

Olena I. Piskun<sup>1</sup>, Tamara S. Klebanova<sup>2</sup>  
**ANALYSIS OF CURRENT ORGANIZATIONAL  
FORMS OF INTEGRATED STRUCTURES**

*This article reasons the key role of integrated structures in the world and national economies. The specific features of basic organizational forms of integration are examined, their comparative analysis is carried out, and the conceptual apparatus is defined and specified. It has been proved that further development of integrated structures in economic systems of different countries depend, to a large extent, on developing the appropriate legal, theoretical and instrumental base.*

*Keywords: integrated structures; organizational forms; concern; corporation; consortium; association; strategic alliance; financial industrial group.*

Олена І. Піскун, Тамара С. Клебанова  
**АНАЛІЗ СУЧАСНИХ ОРГАНІЗАЦІЙНИХ  
ФОРМ ІНТЕГРОВАНІХ СТРУКТУР**

*У статті обґрунтовано провідну роль інтегрованих структур у світовій і національній економіках; розкрито характерні особливості основних організаційних форм інтеграції, проведено їх порівняльний аналіз і уточнено понятійний апарат. Доведено, що подальший їх розвиток і просування в економіці різних країн багато в чому залежить від розробки правового, теоретичного та інструментального базису.*

*Ключові слова: інтегровані структури; організаційні форми; концерн; корпорація; консорціум; асоціація; стратегічний альянс; фінансово-промислова група.*

*Табл. 4. Рис. 1. Літ. 24.*

Елена И. Пискун, Тамара С. Клебанова  
**АНАЛИЗ СОВРЕМЕННЫХ ОРГАНИЗАЦИОННЫХ  
ФОРМ ИНТЕГРИРОВАННЫХ СТРУКТУР**

*В статье обоснована ведущая роль интегрированных структур в мировой и национальной экономиках; раскрыты характерные особенности основных организационных форм интеграции, проведен их сравнительный анализ и уточнен понятийный аппарат. Доказано, что дальнейшее их развитие и продвижение в экономике различных стран во многом зависит от разработки правового, теоретического и инструментального базиса.*

*Ключевые слова: интегрированные структуры; организационные формы; концерн; корпорация; консорциум; ассоциация; стратегический альянс; финансово-промышленная группа.*

**Introduction.** Ukrainian economy, as the economy of any other country, both nowadays and in the long term is characterized by effective results of business activities, combining or uniting several enterprises, their competitiveness and development prospects.

As for the role of financial and industrial groups, corporations, holding companies and consortiums all over the world, they are the key organizations of concentration and integration of capital in the world economy. All of them are the integrated structures manufacturing the prevailing part of the real gross domestic product in all countries over the world creating a huge share of working places.

<sup>1</sup> Simon Kuznets Kharkiv National University of Economics, Ukraine.

<sup>2</sup> Simon Kuznets Kharkiv National University of Economics, Ukraine.

As a consequence of merging banking and industrial capitals, integrated structures in developed countries were organized at the beginning of the last century, being promoted by objective conditions and the necessity. Every kind of capital could not exist by itself, it requires the expansion of investment areas and profit maximization from investments. It could be realized via integrated structures. By this the synergy effect is achieved. During this process financial capital was becoming adaptable and mobile, and further it could be not only in the form of loan capital, but also in the forms of investment capital and joint stock one. Therefore, the analysis of the established integrated structures in technologically advanced and industrially developed countries, revealing their problems and demonstrating their advantages in functioning are really of a special interest.

**Last researches and publications analysis.** Competitive strength of economics in the contemporary world conditions is impossible without integrated structures. Integrated structures are business structures of the new type (corporations, holding companies, concerns etc.). Considerable production and financial resources volumes of such business structures and their influence upon the global economies arouse the considerable interest in academia in respect of further improvement and development of different organizational forms of integrated structures. Among the most popular forms of management are the financial and industrial groups, cartels, syndicates, pools, consortiums, strategic alliances and associations (Gorbatov, 2005).

Development of capital in the economic system of contemporary Ukraine and also the basic directions for generating integrated structures, their improvement and development are investigated by many scientists all over the world. Among them are the Ukrainian scientists: V. Zabrodskiy and M. Kizim (2000), V. Gorbatov (2005), M. Kizim, A. Pilipenko and I. Yaldin (2007), O. Kuzmin and O. Melnik (2007), E. Martyakova and D. Kosyanova (2007), V. Ponomarenko and V. Gorbatov (2007), L. Fedulova et al. (2007), and the following foreign scientists: I. Spasibo-Fateeva et al. (2007), V. Mamutov (2006), D. Lomakin (2008), V. Puchinskiy and M. Kulagin (1987), A. Gorbunov (2002), T. Akhmetzyanov and V. Kosachev (2008) and others.

**Unresolved issues.** Notwithstanding the tendency to the unification within the international community, there are different approaches to the definition of organizational forms of integrated structures. Therefore, there are serious complications in their identification.

**The object of the research** cover the variety of organizational forms of integrated structures.

**The research objective** is analysing the current organisational forms of integrated structures.

**The methods of the research.** Carrying out the systemic comparative analyses of the scientific publications and statistical information on integrated structures and in order to analyse the organisational forms of integrated structures the following tasks were set in this research:

- substantiating the key role of integrated structures in the global economy and in Ukrainian national economy;
- highlighting the peculiarities of basic organizational forms of integration in the world and in Ukraine in particular;

- comparing the predominant organizational forms of integrated structures in the leading countries of the world;
- defining the conceptual apparatus with regard to the basic forms of integration.

**The activities of integrated structures in various countries.** According to the information from the "Fortune" magazine, the profits of the top 500 corporations increased in 2011 almost 3 times, reaching 391 bln USD.

The first place is taken by ExxonMobil Corporation, on the second place is the Wal-Mart, and the oil company – Chevron Corporation is on the third place, according to the data analysis by "Fortune". Among the leading European companies there is a Polish oil-refining factory – PKN Orlen. The power industry is dominating among the activities. There are some representatives of power industry: Naftogaz of Ukraine (Ukraine), MOL (Hungary), PGE (Poland) and CEZ (Czech Republic). The representative of automobile industry is Skoda (Czech Republic). As for the representative of industrial production, it is Metinvest (Ukraine) – an international vertically integrated steel and mining company. According to the information from the "Forbes" magazine, Ukraine's Metinvest is ranked 4th among the biggest Central and Eastern Europe companies by the results of 2011.

According to the information of the "Deloitte Management" magazine, the biggest investors in the Central Europe by the results of 2011 are: the automobile manufacturer Volkswagen Group (Germany), ArcelorMittal Kriviy Rih (Ukraine), the oil company LUKoil (Russia), and Metro Cash & Carry (Germany).

All the above mentioned companies are integrated structures. In this research we understand integrated structures as a group of enterprises with one or several kinds of activities, having organizational unity and/or economic integrity with centralized administration, which is able to delegate powers to other structural units.

Notwithstanding the considerable economic results of the activities of leading corporations in the world, there are some negative tendencies associated with macro-economic problems concerns the mergers of business structures. The prolonged financial and economic crisis suppressed international corporations and prevented them from the contracts on mergers and acquisitions. According to the research by "Ernst & Young", in 2012 the activity in this sector all over the world decreased as compared to the previous year. The number of agreements reduced by 12%, and the total value of agreements fell 8% in price. Only some international companies announced their prospective mergers: 34% of the companies dealing with industrial production, 32% – in financial services, 28% – in oil-and-gas, and 28% – in the sector of consumer commodities and services.

The key reasons for the prevalence of integrated structures are the following:

- unevenness of placement and distribution of primary products and power resources;
- differences in natural and climatic conditions as well as in economic and geographical environment, which stipulate labor division, in accordance with the territorial principle;
- development of transport and communication systems;
- acceleration in the rates of technological innovations and the presentation of inventions at the markets;

- the growth of market transparency and the development of international relations.

Integration encourages not only the rising of competitive strengths, but also the achievement of the synergetic effect, the strategic stability, the increase in market share, the formation of new possibilities for economic growth.

One of the last tendencies is the dynamic internationalization of integration. This process is of a double-side character. Internationalization arises from increasing the attractiveness of several fields on the domestic scene of countries, and also from the formation of adequate amount of available assets that should be directed towards joining international integrated corporative structures (Akhmetzyanov and Kosachev, 2008).

According to the data in Table 1, the volume of the bargains with the participation of Russian companies in 2009 achieved 4.5% of the GDP. But intrinsically this is the level of 2001. According to the 2011 data, this economic performance grew 1.5 times and amounted to 6.8%. However, both Russia and Ukraine continue the forward movement to international economic community by means of establishing new forms of organizational structures (Figure 1).

*Table 1. Statistical data on M&As with the participation of Russian companies in 2001–2011*

Indication of the classification	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Number of transactions	723	872	772	1258	1367	1442	1384	1229	693	540	435
Transaction cost, bln USD	79.32	55.65	56.29	116.55	128.03	61.93	60.38	27.00	32.35	18.05	12.4
Average transaction cost, mln USD	135	74	91	104.6	110	48.4	50.6	24.0	58.8	37.0	33.4
In relation NP, %	6.8	3.8	4.5	6.9	9.9	6.3	7.9	4.6	7.5	5.2	4.0
In relation FIV, %	90	48	69	112	106	112	112	67	108	91	87
Transaction costs IEFT, mln USD	376	771	904	820	2598	2548	2062	2008	494	321	172
Number of transactions IEFT	11	31	25	25	41	45	33	23	11	10	10
Value share of FEC, %	15	13	60	8	36	24	55	15	56	39	37
Cost share import/M&A, %	18	15	21.7	19.9	20.4	12.7	9.7	14.2	5.4	6.4	5.9

Acronyms: NP – National Product; FIV – Volume of Foreign Investment; IEFT – International Exchange Business Transactions, foreign exchange operations; FEC – Fuel and Energy Complex; import/M&A – purchasing foreign businesses by Russian companies.

Based on the data from Mergers.Ru.

Unfortunately, establishing new organizational forms of integrated structures by Ukrainian companies in cooperation with foreign companies refers only to the financial sector. First of all, it concerns Ukrainian banking known to foreign investors for high returns in comparison with the bank sector in the European countries (Figure 1).

**Organizing the activity of integrated structures.** The integrative transformation of Ukrainian economy is a natural process, accompanied by the emergence of new business structures and new economic processes. One of the problems of new structure planning is the development of theoretical and methodological basis in order to form and expand these structures.

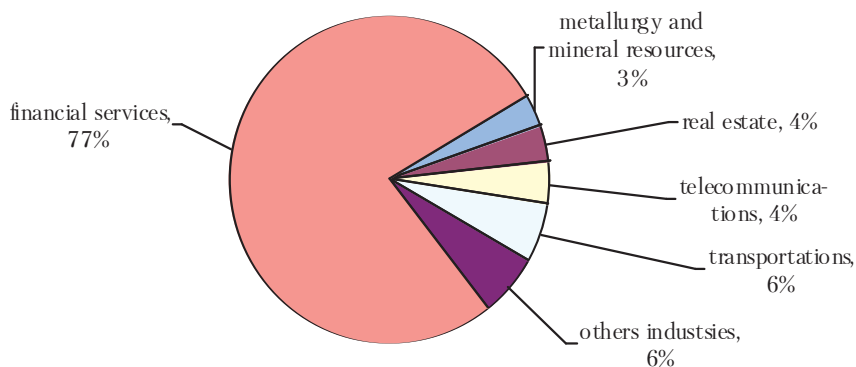


Figure 1. **Mergers and acquisition processes in Ukraine,**  
based on the data by "Ernst & Young"

There are many notions in economic and international law publications for the economic management entities and their consolidation, in other words, integrated structures, carrying out their activity in to achieve economic or social effects on the basis of producing necessary goods and service for the society.

There are vague interpretations of different organizational and legislation forms of integrated structures, and it is one of the problems. To systematize different approaches to their definition, and in order to differentiate common and distinctive characteristics in Ukraine (Table 3) and in other countries (Table 2) their comparative characteristic is given in this article.

As for Ukraine, there are two forms of contractual unification in Ukrainian legislation: a corporation and an association. There is only one form of statutory unification – a concern, and the only form of temporary statutory unification – a consortium. As for the developed countries, there is also a trust, a form without legal and financial independence. In other cases there is the concentration of separate managerial functions in a united center or unification of parts of resources in some countries.

A separate organizational and legal form in Ukraine is the financial industrial group. It was formed in accordance with the Ukrainian government resolution. In the Ukrainian Law "About financial industrial groups" (9th of September, 2010), this form of companies unification was founded just for a certain period in order to solve national and economic problems. As for financial industrial groups, they are usually founded on a participant initiative with delegation of authorities to manage assets, and as a rule with consolidation of these assets.

It is an interesting fact that the term "corporation" in the world practice is not identified with the concept of a "holding company" (Gorbunov, 2002). In this the most part of analyses proceeds from Anglo-Saxon legal standards (Puchinskiy and Kulagin, 1987). According to these standards, the term "corporation" is understood as the unification of companies with the initiation of a legal body. From our point of view, such interpretation might be valid from the position of legislative standards and laws, but not from the economic practice perspective. The concept "holding company" should be more reasonably considered as an associated company, and "corporation" should be considered as an economic unification of managing subjects with the crisscross share ownership.

Table 2. Comparative characteristics of basic organizational forms of integration all over the world, developed by the authors

Feature for classification	Concern	Consortium	Conglomerate	Cartel	Trust	Syndicate	Financial industrial group	Association	Strategic alliance
Legal independence of structural elements	Complete independence, as a rule	Complete independence	Complete independence	Complete independence	Absent	Complete independence	As a rule, complete (participation system)	Complete independence	Complete independence
Financial and business independence of structural elements	With integrated financial and real assets	With integrated financial and real assets	Financially dependent on a holding company. As a rule, has no business dependence	Complete independence	Absent	Limited in marketing distribution	Complete independence, as a rule	Complete independence	Complete independence
Uniformity, similarity of activities of structural elements	Similar in industrial structures. Dissimilar in interindustrial structures	Dissimilar	Dissimilar	Similar	Similar	Similar	Similar in industrial structures. Dissimilar in interindustrial structures	Similar	Similar, as a rule
Transformation of organizational forms	Present	Absent	Present	Absent	Present	Absent	Present	Absent	Absent
Existence of integrated structures	Not limited	Limited by a combined project	Not limited	Limited	Not limited	Limited	Limited	Not limited	Limited
Extent of management centralization	High extent	High extent in a network of a project	Extremely low (coordination)	High extent in marketing distribution	High extent	High extent in marketing distribution	High extent	Extremely low (coordination)	Extremely low (coordination)

Table 3. Comparative characteristic of the basic organizational forms of integration in Ukraine, developed by the authors

Feature for classification	Corporation	Concern	Consortium	Financial industrial group	Association	Strategic alliance
Legal independence of structural elements	Absent, as a rule	Complete independence, as a rule	Complete independence	Complete independence, as a rule	Complete independence	Complete independence
Financial and business independence of structural elements	Absent, as a rule	With integrated financial and real assets	With integrated financial and real assets	Complete independence, as a rule	Complete independence	Complete independence
Uniformity, similarity of activities of structural elements	Similar	Similar in industrial structures. Dissimilar in interindustrial structures	Dissimilar	Similar, as a rule	Similar	Similar, as a rule
Probability of transformation of organizational forms	Present	Absent	Absent	Absent	Absent	Absent
Terms of existence of integrated structures	Absent	Absent	Limited by combined project	Limited	Not limited	Limited
Extent of management centralization	High extent	High extent	High extent in a network of a project	High extent	Extremely low (coordination)	Extremely low (coordination)



In accordance with the Law of Ukraine "About holding companies in Ukraine", a holding company is a legal body (a joint-stock company) that incorporates rights of other corporate enterprises. A corporative enterprise is understood as an economic organization.

We argue that the main reason of such differences is that integrated business structures came to the world practice due to economic evolution process, as for Ukraine – as an outcome of reforms. Transformational modifications in Ukrainian economy had not only positive influence upon business development. For example, modifications in real financial sector are reflected in macroeconomic activities.

We can make a conclusion that there are different approaches to the definition of organizational and legal integration forms in Ukraine and in other countries. This leads to additional problems for foreign contractors in our country.

There are different approaches to the definition of integrated structures in different countries. They depend on the peculiarities of legislation, for example, there is the necessity for registration of companies of such kind in some countries. We would like to present a classification of the predominant organizational structures in the world practice basing on legislative regulations (Table 4).

**Table 4. The predominant organizational structures in the world practice**

Country	Organizational forms of integrated structures	Legislation	Peculiarities
Great Britain	- consortium (a contractual unification); - concern (a holding companies unification).	the Law "About companies"	The control is carried out by means of a controlling block of shares. A holding company is considered to be a company without control by means of voice.
Poland	- a registered partnership; - a limited (liability) partnership; - professional partnership; - a joint-stock company with limited responsibility; - corporations (a joint-stock company with limited responsibility, partnership with limited responsibility).	Civil Code of Poland Republic; The code of laws "About commercial enterprises" (September, 2000); The law "About the national economic activity" (November, 1999).	They are subject to obligatory registration; A business company should be registered as an enterprise of any kinds of legal form, so as a partnership, a business company, a branch of a company, a representative of a company.
Germany	- concern; - holding company.	The law "On joint-stock companies". The law "On association with limited responsibility"	Holding company executes organizational and managerial functions and financing of affiliated companies. The largest financial groups and holding companies are: - German bank; - Dresden bank.
France	- particular partnership (society in participation); - holding company; - financial group.	The Civil Code, the law "The society"	They can exist without formation of a legal entity, without registration, but they are economic and legal subjects. Governance is carried out by means of a holding company or by crossing share interest.
The USA	- consortium (a contractual unification); - concern (a holding companies unification).	"Model law about entrepreneurial corporations"	The biggest are: - ExxonMobil Corporation; - Chevron Corporation; - General Electric; - JPMorgan Chase.

Developed on the data from: Lomakin (2008), Mamutov (2006), Puchinskiy and Kulagin (1987).



The authors offer to use the following definitions of organizational forms of integrated structures:

**Concern** is a consolidation of two and more companies in accordance to one or several directions without the consolidation of holdings, but with the formation of an integrated financial and/or ownership fund in order to solve certain tasks.

**Consortium** is an integrated business structure, created for the realization of some parts of an investment project that has its time frames within a project.

**Corporation** is a consolidation of the most part of assets of several companies as a rule with the formation of a legal body.

**Financial and industrial group** is an organizational structure that is supposed to have the connectivity of separated companies with the help of the ownership of a certain share package in different sectors of economic management without the formation of a legal body.

**Trust** is the full consolidation of assets to form an integrated industrial complex with centralized management.

**Syndicate** is a contractual unification of enterprises for the purpose of formation of a united distribution network to realize production of similar kinds of product.

**Conglomeration** is integration of economic subjects which are financially subordinated to a holding company, these subjects are without any industrial and legal communities, and they are connected with each other by the use of coordinating mechanisms.

**Strategic alliance** is an interorganizational agreement for collaboration between two or more business structures, situated in different countries without any common management center and without any interests in assets holdings by the use of property rights for the purpose of common strategic problems solving.

**Association** is a unification of independent legal entities and the economy of independent business subjects for the purpose of coordinating and protecting their legal interests.

**Conclusions.** The formation of economic and industrial systems in the domestic economy is an obvious necessity dictated by the realities of economic structural units' development. This guarantees economic expansion of the country, and it is certainly an answer to the current trends in the world economy.

As one can see from this comparative analysis, the influence of integrated structures upon the national economy and upon the international economy is really great. There is a variety of organizational forms of integrated structures and all of them are transformed under the influence of globalization. Their further development and advancement in different countries for many reasons depend on designing the right theoretical and instrumental basis.

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Стаття надійшла до редакції 27.03.2013.