding to market changes and adapt more quickly to new requirements. The transition to private management reduces the financial burden on the budget, including reduced costs of maintaining loss-making enterprises and increased revenues from the sale of assets.

An important aspect is the creation of a legal and regulatory infrastructure that will ensure a stable and predictable economic environment. This includes ensuring transparency of market processes, fighting corruption, and establishing clear rules to protect property rights.

In the context of the war in Ukraine, the privatization process is taking on new features. The conflict poses serious challenges, as the destruction of infrastructure reduces the market attractiveness of enterprises, especially those affected by or located in conflict zones. This leads to uncertainty for investors and can exacerbate economic and political instability, making privatization programs more difficult to implement. State control over strategic industries may be maintained longer to ensure national security. In times of war, privatization policy priorities may shift to the needs of reconstruction and financing military expenditures, which will affect the classic goals of privatization.

Thus, while the privatization process remains an important tool for reducing state control and increasing economic efficiency, it faces new challenges in the context of the war in Ukraine. The military conflict poses numerous challenges to the implementation of privatization strategies and affects their effectiveness, forcing the state to adapt its approaches to privatization to meet changed circumstances and needs.

In order to study the current situation of globalization in Ukraine and to develop practical recommendations, it would be advisable to use SWOT analysis as an element of strategic management that has a significant impact on the process of globalization in Ukraine, as it allows systematizing information about internal and external factors that affect the country's economic development.

SWOT analysis includes internal and external analysis, which are divided into two components, as shown in Fig. 3.

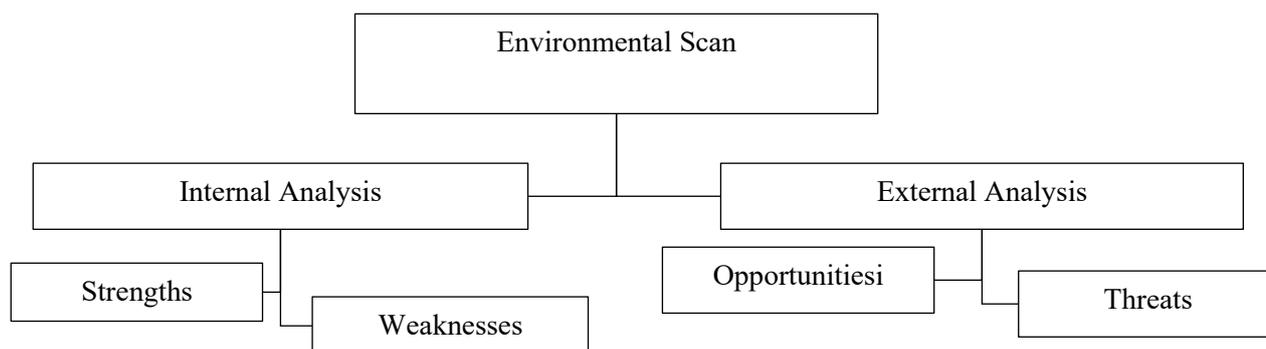


Fig. 3: SWOT.

Source: *Materials of presentations of the University of Applied Sciences Mittweida (Germany) in the discipline "International Management", 2024.*

First, the identification of Strengths and Weaknesses helps to determine the competitive advantages of Ukrainian enterprises in world markets, which is critical for integration into the global economy. For example, the availability of a highly skilled labor force and natural resources can be the basis for attracting foreign investment.

Secondly, the Opportunities and Threats analysis allows Ukraine to adapt to international trends, such as changes in technology or global economic crises. This provides flexibility in development strategies, which increases the country's resilience to external shocks.

SWOT analysis not only increases the effectiveness of strategic planning, but also creates favorable conditions for Ukraine's active participation in globalization processes, which in turn can have a positive impact on economic growth and social development. Therefore, it will be appropriate to use it in further planning the implementation of processes that will positively affect globalization in Ukraine.

Using strategic management, we offer recommendations for the development of effective public policies that will facilitate Ukraine's integration into the global economy and achieve competitive advantage. The main areas of focus include supporting innovation and technology through funding and tax incentives, modernizing infrastructure to reduce logistics costs, improving education in line with global needs, ensuring legal stability and intellectual property protection, attracting foreign investment through tax holidays, developing international trade, supporting small and medium-sized businesses, integrating environmental standards into economic policy, active diplomacy, and ensuring social stability. Implementation of these recommendations will strengthen Ukraine's position in the international arena.

## Conclusions

In our view, the analysis of the reduction of tariff and non-tariff barriers, the formation of trade blocs, the reduction of the role of governments as producers and consumers, and privatization in state-dominated economies is critical to understanding economic reforms. However, in the context of a full-scale war in Ukraine, these factors require additional analysis, as the conflict is modifying these processes, creating new challenges to economic stability, such as increased tariff barriers and disrupted supply chains.

Public policy becomes important to ensure economic viability in the new environment. Trade liberalization reduces the cost of goods and services, improving access to international markets and increasing competitiveness. The formation of trade blocs, such as free trade zones, promotes regional economic integration by reducing barriers and increasing trade opportunities.

Reducing state involvement in the economy through privatization and public-private partnerships

increases efficiency and innovation, creating a competitive environment. The privatization process, while complex, promotes economic efficiency and stability, requiring careful management of social impacts.

Thus, these processes are interconnected and critical for sustainable economic development. A comprehensive approach to reducing barriers, forming trade blocs, reducing state participation and privatization, together with appropriate regulation and social policies, will ensure the integration of economies into the global economy.

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