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## MECHANISM OF GLOBAL MARKETS: DEVELOPMENT, FUNCTIONING AND TRENDS

## МЕХАНІЗМ ГЛОБАЛЬНИХ РИНКІВ: РОЗВИТОК ТА ТЕНДЕНЦІЇ

*The work examines the mechanism of global markets, their development, functioning and trends. The study reveals the theoretical basis of the global market by means of its structuring. The work highlights the features of the global market sectors, the mechanism of the global market was built taking into account the global economy. In today's environment, all aspects of life are undergoing globalization over time. Thanks to global processes, the transformation and transition of the international system into the global one, in this case, the transformation of the international market into the global market, takes place. The study of issues related to the global economy is quite relevant in modern society, and this leads to the increased development of global markets, their formation and effective functioning. Global markets are the dominant functional structures of the modern global economic system.*

**Key words:** digitization, transformation, digital economy, globalization, digital model, intellectual capital, inclusiveness.

*В роботі розглядається механізм глобальних ринків, їх розвиток, функціонування та тенденції. В дослідженні розкрито теоретичне підґрунтя глобального ринку шляхом його структуризації. В роботі виділено особливості галузей глобального ринку, таких як: глобальний ринок товарів та послуг, глобальний ринок праці, глобальний фінансовий ринок, глобальний ринок технологій як форму реалізації технологічного ресурсу глобального економічного розвитку та міжнародних науково-технологічних відносин, глобальний ринок міжнародних тендерів; сформовано тенденції розвитку глобальних ринків; побудовано механізм глобального ринку з урахуванням глобальної економіки. У сучасному середовищі з часом всі аспекти життя проходять через глобалізацію. Завдяки глобальним процесам і відбуваються трансформація та перехід міжнародної системи у глобальну, в даному випадку, трансформація міжнародного ринку у глобальний ринок. Дослідження проблем, пов'язаних із глобальною економікою, є досить актуальним у сучасному суспільстві, що зумовлює посилений розвиток світових ринків, їх формування та ефективне функціонування. Таким чином глобальні ринки є домінуючими функціональними структурами сучасної глобальної економічної системи. Завдяки міжнародним комунікаційно-інформаційним системам і численним суб'єктам, що здійснюють міжнародну економічну діяльність, відбувається перетворення міжнародної економіки в глобальну, а отже, перехід міжнародного ринку в глобальний. Глобальний ринок являє собою вищий етап розвитку і трансформації ринкової глобальної економіки. Можна зробити висновок, що глобальний ринок – це явище товарного виробництва, яке переросло національні кордони. Варто зазначити, що для країн, які прагнуть якнайшвидшої інтеграції у світовий господарський комплекс, вкрай необхідним є вивчення та аналіз особливостей розвитку світового ринку в сучасних умовах, тобто в умовах глобалізації. Метою дослідження є розкриття механізму функціонування глобальних ринків шляхом визначення тенденцій розвитку та систематизації структури глобальних ринків.*

**Ключові слова:** ринок фінансовий, фондова біржа, глобалізація, цифровізація, технології, глобальна економіка.

**Formulation of the problem.** Global economic integration is not a new phenomenon. Some communication and trade took place between distant civilizations even in ancient times. The process of globalization in the economic sphere always tends to rapid development. In recent years, the pace of economic globalization has been particularly fast. Three fundamental factors have influenced the process of economic globalization and are likely to continue to drive it in the future. First, improvement and transfer of economically useful knowledge and technologies. Secondly, the use of opportunities provided by the reduction of costs due to the growth of economic integration. Thirdly, state policy significantly influenced the nature and pace of economic integration. It is these factors that led to the emergence of global markets as a means for its sustainable development.

**Analysis of recent research and publications.** The paper considered the works of such scientists as: Biletska L., Savych V., Biletskyi O. [1], Zavydivska O. I. [2], Oshurkova T. H. [3], which revealed global markets, international trade and market theories. Also, in order to achieve the goal of the study, the authors studied the works of scientists: Grimsley S. [7], Hanson G. [8], Roca C. [9], which revealed the theoretical essence of global markets, revealed the role, importance and advantages of the global market and global trade.

The analysis of the sources allowed the authors to make sure that there are currently no additions that would have researched the structure and mechanism of global markets.

**Setting objectives.** In today's highly competitive global markets, a country's ability to produce high-quality products is directly related to its economic success, and it is worth understanding how exactly the mechanism of global markets works. The purpose of the study is to reveal the mechanism of global markets by determining development trends and systematizing the structure of global markets.

**Presentation of the main research material.** Globalization is caused by the information revolution, the development of global telecommunications and digital electronic networks (networked international electronic systems, information exchange systems from electronic networks, electronic banking and trading systems, blockchain technology, artificial intelligence, etc.). The information product is weakly dependent on production costs and competition. High mobility of information through digital communication networks accelerates market processes. In the economy of the information society, trends are developing towards the decentralization of management, a greater orientation towards horizontal connections, which contradicts the hierarchical institutions that have developed in the global economy. The development of commodity exchange in the conditions of globalization caused the emergence of international markets. (The structure of the global market is shown in Figure 1).

Thus, as can be seen from Figure 1 the global market combines the global market for goods and services, the global labor market, the global financial

market, the global technology market, and the global market for international tenders. To achieve the goal of the research, the author proposed to reveal the content of each structural element.

**The global market of goods and services** is a sphere of trade relations between different countries, which is based on the development of the international division of labor. The global market of goods and services was formed on the basis of the development of international trade as a form of economic relations between countries specializing in the production of certain types of products.

The global market for goods and services is a system of intersecting interests of buyers and sellers of services, the functioning of which is regulated by market laws. The main features of the global market of goods and services include the following:

1) systemic development, which means that the service market is considered as a whole system with many interconnected components;

2) sensitivity to market changes, which is caused by constant fluctuations in the demand and supply of services on the market;

3) high rate of capital turnover associated with a short production cycle in the service sector; constant growth of the range of services.

4) The global market of goods and services as a category of the international economy functions in accordance with the basic laws of the market economy, namely: the law of value, the law of supply and demand, the law of labor productivity growth, the law of accumulation, the law of proportional development. The regularities of the development of the service sector should be seen in the gradual involvement of individual countries in the world market of services, the intertwining of their economic interests in this field, the dynamism of the development of national service markets, which is manifested in the growth of the volume of service provision. The global markets for goods and services are dominated by eight countries: the USA, Great Britain, France, Germany, Japan, Belgium, the Netherlands, and Italy, which account for 2/3 of world exports of services and more than 50% of imports. The share of the first five makes more than 50% of exports, with a much lower share of imports. At the same time, four countries (the USA, Great Britain, Germany, France) account for 44% of the entire world export of services. The export quota of the USA and Great Britain on the world market is equal to 30%, the import quota is much lower.

**The global labor market.** The formation of the global labor market today takes place under the influence of dynamic processes of integration, regionalization, internationalization of the world economy and is characterized by the acquisition of the sphere of social and labor relations of a global nature. The global labor market is a set of global labor resources as the sum of the entire employed (real and potential) population of the world, including international labor migrants.

**The global financial market** is a whole system of markets that ensures the accumulation and redistribution of international financial flows. With

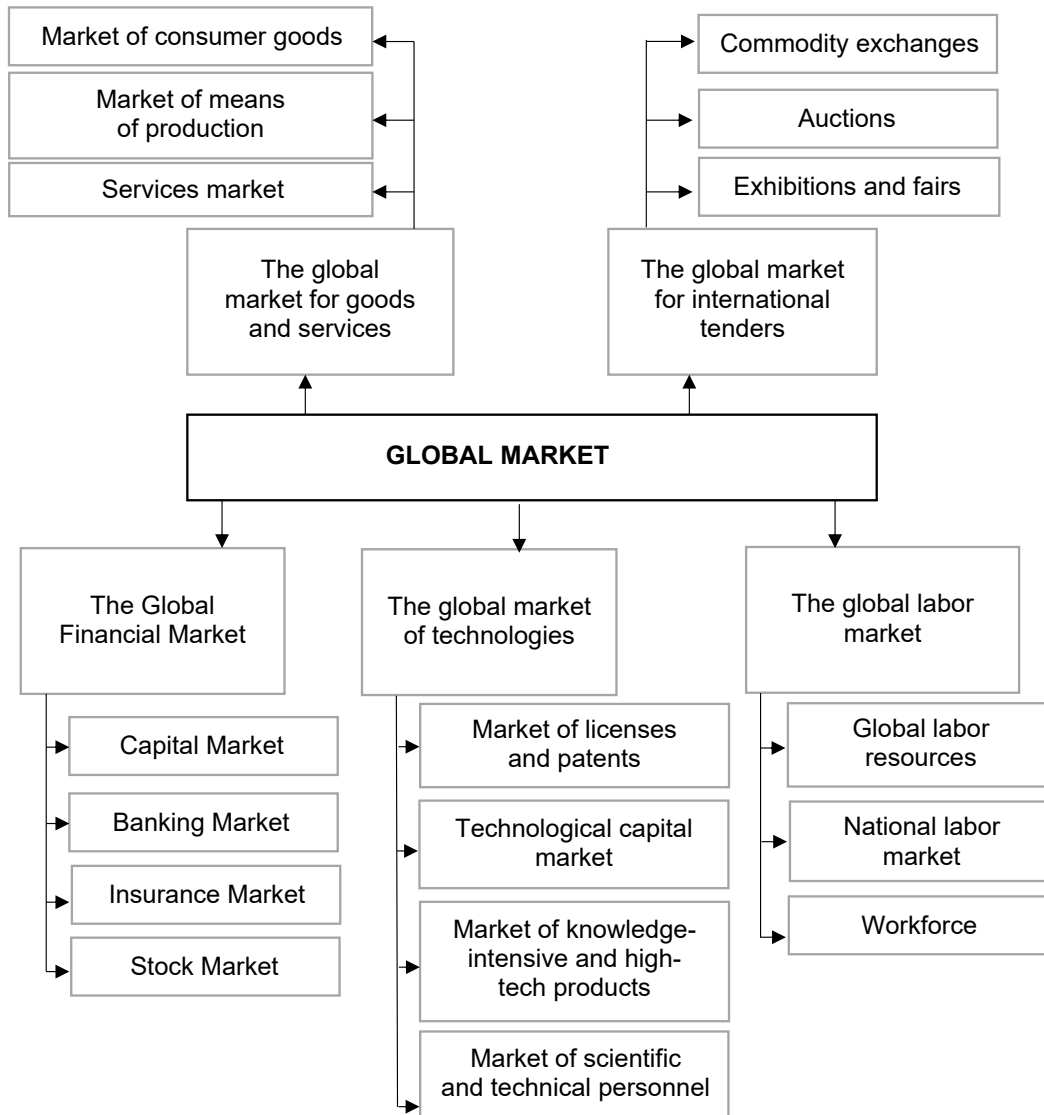


Figure 1. The structure of the global market

Source: summarized by the authors

the help of the accumulative-distributive mechanism of such a market, international capital migration is carried out. The main functions of the global financial market are: provision of international financial liquidity, i.e. the ability at the supranational level to quickly attract financial resources, assets, cash flows in various forms and on the basis of favorable conditions; ensuring the international movement of capital, i.e. enabling market subjects (firms, state governments, households, individuals) to invest financial resources in long-term investments.

**The global technology market** is a set of international economic relations regarding the profitable use of property rights to its objects: technology of products, processes and management. The objects of this market can have a tangible or intangible appearance. Commodities of the production sphere, which move between countries through international trade channels, belong to the tangible goods. The subjects of the global technology market include: the state, a company, a university, a

foundation and individuals (specialists and scientists). Technology market objects are a tangible form of intellectual property (various equipment, units, tools, technological lines, etc.) and an intangible form of intellectual property (various technical documentation, experience, knowledge, etc.). The largest share of the global technology market belongs to the USA, Great Britain, Japan, France and Germany, which carry out more than 60% of international technological exchanges. Industrialized countries in general account for almost 90% of the global technology market and related spending in this area.

**Global market of international tenders.** (Commodity exchanges, auctions, exhibitions-fairs).

Global market trends play an important role in determining or adjusting behavior. These trends relate to legal, technological, political, economic, demographic, geographic, social, cultural and environmental changes (Figure 2).

Thus, as can be seen from Figure 2, one of the trends in the development of global markets is the

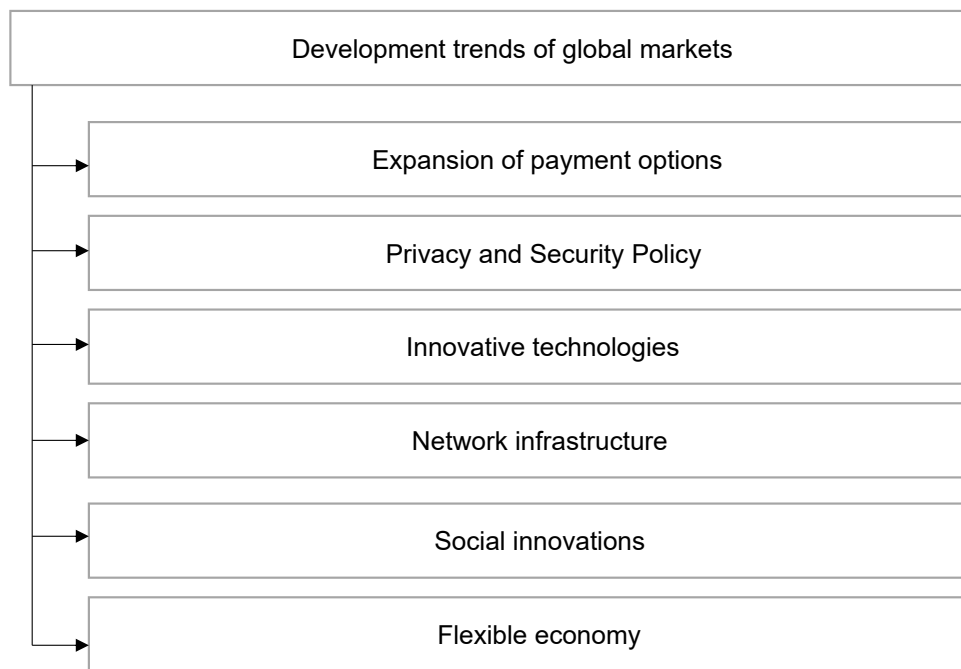


Figure 2. Trends in the development of global markets

Source: defined by the authors on the basis of [1; 4; 7]

expansion of payment options. Many owners of leading online stores use traditional payment tools, but the demand for innovative payment methods is growing. A move to meet this demand is fueling the further expansion of online retail, particularly through Apple Pay and other contactless payment systems.

Security and privacy issues are also among the trends in the development of global markets that can limit market growth in the future. Innovative technologies through the technological process contribute to the development of global markets. The network infrastructure ensures the creation of an inclusive digital economy in global markets and will contribute to its development. Social innovation involves bringing together organizations from the public and private sectors, as well as civil society, to develop new products and services to meet social needs. The tendency towards flexible and joint development of the economy helps to meet the needs for flexible work schedules and telecommuting options. People increasingly share human, physical and intellectual resources.

As can be seen from Figure 3, the mechanism of the global market, taking into account the global economy, consists in a combination of forms (for example, international commodity, currency, stock exchanges, TNCs, the IMF, the World Bank, the International Bank for Reconstruction and Development), methods (international trade in goods and services, international labor migration, international movement of capital, international technology transfer, etc.) and means (export, import, FDI, international credit, etc.). With the help of these criteria, the functioning of global markets is ensured and the global level of the world economy is formed. From this, it can be con-

cluded that the movement of goods, services, capital, labor, technology and knowledge, money (currency) is carried out in the relevant markets and their prices are set in within the limits of the global level of the world economy.

**Conclusions.** The main theoretical foundations of global markets were considered in this study. The work examines the impact of globalization on economic markets. Modern processes of globalization are generated by economic factors: social division of labor, scientific and technical progress in the conditions of a market economy, interstate integration processes, international public associations and non-governmental organizations, various forms of international cultural exchange and communication. Globalization revealed the need for radical restructuring of labor organization and greater emphasis on labor relations. Globalization does not only bring benefits; it is full of negative consequences or potential problems that some critics see as great dangers. The global market primarily provides: optimization of the use of production factors in the world global environment; informing manufacturers and consumers about the availability and price of goods; objective assessment of production activity, taking into account international, world standards and criteria of product quality, etc.

The authors considered the peculiarities of the global market industries, determined the development trends of global markets, and built the mechanism of the global market taking into account the global economy. In the author's opinion, the development of a strategy for the development of digital trade on global markets should be indicated as a direction for further research.

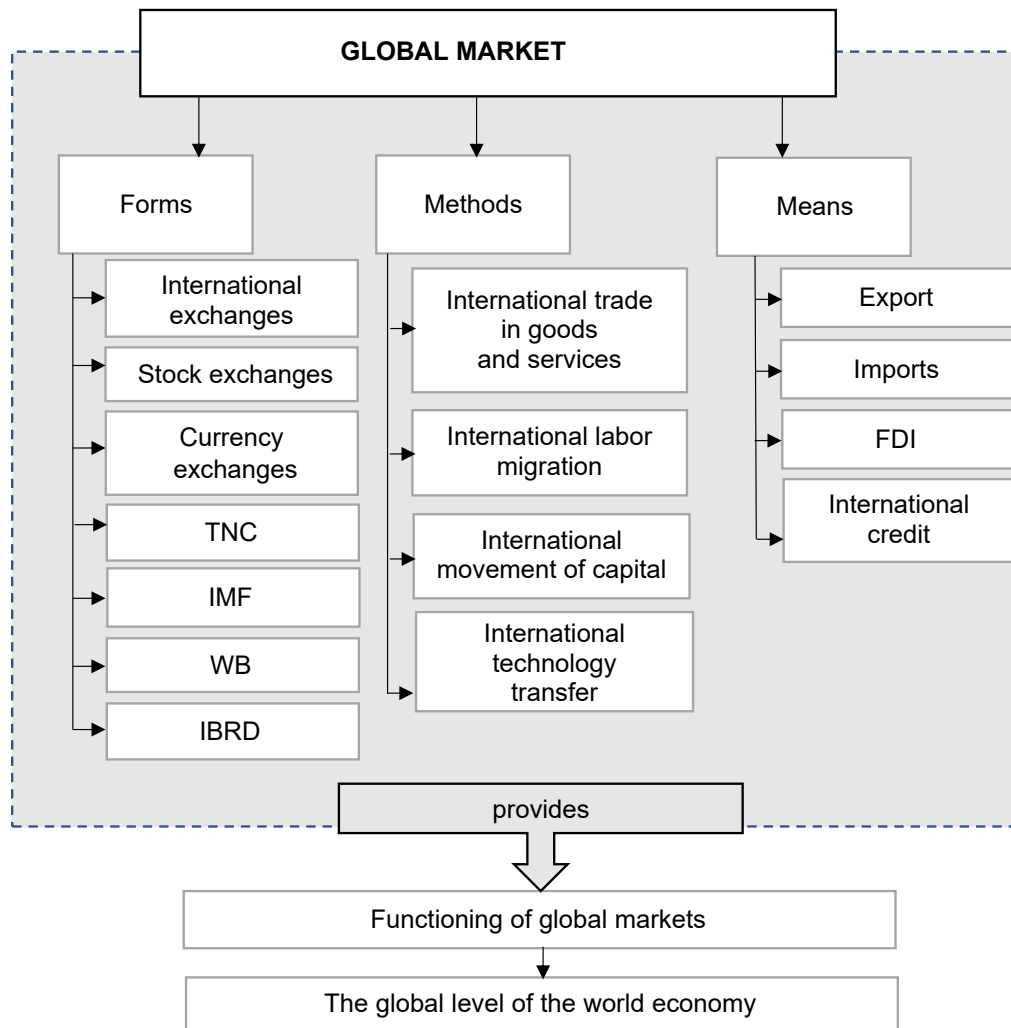


Figure 3. The mechanism of the global market taking into account the global economy  
 Source: construct by the author on the basis of [5; 6; 8]

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