

THE EVOLUTION OF THEORETICAL APPROACHES OF THE CORPORATIONS' ANALYSIS

Professor, Doctor of Economics **Victor BAZILEVICH**
Dean Faculty of Economics of Kyiv National Taras Shevchenko University,
Corresponding Member of National Academy of Sciences of Ukraine, Ukraine
decanat_econom@univ.kiev.ua, bazil@econom.univ.kiev.ua

Professor, Doctor of Economics **Yuriy UMANTSIV**
Kyiv National University of Trade and Economics, Ukraine
uman@knteu.kiev.ua

Abstract:

The article explores the basis of methodology of the corporations' analysis. It is summarized the theoretical approaches to determine their economic substance. Characteristic features inherent in corporations are identified. It is stated that the study of the evolution of scientific views on the problem of the formation and development corporations in the world economic literature has revealed the most significant in terms of theoretical and methodological concept, updated the need for scientific development of the problem of formation of corporations in the economic system. Nowadays the scientists are united by a perception of corporations as a difficult economic institution, but there is no unity of opinion on its essential features. Thus, a holistic theory of corporations is at the stage of active formation.

Key words: corporation, the evolution of corporate relations, corporate theory.

JEL classification: G 30, G 34

INTRODUCTION

The investigation of literature sources indicates that with the advent in the economic practices of the first corporate forms of business the question of the effectiveness of their functioning were always the subject of extensive scientific researches. The main subject field of scientific studies was to analyze the relationships between the structural elements of the corporate, evolution of its organizational forms and methods of interacting of key stakeholders – owners, managers, and state.

The corporation theory as one of the basic economic entities reflects the historical retrospective of the patterns in the context of evolution the economics in general. Consideration of theoretical interest in the recognized schools and movements, and individual scientists in the corporation can determine the methodological framework to analyze the corporation (Sirko, 2004, p. 7). Formation of scientific concepts of corporate relations begins not in the period of the first corporate forms, just only in the XVIII century, exactly after their active dissemination in the world economic practice. The principles of corporate theory was formed in the period of institutionalization of economics as a separate branch of knowledge, therefore the analysis of enterprise first in the world's scientific literature is carried in the classical models of corporate governance.

CORPORATION IN LIGHT OF THE CLASSICAL SCHOOL POLITICAL ECONOMY OF A. SMITH, D. RICARDO, J.St. MILL

Problems of increasing scale and public nature of the share capital were first considered in the scientific works of representatives of the classical school of political economy A. Smith, D. Ricardo, J. St. Mill and other researchers. The leading role in the development of the market environment was provided to corporation as the most effective form of functioning the business entities. The main direction of research was to elucidate economic nature of corporate ownership. One of the earliest works, in which was analyzed the possibility of fictitious foundation on the principles of shareholder property and leaders attempting to abuse their position in the joint-stock companies was the work of A.Smith (2001, p. 173-230) «Wealth of Nations. An Inquiry into the

Nature and Causes of the Wealth of Nations». Analyzing the features of managers and owners of trading companies, the scientist concluded that the management of such companies is characterized by negligence and waste, as employees by nature of their position should be more interested in defending their own interests. The problem of uncontrolled hired managers and the possibility of using position to their advantage that was formulated by A. Smith (2001, p. 173-230), made a vector and an object of research in the future.

To justify the need for the introduction the system of supervision over the actions of managers is an important analysis of the nature of the share capital and its characteristics, J. St. Mill (2007) in his «Principles of political economy» carries out analysis of positive and negative aspects of joint-stock form of business, defining the specific of the economic nature of the corporation. The scientist connects the creation of powerful large capital corporations with the increased efficiency throughout the economy. The scientist points out that the principles of transparency are essential to create a formal environment for public control by the shareholders and potential investors. The requirement for promulgation of results of activity by requiring publication of reports about financial status of corporations in the press is considered by scientist as the basis for effective control and confidence in its stable development. J. St. Mill (2007, p. 251-252) considered that the principle of transparency had an affect on success of the corporation more than opportunity to accumulate significant capital by joint-stock enterprises.

However, J. St. Mill (2007), same as A. Smith, points to the obvious shortcomings of organizational form of corporation, among which the main is the lack of economic interest of hired management staff on the results of the company. Figuring out such negative signs of corporation, according to the researcher, determines the need to control the owner over the action of managers and the formation the system of restrictions for abuse. First and foremost, the definition of clear rules for action of the managers and incentives of performance. Having substantiated the lack of control over the actions of administrators, the scientist raised the question of the need to create specific mechanisms to represent the owners' interests of the corporation. However, it is clear that at this stage of development of economic theory the problems of corporate practice were primarily analyzed empirically and unsystematically, and interpretation of the basic concepts of corporate relations was multi-valued and contradictory.

THE FORMATION AND DEVELOPMENT OF THE THEORY OF THE CORPORATE STRUCTURES

K. Marx made a significant contribution to formation and development of the theory of corporate structures. Cited in the works of the scientist provisions of on the delimitation capital-property and capital-function, is the main characteristic of the new scale forms of organization the production, it became the methodological basis for the justification of the fundamental features of corporate evolution – separation of ownership and management. The most typical of stock ownership K. Marx (2011, p. 479-482) calls the conversion actually functioning capitalist into a mere manager, disposing people's capital, and the owners of capital – net owners, net cash capitalists. Growth of production socialization based on the corporate concentration of capitals leads, according to K. Marx, to the internal contradictions in the development of corporate capital. Dualism of corporate capital defines also the dual nature of administrative work in the corporation. On one hand, managers perform the function of supervision, organizing and controlling the activities of the company, and on the other – the function of engineering the combination and cooperation of labour and are paid for the sale of their labour power. Thus, there is a need for the formation of a special system of capital control by the owners, which are almost isolated from the process, the elimination of the contradictions between the private and the collective corporate form of ownership within the social order Marx believed impossible, but posing the problems for the development of corporate theory and practice of the institute of corporate governance can be considered as significant methodological basis for further research.

Ideas and projects of Marx from the basic contradiction of corporativism were developed by R. Hilferding, who devoted considerable attention to the analysis of the functioning of capital corporations. Exploring the features of the corporate form of business, the scientist allocated the most important factors of corporate evolution, which determine the characteristics of its organization and management. The researcher distributed them to the objective (ease of raising capital, the possibility of accumulation) and subjective (the degree of interest in the management company's performance, attempts to gain control of the corporation). Scientist substantiated the proposition that without political economy analysis of the specific features of the corporate form of business impossible to find out its nature and to realize the economic benefits and the practical application.

The most significant feature of the corporate capital R. Hilferding defined the exemption of the industrial capital from the functions of industrial entrepreneur. Great importance for the development of corporate theory has provisions of R. Hilferding (1959) that the share capital is owned by the company, not individual shareholders, and therefore individual shareholders are not entitled to its alienation. A detailed analysis of the work of R. Hilferding (1959, p. 59-85) "Financial capital" in the context of formation the national corporate theory of past testifies that this fundamental work aroused considerable influence on the development of scientific concepts in Ukraine.

Active influence of corporations on the economic life of society led to the considerable scientific interest among Ukrainian scientists to these problems in the late XIX – early XX century. This attention of economists to the problems of corporatization industry is explained by its comprehensive nature and the great influence that took corporations on society. Thus, the famous Ukrainian scientist D. Pikhno (1888, p. 48) emphasized a significant role of public companies in the process of monopolizing that give ability to capitalist enterprises' to expand to unprecedented enormous sizes. Now it is not uncommon that joint-stock companies, limiting their capital, turnover and profits by tens of millions of rubles, or even hundreds. Among the major causes of monopolistic structures was considered the concentration of production and capital. Scientist wrote that «the desire to concentrate production is scheduled today in all branches of industry and start covering even their local crafts, obviously, quite important to remove the effects of competition and pricing by monopolies» (Pikhno, 1888, p. 160-161).

V. Zheleznov (1908, p. 279-281) investigated problems of joint-stock form of business, the concentration of production and the various monopolies. Explorer noted the close relationship between the concentration and monopolization of the industry, paying attention to the concentration of capital was the primary cause of various types of monopolies. Scientist claimed that the concentration of production was enhanced due to the formation of joint stock companies, which were concentrated in their hands considerable amounts of tools often consist of very small particles. Economist pointed to the fact that in terms of concentration of production significantly increased competition, which often threatened the existence of enterprises. As a result, some companies are trying to merge into even larger coalition called syndicates and trusts.

CORPORATE ENTREPRENEURSHIP BETWEEN THE END OF XIX AND THE BEGINNING OF XX CENTURIES

It is clear that in the examined theoretical concepts first attempt to allocate capital-function from property-function, and therefore update the problem of forming corporate structures. However, the most active in the study and the scientific basis of problem is the effective functioning of the corporation at the time of the rapid spread of corporate entrepreneurship in the XIX-XX centuries. It was then that the formation of new methodological approaches and theoretical research areas of economic realities neoclassical, Keynesian, institutional, in which issues of effective organization and functioning of corporations are considered in view of various factors. However, common to most of these approaches in the study of the evolution of the corporate economy becomes the fundamental position of the growth differences between the collective form and the private

character of corporate property, which determines the necessity of scientific studies synergies of corporate entities. It was at the end of the XIX century in the economic literature appears a new subject of scientific analysis – hired manager with the skills and qualifications perform the function of capital management corporation (Suprun, 2009, p. 142-143).

In the framework of the neoclassical school of its founder A. Marshall deeply analyzed the problem of formation the corporation. The scientist in his monumental work «Principles of economics» develops approaches to the nature and role of large-scale production, which can only be achieved with the use of potential of corporations. A. Marshall (2007, p. 295) draws attention to the main advantages of this production, are, above all, in the economy of skilled labour, machinery and raw materials. Subsequently, the researcher raised the issue of divergent interests of management and shareholders of corporations as a significant scientific challenge. Scientist identified three forms of corporate organization – namely, joint stock companies, public corporations and cooperative associations, the common feature of which is the distinction between the functions of capital management and capital ownership. Inside the corporation is formed stable core of owners who controls the corporation and not sufficiently takes into account the interests of other owners. A. Marshall (2007, p. 314-317) in order to neutralize the negative effects of such situation, offers the potential cooperative association, the essence of which is to raise the subjects, run the risk of losing certain resources, especially the shareholders to participate directly in the management of the associated capital. Employee of the company gets a share of the profits, voting rights, speaking at the same time the owner, and an employee, working on hiring.

At the beginning of XX century corporate relationships became the subject of special research, which was due to the economic dominance of corporations in the business sector of the leading countries and the specifics of corporate economic relations. A great contribution to the study of the corporation as an entity of the economic process made the representatives of the institutionalism theory. It should be noted that researchers tend to go beyond the methodological individualism inherent in neoclassical theory and consider economic issues in a broad social context. This facilitated the transition of the market economy to a qualitatively new stage in its evolution and led to the formation of a new economic paradigm in the direction of mandatory accounting institutional factors of social development. These processes are due also to the fact that in the early XX century the corporations of leading countries were beginning to dominate the business sector.

Representatives of the various trends of institutionalism are almost the only ones in the understanding of corporation as a complex and important economic institution. However, there are different approaches to the interpretation of how and why the development of the corporation, which led to its present organizational form. Formation of the content of the modern corporation should be mainly from understanding it as the product of a series of organizational innovations, the aim and the result of which can be considered as the minimization of transaction costs.

Institutionalism has emerged as heterodoxy (alternative) in neoclassical (orthodoxy) trend. During the XX century institutionalism has become a leading trend of economic thought, the subject of investigation as a social system organized by economic and non-economic institutions, which are in the relationship, cooperation and development. Institutional economics combine criticism of the neoclassical theory, the consideration of economic issues in a broad social context and interaction with other branches of science, the idea of reforming the economy from the standpoint of control and state regulation. Methodological basis institutionalism is an interdisciplinary approach, the link to the right, sociology, political science and psychology, historicism and evolutionism, and the analysis of economic and non-economic development mechanisms (Hayday, 2008, p. 106-110).

T. Veblen (1984) first introduced into the economic lexicon the term «institution», defining it as a common consciousness, a certain way of thinking, has a great community of people, and are due to traditional customs, which are formed in the process of historical development. A scientist in a number of works, including «The Theory of the Leisure Class», «Absentee Ownership: Business Enterprise in Recent Times», analyzes economic processes from the perspective of the team and

technology evolution. T. Whalen formulated the concept of the «leisure class» features of which is the possession of a large property, waste and excessive consumption.

The conceptual basis of the research problems of corporate devices were laid by T. Veblen (1984), who emphasized the importance of studying the economic theory of norms, customs, traditions, and their evolution to inform decision making by economic agents. Representatives of early institutionalism focused on three issues of corporate devices, namely, on the relationship between labour and capital, the relationship corporations to small and medium-sized firms, as well as the ability to overcome the contradictions between private and public interests by introducing elements of public corporate control. In this context tests results, reported by T. Veblen (1984) in «The Theory of the Leisure Class».

Corporations based on joint-credit basis only maximize profits and limit production. T. Veblen (1984, p. 55-56) observes that the corporation economy leads to conspiracies, and therefore the need for public control of the entire economy by eliminating ownership of the financial oligarchy and reform the mechanisms of doing business.

The scientist analyzes the impact of corporate relations on the development of the market. Researcher to the characteristic features of the latest stage of capitalism relegated the formation and growth of corporations, the enormity of corporate ownership, the disappearance of free competition, and others. Analyzing the nature of corporate conflicts in their evolutionary development, T. Veblen (1984, p. 58-87) argued change of control of the company from the capitalist-owners to managers-engineers. However, the main disadvantage of the corporate research unit called not the concentration of production, leading to a monopoly, and the widespread use of credit and the formation of the so-called «Absentee» (such as absent) ownership or ownership that is difficult to comprehend. T. Veblen argues that the development of capitalism, the contradiction escalates between production and business. Business, by definition of Veblen, represented the owner of financial assets (or «absentee» ownership), and the industry – engineering and technical staff of enterprises. Researcher in the most general terms outlined the problem of corporate devices and the need for effective monitoring of attracting capital.

THEORETICAL APPROACHES TO THE ANALYSIS OF ORGANIZATIONAL AND MANAGERIAL PROCESS IN THE MID-TWENTIETH CENTURY

New trends in the world economy in the second third of the XX century led to the emergence of new theoretical approaches to the analysis of organizational and management process. The disclosure of the economic nature of the corporation carried enormous influence of institutional approaches in economic theory of the firm, based in the R. Coase (2002) «Nature of the Firm», and continued in the work of A. Alchian, H. Demsetz, H. Simon, and others. In contrast to the neoclassical theory of the firm, based on the assumption of rational decision making, this theory has focused attention on the need to consider the preconditions analyze the behavior of firms in the market of bounded rationality, uncertainty, more complex internal structure like that.

Important role in the development of a theoretical framework corporations played R. Coase's theory of substantial transaction costs. In the works of Ronald Coase (2002, p. 30-48) first formed the concept of transaction costs arising from the imperfection of property relations and incomplete information. Researcher formulated the problem, which later became the basis of the theory of asymmetric information on the activities of the corporation. An important aspect of the transactional theory of the firm is to avoid the situation of rational behavior of economic actors; the researcher called it the opportunistic behavior. This behavior is associated with an attempt to realize their own economic interests of certain subjects, often contradicts the interests of the company. Considering this opportunistic behavior may be limited by harmonizing the interests of the company with the interests of workers.

An innovative approach to research of institute corporations contained in the artistic heritage of another American institutionalist – John Commons (1931). Analyzing the nature of the corporation in the «Institutional Economics», Commons (in contrast to the approach of Veblen) concludes that

there is the possibility of harmonization controversial interests of economic agents as a way of achieving this may be along with the state, trade unions and corporations as well. Among the institutions of collective action an extremely important role in the regulation of economic relations belongs to legal norms. According to the scientist, the historical process of formation and development of the corporate form of business is an eloquent expression of the effective interaction between private interest and limitations defined by collective action.

Social and legal institutionalism of D. Commons found its reflection in such works as «Institutional economics» and «Economic theory of collective action». The scientists examined the evolution of capitalism, explaining the history of the corporate form of business results of private interest and limitations of collective action. Corporation, according to the scientist, is an instrument of aggressive subordination to the control of the entire system of social relations (1931, p. 648-657). The approach of Commons made a significant impact on the further development of the institute of corporation, claiming the ability to save transaction costs in the contract.

Studies of this institution of collective action, which is a corporation, directed Commons to the thought that in the current economic system a corporation becomes not only an important institution in the market competition, but also an instrument of subordination to its control of individual behavior, including through action lawyers, leaders of social movements and others (Seligman, 1968 p. 79-88).

In the early XX century the development of economic analysis of enterprise problems activated, which is caused by the increasing role of corporations in the world economy. In the same period there was a problem to find new methodological approaches to the justification of economic events that do not fit to the paradigms of traditional approaches. The latest economic trends, denying the neoclassical ideas about a self-regulating nature of the market and enterprises, including corporate, and became the basis for the emergence of keynesianism.

Investigating the causes and sources of the crisis in the economy, J.M. Keynes (1978, p. 15-57) called attention to the most important trend of the economy, which is more complicated institutional structure of society and the increasing role of corporations, when the owners of capital is almost separated from the management of the corporation. According to the Keynes's approach factors of environment influence is involved to economic analysis that has become a major factor in the formation of a new scientific approach to market development and justification of the need for active state regulatory impact on the course of economic processes. Development of keynesianism and its transformation into the methodological basis of regulatory policy in the majority of countries have identified, among others, and international standards of corporate structures.

Significantly, that Keynes (1998, p. 274-275) called attention to the fact the corporations with scaling up the signs and get status of public institutions rather than private companies. According to scientists, large corporate enterprises, which in its activity is driven more by considerations of maintaining the stability and reputation of the company (as opposed to trying to maximize shareholder value) objectively tend to socialization. Keynes argued that this transformation happens naturally. In addition, there should be a certain limit («perfect measure») of state control, must be in the relationship between the coordinates of the individual subjects and the state.

The evolution of forms and trends of the corporate enterprise is reflected in the works of J. Clark «Business acceleration and the law of demand» and «Social aspects of overhead». In these works the first time is substantiated the necessity of the study problems of the functioning of corporations to consider the cost of making decisions that are carried by entrepreneurs in the management of the firm. These expenses are limited to institutional decision making in the management of corporations, speaking thus the basis for the formation of certain restrictions for business interaction (2004, p. 563-573).

Considerable and ponderable for development of ideas about an origin and evolution of corporations, influences of institutes on development of these subjects are achievement of representatives of institutional school of A. Berle, G. Means, D. North, O. Williamson, P. Druker, J. Bergem and others. Distribution of property and management in corporations, qualificatory role of managers was thus reasonable in development of corporations stipulated transformation of politics

of large firms. Scientists created bases of the concept of formation of society of hired owners. Researchers noted that a task of managers is not only the organization of activity of corporation, but also definition of the purposes of the organization and long-term consequences of the accepted decisions. Owing to development of scientific and technical revolution the number of professionals which took places of experts and managers increases. Corporations became a leading form of business, and in the activity are guided not only receiving profit, but also public interests. Thereof there is a new antimonopoly type of corporations which can quickly transfer the the capital from one branch to another, overcoming barriers.

Considerable degree discussion concerning definition of the nature of corporation after an exit of work of the American scientists A. Berle and G. Means (1932, p. 9-35) «The modern corporation and a private property» became more active, they argued that corporations represent a new form of the enterprises, essentially differs from classical type of capitalist firms, characteristic for the XVII-XIX century. It is a question first of all about concentration corporations of the huge capitals, the crucial role in management with which is played by not so nominal owners-shareholders, but heads of the companies. Scientists call such system «collective capitalism». However there is no guarantee, on their belief that the corporate economy to serve public interests or at least interests of shareholders, after all hired heads aren't interested in maximizing profit of firm, ignore market factors, receive possibilities the legalized methods and different manipulations to limit the formal rights of minority shareholders.

Further researches of essence, and also value and corporation role in economic system developed within a neoinstitutionalism, undertaken to eliminate an extreme of market bias of neoclassics. The neoinstitutionalism supplements methodology of research of corporations with tools of the analysis of many institutional factors. The behavior is a question first of all of the property right, the political power, risks, opportunistic behavior (Radyeva, 2010, p. 12). The Nobel winner D. North (2000, p. 18) in work «Institutes, institution change and economy functioning» pays attention to the economic organizations, developing for the purpose of use of all the possibilities, take into consideration changes in property structure, and also many standards of behavior and other informal restrictions.

But other Nobel winner Oliver Williamson (2001, p. 298) tried to analyse the major factors stimulating processes of creation the corporate structures through a paradigm of development the theory of transaction expenses. The researcher notes that «progressive evolution of modern corporation fixes economy reflection on transaction expenses at each stage». According to the theory of transaction expenses, generally economic activity occurs within long-term, complex, often multilateral contract relations. The fullest statement transaction concepts was made by O. Williamson when the modern corporation is investigated as difficult and important economic institute and it should be considered as a product of a series of organizational innovations, minimization of transaction expenses. Instead of treatment the firm as production structure, the theory of transaction expenses argues that the firm (at least in most cases) is more expedient to consider as the structure of management of agreements. The theory of transaction expenses allows explaining distribution of economic activity between firms and the markets, and also the internal organization, including aspects of its construction and the general size.

Functioning of corporate structures in the 70-80th years of the XX century became the active sphere of studying that caused distribution of the theory of transaction expenses. This theory in a modern look is branch of the institutional direction of the economic theory with its research of the nature of the organization. The transaction approach to studying of corporations is characterized by understanding of the internal corporate organization as important factor of economic efficiency, and also treatment of structural distinctions between firms first of all as result of aspiration to minimization expenses.

Such known scientists, as well as Joseph Alois Schumpeter and John Kenneth Galbraith in the researches paid considerable attention on a role of corporations in development of capitalist system. So, in particular, J. Schumpeter (2007, p. 466-467), in work «Capitalism, a socialism and democracy» considers the corporate relations in aspect of business, proves their innovative essence.

The researcher puts forward idea about stabilization a role of large corporations. The scientist argues that large corporations often become object of criticism as monopolistically structures, their activity in the form of establishment of stiff prices, conscious restriction of output and patent control provides stability of capitalist system, playing a counterbalance role concerning innovations. J. Schumpeter's conceptual ideas about a role of large corporations and their interaction with the competition gave an impulse to researches in the tideway of neoclassical tradition (on a market mechanism, the prices, profit, firm), and also promoted development by institutionalists «the theory of large corporation» as main agent of market process who forms own economic policy and carries out long-term strategy of development.

For the research of the structure and features of management of corporation the significant contribution was made by the representative of the social-institutional direction of the institutionalism J. Galbraith (2008, p. 34). His main ideas can be generalized as follows:

a) the corporation is the institute, organizational structure of industrial economy which define tendencies of development of modern society. Under the influence of scientific and technical revolution the new stage in development of corporations ia a stage of mature corporation. Unlike enterprise corporation of the 20-30 years, which purpose was maximizing profit, the mature corporation is the collective organization, a public and collective property, a combination of the advanced technical and technological systems to capital accumulation, the power technostructure. Its purpose is self-financing of corporation and growth of the income of managers. Shareholders are interested in increase of profit, however their power is limited. Scale of corporate business characterizes by level of industrialization of economy.

J. Galbraith (2008, p. 35) involved such scientific concept as «technostructure». According to statements of the scientist, «technostructure» is an association of the highest person, making administrative decisions and new administrative elite (technocracy) that surpasses traditional financial oligarchy. It supervises the highest posts in administrations and also leading posts in the largest corporations and becomes an imperious class of the western society. According to J. Galbraith, the corporations, dynamically developing possess huge volumes of the capitals, are characterized by difficult organizational structure and as a whole make basis of industrial system. The scientist calls them a basis of «new industrial society».

The power and management question in corporations is realized through revolution of technostructure, J. Galbraith (2008, p. 40) calls technostructure as a combination of knowledge and qualifications. The power, knowledge and organizing abilities are production factors. Technostructure characterized such signs, as monetary compensation, identification with corporation characteristics, aspiration to adaptation and protection of interests of the company. The analysis is more whole technostructure and their ratio with the purposes of society testifies that the corporation subordinates the market the society purposes. Maximizing profit isn't a main goal, and growth of the income of managers for what stable position in the market, protection against risk and uncertainty is necessary defining.

The main features of the transfer of power technostructure – loss of shareholder's power, managerial autonomy, loss of public credibility of the financiers, the rule of public opinion about government. Modern enterprise prefers a corporation in order to adapt to the needs of technostructure. It is these factors, which are the need to expand the scale of production to obtain monopoly power, are not essential. Combining mature corporations is the basis of industrial society in which corporations have economic power (control of prices, costs, consumers), technostructure has real power in society, and there is a replacement market-industrial planning.

Trends in the global economic space indicate that the global market for the most efficient and competitive is large corporations that own industrial, scientific and technical resources. Swiss economist H. Bortis (2007, p. 417) argues in this regard that the cartels may even have a positive impact on the economy, since they help to maintain a sustainable business activity in the long term.

CONCLUSIONS

Thus, the study of the evolution of scientific views on the problem of the formation and development corporations in the world economic literature has revealed the most significant in terms of theoretical and methodological concept, updated the need for scientific development of the problem of formation of corporations in the economic system.

Generalization of theoretical approaches to the definition of corporations leads to several conclusions. First, study the features of the economic nature of the corporation in economic science was accompanied by radically reinterpretation the methodology and theoretical tools. Second, the dominance of corporations, finally formed at the turn of the XIX and XX centuries, has been recognized by scientists as fact-scale transformation of the economic system. Thirdly, today scientists are united by a perception of corporations as a difficult economic institution, but there is no unity of opinion on its essential features. Thus, a holistic theory of corporations is at the stage of active formation.

REFERENCES

1. Bazylevych, E., 2004, History of economic studies. Kyiv. Knowledge.
2. Berle, A., 1932, The modern corporation and private property. New York. The MacMillan Company.
3. Bortis, H., 2007, Institutions, behavior and economic theory: the contribution to classical-Keynesian political economy. Kyiv. Publishing house «Kyiv-Mohyla Academy».
4. Coase, R., 2002, The nature of the firm: Origins, evolution and development. Kyiv. ASK.
5. Commons, J., 1931, Institutional economics. American Economic Review. Volume 21. p. 648-657.
6. Galbraith, J.K., 2008, The new industrial state. Favorites / J.K. Galbraith – Moscow: Eksmo.
7. Hayday, T.V., 2008, Institutionalism paradigm: methodological context. Kyiv. Publishing center «Kyiv University».
8. Hilferding, R., 1959, Financial capital: research the latest phase of capitalist development. Moscow. Publishing House of Social and Economic.
9. Keynes, J.M., 1978, General theory of employment, interest and money. Moscow. Progress Publishers.
10. Keynes, J.M., 1998, End laissez faire. Origins: historical issues of the economy and economic thought. Moscow. Higher School of Economics. No. 3. p. 512.
11. Marshall, A., 2007, Fundamentals of economic sciences. Moscow. Eksmo.
12. Marx, K., 2011, Capital. Critique of political economy. Moscow. Penguin Books.
13. Mill, J.S., 2007, Principles of political economy with some applications to social philosophy. New York: Penguin Books.
14. North, D., 2000, Institutions, institutional change and economic distortions. Kyiv. Fundamentals.
15. Pikhno, D.I., 1888, Railroad rates. Research experience prices railway transportation. Kyiv. Imex.
16. Radyeva, M.M., 2010, Development of corporate enterprises in Ukraine: institutional approach. Zaporizhzhia. Classical private University.
17. Schumpeter, J.A., 2007, The theory of economic development. Capitalism, Socialism and Democracy. Moscow. Penguin Books.
18. Seligman, B., 1968, Major trends of modern economic thought. Moscow. Progress Publishers.

19. Sirko, A.V., 2004, Corporate relations in a transition economy: problems of theory and practice. Kyiv. Imex.
20. Smith, A., 2001, The wealth of nations. Inquiry into the Nature and Causes of the Wealth of Nations. Kyiv.: Port-Royal.
21. Suprun, N.A., 2009, Evolution of national corporate governance models. Kyiv. KNEU.
22. Veblen, T., 1984, Theory of the leisure class: an economic study of institutions. Moscow. Progress Publishers.
23. Williamson, O.E., 2001, The economic institutions of capitalism: Firms, marketing, contracting. Kyiv. Publishing house «Artek».
24. Zheleznov, V.Y., 1908, Essays on political economy. Moscow. Penguin Books.