

of Ukraine and always work only in the legal field, as in developed countries. They have to follow the trends in judicial practice including abroad.

In general, the task of the lawyer is also to help reduce the risks and threats of outsourcing in health care. This increases the competitive advantage of the home medical institution. Signing contracts with other legal entity may take time, knowledge and extra efforts from a legal team. The uncertainty of the external environment, incomplete information about the outsourcer and possible quality their services increases the transaction costs. It is necessary to fund measurement of the quality, as well as the claims in court in case of non-fulfillment of the contract. Negotiations with a counterparty also require money and time. Security threats also occur if another party has access to a hospital's confidential information. A lack of communication between the home medical institution and the outsourced provider may occur, which could delay the implementation of contracts. Thus, the role of a lawyer is decisive for ensuring the effective outsourcing.

## REFERENCES

Most effective health care 2016. Retrieved from: <https://www.bloomberg.com/europe>  
OECD Health Data: Health expenditure and financing: Health expenditure indicators. Retrieved from: <http://data.oecd.org/healthres/health-spending.htm>

Statista. The statistical portal. Retrieved from: <https://www.statista.com/statistics/189788/global-outsourcing-market-size/>

UDC 338.46+34(477)

***T. M. Kaminska***

*Doctor of science (economy), professor,  
Yaroslav Mudryi National Law University*

***V. A. Heivandov***

*Student of International Law faculty, 3<sup>rd</sup> course, 2<sup>nd</sup> group  
Yaroslav Mudryi National Law University*

## NEW TRENDS IN THE LEGAL SERVICES MARKET OF UKRAINE

Legal services market is an attractive segment of the tertiary sector of national economy. Unfortunately, legal business in Ukraine fell by 30% in the years of 2015–2016. Despite this fact, we can confidently assert that the legal services market

in Ukraine operates quite powerful. The financial equivalent of the market volume is amounted to approximately 700 million dollars (or 12 billion in UAH). This is good figure, but there are still reserves to grow and develop. This market is an integral part of the national economy and meets international quality, requirements and standards of legal practice today. It is also market of healthy monopolistic competition without pure monopoly that hampers the unfair struggle between market units. We can say about new level of quality of human resources in this market because of growing needs of the new economy and society as a whole. Therefore, the legal business is constantly improving in Ukraine and brining the new ideas and their implementation.

Historically the first legal markets began to emerge back in the 19<sup>th</sup> century. Thanks to those qualities, which has English law compared to the civil law, especially due to its flexibility and unpredictability and economic potential and development, legal services market first appeared in the United Kingdom and USA. For example, the first law firm, was established in London in 1802 under the name “Clifford Chance”. Today it is one of the largest law firms in the world, both in terms of intellectual capacity and the size of their capital. The firm has offices in almost all major capitals of the world. Until recently, the company was even presented in Kyiv. But later, it left Ukraine. And the giants of American global legal market such as “Baker McKenzie” and “DLA Piper” are represented in the Ukrainian legal services market and upgrade it.

The modern business provides such a business strategies as outsourcing and diversification. Outsourcing is the transfer of some functions and business processes from one legal entity to another (including abroad) rather than completing it internally. The economic essence of outsourcing is to construct a system of economic relations among different organizations based on long-term agreements. As to law firms, they are outsourcing initially because they carry out the legal support of external companies throughout their activities starting from registration of legal entity to ending with bankruptcy and liquidation. Ukraine is no exception in this case. The most appeals for legal services are from small and middle business. Big business typically has its own corporate lawyers who manage the legal department of the company. However, at the same time big business are increasingly beginning to talk to law firms today. The demand on them is due to the advantages of legal services outsourcing. The fact is that at present time the law firms around the world and even in Ukraine have an extensive specialization and experience in multi-jurisdictional projects. So they can provide full service and more qualified legal assistance. That is why business today is increasingly resorts to a model where the staff of the corporate lawyers (internal advisors) operates, and at the same time, some portion of work are transferred to law firms (external advisors). This allows unload inside lawyers and use a more professional legal advice outside.

Diversification of legal business is a process which legal market perceives as a needless and even a competitive advantage. Why do businesses need in diversi-

fication in general? First, it leads to risk allocation. Low incomes in one market can be offset by higher profits in other market. Second, it enables in the long term to refocus the activities from unprofitable to profitable market segments. Third, diversification has a synergistic effect. It arising among legal entities that together produces an effect greater than the sum of their individual effects. It is opposite to antagonism between firms. The company has especially much more benefits by the expansion into foreign markets. International diversification is a risk management technique that mixes a dispersal of activity, a wide variety of product (services) produced or foreign investments and number of served market segments within one global company. At that time some foreign investments neutralizes the negative performance of domestic ones.

As concern to the law business, the differentiation of legal business include services produced, investments, ideas, markets that served. Diversification helps the legal business to be more unique, to create the exclusive product and improve economical-law relationships and legal practice. Differentiation of services is an attribute and synonym of their quality that the legal business must have in any case because it follows the other markets by providing them with modern and latest legal assistance. It is especially important for international legal business under globalization.

The main country-based of international legal business diversification is the USA. International law firms are formed under namely the jurisdiction of US. In fact, there every company strives for international recognition since the creation. We have already mentioned examples of that law firms as “Baker McKenzie” and “DLA Pipers”. Now they are successfully represented on the legal services market in Ukraine. Speaking of the UK, there are more conservative major players. They do not actually diversify. Instead of it, they formed the so-called circle of best friends, based on cooperation agreements for working on multi-jurisdictional projects. Exception to these rules is such law firms as “Clifford Chance”, “Allen & Overy”, “Freshfields Bruckhaus Deringer LLP”, “Linklaters LLP” and “Slaughter May”. Most of these companies are the largest players in the English legal market. Each of them has offices in major capitals of the world. But some firms such as “Slaughter May” do not hasten the process of diversification, leaving more resources in the parent company. On the one hand, the firm has offices in many countries, but, on the other hand, it continues to use a range of best friends (Magic Circle). Therefore, it slowing the process of diversification.

Ukraine also begins the process of diversification of legal business and legal market. Today many law firms and lawyers are beginning to participate in international projects. Legal market in Ukraine began to accompany and implement the foreign economic activities of business. Today the new services emerge in the ar-

senal of Ukrainian law firms. They provide a work with different jurisdictions and international organizations that have appeared. Nowadays the state (ministries and other government agencies) started to use the services of Ukrainian legal business supporting them indirectly. Legal business, in turn, provides legal services in support of sovereign agreements concluded between states.

In addition, it should be noted such positive trend as intellectual diversification. Today Ukrainian lawyers have the opportunity to practice in the US and UK. For this, they even did not need higher education in these countries. It is enough to have the necessary legal experience, to confirm their level of knowledge of a foreign language and pass a special exam. In case of successful result, the person gets the right to engage in legal practice in another country without any restrictions. Today many Ukrainian lawyers have a Certificate of Entitlement to legal practice in the US and the UK. Intellectual diversification is not an inherently classical labor migration. This diversification means that the lawyers who have this right to practice in USA and UK remain then in Ukraine and begin or continue to diversify Ukraine legal business based on his experience, and consolidate its position in the international area.

Thereby, the market of legal services in Ukraine is one of the most dynamical segments of national services market, which keeps pace with the times and is the locomotive for other markets. Nowadays legal services market in Ukraine accompanies the high quality IT businesses, actively helps to form the market of modern medical services. It is very important step in the reforming of health care in general. Legal services market in Ukraine exists staunchly, and legal business continues to grow at high rates that gives hope for the improvement of the national economy, the law system and its institutions, and public administration.

UDC 338.46+34:005.572

***O. S. Marchenko***

*Doctor of Sciences (Economics), professor  
Yaroslav Mudriy National Law University, Kharkiv*

## **CONSULTING MANAGEMENT IN THE SPHERE OF LEGAL SERVICES BUSINESS: THE SENSE AND FUNCTIONS**

Knowledge management (KM) as a system of managing intellectual resources of a firm, which is aimed at providing their effective usage for achievement of business goals, integrates directions, measures, and methods of different types of