

Varazdin Development and Entrepreneurship Agency
in cooperation with
Russian State Social University
University North
Faculty of Management University of Warsaw
Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat



Economic and Social Development

34th International Scientific Conference on Economic and Social Development –
XVIII International Social Congress (ISC-2018)

Book of Proceedings

Editors:

Aleksander Maloletko, Natasa Rupcic, Zoltan Baracska



ISSN 1849-7535



9 771849 753006 >

Moscow, 18-19 October 2018

Varazdin Development and Entrepreneurship Agency
in cooperation with
Russian State Social University
University North
Faculty of Management University of Warsaw
Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat

Editors:
Aleksander Maloletko, Natasa Rupcic, Zoltan Baracskai

Economic and Social Development

34th International Scientific Conference on Economic and Social Development –
XVIII International Social Congress (ISC-2018)

Book of Proceedings

Moscow, 18-19 October 2018

Title ■ Economic and Social Development (Book of Proceedings), 34th International Scientific Conference on Economic and Social Development - XVIII International Social Congress (ISC-2018)

Editors ■ Aleksander Maloletko, Natasa Rupcic, Zoltan Baracska

Scientific Committee ■ Marijan Cingula, University of Zagreb, Croatia (President); Aleksander Maloletko, Russian State Social University, Russian Federation (Co-President); Sandra Raquel Alves - University of Aveiro, Portugal; Ayuba A. Aminu, University of Maiduguri, Maiduguri, Nigeria; Anona Armstrong, Victoria University, Australia; Gouri Sankar Bandyopadhyay, The University of Burdwan, Rajbati Bardhaman, India; Haimanti Banerji, Indian Institute of Technology, Kharagpur, India; Elisabeth de Jesus Oliveira Brito - University of Aveiro, Portugal; Alla Bobyleva, The Lomonosov Moscow State University, Russia; Leonid K. Bobrov, State University of Economics and Management, Novosibirsk, Russia; Rado Bohinc, University of Ljubljana, Slovenia; Zeki Atil Bulut, Dokuz Eylul University, Turkey; Adnan Celik, Selcuk University - Konya, Turkey; Angelo Maia Cister, Federal University of Rio de Janeiro, Brazil; Mirela Cristea, University of Craiova, Romania; Sreten Cuzovic, University of Nis, Serbia; Oguz Demir, Istanbul Commerce University, Turkey; T.S. Devaraja, University of Mysore, India; Onur Dogan, Dokuz Eylul University, Turkey; Darko Dukic, University of Osijek, Croatia; Gordana Dukic, University of Osijek, Croatia; Alba Dumi, Vlorë University, Vlorë, Albania; Ksenija Dumcic, University of Zagreb, Croatia; Galina Pavlovna Gagarinskaya, Samara State University, Russia; Fran Galetic, Zagreb University, Croatia; Mirjana Gligoric, Faculty of Economics, Belgrade University, Serbia; Mehmet Emre Gorgulu, Afyon Kocatepe University, Turkey; Aleksandra Grobelna, Gdynia Maritime University, Poland; Liudmila Guzikova, Peter the Great Saint-Petersburg Polytechnic University, Russia; Anica Hunjet, University North, Koprivnica, Croatia; Oxana Ivanova, Ulyanovsk State University, Ulyanovsk, Russia; Irena Jankovic, Faculty of Economics, Belgrade University, Serbia; Lara Jelenc, University of Rijeka, Croatia; Myrl Jones, Radford University, USA; Gorazd Justinek, Graduate School of Government and European Studies, Slovenia; Hacer Simay Karaalp, Pamukkale University, Turkey; Grzegorz Karasiewicz, University of Warsaw, Poland; Dafna Kariv, The College of Management Academic Studies, Rishon Le Zion, Israel; Salih Katircioglu, Eastern Mediterranean University, Northern Cyprus, Turkey; Olga Kurova, Russian State Social University, Russian Federation; Hilal Yildirim Keser, Uludag University, Bursa, Turkey; Martina Dragija Kostic, Sophia Khalimova, Institute of Economics and Industrial Engineering of Siberian Branch of Russian Academy of Science, Novosibirsk, Russia; Marina Klacmer Calopa, University of Zagreb, Croatia; Vladimir Kovsca, University of Zagreb, Croatia; Goran Kozina, University North, Koprivnica, Croatia; Dzenan Kulovic, University of Zenica, Bosnia and Herzegovina; Robert Lewis, Les Roches Gruyère University of Applied Sciences, Bulle, Switzerland; Elizaveta Limarova, Russian State Social University, Russia; Ladislav Lukas, Univ. of West Bohemia, Faculty of Economics, Czech Republic; Pascal Marty, University of La Rochelle, France; Lilia Matraeva, Russian State Social University, Russia; Vaidotas Matutis, Vilnius University, Lithuania; Marjana Merkač Skok, GEA College of Entrepreneurship, Ljubljana, Slovenia; Daniel Francois Meyer, North West University, South Africa; Marin Milkovic, Rector, University North, Koprivnica, Croatia; Zlatko Nedelko, University of Maribor, Slovenia; Gratiela Georgiana Noja, West University of Timisoara, Romania; Zsuzsanna Novak, Corvinus University of Budapest, Hungary; Alojzy Z. Nowak, University of Warsaw, Poland; Tomasz Ochowski, University of Warsaw, Poland; Mislav Ante Omazic, University of Zagreb, Croatia; Vera Palea, Università degli Studi di Torino, Italy; Dusko Pavlovic, Libertas International University, Zagreb, Croatia; Igor Pihir – University of Zagreb, Croatia; Dinko Primorac, University North, Koprivnica, Croatia; Zeljka Primorac, University of Split, Croatia; Mirosław Przygoda, University of Warsaw, Poland; Nicholas Recker, Metropolitan State University of Denver, USA; Kerry Redican, Virginia Tech, Blacksburg, USA; Humberto Ribeiro, University of Aveiro, Portugal; Robert Rybníček, University of Graz, Austria; Aleksei Seselkin, Russian State Social University, Russia; Lubov Sitdikova, Russian State Social University, Russia; Petr Soloducha, Russian State Social University, Russia; Joanna Stawska, University of Lodz, Poland; Igor Stepinkin, Russian State Social University, Russia; Elzbieta Szymanska, Białystok University of Technology, Poland; Katarzyna Szymanska, The State Higher School of Vocational Education in Ciechanów, Poland; Jan Turyna, University of Warsaw, Poland; Ilaria Tutore, University of Naples Parthenope, Italy; Claudia Miranda Veloso - University of Aveiro, Portugal; Mikhail Vinichenko, Russian State Social University, Russia; Marina Vinogradova, Russian State Social University, Russia; Rebeka Danijela Vlahov, University of Zagreb; Ilko Vrankic, University of Zagreb, Croatia; Stanisław Walukiewicz, Białystok University of Technology, Poland; Thomas Will, Agnes Scott College, USA; Li Yongqiang, Victoria University, Australia; Peter Zabielskis, University of Macau, China; Tao Zeng, Wilfrid Laurier University, Waterloo, Canada; Snezana Zivkovic, University of Nis, Serbia.

Review Committee ■ Marina Klacmer Calopa (President); Ana Aleksic; Sandra Raquel Alves; Ayuba Aminu; Mihovil Andjeljinovic; Josip Arneric; Lidija Bagaric; Tomislav Bakovic; Sanja Blazevic; Leonid Bobrov; Ruzica Brecic; Anita Ceh Casni; Mirela Cristea; Oguz Demir; Jasmina Dvorski; Stjepan Dvorski; Robert Fabac; Ivica Filipovic; Sinisa Franjic; Fran Galetic; Mirjana Gligoric; Tomislav Globan; Anita Goltnik Urnaut; Tomislav Herceg; Irena Jankovic; Emina Jerkovic; Dafna Kariv; Oliver Kesar; Hilal Yildirim Keser; Tatjana Kovac; Vladimir Kovsca; Angelo Maia Cister; Katarina Marosevic; Vaidotas Matutis; Marjana Merkač Skok; Josip Mikulic; Ljubica Milanovic Glavan; Daniel Francois Meyer; Natanya Meyer; Guenter Mueller; Ivana Nacinovic Braje; Zlatko Nedelko; Gratiela Georgiana Noja; Zsuzsanna Novak; Alka Obadic; Claudia Ogorean; Igor Pihir; Najla Podrug; Vojko Potocan; Dinko Primorac; Zeljka Primorac; Sanda Renko; Humberto Ribeiro; Vlasta Roska; Souhaila Said; Armando Javier Sanchez Diaz; Tomislav Sekur; Lorena Skuffic; Mirko Smoljic; Petar Soric; Mario Spremic; Matjaz Stor; Tomasz Studzieniecki; Lejla Tijanic; Daniel Tomic; Boris Tusek; Rebeka Daniela Vlahov; Ilko Vrankic; Thomas Will; Zoran Wittine; Tao Zeng; Grzegorz Zimon; Snezana Zivkovic; Berislav Zmuk.

Organizing Committee ■ Aleksander Maloletko (President); Anna Achtyan; Lilia Buzuk; Marina Klacmer Calopa; Vadim Steklov; Domagoj Cingula; Olga Kurova; Spomenko Kesina; Yulia Steklova; Erlino Koscak; Mirosław Przygoda; Olga Shinkareva; Elena Sokolova; Michael Stefulj; Valery Oganyan; Anna Ermilova; Yulia Sunaeva; Larisa Tararina; Victoria Vishnyakova; Rebeka Danijela Vlahov; Sime Vucetic.

Publishing Editor ■ Domagoj Cingula

Publisher ■ **Design** ■ **Print** ■ Varazdin Development and Entrepreneurship Agency, Varazdin, Croatia / Russian State Social University, Moscow, Russia / Faculty of Management University of Warsaw, Warsaw, Poland / University North, Koprivnica, Croatia / Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat, Morocco

Printing ■ Online Edition

ISSN 1849-7535

The Book is open access and double-blind peer reviewed.

Our past Books are indexed and abstracted by ProQuest, EconBIZ, CPCI (WoS) and EconLit databases and available for download in a PDF format from the Economic and Social Development Conference website: <http://www.esd-conference.com>

© 2018 Varazdin Development and Entrepreneurship Agency, Varazdin, Croatia; Russian State Social University, Moscow, Russia; Faculty of Management University of Warsaw, Warsaw, Poland; University North, Koprivnica, Croatia; Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat, Morocco. All rights reserved. Authors are responsible for the linguistic and technical accuracy of their contributions. Authors keep their copyrights for further publishing.

CONTENTS

APPLICATION OF ROBOTS IN THE FUNCTION OF IMPROVEMENT OF QUALITY OF MEDICAL SERVICES 1

Aleksandar Vujovic, Zdravko Krivokapic, Jelena Jovanovic, Marija Bogdanovic

A COMPARATIVE STUDY ON EXPLORATIVE OVERSEAS FOREIGN DIRECT INVESTMENT (OFDI) BETWEEN COMPANIES FROM DEVELOPED AND DEVELOPING COUNTRIES 11

Alexander Wollenberg, Kevin Chu

DO R&D SPILLOVERS MATTER IN THE EU REGIONAL CONVERGENCE PROCESS? A SPATIAL ECONOMETRIC APPROACH 24

Andrea Furkova

INSOLVENT BUSINESS RESCUE IN MODERN RUSSIA: LESSONS FOR NEW LEGISLATIVE APPROACHES..... 34

Alla Bobyleva, Olga Lvova

THE IMPORTANCE OF MARKETING STRATEGY FOR CREATING AND MAINTAINING GOODWILL FOR CONSTRUCTION COMPANIES..... 42

Radek Dohnal, Helena Hanusova, Zuzana Lipovska

SELECTED ASPECTS OF INFORMATION SECURITY MANAGEMENT IN ENTITIES PERFORMING MEDICAL ACTIVITY..... 51

Dominika Lisiak-Felicka, Pawel Nowak, Maciej Szmit

ARTIFICIAL INTELLIGENCE IN THE BOOTSTRAP AGE..... 61

Eniko Varga, Jolan Velencei

PROCESS AND PROJECT MANAGEMENT IN THE PROCESS OF MERGER OF HIGHER EDUCATION INSTITUTIONS 69

Lukasz Sulkowski, Andrzej Wozniak, Robert Seliga

BURNOUT SYNDROME AMONG TEACHERS..... 78

Eva Zivcicova, Monika Gullerova

THE APPRAISAL IN THE MANAGERIAL DECISION MAKING ON INVESTMENT: EVIDENCE FROM SLOVAK COMPANIES 86

Eva Malichova, Maria Durisova, Martin Miciak

RHETORICAL NATURE OF SPIRITUALITY IN VOCATIONAL TRAINING OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) PROFESSIONALS..... 97

Muhammad Kamran

THE INFLUENCE OF CONDITIONS OF INTERNATIONAL TRADE ON THE SCOPE OF CUSTOMS CONTROL 108

Mirosława Laszuk

**CURRENT TRENDS IN DEVELOPMENT OF PUBLIC SERVICES AND FACILITIES
IN MUNICIPALITIES OF THE CZECH REPUBLIC 116**

Dana Linkeschova, Gabriela Kocourkova, Nikol Istencinova, Alena Ticha, Dagmar Hrabincova

STRATEGIC DECISION MAKING: THE EFFECTS OF BIG DATA 126

Harvey C Turner, David Atkinson

**FACTORS AFFECTING SALES REVENUES – A COMPARISON OF DAIRY
COOPERATIVES FROM ŚWIĘTOKRZYSKIE AND MAŁOPOLSKIE PROVINCES
..... 137**

Izabela Konieczna

**AHP METHOD APPLICATION IN THE CORRELATION ANALYSIS OF
KNOWLEDGE MANAGEMENT AND REQUIREMENTS OF ISO 9001:2015 147**

Jelena Jovanovic, Petar Avdalovic, Zdravko Krivokapic, Aleksandar Vujovic

**EXPANSIVENESS AND RESTRICTIVENESS OF MONETARY AND FISCAL
POLICY IN THE EUROZONE IN THE CONTEXT OF THEIR COORDINATION 156**

Joanna Stawska, Paulo Reis Mourao

RULES OF INDIVIDUAL OWNER BEHAVIOR IN FAMILY-OWNED BUSINESS 167

Katalin Darabos, Zoltan Baracska

**ANALYSIS OF LIFE SATISFACTION DEGREE IN RUSSIA AND EUROPEAN
COUNTRIES 174**

Maria Volkova, Zlatko Nedelko

**ECONOMIC PERFORMANCE ESTIMATION OF THE VISEGRAD GROUP
COUNTRIES 180**

Maria Bartekova, Ľudomir Slahor

**GROSS DOMESTIC PRODUCT OR GROSS NATIONAL HAPPINESS – WHICH IS
THE BETTER ALTERNATIVE FOR ECONOMIC MEASUREMENT? 188**

Maria Marikina

**SPATIAL ECONOMETRIC ANALYSIS OF CRIME: EVIDENCE FROM NUTS 3
REGIONS OF V4 COUNTRIES 194**

Michaela Chocholata

**AN ASSESSMENT OF FINANCIAL LIQUIDITY MANAGEMENT IN THE CAR
TRANSPORT COMPANIES 203**

Grzegorz Zimon, Robert Walasek

**MANAGEMENT IN THE DEVELOPMENT OF TOURISM IN THE NORTH-EAST OF
MACEDONIA 208**

Nako Tashkov, Julijana Sazdova, Elizabeta Mitreva

**SOCIO-ECONOMIC IMPACTS OF TRANSPORT INFRASTRUCTURE PROJECTS
ON REGIONAL DEVELOPMENT 215**

Jana Korytarova, Michaela Rudolecka, Vit Hromadka

INVESTIGATING THE EFFECTS AN ACQUISITION HAS ON BRAND EQUITY	221
Patrick D. Morrison, David Atkinson	
THE IMPACT OF IFRS 9 ON LOAN IMPAIRMENTS IN CROATIAN BANKS.....	233
Sanja Broz Tominac, Vesna Vasicek	
INCOME DISTRIBUTION DETERMINANTS AND INEQUALITY IN CROATIA .	240
Sasa Stjepanovic	
THE INFLUENCE OF GENERATIONAL DIFFERENCES ON THE PERCEPTION AND CREATION OF THE PRINCIPLES OF WRITTEN COMMUNICATION.....	253
Kamila Slupinska, Izabela Ostrowska, Grazyna Rosa, Leszek Gracz	
IMPACT OF THE AGENT THEORY ON PRIVATE AND PUBLIC COMPANIES BASED ON THE ANALYSIS OF CROATIAN HEALTH CARE SYSTEM.....	264
Martina Sopta, Ivana Kovac, Matej Boticki	
MANAGERIAL APPROACH TO VIRTUAL SERVICES.....	289
Stanislaw Walukiewicz	
COMMUNICATING A NEW VISION OF TOURISM: THE CASE OF VOLUBILIS, MEKNÈS, MOROCCO.....	ERROR! BOOKMARK NOT DEFINED.
Taoufik Daghari, Houda Jorio, Samira Kasmi	
DEPRECIATION ACCOUNTING POLICY INFLUENCE ON THE PERFORMANCE INDICATORS VALUES – CASE STUDY OF CROATIAN PRODUCTION COMPANY	307
Tomislav Jurun, Branka Ramljak, Elza Jurun	
IS QUALITY IN CRISIS?.....	316
Zdravko Krivokapic, Aleksandar Vujovic, Jelena Jovanovic	
SUSTAINABILITY IN BUSINESS: A MILLENNIALS' PERSPECTIVE	322
Andrea Valente, David Atkinson	
MANAGEMENT OF TOURISM: AN OVERVIEW OF ROOM RATE PARITY	332
Neven Sipic, Zeljka Zavisic	
ANALYZING OECD’S LABOR MARKET EFFICIENCY IN 2018.....	341
Ali Mohaghar, Bahareh Mahbanooei, Maryam Behnam, Zeinab Khavari	
STUDY ON THE LEVEL OF PHYSICAL DEVELOPMENT AND PHYSICAL FITNESS IN STUDENTS OF UNIVERSITY OF PSYCHOLOGY AND EDUCATION	354
Aleksandr Boldov, Vladimir Karpov, Alexey Gusev	
SOCIOCULTURAL ACTIVITY IN THE FIELD OF SOCIAL PEDAGOGY	367
Aleksandr Kamenets, Irina Kazakova, Denis Tsarev	

**REPERTOIRE POLITICS IN THE PROCESS OF FORMING OF PERFORMING
COMPETENCE OF PEDAGOGUE-MUSICIAN..... 375**

Alexander Smirnov, Elena Grigorieva, Elena Meleshkina, Natalia Yushchenko

**PECULIARITIES OF FINANCIAL SERVICES CONSUMERS' RIGHTS
PROTECTION..... 381**

Alla Neznamova, Georgij Kuleshov, Natalya Savtsova

**PENSION SYSTEM IN RUSSIA: PREREQUISITES, SOCIAL NEEDS, STATE
REGULATION, PROBLEMS OF IMPLEMENTATION 389**

Galina Avtsinova, Natalia Lyapunova, Anastasia Rudnitskaya

**THE ATTITUDE OF RUSSIAN YOUTH TO THE PHENOMENON OF
GLOBALIZATION 395**

Beatrice Corbo, Victoria Dmitrieva, Darya Sklemina

**MARKET RISK ANALYSIS IN TERMS OF IMPACT ON ENTREPRENEURIAL
ACTIVITY OF SMALL AND MEDIUM-SIZED ENTERPRISES IN SLOVAKIA 402**

Katarina Buganova, Maria Hudakova, Matej Masar

**DEVELOPMENT OF SAMOMARKETING COMPETENCES IN STUDENTS IN THE
INTERACTIVE LESSONS..... 411**

Natalia Buley, Tatiana Demchenko, Irina Ilina, Mikhail Vinichenko

**SOCIAL ENTREPRENEURSHIP: PROBLEMS OF FORMATION AND
DEVELOPMENT..... 420**

Alexander Shatsky, Daniil Volkov, Helena Hramushina, Martiros Folosyan

RUSSIAN EDUCATION FOR CHINESE STUDENTS: REASONS OF DEMOTING..... 429

Dina Tanatova, Vardgues Pogosyan, Ivan Korolyov

**PECULIARITIES OF SOCIOALLY RESPONSIBLE TOURISM IN RUSSIA AND
PROSPECTS OF ITS DEVELOPMENT 438**

Elena Kryukova, Olga Kaurova, Valeriya Khetagurova, Dina Makeeva

**PREPARATION OF STUDENTS FOR PARTICIPATION IN ART PERFORMANCES
IN SPORTS AND SPORTS EVENTS..... 448**

Elena Bakulina, Margarita Petrova

CURRENT TRENDS IN THE PHARMACEUTICAL INDUSTRY IN RUSSIA..... 456

Elena Bryzgalova, Marina Kovshova, Tatyana Gridneva

**LABOR MOBILITY OF MIGRANTS FROM THE EURASIAN ECONOMIC UNION
MEMBER COUNTRIES ON THE RUSSIAN MARKET OF LABOR: STATUS,
PROBLEMS, SCENARIOS OF DEVELOPMENT 463**

Galina Osadchaya, Irina Leskova, Tatiana Yudina

**BASIC NEEDS DETERMINING THE TRANSFORMATION OF THE SYSTEM OF
EDUCATION IN THE INFORMATION AGE 472**

Grigory Kuzmenko, Olga Skorodumova, Ibragim Melikov

THE SOCIO-ECONOMIC RISKS OF THE INTEGRATION PROCESSES WITHIN THE EURASIAN ECONOMIC UNION 480

Galina Osadchaya, Egor Kireev, Igor Seleznyov

INNOVATION IN EDUCATION: PROBLEMS AND PROSPECTS..... 487

Olga Evreeva, Olga Lobazova, Gennady Otyutskiy

CUSTOMISATION OF THE FIRST MAURITIAN MOOC: ALIGNING WITH CHALLENGES OF THE MODERN WORLD FOR EDUCATION AND KNOWLEDGE MANAGEMENT 494

Gundeea Narrainen Seeruttun

ASSESSMENT OF THE FINANCIAL RISKS OF THE SMALL AND MEDIUM-SIZED ENTERPRISES IN SLOVAKIA 505

Maria Hudakova, Matej Masar, Katarina Bugarova

ISLAM AND CHRISTIANITY IN THE CONTEXT OF MODERN CULTURE 514

Irina Leskova, Kristina Muslimova, Sergey Zyazin

LAW AS A SOCIAL VALUE 520

Igor Loshkarev, Maria Lavrentyeva, Yelena Chinaryan

MANAGEMENT OF SOCIAL AND ECONOMIC PROCESSES IN THE REGION: SOCIOLOGICAL APPROACH 527

Irina Dolgorukova, Tatiana Yudina, Tatiana Bormotova

FEATURES OF INSURANCE OF ENTERPRISE RISKS IN INDUSTRIAL AND INNOVATION SECTORS 534

Renata Lenkovskaya, Natalia Lutovinova, Andrey Smagin

RUSSIAN CLINICAL VERSION OF SOCIAL PEDAGOGY IN THE POSTMODERNISM PARADIGM CONTEXT 541

Mikhail Firsov, Igor Lechitsky, Anna Chernikova

THE SOCIAL WORK IDEOLOGY INSTITUTIONALIZATION: FROM SOCIAL PHILANTHROPY TO SOCIAL NETWORKING 547

Mikhail Firsov, Natalia Lebedeva, Anna Chernikova

SOCIETAL VULNERABILITY TO CRITICAL INFRASTRUCTURE FAILURE DUE TO EXTREME WEATHER EVENTS 555

Maria Luskova, Bohus Leitner

THE NATIONAL FOOD SECURITY OF THE MEMBER STATES OF THE EURASIAN ECONOMIC UNION..... 565

Marina Vartanova, Galina Osadchaya, Tatiana Yudina

INNOVATIVE POLICY OF EASTERN-ASIAN COUNTRIES: TOOLS AND PROSPECTS (EXAMPLE OF CHINA, JAPAN, SOUTH KOREA) 572

Marina Martynova, Oleg Grishin, Anastasia Rudnitskaya

**DESTRUCTIVE YOUTH SUBCULTURES AND RUSSIAN ORTHODOX CHURCH:
PROBLEMS AND SOLUTIONS 580**

Victoria Matanis, Lidia Cherekhovskaya, Marina Kochneva

**PHYSICAL EDUCATION AND SPORTS AS A MEANS OF INTERVENTION ON
ANTISOCIAL BEHAVIOR OF SCHOOL STUDENTS..... 588**

Maxim Eremin, Eldar Alenurov, Olga Rysakova

STUDYING THE FAMILY AS THE OBJECT OF NON-LINEAR SOCIOLOGY..... 598

Mikhail Basimov

**INDICATORS OF PHYSICAL CULTURE, CHESS SPORT AND TOURISM AS
ACTUAL MARKERS OF THE HUMAN DEVELOPMENT INDEX IN THE RUSSIAN
FEDERATION 611**

Irina Mikhailova, Aleksei Seselkin, Marco Vitale, Umberto Solimene

AUTHORING ACCOUNTING SERVICES IN RUSSIA..... 618

Natalia Bondarchuk, Sergey Shamshiev, Elena Kubasova, Young Lesman

**SOCIOLOGY OF GOVERNANCE AS A METHODOLOGY FOR DEVELOPING
SCENARIOS FOR SIMULATION CASE STUDIES IN THE GOVERNANCE
TRAINING SYSTEM..... 627**

Olga Urzha, Valentina Kataeva, Tatiana Evstratova

**DISSATISFACTION WITH THE QUALITY OF LIFE IN WOMEN WHO'VE
SUCCEEDED IN THEIR CAREERS..... 637**

Oksana Mironova, Oksana Ivanova, Irina Beshpalova

**FEATURES OF THE SENSE OF HUMOR OF WORKERS WITH PROFESSIONAL
DEFORMATIONS (BURNOUT) 646**

Olga Polyakova, Elena Petrova, Natalia Belyakova

**CREDITING OF NATURAL PERSONS IN THE RUSSIAN FEDERATION: SOCIAL
AND ECONOMIC ASPECTS 654**

Olga Shinkareva, Yulia Evdokimova, Valentina Leonova

**EXPERT-PUBLIC COMMUNITY AS A SUBJECT OF CULTURAL POLICY OF
RUSSIA AND HUNGARY 661**

Olga Szucs, Tatiana Yudina

**INVESTIGATION OF THE LEGISLATION OF CONTROL EFFECTIVENESS OF
LABOR OF SCIENTIFIC GROUPS 669**

Viktor Orekhov, Ruslan Ramanau, Michael Melnik

**ON SOME OPTIMAL CONDITIONS FOR THE PROFESSIONAL AND CREATIVE
GROWTH OF YOUNG STUDENTS ON ART CLASSES 679**

Pavel Bekkerman, Anna Davydova, Vera Trifanova, Valentina Scherbinina

ACTUAL PROBLEMS OF APPLICATION OF THE LEGISLATION OF THE RUSSIAN FEDERATION ON VICARIOUS LIABILITY OF PERSONS CONTROLLING A CREDIT ORGANIZATION..... 685

Inna Burova, Pavel Zhesterov

FORMATION OF SOCIO-CULTURAL NEEDS AND CIVIL IDENTITY OF YOUNG PEOPLE AS A PSYCHOLOGICAL CONDITION OF NATIONAL SECURITY 691

Pavel Kislyakov, Elena Smeleva, Olga Gowin

ORTHODOX SPIRITUAL TRADITION AS ANTITHESIS TO GLOBALIZATION RISKS..... 698

Rozaliya Rupova, Biryukova Kristina

FORECASTING OF MIGRANTS NUMBER TO RUSSIAN REGIONS APPLYING THE FUZZY LINEAR AUTOREGRESSION METHOD - RUSSIA 706

Natal'ya Goncharova, Sergei Varaksin, Natal'ya Varaksina

CORPORATE LEGAL ENTITIES IN THE CIVIL LAW OF THE RUSSIAN FEDERATION 715

Lubov Sitdikova, Svetlana Starodumova, Maria Volkova

THE PROBLEM OF THE VALUE SAFETY OF THE SOCIETY 722

Nikolay Starostenkov, Natalia Lyapunova, Lada Poghosyan, Elena Tatyeva

MEDIATIVE TECHNOLOGIES OF SOCIAL CONFLICTS RESOLUTION ON THE BASIS OF RUSSIAN TRADITIONS OF COMMUNITY INTERACTION: THE EXPERIENCE OF IMPLEMENTATION AND TRAINING..... 728

Vadim Maslikov , Anton Ostrovskii , Julia Sulyagina

PARTICIPATION OF COMPANIES IN EMERGING MARKETS TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) 741

Taridi Kasbi Ridho, Mikhail Vinichenko, Sergey Makushkin

THE CRISIS OF HUMAN IDENTITY IN THE MODERN WORLD: SOCIO-CULTURAL FACTORS IN THE FORMATION AND WAYS TO OVERCOME..... 753

Tatiana Pushkareva, Darya Agaltsova, Ekaterina Ivanova, Tatyana Belyakova

RESEARCH FORESIGHT AS A NEW EDUCATIONAL TECHNOLOGY OF DEVELOPMENT MANAGERIAL COMPETENCIES..... 760

Tatiana Shinina, Inna Morozova

MODERN PROBLEMS OF YOUTH IN THE LABOUR MARKET: GLOBAL TRENDS AND RUSSIAN SPECIFICS..... 765

Tatyana Shpilina, Ekaterina Vasiutina, Anton Mosalev, Robinah Nanyunja

ENRICHED EDUCATIONAL ENVIRONMENT: LEARNING THROUGH WORK EXPERIENCE FOR THE KNOWLEDGE ECONOMY (EXAMPLE OF EDUCATIONAL PROJECT IN BRAZIL) 774

Tatyana Vereitinova, Patricia Wazlawick, Victoria Dmitrieva

PROBLEM OF PERCEPTION OF CLASSICAL MUSIC BY STUDENTS OF MUSICAL AND PEDAGOGICAL UNIVERSITIES	785
Vera Ovsyannikova, Stanislav Lushnikov	
SOCIAL REPRESENTATIONS OF MODERN RUSSIAN YOUTH OF THE PHENOMENON "CORRUPTION".....	791
Yuliya Steklova, Vadim Steklov	
FORMS OF LABOUR MARKET DIVERSIFICATION	801
Daniil Volkov, Marina Vinogradova	
OVERCOMING THE DIGITAL DIVIDE IN RUSSIA AS A FACTOR OF SOCIAL SUPPORT FOR THE OLDER GENERATION.....	808
Svetlana Novikova	
INTEGRATION OF YOUNG IMMIGRANTS INTO THE RUSSIAN SOCIETY: PROBLEMS AND PERSPECTIVES.....	814
Sergey Babakaev, Olga Kulyamina, Valery Oganyan, Viktoriya Vishnyakova	
DOMESTIC CLINICAL SOCIAL WORK FORMATION IN THE CONTEXT OF THE SOCIAL PROTECTION SYSTEM ENCAPSULATION PROCESSES	823
Mikhail Firsov, Irina Mkrtumova, Anna Chernikova	
MARKETING PLANNING IN SOCIAL ORGANIZATIONS IN A TURBULENT ENVIRONMENT.....	831
Maxim Chardymskiy , Mikhail Gundarin , Igor Suchkov	
USA MUSIC AS A REFLECTION OF THE NATIONAL SOCIOCULTURAL VALUES	840
Marina Pereverzeva, Natalia Anufrieva, Anna Shcherbakova, Evgeny Anufriev	
HIGHWAYS ECO-DESIGN WITHIN THE CONTEXT OF SUSTAINABLE DEVELOPMENT OF THE SOCIALIST REPUBLIC OF VIETNAM	847
Dao Thi Chung Thuy, Elena Latushkina	
FORMATION OF PRACTICAL COMPETENCES IN DISABLED PEOPLE PROFESSIONAL EDUCATION AND PERSONS WITH HEALTH OPPORTUNITIES RESTRICTIONS.....	853
Valeria Sizikova, Olga Anikeeva, Yanina Shimanovskaya	
INVESTIGATION OF MANAGED EXTERNAL - AND INTRIECONOMIC PROCESSES IN CONDITIONS OF GLOBAL AND UNCERTAINTY	860
Olga Prichina, Helena Piel, Peter Solodukha, Victor Orekhov	
COMPETENCY APPROACH AS A MODEL BASIS FOR INTRA-ORGANIZATIONAL TRAINING OF PERSONNEL.....	873
Valery Bondaletov, Andrey Kirillov, Alexander Melnichuk, Olga Urzha	

DEVELOPMENT SCENARIOS OF SIMULATION CASE-TASK ON THE DISCIPLINE "STRATEGIC MANAGEMENT OF THE STATE AND MUNICIPALITIES" OPOP OF MAGISTRACY: STATE AND MUNICIPAL MANAGEMENT: (MANAGEMENT OF STATE AND MUNICIPAL PROCUREMENT)..... 883

Elena Frolova, Olga Rogach, Tatyana Ryabova, Maxim Kozyrev

ARMENIAN MIGRANT WORKERS IN MOSCOW: WHAT HAS CHANGED FOR THE LAST DECADE? 892

TatianaYudina, Yuriy Mazaev, Tatyana Fomicheva

SOCIOLOGICAL SUPPORT OF PROMOTION OF BRAND TERRITORY 899

Andrey Patsula

USAGE OF VARIOUS METRICS FOR CLUSTERING KEY QUERIES IN CONTEXTUAL ADVERTISING 907

Viktoria Tinyakova, Yaroslav Lavrinenko, Alexander Blinov

MOTIVATION OF RESEARCHERS AND REASSESSMENT OF MANAGEMENT METHODS: THE CASE OF ONE UNIVERSITY..... 918

Alexander Maloletko

FEATURES OF SURGICAL SUTURE MATERIAL..... 926

Iskander Baybekov , Valery Kartashev , Bahrom Ibadov

EFFICIENCY ART-THERAPEUTIC TECHNOLOGIES IN CORRECTION-EDUCATIONAL WORK WITH YOUNGER STUDENTS WITH AUTISM SPECTRUM DISORDER WITH INTELLECTUALTY VIOLATIONS..... 930

Alexey Udodov, Eckhart Bouchon, Ekaterina Dubrovinskaya

INFORMATION AS AN ELEMENT OF SOCIAL COMMUNICATION PROCESS IN THE LOCAL GOVERNMENT – THE PERSPECTIVE OF SUSTAINABLE DEVELOPMENT..... 939

Beata Sadowska, Agnieszka Smalec

THE CHALLENGES OF SOCIAL INNOVATION IN CORPORATE SOCIAL RESPONSIBILITY: CASE STUDY IN INDONESIA 948

Rudito Bambang, Famiola Melia, Anggahegari Prameshwara

APPLICATION OF ROBOTS IN THE FUNCTION OF IMPROVEMENT OF QUALITY OF MEDICAL SERVICES

Aleksandar Vujovic

University of Montenegro, Montenegro
aleksv@ac.me

Zdravko Krivokapic

University of Montenegro, Montenegro
zdravkok@ac.me

Jelena Jovanovic

University of Montenegro, Montenegro
sjelena@ac.me

Marija Bogdanovic

Institute for Emergency Medical Assistance, Montenegro
mnemosyne84@yahoo.com

ABSTRACT

The development of robotics is highly intensive in highly developed countries, and robots find their application in various fields of industry, agriculture, tourism, medicine and more. Different technical solutions in robots make it work with a high level of autonomy, precision, adaptability and a wide range of options. It is important to note that in some areas, robots can be applied by virtue of their acceptable price by returning the funds invested very quickly, and significantly improving the performance of the process. The aim of this paper is to point out the specificities and trends in the development of robotics and to point out the possibility of using robots in different branches of medicine in order to improve the performance of the process and the quality of medical services.

Keywords: *quality, robot, medicine*

1. INTRODUCTORY CONSIDERATION

The roots of the development of robots and automated systems reach even to the ancient times. Contributions in this area at that time relate to the Archytas of Tarentum (428-347 BC) and the Henon of Alexandria or the Henon Old (I century of the new era). Archytas of Tarentum was a Greek ancient philosopher, mathematician, strategist, music theorist, physicist and astronomer. Archytas is considered the founder of mechanics and the forerunner of analytical mechanics. According to ancient sources, he made two remarkable mechanical devices. One was a mechanical pigeon, the famous Archytas' pigeon, while the other his invention was some sort of rattle for children. Archytas was the first to propose to group traditional disciplines: arithmetic, geometry, astronomy and music. Sometime later, Henon of Alexandria or Henon Old contributed to this area developing automated theaters and music devices and machines. He was also known for developing fountains (the so-called Heron's fountains), which represented small machines that provided streams of water. He was particularly interested in the field of reflection of light in concave and convex mirrors and application for automation purposes. After the end of ancient culture, in the part of inventing and developing technology, a certain pause or less pronounced activity occurred. The state of affairs was surely influenced by the period of the Middle Ages, after which the advent of the development of technology and achievements that can in some way be related to the field of automation and robotics occurred. In the 15th century, the extraordinary Leonardo da Vinci (1452-1159, the Italian Renaissance

architect, inventor, engineer, sculptor and painter) gave a huge contribution to this field. In addition to a wide range of interests, he was fascinated by flying machines. During research in 2005 scientists have discovered secret labs that he used for flying machine studies and which were in the heart of Florence in sealed monastery premises. From that period came the well-known Leonardo's design of the flying, spiral helicopter. Much later, at Stanford University-California, the pioneer in robotics Victor Scheinman, in 1969, developed the so-called "Stanford Hand", a fully electrically operated 6-axis robot designed to mimic hand movements. The main intention was to further support processes such as welding and assembly. Later at MIT (Massachusetts Institute of Technology) Scheinman developed the so-called MIT hand. After that, this remarkable inventor was invited within the framework of the Unimation foundation to work on the development of their robot design, on the basis of which the robot PUMA Programmable Universal Machine for Assembly was developed as a programmable universal assembly machine. At the University of Waseda in Tokyo, the Japanese began the development of the first humanoid robot Waseda 1. Subsequently, in 1974, ASEA (Allmänna Svenska Elektriska Aktiebolaget), Swedish corporation, introduced the first robot, Irb6, which also fully worked on electricity. Humanoid robots that found great application were developed in Honda in 1986. Further development of these robots led to the development of the known humanoid robot ACIMO in 2001. The first moving robot that went into space was the Mars Pathfinder robot, which landed on Mars in 1997. Today, robots have a very wide application due to their extensive capabilities, adaptability and very importantly the price that is relatively low, allowing fast returns of invested funds. As one of especially important areas for the wider population is the field of medicine where robots play a very important role in developed countries. They are also present in the process of treatment itself and in the process of total medical services. The aim of this paper is to point out to certain trends and possibilities of application of robots in the field of medicine in terms of increasing the efficiency and effectiveness of the process, primarily from the aspect of reducing errors, increasing the accuracy, reducing the subjective effect and eliminating the causes that can lead to far reaching consequences.

2. SPECIFICS AND DEVELOPMENT TRENDS OF ROBOTS

Robots today have the largest share in the automotive industry, more than 60%, and this percentage is achieved by over a million different robot installations. Today's trends in robotics can be seen through the following:

- The average price of robots dropped to one-third of the price they had in 1990, which naturally implies the increase of their application possibility. This is so much expressed that now investing in robots brings fast returns even in small factories with simple production,
- Robot performance in terms of speed, load capacity, response time to error, and other have dramatically improved,
- Today, robot manufacturers embed PC-based processors and PC-based programs for programming, communication, simulation and maintenance,
- Many robots can now be programmed in a "real time" environment with a controller that allows the robot to move precisely in a small space,
- Vision system for identification of objects, localization and quality control are highly developed and they are an integral part of robots,
- Robots can be connected to internal and external networks for the needs of control and maintenance,
- New financial arrangements allow the user to even rent a robot, from specialized firms and other.

From the point of view of application, the basic types and application of the robots are as follows:

- Industrial robots - material transfer and management, welding, inspection and control, productivity improvement on production lines for various tasks, laboratories for work with hazardous materials and substances or for precise jobs and high frequency tasks, and the like,
- Mobile robots - robots that move on legs, strips or certain transport, applied for example in nuclear incidents, deactivation of explosive devices, and the like,
- Robots for education - exclusively used for education of the youngest population to professionals,
- Home robots - for chores, hygiene maintenance, as a modern toy programmed to talk, walk, play, and so on,
- Robots for helping handicapped people - used for the most diverse areas of handicapping and helping people with disabilities and more.

There are a number of definitions for robots and robotics, and the general definition cannot be found in literature. There are the ones that express its programmability, the other that potentiate the electronic mechanics of the robot, the third that emphasize its application, and the like. Only a few are listed here. A robot is a mechanical or virtual agent that can perform tasks automatically or with instructions, and usually through remote controls. A robot is a physical agent who performs tasks manipulating the physical world. It is equipped with sensors so that it can feel its environment and effectors in order to express its physical strength and capabilities. Usually they are classified into three groups: manipulators, mobile robots and humanoid robots (Foster, D., McGregor, C., El-Masri, S., 2005). Robots and robotics are developing in the direction of increasing application of the concept of artificial intelligence and complete imitation of man. This can be seen from Table 1, which shows the development of robotics through automated stages to artificial intelligence (Steimann, F., 2001). Thus, from Table 1, trends can be seen in terms of the technological advancement of the development of robots, and the growth of the area for the application of robots. The common use of robots in modern industry is particularly pronounced in the fields of welding, painting, packaging, transfer and transport, assembly, checking of product control, testing (Coiera, E., 2003). Robots are designed specifically for tasks or activities that require high durability, precision and speed.

Table following on the next page

Table 1: Robotics - from automata to artificial intelligence

Robots of the first generation	<ul style="list-style-type: none"> • automatically repeat the default motion • the most numerous in production facilities • the control system easily adjusts to manual operations • application: welding and similar.
Robots of the second generation	<ul style="list-style-type: none"> • the ability to navigate in unpredictable conditions imposed by the workspace - equipped with sensors through which they acquire the sense of position • get information from the sensor • the activities for space orientation and conditions are defined by the programs • usage: work on the production line, assembly operations, coloring and the like.
Robots of the third generation	<ul style="list-style-type: none"> • application of various types of sensors and application of artificial intelligence • equipped with computers and advanced programs, • are able to recognize the most diverse environmental conditions, • can learn from their own mistakes, • have an easier programming environment for programming, • independently and intelligently change their mode of operation to adapt to environmental conditions and improve efficiency

In its actions, the robot can display various activities:

- Some robots are programmed to faithfully carry out certain actions and repeat actions without any variations or alterations, all with a high degree of accuracy. these actions are preceded by programming through which the direction, acceleration, speed, deceleration, distance and other series of coordinated movements are determined,
- Other robots are made as significantly more flexible in terms of object orientation or even tasks that should be performed on the object itself. For example, for certain complex processes, robots contain specialized sensors that act as a kind of "eyes" that are associated with powerful computers performing calibration and regulation. In these types of robots artificial intelligence tools play a particularly important role.

3. POSSIBILITIES OF THE APPLICATION OF ROBOTS IN MEDICINE

Robots in medicine in recent times are a necessity especially in the part where it is necessary to achieve a high level of precision, fineness and tenderness, and where the limits or tolerances of errors are minor (Bacher, E., Chassin, M, 2003). Using robots in medicine, the future generation of doctors, dentists, nurses and other medical workers are being trained. Robotics in medicine has found wide application with a special emphasis on application in the following areas:

- Surgery - because robots are able to perform major surgeries through the creation of a small cut, giving patients immense advantages, such as: less postoperative trauma, low possibility of infection, reduction in drug consumption and faster leave from the hospital. an example of the successful use may be the operation of the heart without the patient's chest opening,
- Training - robots are very successfully used in testing of medical students. For example, robots in the form of a human organism that simulate pregnant women are very successfully used for training and reduction of the possibility of error in later work in real-life conditions,

- Administration - using robots in managing the medical administration reduces waiting times, reduces time visits and increases efficiency and effectiveness, reduces the possibility of infections, etc.

The application of robots in modern medicine is also aimed at achieving predictions related to the early detection of the disease and the prognosis of its further action and suppressing the causes of its spread. As the technology of robot production progresses at extreme speeds, their use in medicine is expanding in order to preserve human health, improve quality of life and prevent disease (IWA 1, 2005). Robots, as previously emphasized, play a very important role, especially in the field of surgery. For the needs of robots in microsurgery, instead of directly moving the instrument, surgeons use one or a combination of five ways to control the instrument. Telemanipulators (or auxiliary devices that connect to computer systems such as special sensitive gloves, remote controllers and the like) or direct computer controls are used for these purposes. In the application of robots in surgery, instead of conventional surgical tools, autonomous devices are used, which have a greater ability to work in terms of feedback and settings with working conditions, having a smoother approach to work than the one that can be achieved by the work of the human hand. The basic aim of these smart instruments is to reduce or eliminate tissue injuries that traditionally occur in conventional open surgeries (Hagn, U., et al., 2008). When it comes to the history of the use of robots in surgery, it is possible to point out the year 1985 and the PUMA 560 robot that was used to position the needle for brain biopsy. Later, in 1988, MROBOT, developed by Imperial College in London, was used to perform prostate surgery. In 1992, ROBODOC was introduced as an Integrated Surgical System, which was used for hip surgery and replacement. The subsequent development of the robot system was followed by the introduction of the “Da Vinci” System for Surgery. This system had three components: surgical consoles, 4 robotic arms, one of which was intended for the camera, and three to manipulate the instruments and a third component that was used for a highly sophisticated 3D vision system. On the hands of the robot, the intelligent tools were placed, which were then pulled into the body through small tubes. This system, through the sensory elements it possesses, translates the movement of the human hand into small electronic signals, which are further translated into very precise movements of intelligent instruments. They also perform recognition and filtering of any trembling of the man's hand and perform repairs that do not allow the shaking to be done by the robot (Ahmed, K., et al., 2009). The camera used in the system provides a very precise image that is presented on the monitor of this robot system. Such a system has a very wide application and is used for, inter alia, prostate cancer operations, uterine surgery, heart valve repair, and more. Such a system is highly represented and its price is about \$ 2 million. Late 1990s of the past century were very fruitful in terms of the use of robots in medicine. In this regard, the following was achieved:

- The first surgical assistance with the Vinci system in Germany was done in 1998 on the operation of the bypass at the heart.
- One year later, the same was done in America,
- In 1998 the reconnection of the fallopian tubes was performed using robots,
- In 1999, using a robot in Canada, the first aorta surgery on the heart was done using robots,
- In 1990, the first closed heart surgery was performed in London,
- In 2001, in France using the Zeus robotic system, the first surgical removal of the gallbladder was performed in the patient at the age of 68,
- In 2006, with the robot that worked on the basis of artificial intelligence techniques, the first correction of heart arrhythmia was done,
- In 2007, the first micro chirurgical surgery on the male patient's genitalia was done in Florida,
- In 2008, the first surgical reconstruction of the nerves on the bladder at a boy was performed in Chicago,

- In 2008, the first neurosurgical procedure was conducted, which was administered using a recording,
- In 2009, da Vinci system in gynecological oncology was applied,
- In 2009, in the United States, the first kidney transplant was performed using robots,
- In 2010 Sophie system was introduced as a system that for the first time worked on the principle of strong feedback,
- In 2010, robot performed the first operation of the vascular system on the thigh in Ljubljana and so on.

When it comes to the benefits of using robots in medicine, it is important to emphasize three key issues in the area of minimally invasive surgery, remote surgery and surgery without the presence of a part of the staff. As it has been emphasized in part, the use of robots also includes the following:

- Significantly higher precision and minimization,
- Small cuts,
- Reduction of blood loss,
- Less pain and
- Faster recovery time.

The use of robots also allows for better ergonomic adjustment of the team carrying out the operation, which increases its efficiency and effectiveness. Using robots definitely reduces the length of stay in the hospital, reduces blood loss, the need for transfusion, the appearance of infections, and the like. The results of some studies indicate that after surgery at the heart, the patient recovers even 50% faster and returns to normal activities. Also, his stay in the hospital is reduced by as much as 60%. Further, the robot's very important advantage is that it can be used continuously, without pause, provided the change of team working with such a system is made. Robots played a particularly important role in the rehabilitation of patients in medicine. In this sense robots are very effective, provided the patient's familiarity with the robot is achieved and the patient overcomes the fear that usually occurs due to this application. Through the use of robots in rehabilitation, the motivation of patients is increased for the continuation and success of the recovery process. Particularly interesting is the approach to the use of robots in rehabilitation of children. It is then necessary to take strict care of the design and dimension of robots. For example, the Paro robot is designed as a fowl baby and has special sensors that respond to the touch by opening and closing the eyes. For example, Robot Pleo is designed in the form of a dinosaur. Robot Raball reminds of a small ball and is used to encourage the development of speech, motor, intellectual and social skills in children under the age of 24 months. In the robots for rehabilitation, in addition to the shape it is also necessary to take care of the material for making, which must be indifferent, i.e. the material that does not have a detrimental effect on the user. In this sense, for example plastics, fabrics and the like can be used, in order to demonstrate the natural appearance. Also, the colors must be strictly taken into account in order to increase the familiarity of the patient with the robot. A very sophisticated robot is the one used for children with autism. An example of such a robot is Kaspar (Kinetics and Synchronization in Personal Assistant Robotics), which can show the expression of happiness, surprise, sadness, and the like, teaching the child to recognize these feelings in different real-life conditions (Blow, M., et al., 2011). Robots play a very important role in recovery in damage to the upper or lower extremities (Plavšić, A., et al., 2011). Today, many robots or exoskeletons are developed, which help with the recovery of the patient. For example, the MIME (Mirror Image Movement Enabler) system has been developed to strengthen the upper limbs. Figure 1 shows the robot Lokomat used for the rehabilitation of the lower extremities (Krasnik, R. et al., 2012).



Figure 1: Robot Lokomat for strengthening the lower extremities

By applying these systems it is possible to practice passive and active functions and the movement of damaged limbs. These systems also serve for the purposes of conducting kinesiotherapy in order to increase the volume of movement, especially in the thumb and forefinger, using a special electronic glove or using a device for functional electrical simulation. The patient in the application of these robots must perform simple tasks, raise and lower, or move objects from one place to another (ISO 13486, 2016). Also, when working with these systems, they are programmed so that the patient can also be train for different strokes and movements, thereby strengthening the weakened extremities. The contribution of robots in forensic medicine is also interesting. In this sense, one of the examples is the robot developed at the University of Bern, which has made a significant contribution to illuminating five attacks with firearms, six attacks by knives, two strangulation and 26 traffic accidents. Findings obtained by applying this robot were used as key evidence in court. Since 2005, the intensive application and development of a system for virtual autopsy has begun. This contributed in particular to the development of medical scanners. For these purposes, the robot primarily carries a series of body photos and draws on the skin a line of markers for calibration and surface and depth recording. Further, with the aid of a stereoscopic camera, it captures the body from different angles to produce a three-dimensional image with a resolution of 0.02 millimeters. Then, the body is placed in a thermographic scanner that records the body's cross-section with a high resolution. The main advantage of the autopsy in this way, scientists see in the above mentioned resolution, which is much more favorable than the situation when the physical cutting of the body at a thickness of about 1 cm is performed. Using robots, very small pieces such as dirt, foreign bodies and the like can be seen to be of crucial importance for the court process. Another important advantage of using robots is that something in the traditional autopsy can be missed and later we cannot return to the starting situation because the body decays or is being burned. By using a robot we have saved data and we can return to the starting situation after many years. Also, by advancing the science, technology and knowledge of doctors, a review may be much better than the previous one and can give better results. An important application of robots in medicine that is in great development and study is the application of nanotechnology and nanorobotics. These are very small systems that can be managed and brought to different areas of the human organism (Dautenhahn, K., 2007). With such capabilities they will be used for example for destruction of cancer cells, dosing of

medicines to a precisely defined place, surgical procedures without external cuts, implementation of these robots in blood vessels and movement through the bloodstream with the aim of finding and correcting thrombus, thickening of the blood vessel wall, removing kidney calculus and the like. These robots also contain efficient cameras that allow the monitor to observe both their movement and the activities they perform. These robots are designed to have two mini-flappers at the end of the "body" and by means of the condenser they are charged with a charge that drives the flappers and the robot itself through the bloodstream. These robots can be controlled from the outside and they can have a management system that they carry with them. Outdoor navigation systems use different methods to pilot nanorobots to the desired site in the body. One method uses ultrasound signals to detect the position of the nanorobot. Doctors will direct signals to the patient. Signals pass through the body; they are reflected back to the source or are a combination of both cases. Nanorobots can transmit ultrasonic signals that can be detected using special devices equipped with ultrasonic sensors. In this way maneuvering with nanorobots can be done. Also, nanorobots can be controlled by injecting a colored radioactive solution into the bloodstream. The device that tracks this material can then be used. Three-dimensional images detect where the nanorobot is located. Robots that carry power on themselves work on the principle of placing electrodes that, with the help of electrolytes from the blood, can create a battery. Also, nanorobots can carry small doses of chemicals that, in combination with blood, become a source of fuel. There is the possibility of producing miniature batteries, which would have limited capacity. Therefore, it is better to use a capacitor the development of which is still intensively worked on. Microwaves, ultrasound, and magnetic fields can be used in the case of external power sources. Nanorobots with a piezoelectric membrane can absorb ultrasound and convert its energy into electricity. Indeed, the use of robots in medicine is in great growth and development, and Figure 2 gives an overview of several types of robots used in various branches of medicine.

Figure following on the next page

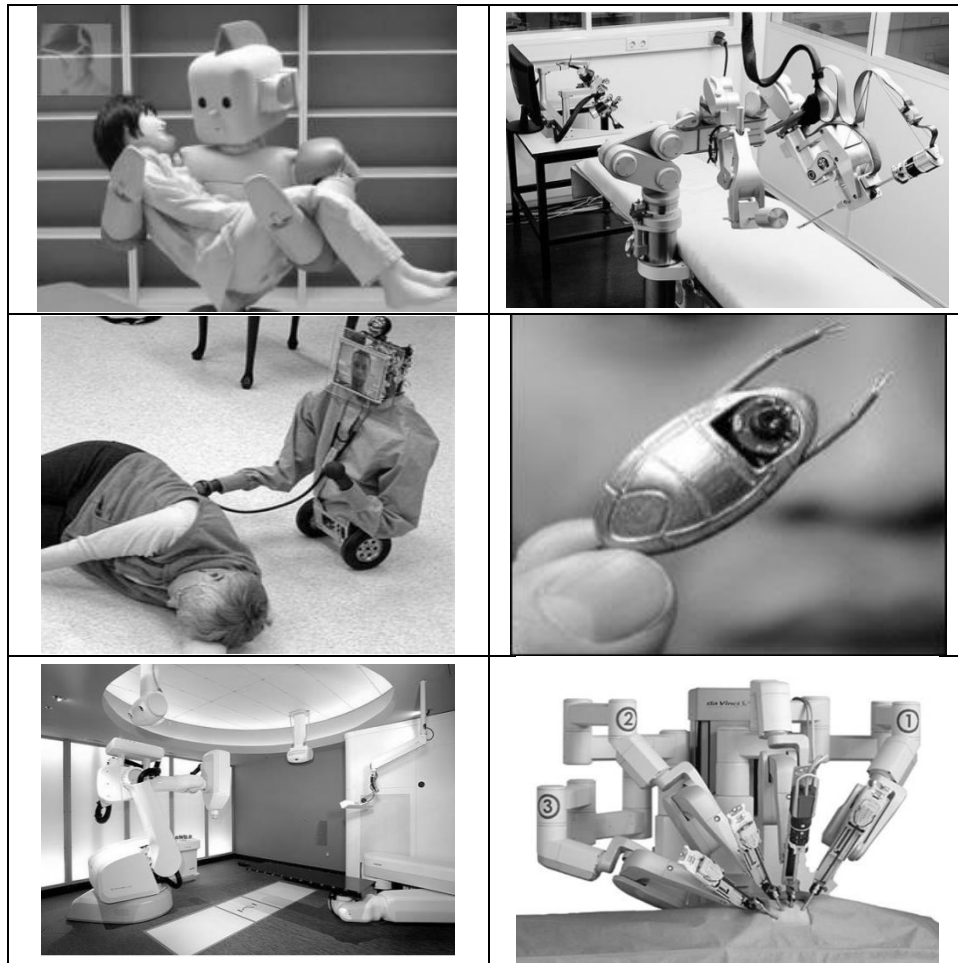


Figure 2: Some examples of the use of robots in medicine

However, in addition to these important advantages, one should keep in mind that robots also have certain disadvantages. The primary limitation in the use of robots in medicine is the very high cost of such systems (about \$ 2 million) and the high cost of robot application. In this sense, many profitability studies on the application of robots in different systems and different working conditions.

4. CONCLUDING CONSIDERATIONS

The application of robots in different areas in highly developed countries is experiencing an intense rise. Today's robot technical solutions allow for their application in various activities and provide a high degree of flexibility, precision, manageability, autonomy and other. It is especially important to point out that robots today have acceptable prices in the sense that the application of robots in some areas quickly ensures the return of the investment. Also, using robots increases the efficiency and effectiveness of the process and what is particularly important, preventive action is provided to reduce or eliminate the causes of errors that can lead to far reaching consequences and high costs. All of these aspects and facts are particularly important in the field of medicine. In this area, as generally known, potential mistakes can lead to consequences that are not only irreversible but also have a very high price. Research suggests that in the field of medicine, some routine mistakes are made due to subjective or negligent reaction. Precisely by using a robot in such established activities it is possible to eliminate subjective feelings and actions, significantly increase accuracy and precision, and ensure the elimination of errors.

The application of robots in medicine widely represented in different areas and their power of observation, precision, adaptability, and similarly ensure that many activities in the field of treatment and in general the provision of medical services lead to perfection, with the exclusion of the influence of often subjective human factors. However, the application of robots in medicine requires detailed analyzes in terms of assessing the cost-effectiveness of the cost price, the frequency of robot application, and the risks that occur in these activities. Therefore, according to these aspects and in line with the techno-economic development of the environment, detailed analyzes should be carried out before the beginning of the implementation of a kind of robot for the purpose of providing medical services.

LITERATURE:

1. Ahmed, K., et al. (2009). Current status of robotic assisted pelvic surgery and future developments. *International Journal of Surgery*, Vol 7, No 5, pp 431–440
2. Bacher, E., Chassin, M. (2003). Improving Quality Minimizing Error: Making It Happen. *Health affairs*, Vol 20, No 3, pp. 68-81
3. Blow, M., et al. (2011). *The art of designing robot faces-dimensions for human robot interaction*. Retrieved 15. 03. 2018 from http://www.robotcub.org/misc/papers/06_Blow_et_al_HRI.pdf
4. Coiera, E. (2003). *Guide to Medical Informatics, the Internet and Telemedicine (second edition)*. London: Arnold
5. Dautenhahn, K. (2007). Socially intelligent robots: dimensions of human-robot interaction. *Philos Trans R Soc Lond B Biol Sci*, Vol 362, No 1480, pp 679-704.
6. Foster, D., McGregor, C., El-Masri, S. (2005). *A survey of agent-based intelligent decision support systems to support clinical management and research*. Retrieved 27. 03. 2018 from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.76.6148&rep=rep1&type=pdf>
7. Hagn, U., et al. (2008). *DLR MiroSurge – towards versatility in surgical robotics*. Retrieved 22.03.2018 from <https://pdfs.semanticscholar.org/7df9/16ce20d4847695af3ad0358932f0dba2da63.pdf>
8. *ISO 13486: Medical devices — Quality management systems — Requirements for regulatory purposes*. (2016). Retrieved 10. 03. 2018 from <https://www.iso.org/standard/59752.html>.
9. *IWA 1: Quality Management Systems — Guidelines for process improvements in health service organizations*. (2005). Retrieved 10. 03. 2018 from <https://www.iso.org/obp/ui/#iso:std:iso:iwa:1:ed-2:v1:en>
10. Krasnik, R. et al. (2012). Robot - član (re)habilitacionog tima. *Medicinski pregled*, No 11-12, pp 507-510
11. Plavšić, A, et al. (2011). Efekti funkcionalne električne terapije na oporavak motorne funkcije gornjeg ekstremiteta kod pacijenata nakon moždanog udara: iskustva i smernice za dalje. *Medicinski Pregled*. Vol 64, No 5-6, pp 299-303.
12. Steimann, F. (2001). On the use and usefulness of fuzzy sets in medical AI. *Artificial Intelligence Med*, Vol 21, No 1-3, pp 131–137.

A COMPARATIVE STUDY ON EXPLORATIVE OVERSEAS FOREIGN DIRECT INVESTMENT (OFDI) BETWEEN COMPANIES FROM DEVELOPED AND DEVELOPING COUNTRIES

Alexander Wollenberg

*St. George's University, Grenada, West Indies
University Centre, Grenada, West Indies
awollenb@yahoo.com*

Kevin Chu

*Curtin University of Technology, Singapore
galileo77@ovi.com*

ABSTRACT

The objective of this study is to expand on the existing theories on internationalization and to address the theoretical gap in existing literature in regards to the lack of concrete evidence showing that there is a clear difference in the preference for explorative OFDI in developing market MNEs when compared to developed market MNEs. The results of the study show that the assumption that developing market MNEs tend to invest more in knowledge-intensive OFDI than those from developed markets is correct as the lack of product and service differentiation capabilities provides motivation to seek knowledge in operations and marketing in foreign countries. However, this assumption is overstated as this study shows that there is no significant difference in the explorative behaviour of the two groupings. Upon further investigation, it is found that explorative OFDI is most applicable to European emerging market MNEs. Further analysis on developing market MNE OFDI also shows that these firms target medium to low-technology OFDI rather than high-technology OFDI. This is due to constraining factors such as capital intensity, institutional controls, and alignment with core competences. A combination of descriptive statistical analysis and mean comparison analysis is performed using SPSS software to test the hypotheses. The OFDI data used for analysis was collected from the International Trade Centre (2016 and 2017) databases. The study examines a cross section of large and small developed and developing economies, including OECD countries, BRICS and smaller economies in Southeast Asia and Latin America.

Keywords: *cross-sectional data, emerging economies, innovative capabilities, knowledge-based capital, OFDI*

1. INTRODUCTION

The purpose of this research is to answer the following research question: What are the differences in FDI motives and strategies between developed market multinational enterprises (MNEs) and emerging market MNEs? The objective for this study is to expand on the existing theories on internationalization and to address the theoretical gap in existing literature in regards to the lack of concrete evidence showing that there is a clear difference in the preference for explorative OFDI in developing market MNEs when compared to developed market MNEs. The popular assumption that developing market MNEs are more likely to commit to explorative OFDI activities than developed market MNE is tested using SPSS statistical analysis software. The parameters of the study are limited to two sample groupings, which are developing countries and developed countries, and the raw data used for the test are collected from an online database provided by the International Trade Centre.

2. LITERATURE REVIEW

During the time of the banking crisis that started in the early 1980s, few investors were willing to venture overseas, particular into the highly indebted developing countries (Summa, 2008). The term ‘emerging markets’ was popularized by Antoine W. van Agtmael in an effort to attract more private investments in funds dedicated to undeveloped economies (Institutional Investor, 2007). At that time, van Agtmael and Errunza (1982) pointed to 11 emerging markets for investors to consider, which were Singapore/Malaysia, South Korea, Philippines, Thailand, Mexico, Brazil, Chile, Argentina, Jordan, Greece, and Zimbabwe. Their explanation of how an emerging market differs from a developed market is that the emerging markets present untapped opportunities that will lead to higher potential return on investments. Over time, other characteristics have been used to qualify an emerging market such as developing countries with GDP growth rates that have noticeably outpaced the richer economies and countries that have risen from the lower tiers to become competitive with the more developed countries (Khanna and Palepu, 2010). The list of focal emerging markets for investment opportunities as well as business studies have also transformed over course of time as countries such Argentina, Jordan, Greece, and Zimbabwe have since fallen out of contention for investor interest. The focus has shifted to a group of fast growing plus size economies identified by Jim O’Neill (2001) in a Goldman Sachs report as BRIC countries (Brazil, Russia, India, and China). In 2011, South Africa was invited into the informal grouping of major emerging economic countries to form BRICS due to its attractiveness as ‘the gateway to the African continent’ (Hervieu, 2011). These emerging economies have gained the most attention in recent literature and research in the fields of economics and business, which is justified due to the BRICS countries collectively owning 30.6% share of world GDP in terms of purchasing power parity, 26% of the planet’s land area, and home to 41% of the world’s population (Geiger, 2015; Republic of South Africa, 2015). Constant change economic and political conditions have impacted the perception of the level of economic development of countries adding challenge to the proper classification of countries based on the interpretations of various global and financial institutions, all of which have their their own independent assessment of current affairs. For example, MSCI (2016) has reclassified countries 16 times since 2001 when Greece received developed market status and then relabeled as an emerging market in 2013. Although MSCI classifies South Korea as an emerging market, both FTSE and S&P Dow Jones places the country in the developed markets category (FTSE 2015; S&P Dow Jones Indices, 2015). In this study, countries/territories are separated in the two groupings of developed market and developing market for clarity and ease of analysis. Research on foreign direct investments (FDIs) have traditionally been centered around MNEs from developed countries seeking to own tangible assets and establish operations in lesser developed countries with cheaper factors of production through greenfield investments, merger and acquisition, or joint venture (Burger, Karreman and Eenennaam, 2015). However, more contemporary literature has shown increased interest in the outward flow of FDIs (OFDI) from emerging economies rather than just focusing on the inward FDIs (IFDI) from developed country MNEs (Govil, 2013; Kim, Mahoney and Tan, 2015). Researchers have pointed to a difference in OFDI motivations between MNEs from developing countries and those from the developed countries (Kim, Mahoney, and Tan, 2015). Unlike developed market MNEs, which tend have primarily exploitative intentions in OFDI such as market-seeking, efficiency-seeking, and natural resource-seeking motives, emerging market (EM) MNEs see the importance of explorative strategies in OFDI as well as exploitative opportunities (Kim, Mahoney, and Tan, 2015). The explorative strategy in internationalization, or strategic asset-seeking, is based on the motivation for an acquiring firm to enhance its capabilities to achieve long-term competitiveness in home and third-country markets (Meyer, 2015). According to Cui, Meyer, and Hu (2013), strategic asset-seeking FDI is pursued when a firm views its existing capabilities and domestic assets are no longer adequate for long-term competitiveness, thus providing

motivation to strategically acquire complementary assets overseas in order to catch up with the competitors (Deng, 2010; Kedia, Gaffney, and Clampit, 2012; Yang et al., 2014). Elango and Pattnaik (2007) points to the Uppsala model to explain that the commitment to international operations leads to gaining greater knowledge in international operations and the development of international market knowledge. Cao (2012) explains that most EM MNEs are deficient in global experiences, professional skills and managerial competencies, organizational effectiveness, and technological and innovative capabilities; therefore, overseas acquisitions provide a means to make up for internal shortcomings. For example, a large portion of Chinese OFDIs have come from high-tech or high technology-intensive industries as well as industries that seek fuel, ore, and other natural resource extractions (Chang, 2014). According to the OLI framework, also called the eclectic paradigm, there are three elements in choosing FDI, which are Ownership, Location, and Internalization advantages (Dunning and Lundan, 2008). A firm has owner specific advantages when it possesses certain types of knowledge and privileges that are not available to its competitors such as superior technological and management knowledge. Location specific advantages are gained when a firm locates its production activities in a host economy that provides certain advantages that may include access to large markets, trade liberalization, good infrastructure, and low cost inputs. Internalization specific advantages are achieved by the internalization of transactions that can be organized and carried out at a lower cost within the firm than through the market (Kurtishi-Kastrati, 2013). Using Chinese MNEs in Denmark as an example of explorative FDI, Li-Ying et al. (2013) points to the advantages of gaining knowledge from the technology-intensive industries as well as the European market and a favorable institutional infrastructure that exhibits strong intellectual property rights protection, a sophisticated legal system, and ease of doing business. Although the cost of acquiring local knowledge is high, the firm-specific advantage of networking or *guanxi* mitigates the transaction costs of strategic asset acquisition and transfer (Zhao, Anand, and Mitchell, 2005; Li-Ying et al., 2013). Although literature on FDI motives has been extensive, there is a lack of coverage in knowledge-intensity of particular industries and there is a need to quantitatively clarify the difference between the motives of emerging market MNEs and developed market MNEs (Käpylä et al., 2011). Much of the base literature for internationalization originated in the 1970s to 1990s such as Dunning's (1980; 1988) eclectic paradigm. Dunning (2001) further expands in explorative, or strategic asset-seeking, OFDI motives in his subsequent articles, however, much has changed over time as investor interest has been shifting from Eastern Europe and BRICS to other developing regions. It is unreasonable to assume that firms from developing countries and regions behave in the same manner; therefore, research must be conducted to bridge the gap of outdated literature.

Table following on the next page

Dunning's Framework

Eclectic Paradigm	
O - Ownership	FDI determinants relating to market access, patents and trademarks, economies of joint supply, international arbitraging, etc.
L - Location	FDI determinants relating to transport costs, production costs, psychic distance, investment incentives, etc.
I - Internalization	FDI determinants relating to effective management control, assurances of quality control, price discrimination, avoidance of buyer uncertainty, avoidance of proper rights infringement, etc.
FDI Motives	
Strategic asset-seeking (asset augmentation)	To enhance the capabilities of the acquiring firm in view of long-term competitiveness in home and third-country markets
Market-seeking (import substituting)	To sustain or protect existing markets (by circumventing trade barriers), or to exploit or promote new markets, typically in the host country
Efficiency-seeking (rationalized investment)	To enhance economies of scale and scope, logistics infrastructure, and risk diversification
Natural resource-seeking (supply oriented)	To secure stable, low-cost and high-quality supply of natural resources, such as minerals, oil and gas or agricultural products
References: Dunning 1988, 12-13; Dunning 2001, 183; Meyer 2015, 58	

Table 1: Dunning's Framework

2.1. Hypotheses Development

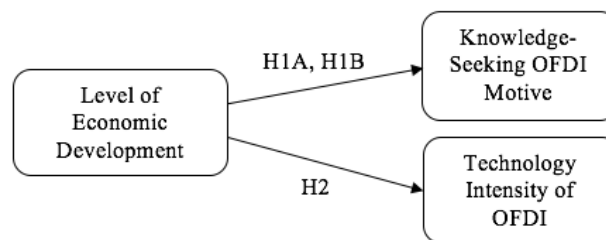
Literature comparing OFDI motives between MNEs from developed economies and those from developing economies often point to developed market firms as having the tendency to be exploitative and the developing market firms being more explorative; however, there is little empirical evidence that validates the difference in motives. The difference can be tested by comparing the average percentage of strategic asset-seeking outflows of markets that are separated into two levels of economic development. Furthermore, the lack of detail in explaining and expanding on knowledge intensive industries in developing market OFDI literature is another inconsistency that needs to be addressed to further validate the aforementioned assumption; therefore, industries must be classified according to knowledge-intensity for the purpose of researching industry participation in explorative OFDI. These gaps in research are identified in the following hypotheses:

- Hypothesis 1A: Developing market MNEs tend to invest more in knowledge intensive OFDI than those from developed markets.
- Hypothesis 1B: There is a significant difference in level of knowledge intensive OFDI between developing market MNEs and those from developed markets.

Current literature suggests that developing market MNEs tend have strategic asset-seeking motives that enhance their capabilities to achieve long-term competitiveness in home and third-country markets. Therefore, it is assumed that these firms often pursue higher technology intensive OFDI rather than invest in lower technology intensive OFDI to realize the strategic goal of obtaining knowledge intensive resources and capabilities. The following hypothesis is based on this assumption:

- Hypothesis 2: Developing market MNEs tend to invest more in higher technology OFDI.

Theoretical Framework



3. RESEARCH DESIGN

A combination of descriptive statistical analysis and mean comparison analysis is performed on SPSS software to test the stated hypotheses. The OFDI data used for analysis is collected from the International Trade Centre (2016) database. The raw data is expressed in dollars (USD) spent on OFDI per capita. The reason for using per capita expenditure data is to account for differences in national/territorial population size. This data is categorized into knowledge-based capital intensive (KBC) OFDI and non-KBC OFDI to determine the ratio of KBC to total OFDI. Per capita OFDI expenditure on different categories of technology intensive industries are also used in the analysis. The variables used for quantitative analysis are expressed in percentage points. To test hypothesis 1A, the mean of developing market knowledge intensive OFDI is determined and a histogram is generated for visual representation of central tendency. A high mean value indicates high average investment in knowledge intensive OFDI for a market grouping. The histogram provides visual indication of the pattern of distribution for knowledge intensive OFDI. Due to the small sample sizes of two sample groupings, Hypothesis 1B is tested by performing an independent sample T-test to compare the population means of developing market MNE knowledge-based OFDI against developed market MNE knowledge-based OFDI. This determines if there is a significant difference in sample population means. If the sig. value of the t-test output is less than 0.05, there is a significant difference in the means of each grouping. Otherwise, the difference is not significant. Hypothesis 2 is tested by descriptive statistical comparison of 3 groupings of technology intensive industries categorized by OECD (2011; 2015) based on R&D intensities. OECD categorized the industries into 4 groupings. For the purpose of this analysis, the OECD groupings of 'high-technology industries' and 'medium-high-technologies industries' are grouped together as 'high-technology industries' due to the industries that are broadly categorized in the International Trade Centre database. A high mean value indicates high average investment in a technology intensity grouping.

Table following on the next page

	Variable	Description	Reference
Independent	Developed Markets Note: Sample markets are chosen based on data availability.	Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Macau, Malta, Netherlands, Norway, Portugal, South Korea, Spain, Sweden, Switzerland, United Kingdom, United States	S&P Dow Jones Indices 2015
	Developing Markets Note: Sample markets are chosen based on data availability.	Azerbaijan, Brazil, Bulgaria, Chile, China, Colombia, Croatia, Czech Republic, Estonia, Greece, Hungary, Kazakhstan, Latvia, Lithuania, Malaysia, Mauritius, Poland, Romania, Slovakia, Slovenia, Thailand, Turkey	S&P Dow Jones Indices 2015
Dependent	Knowledge-Based Capital (KBC)	Precision instruments manufacturing, Motor and transport manufacturing, Electrical and electronic equipment manufacturing, Machinery and equipment manufacturing, Chemical and chemical products manufacturing, Business activities, Finance, Wholesale and retail trade, Construction, Health and social services	OECD 2015
	High-Technology Industries	Aircraft and spacecraft; Pharmaceuticals; Office, accounting, and computing machinery; Radio, TV, and communications equipment; Medical, precision, and optical instruments; Electrical machinery and apparatus; Motor vehicles, trailers, and semi-trailers; Chemicals excluding pharmaceuticals; Railroad equipment and transport equipment; Machinery and equipment	OECD 2011
	Medium-Low-Technology Industries	Building and repairing of ships and boats; Rubber and plastics products; Coke, refined petroleum products, and nuclear fuel; Other non-metallic mineral products; Basic metals and fabricated metal products	
	Low-Technology Industries	Manufacturing not elsewhere classified; Recycling; Wood, pulp, paper, paper products, printing, and publishing; Food products, beverages, and tobacco; Textiles, textile products, leather, and footwear	

Table 2: Test Variables

4. DATA ANALYSIS

The central tendency output of SPSS supports hypothesis 1A in mean value and in the shape of the distribution. The comparison of the means of the groupings (Figure 1) shows developing market MNEs on average invest more heavily on knowledge intensive FDI compared to developed market MNEs by more than 16 percentage points. The skewness (Figure 2) of the developing market grouping indicates more distribution toward maximum than the developed market grouping. The histogram (Figure 3) provides a within-group illustration of the tendency for MNEs to invest in knowledge intensive OFDI. The comparison of the two graphs show that developing market MNEs have a higher tendency to invest in knowledge intensive OFDI than developed market MNEs. The standard deviations of the groupings also show that developing market MNEs vary to a lesser degree in OFDI behavior whereas developed market MNEs have a greater number of outliers.

Group Statistics					
All Markets	N	Mean	Std. Deviation	Std. Error Mean	
AllKBCratio					
Developed	26	40.012	114.2900	22.4141	
Developing	22	56.691	28.5625	6.0896	

Figure 1: T-Test Group Statistics (Authors' analysis, 2018)

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Developing Market Knowledge-Based Capital Ratio of OFDI	22	.0	99.1	56.691	28.5625	-.504	.491	-.271	.953
Developed Market Knowledge-Based Capital Ratio of OFDI	26	-295.4	376.4	40.012	114.2900	-.444	.456	5.353	.887
Valid N (listwise)	22								

Figure 2: Descriptive Statistics Comparison (Authors' analysis, 2018)

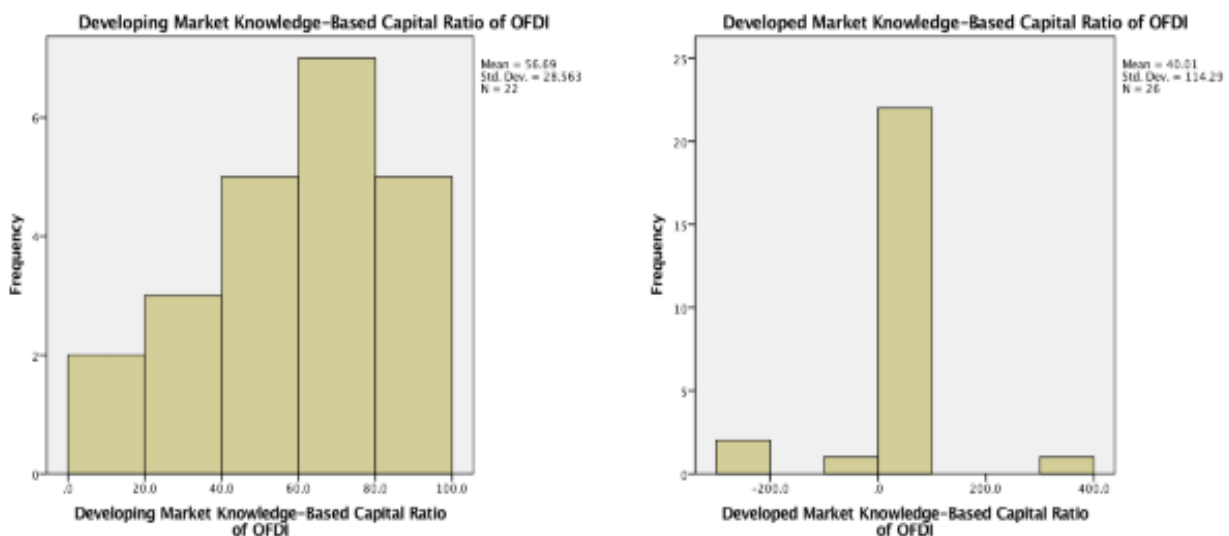


Figure 3: Histograms (Authors' analysis, 2018)

Levene's test for equality of variances (Figure 4) indicates that equal variances between the two groupings is not assumed due to a significance score of 0.032, which is below 0.05. The corresponding significance score for the t-test for equality of means is 0.479, which is well above 0.05 significance. This indicates that there is no significant difference between the two groupings; therefore, hypothesis 1B is unsupported as the results reveal there is no significant difference in level of knowledge intensive OFDI between developing and developed markets.

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
AllKBCratio	Equal variances assumed	4.905	.032	-.666	46	.509	-16.6794	25.0395	-67.0812	33.7225
	Equal variances not assumed			-.718	28.641	.479	-16.6794	23.2266	-64.2090	30.8502

Figure 4: Independent Samples T-Test (Authors' analysis, 2018)

The mean comparison of the three technology intensive industry groupings for developing markets (Figure 5) shows that the level of OFDI in the order from lowest to highest are low-tech industries, high-tech industries, and medium-low-tech industries. Hypothesis 2 is unsupported as the results do not indicate that developing market MNEs tend to invest more in higher technology OFDI. An analysis of the technology intensive industry groupings for developed market MNEs (Figure 6) is conducted for the purpose of discussion. The results reveal that these firms tend to invest more in higher technology OFDI.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Developing Market High-Tech Industries	22	-31.0	14.5	.345	8.8769
Developing Market Medium-Low-Tech Industries	22	-25.9	91.5	4.701	21.0533
Developing Market Low-Tech Industries	22	-63.8	13.0	-2.282	14.1576
Valid N (listwise)	22				

Figure 5: Developing Market Technology Intensive OFDI Comparison (Authors' analysis, 2018)

Figure following on the next page

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Developed Market High-Tech Industries	26	-26.0	556.4	25.696	109.6023
Developed Market Medium-Low-Tech Industries	26	-347.5	314.5	9.462	98.6177
Developed Market Low-Tech Industries	26	-185.5	40.8	-11.088	50.4955
Valid N (listwise)	26				

Figure 6: Developed Market Technology Intensive OFDI Comparison (Authors' analysis, 2018)

4.1. Discussion

In line with current literature on developing market MNE OFDI behavior, the assumption that developing market MNEs tend to invest more in knowledge intensive OFDI than those from developed markets is supported by the results of statistical analysis testing. The outcome reveals more than a 16 percent difference in the average of developing market MNEs favoring knowledge intensive OFDIs over MNEs from developed markets. The hypothesis is further supported by the shape of the distribution of developing market MNE OFDI as the number of markets is concentrated to the right of the graph showing a larger ratio of firms willing to invest in knowledge intensive OFDI. In comparison, the distribution of developed market MNEs do not show a similar pattern of OFDI behavior. Elango and Pattnaik (2007) explains that the competitive advantage that developing market firms have over those of developed markets is the cost advantage of its domestic operations, however, the firms from developing markets lack differentiation, which is determined by the level of marketing and innovative capabilities; thus providing motivation to acquire and develop knowledge in operations and marketing in foreign countries (Elango and Pattnaik, 2007). In contrast to the explorative approach to OFDI of developing market firms, the strategy of firms from developed markets tend to be exploitative, which are based on efficiency-seeking, market-seeking, and natural resource-seeking motives (Kim, Mahoney, and Tan, 2015). Although the analysis results prove current literature correct in that developing market MNEs are more focused on explorative OFDI, the t-test comparative analysis shows that there is no significant difference in the explorative behavior of the two groupings. The noticeable difference in sample means of the groupings would suggest that there is a clear difference in explorative OFDI strategies, however, this difference is impacted by outliers found in the developed market sample. The knowledge intensive sector in Belgium, Netherlands, and Portugal experienced a high level of divestments in 2012 causing the average of the developed market grouping to be much lower than the developing market grouping. For example, Netherlands' aggregate OFDI that year totaled just under \$4.4 billion with the finance industry accounting over \$15 billion worth of foreign divestments (International Trade Centre, 2016). That was when ING sold off its assets in United States, China, Malaysia, Hong Kong, Macau, and Thailand (ING Group, 2013). A notable characteristic of the developing market grouping is how the individual markets compare to each other. A commonality found is that all markets which lie beyond one positive standard deviation are located within the main continent of Europe. These markets, which have knowledge intensive OFDI exceeding 85% of their total OFDI, include Croatia, Hungary, Lithuania, and Poland.

The next closest market to that group is Greece with 83.6% knowledge intensive OFDI. On the opposite end of the spectrum are 4 markets that are outside of one negative standard deviation with 3 of those markets mostly located outside of the European continent. These 4 markets, which have knowledge intensive OFDI less than 28% of their total OFDI, include Azerbaijan, Chile, Estonia, and Turkey. The next closest market to that group is Malaysia with 32.1% knowledge intensive OFDI. Moreover, 12 of the 22 developing market samples are located within the European continent, of which, 10 of those European countries have knowledge intensive OFDI greater than the aggregate mean of 56.7%. All of the aforementioned data patterns suggest that literature regarding strategic motive of OFDI is most applicable to the behavior of European market MNEs. Since the concept of strategic asset-seeking FDI was first proposed by British economist John H. Dunning (1995) in the early 1990s, there is reason to believe that the subsequent literature of developing market OFDI motives was written in a Western European perspective during a time when many Eastern European firms began to internationalize amid economic reforms and trade liberalization (von Hirschhausen and Bitzer, 2000). It is also plausible to assume that there are more similarities in within-region firm internationalization motives over the past two decades than can be found between firms in contrasting economic and political regions. For example, Turkish MNEs which are closely linked to markets within the European Union are still lacking in capabilities that would allow them to effectively compete in developed markets and maximize ownership advantages. According to research conducted on Turkish manufacturing firms by Kaya and Erden (2008, 768), the greatest weaknesses of Turkish firms are in the order of international experience, ability to develop differentiated products, and trademark and brand image. It can be argued that much needed knowledge and experience can be gained from taking the risk of FDI in foreign markets, however, the hiring of competent managers with international experience serves as a more affordable alternative to FDI for smaller firms (Reuber and Fischer, 1997). Turkish firms are most likely to focus on production of undifferentiated products as they rate the strongest in their level of specialization (Kaya and Erden, 2008). In Saad, Noor, and Nor's (2014) study on Malaysian firms, the determinants for OFDI for both short-run and long-run are revenue opportunities, exchange rate, and economic openness rather than ownership advantages as FDI is a costly endeavor. Saad, Noor, and Nor (2014) points to inward FDI as a positive driver of OFDI as foreign companies bring skills, information, and more modern technology when they partner with Malaysian firms. The implication is that a cheaper alternative to seeking knowledge abroad is to gather strategic knowledge at home. The propensity of developing market MNEs to commit to higher technology intensive OFDI is tested to investigate their level of ambition in pursuing strategic assets. The results of the test indicate otherwise as the highest percentage of OFDI went toward medium-low-technology industries. OFDI toward medium-low-tech industries outsized high-tech industries 4.7% to 0.3% of total OFDI. One reason for the low level of high-tech OFDI is that the high capital demands of the associated industries act as a barrier to entry. According to a United Nations report, high-tech sectors such as chemical industries and the manufacture of machinery and transport equipment are the most capital and human capital intensive (Shirotori, Tumurchudur, and Cadot 2010). Another determinant of OFDI decisions is government involvement in foreign investments. Motivation to internationalize is impacted by the implementation of institutional policies that help firms overcome transaction costs and limitations in resource and information (Wang et al., 2012). Moreover, capital controls can be exercised over OFDI activities to ensure internationalizing firms adhere to international investment strategies set forth by the government (Cui and Jiang, 2012). Cui and Jiang (2012) points to China as an example as all OFDI projects require government approval. Proposals that call for a substantial amount of capital contribution by the Chinese firm undergo a more strenuous screening process due to concerns over capital flight thus negatively influencing the firm's willingness to engage in costly endeavors abroad.

Instead, firms look toward economic viability by pursuing OFDI that leverages core competencies in the home country while simultaneously exploring new opportunities abroad (Luo and Tung, 2007). Fleury, Fleury, and Borini (2012) identifies production as the main core competence of emerging market firms out of the five key competences managed by every firm, which includes product/service development, marketing, finance, and human resources management. Risk aversion and specialization has pushed these firms to do what they have always done best which is manufacture similar products in short-run production using low cost labor (Fleury, Fleury, and Borini, 2012; Kaya and Erden, 2008).

5. CONCLUSION

As a collective, there is truth to the assumption that developing market MNEs tend to invest more in knowledge intensive OFDI than those from developed markets. The lack of product and service differentiation capabilities provides motivation to seek knowledge in operations and marketing in foreign countries. However, this assumption is overstated as this study shows that there is no significant difference in the explorative behavior of the two groupings. Upon further investigation, it is found that explorative OFDI is most applicable to European emerging market MNEs. Further analysis on developing market MNE OFDI also shows that these firms target medium-low-technology OFDI rather than high-technology OFDI. This is due to constraining factors such as capital intensity, institutional controls, and alignment with core competences. A rapidly changing economic environment results in the need for the continuous update of existing literature and theoretical concepts. This provides the crux of this paper as well as challenges in the conduction of the research. It should be noted that there are a number of aspects that affect the accuracy and validity of the end result, particularly the issue with time and resource constraints as this study was conducted with limited data availability and in a short period of time. The data that is available is spread over three years from 2010 to 2012 thus adding the concern of inconsistency. Data scarcity attributed to the smaller than ideal sample size per grouping for statistical testing. Quality of research is also dependent on the interpretation of the researcher as there is no definitive method in categorizing the data and variables. Furthermore, the cross-sectional time horizon of the study does not facilitate proper trend analysis as cyclical economic changes are not taken into account. The practical implication of this research is the promotion of theoretical studies on FDI motivations and strategies subsequently leading to a better understanding of economic mechanisms that influence the behavior of MNEs, both in the macro and micro levels. The results of the research contribute to the field of international business studies, governmental policy-making, and expansion into new areas of research in economic theory. A follow-up cross-sectional studies in the future to observe the applicability of the current research and to detect need for modification of current assumptions is valuable in further research. If more resources become available, expansion of the current sample sets increases the validity of test results and a more accurate interpretation of global phenomena. It is also recommended to convert the research into a longitudinal study to allow for a more accurate observation of change over consecutive years.

LITERATURE:

1. Burger, M., Karreman, B., Eenennam, F. (2015). The Competitive Advantage of Clusters: Cluster Organisations and Greenfield FDI in the European Life Sciences Industry. *Geoforum*, 65. Elsevier Ltd.: 179-97.
2. Cao, M.Y. 2012. International Expansion of Emerging Market Multinationals: An Integrated Perspective. In *International Conference on Innovation and Information Management*, (36), 177-81. Singapore: IPCSIT Press. <http://www.ipcsit.com/vol36/033-ICIIM2012-M20034.pdf> .

3. Chang, S.C. 2014. The Determinants and Motivations of China's Outward Foreign Direct Investment: A Spatial Gravity Model Approach. *Global Economic Review* 43(3), 244-68.
4. Cui, L., Jiang, F. 2012. State Ownership Effect on Firms' FDI Ownership Decisions Under Institutional Pressure: A Study of Chinese Outward-Investing Firms. *Journal of International Business Studies*. 43(3), 264-84.
5. Cui, L., Meyer K.E., Wei, H. 2013. What Drives Firms' Intent to Seek Strategic Assets by Foreign Direct Investment? A Study of Emerging Economy Firms. *Journal of World Business*. 49(4), 488-501.
6. Deng, P. 2010. What Determines Performance of Cross-Border M&As by Chinese Companies? An Absorptive Capacity Perspective. *Thunderbird International Business Review* 52(6), 509-24.
7. Dunning, J. H. 1980. Toward an Eclectic Theory of International Production: Some Empirical Tests. *Journal of International Business Studies*. 11(1), 9-31.
8. 1988. The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions. *Journal of International Business Studies*. 19(1), 1-31.
9. 2001. The Eclectic (OLI) Paradigm of International Production: Past, Present, and Future. *International Journal of the Economics of Business*. 8(2), 173-90.
10. Dunning, J.H., Lundan, S.M. 2008. Institutions and the OLI Paradigm of the Multinational Enterprise. *Asia Pacific Journal of Management*. 25(4), 573-93.
11. Dunning, J.H., Narula, R. 1995. The R&D Activities of Foreign Firms in the United States. *International Studies of Management & Organization*. 25(1), 39-74.
12. Elango, B. Pattnaik, C. 2007. Building Capabilities for International Operations through Networks: A Study of Indian Firms. *International Business*. 38(4), 541-55.
13. Fleury, A., Fleury, M.T.L., Borini, F.M. 2012. Is Production the Core Competence for the Internationalization of Emerging Country Firms? *International Journal of Production Economics*. 140(1), 439-49.
14. FTSE. 2018. *FTSE Country Classification Process*. London: London Stock Exchange Group.
15. Geiger, T. 2015. BRICS Need Mortar. *Agenda*. <https://agenda.weforum.org/2015/07/brics-need-mortar/>
16. Govil, M. 2013. Determinants of Inward FDI in Developing Countries: Evidence from a Time Series Data Analysis. *Anvesha*. 6(4), 22-29.
17. Hervieu, S. 2011. South Africa Gains Entry to Bric Club. *The Guardian*. <http://www.theguardian.com/world/2011/apr/19/south-africa-joins-bric-club> .
18. ING Group. 2013. *ING Group Annual Report 2012: Taking Charge of Change*.
19. Institutional Investor. 2007. FIVE QUESTIONS FOR – Antoine van Agtmael, Emerging-Markets Expert. *Institutional Investor 1*.
20. International Trade Centre. 201. Outward FDI by Sector. <http://www.investmentmap.org/potentialInvestor.aspx>
21. Kapyła, J., Laihonon, H., Lonnqvist, A., Carlucci, D. 2011. Knowledge-Intensity as an Organisational Characteristic. *Knowledge Management Research & Practice*. 9(4), 315-26.
22. Harun, K., Erden, D. 2008. Firm-Specific Capabilities and Foreign Direct Investment of Turkish Manufacturing Firms: An Empirical Study. *Journal of Management Development*. 27(7), 761-77.
23. Kedia, B., Gaffney, N., Clampit, J. 2012. EMNEs and Knowledge-Seeking FDI. *Management International Review*. 52(2), 155-73.
24. Khanna, T., Palepu, K.G. 2010. How to Define Emerging Markets. *Forbes*. <http://www.forbes.com/2010/05/27/winning-in-emerging-markets-opinions-book-excerpts-khanna-palepu.html>

25. Kim, M., Mahoney, J.T., Tan, D. 2015. Reconceptualising Exploitative and Explorative FDI: A Balancing-Process Approach to Firm Internationalisation. *European Journal of International Management*. 9(5), 537-65.
26. Kurtishi-Kastrati, S. 2013. Impact of FDI on Economic Growth: An Overview of the Main Theories of FDI and Empirical Research. *European Scientific Journal*. 9(7), 56-77.
27. Li-Ying, J., Stucchi, T., Visholm, A., Jansen, J.S. 2013. Chinese Multinationals in Denmark: Testing the Eclectic Framework and Internalization Theory. *Multinational Business Review*. 21(1), 65-86.
28. Luo, Y., Tung, R.L. 2007. International Expansion of Emerging Market Enterprises: A Springboard Perspective. *Journal of Journal of International Business Studies*. 38(4), 481-98.
29. Meyer, K. E. 2015. What is Strategic Asset Seeking FDI? The Multinational Business Review. 23(1), 57-66.
30. MSCI. 2016. Market Classification. <https://www.msci.com/market-classification>
31. O'Neill, J. 2001. *Building Better Global Economic BRICs*. New York: Goldman Sachs Research
32. OECD. 2011. ISIC REV. 3 Technology Intensity Definition. *Economic Analysis*.
33. 2015. *OECD Science, Technology and Industry Scoreboard 2015*.
34. Republic of South Africa. 2015. State of BRICS Economies. *National Treasury*. <http://www.treasury.gov.za/brics/sbe.aspx>
35. Reuber, A. Fischer, E. 1997. The Influence of the Management Team's International Experience on the Internationalization Behaviors of SMEs. *Journal of International Business Studies*. 28(4), 807-25.
36. S&P Dow Jones Indices. 2015. *Dow Jones Developed Market Indices*. http://https://www.djindexes.com/mdsidx/downloads/fact_info/Dow_Jones_Developed_Markets_Indices_Fact_Sheet.pdf
37. Saad, R.M., Noor, AHM, Nor, AHSM. 2014. Developing Countries' Outward Investment: Push Factors for Malaysia. *Procedia-Social and Behavioral Sciences*. (130), 237-46.
38. Shirotori, M., Tumurchudur, B., Cadot, O. 2010. *Revealed Factor Intensity Indices*. Geneva.
39. Summa, J. 2008. From Booms to Bailouts: The Banking Crisis of the 1980s. *Investopedia*. <http://www.investopedia.com/articles/financial-theory/banking-crisis-1980s.asp>
40. van Agtmael, A.W., Errunza, V.R. 1982. Foreign Portfolio Investment in Emerging Securities Markets. *Columbia Journal of World Business*. 17(2), 58-63.
41. von Hirschhausen, C., Bitzer, J. 2000. *The Globalization of Industry and Innovation in Eastern Europe: From Post-Socialist Restructuring to International Competitiveness*. Northampton, MA: Edward Elgar Publishing.
42. Wang, C, Hong, J., Kafouros, M., Wright, M. 2012. Exploring the Role of Government Involvement in Outward FDI from Emerging Economies. *Journal of International Business Studies*. 43(7), 655-76.
43. Yang, Y., Yang, X, Chen, R. Allen, J.P. 2014. What Drives Emerging-Economy Outbound FDI Decisions to Obtain Strategic Assets? *Asian Business and Management*. 13(5), 379-410.
44. Zhao, Z., Anand, J., Mitchell, W. 2005. A Dual Networks Perspective on Inter-Organizational Transfer of R&D Capabilities: International Joint Ventures in the Chinese Automotive Industry. *Journal of Management Studies*. 42(1), 127-60.

DO R&D SPILLOVERS MATTER IN THE EU REGIONAL CONVERGENCE PROCESS? A SPATIAL ECONOMETRIC APPROACH

Andrea Furkova

University of Economics in Bratislava, Slovakia
andrea.furkova@euba.sk

ABSTRACT

This paper explores the role of spatial spillovers in the economic growth process across 245 NUTS (Nomenclature of Units for Territorial Statistics) 2 EU (European Union) regions for the 2003 – 2014 period. The main methodological basis for our analysis is spatial extension of conditional beta-convergence model. The estimation results confirmed income convergence among the EU regions and have suggested that examined R&D (research and development) indicators (patents applications and human resources in science and technology) play an important role in regional economic performance in the EU regions. Performed calculations of direct, indirect and total impacts and their spatial partitioning indicated that there is not only the link between R&D indicators and economic growth within the region but in addition, the innovation and knowledge spill over to neighbouring regions and influence the economic performance of these regions.

Keywords: Beta-convergence model, R&D indicators, SAR model, Spatial spillovers effects

1. INTRODUCTION

According to many empirical and theoretical works research and development is considered as an important contributor in the process of country and regional economic growth. Representatives of most economic growth theories have emphasized the knowledge and technological progress as the main drivers of economic dynamics (Solow, 1956; Romer, 1990; Lucas, 1988; Barro, 1990). Solow (1956) had already stressed the importance of technological change as a driving force of economic growth and he considered technological progress as exogenous. The importance of knowledge spillovers in process of economic growth within and across countries was widely highlighted also in the endogenous growth theory (Romer, 1990; Lucas, 1988; Barro, 1990). Romer (1990) or Lucas (1988) pointed out that R&D spending is likely to lead to growth through its positive effect on innovation. When firms invest into R&D, it is expected that new ideas, new methods will lead to the reduction of costs, and final consumer products will be developed, allowing the firms to become more efficient and profitable. In addition to the private benefits of R&D, there are positive spillovers within and among firms, industries, and geographic regions (Blanco et al., 2013). Grossman and Helpman (1994) noted that improvements in technology through industrial innovation have been the driving force behind the inexorably rising standards of living in the developed world over the long run (Blanco et al., 2013). The importance of R&D activities in the growth process have been also pursued within the framework of the New Growth Theory, built upon the research of prominent economists in the late 1980s and early 1990s (Fernández et al., 2012). Research related to the impact of innovation on regional economic performance in Europe has fundamentally followed three approaches: a) the analysis of the link between investment in R&D, patents, and economic growth; b) the study of the existence and efficiency of regional innovation systems; and c) the examination of geographical diffusion of regional knowledge spillovers (Rodríguez-Pose and Crescenzi, 2006). However, these particular approaches have been rarely combined. Authors such as Carrington (2003), Fingleton and López-Bazo (2006) and Paas et al. (2007) pointed out that using empirical analyses that ignore the influence of location on the process of growth can lead to possibly biased results and hence misleading conclusions.

In spite of these facts, the treatment of location in economic growth and convergence studies has only recently begun to attract attention. One of the first studies which considered the existence of spatial interaction among regions in the analysis of regional income convergence was the study of Rey and Montouri (1999) who analysed the US regional income convergence. From the studies dealing with the analysis of convergence in the EU context based on instruments of spatial econometrics can be mentioned: Baumont et al. (2001) who dealt with the spatial econometric analysis of geographic spillovers and growth for 138 European regions over the period 1980-1995; Carrington (2003) analysed the data for 110 regions of EU over the period 1989-1998 and through the application of spatial econometric approach she confirmed the convergence across EU regions; Arbia (2006) treated with a *beta*-convergence of the European (1980-1996) and Italian regions (1951-1999) taking into account the spatial effects; Meliciani and Peracchi (2009) analysed the convergence in per capita GDP across European regions over the period 1980–2000. The paper of Abreu et al. (2005) reviews the empirical literature and methods on growth and convergence emphasizing the importance of spatial factors. In spatial context, the local growth depends on the amount of technological activity which is carried out locally and possibly on the ability to take advantage of external technological achievements (Coe and Helpman, 1995; Martin and Ottaviano, 2001). There are some papers which have already stressed the connection between R&D indicators and growth e.g. Fernández et al. (2012), van Stel and Nieuwenhuijsen (2002) or Forni and Paba (2001). However, the papers dealing with innovation and knowledge spillovers and using spatial econometric techniques at the same time are very rarely. The aim of this paper will be to verify the role of R&D indicators in the economic growth process of EU regions. Spatial modification of *beta*-convergence model will be the basis for our analysis of 245 NUTS 2 EU regions during the 2003–2014 period. We decided consider the geographical dimension of data in the estimation of the regional income convergence because of possible misspecification problems resulting from non-spatial *beta*-convergence models and in order to emphasize and quantify possible geographic spillovers in regional economic growth process. Our main hypothesis is that the spatial spillovers of R&D indicators among regions do matter, i.e. there is a link not only between R&D indicators and economic growth within the region but that innovation and knowledge spill over to neighbouring regions and influence the economic performance of these neighbouring regions. As proxies for R&D indicators were chosen human resources in science and technology, R&D expenditure and patent applications. GDP per capita in Euro of NUTS 2 regions was used as a proxy for the income level of individual regions. Selected spatial econometric model will be used to quantify the direct, indirect and total impacts of chosen R&D indicators. The rest of the paper is structured as follows: section 2 provides brief theoretical backgrounds of the study. Data and empirical results are presented and interpreted in section 4. The paper closes with concluding remarks in section 5.

2. THEORETICAL BACKGROUNDS

The main methodological framework upon which our empirical analysis is based will be briefly presented in this section. The basis of our empirical analysis is a multi-region conditional *beta*-convergence model in which regional innovation and knowledge and also inter-regional R&D spillovers determine the growth of regions. Theoretical backgrounds related to absolute and conditional *beta*-convergence are extensively presented in many publications (see e.g. Barro and Sala-i-Martin, 1990; Mankiw et al. 1992; Paas, et al., 2007). Due to this fact and the scope of the paper, we do not present *beta*-convergence concept in this part. The results of several income convergence analysis led to conclusions that due to geographical spillovers, the distribution of regional per capita income across the EU tends to be influenced by geographical aspects of the regions. In this case, i.e. if geographic location of regions matter, spatial autocorrelation is present. Global and Local indicators of spatial autocorrelation such as

Moran's I, Geary's C or Getis-Ord statistics can be used as a simple check of spatial autocorrelation (see e.g. Getis, 2010). In order to avoid the misspecification problems of traditional beta-convergence model if spatial dependence is not properly modelled, a spatial component/s is usually explicitly incorporated into the beta-convergence regression. Our particular conditional beta-convergence models, non-spatial and spatial versions will be formulated in empirical part of the paper. Next, we focus on the methodological issues related only to the spatial aspects of the analysis, especially to the spatial spillover effects. One field of interest of spatial econometrics is the estimation of models with spatially autoregressive process, i.e., models that explicitly allow for spatial dependence through spatially lagged variables. A generalized version of spatial econometric model is called General Nesting Spatial (GNS) model. This model includes all types of spatial interaction effects. The GNS model for cross-sectional data in matrix form can be written as follows:

$$\begin{aligned} \mathbf{y} &= \rho \mathbf{W}\mathbf{y} + \mathbf{X}\boldsymbol{\beta} + \mathbf{W}\mathbf{X}\boldsymbol{\gamma} + \mathbf{u} \\ \mathbf{u} &= \lambda \mathbf{W}\mathbf{u} + \mathbf{v}, \quad \mathbf{v} \sim N(\mathbf{0}, \sigma_v^2 \mathbf{I}_N) \end{aligned} \quad (1)$$

where \mathbf{y} represents $N \times 1$ vector of the observed dependent variable for all N observations (locations), \mathbf{X} denotes a $N \times k$ matrix of exogenous explanatory variables (k denotes the number of explanatory variables), $\boldsymbol{\beta}$ is $k \times 1$ vector of unknown parameters to be estimated, $\mathbf{v} \sim N(\mathbf{0}, \sigma_v^2 \mathbf{I}_N)$ is $N \times 1$ vector of random errors, σ_v^2 is random error variance, \mathbf{I}_N is N dimensional unit matrix and \mathbf{W} is N dimensional spatial weighting matrix (the issues related to the spatial weighting matrix see e.g., Anselin and Rey, 2014 or Chocholatá, 2017).

Model (1) includes all types of interaction effects: endogenous interaction effects among the dependent variable ($\mathbf{W}\mathbf{y}$), the exogenous interaction effects among the independent variables ($\mathbf{W}\mathbf{X}$) and the interaction effects among the disturbance term of the different units ($\mathbf{W}\mathbf{u}$). Hence $k \times 1$ vector $\boldsymbol{\gamma}$, parameters ρ and λ represent spatial autoregressive parameters, their statistical significance, value and mathematical character indicate the direction and the strength of spatial dependence. Other spatial econometrics models can be obtained from the GNS model by imposing restrictions on one or more of its parameters. Estimation of spatial autoregressive models require special estimation methods. Review of models and estimation methods can be found in e.g. Anselin and Rey (2014). Complicated structure of spatial dependencies between spatial units causes that the estimated parameters of the spatial econometric model contain more information about relations between spatial units compared to the classical linear regression

model. Let us assume following classical linear regression model: $y = \sum_{r=1}^k x_r \beta_r + u$, where r

denotes the r th explanatory variable. Parameters of this model have a straightforward interpretation as a partial derivative of the dependent variable with respect to the explanatory variable. Hence spatial models contain spatial lags of explanatory variables and/or dependent variables, interpretation of parameters is not so straightforward. The expected value of the dependent variable in the i th location is no longer influenced only by exogenous location characteristics, but also by the exogenous characteristics of all other locations through a spatial multiplier $(\mathbf{I}_N - \rho \mathbf{W})^{-1} = \mathbf{I}_N + \rho \mathbf{W} + \rho^2 \mathbf{W}^2 + \rho^3 \mathbf{W}^3 + \dots$ (for more details see LeSage and Pace, 2009). To demonstrate this effect, let us consider SAR¹ (Spatial Autoregressive) model in the following form:

¹ We present SAR model because this model is applied in an empirical part of the paper.

$$\mathbf{y} = \rho \mathbf{W} \mathbf{y} + \mathbf{X} \boldsymbol{\beta} + \mathbf{u} \quad (2)$$

After simple formula modification and adding a constant term into the model (2), we get the following formula:

$$(\mathbf{I}_N - \rho \mathbf{W}) \mathbf{y} = \mathbf{X} \boldsymbol{\beta} + \mathbf{I}_N \alpha + \mathbf{u} \quad (3)$$

where \mathbf{I}_N represents $N \times 1$ vector of ones associated with the constant term α . Let us continue with following model modification:

$$\mathbf{y} = \sum_{r=1}^k \mathbf{S}_r(\mathbf{W}) \mathbf{x}_r + (\mathbf{I}_N - \rho \mathbf{W})^{-1} \mathbf{I}_N \alpha + (\mathbf{I}_N - \rho \mathbf{W})^{-1} \mathbf{u} \quad (4)$$

$$\text{where } \mathbf{S}_r(\mathbf{W}) = (\mathbf{I}_N - \rho \mathbf{W})^{-1} (\mathbf{I}_N \beta_r).$$

The relation in (4) indicates that the partial derivatives $\frac{\partial y_i}{\partial x_{jr}}$ for $j \neq i$ and $\forall r$ is not necessarily zero but equals to $S_r(\mathbf{W})_{ij}$ (quantifies the indirect impact) and own derivative for the i th location does not equal to the parameter estimate but results in $S_r(\mathbf{W})_{ii}$ (quantifies the direct impact). Direct impact captures feedback loops where observation i affects observation j and observation j also affects observation i as well as longer parts which might go from observation i to j to k and back to i . The own derivatives equal to the scalar $S_r(\mathbf{W})_{ii}$ what is the diagonal element of the matrix $\mathbf{S}_r(\mathbf{W}) = (\mathbf{I}_N - \rho \mathbf{W})^{-1} (\mathbf{I}_N \beta_r)$. Following a series expansion of the inverse term, this matrix can also be written as $\mathbf{S}_r(\mathbf{W}) = (\mathbf{I}_N + \rho \mathbf{W} + \rho^2 \mathbf{W}^2 + \rho^3 \mathbf{W}^3 + \dots) (\mathbf{I}_N \beta_r)$. This matrix provides information about the feedback effects since this matrix contains e.g., matrix \mathbf{W}^2 which reflects second order neighbours and contains non-zero elements on the diagonal. The diagonal elements of the matrix $\mathbf{S}_r(\mathbf{W})$ quantify the direct impacts, and non-diagonal elements represent indirect impacts. Since the matrix $\mathbf{S}_r(\mathbf{W})$ has the $N \times N$ dimension and if we are assuming k explanatory variables, the total number of partial derivatives is $k \times N^2$. LeSage and Pace (2009) suggested a summary impact measures, an overview of the average total, direct and indirect impacts for SAR model is shown in Table 1.

Table 1: Overview of ADI, ATI and AII impact measures – SAR model (author's elaboration)

SAR model: $\mathbf{S}_r(\mathbf{W}) = (\mathbf{I}_N - \hat{\rho} \mathbf{W})^{-1} (\mathbf{I}_N \hat{\beta}_r)$	
Average total impacts (ATI)	$ATI = N^{-1} \mathbf{I}_N^T \mathbf{S}_r(\mathbf{W}) \mathbf{I}_N$
Average direct impacts (ADI)	$ADI = N^{-1} \text{tr}(\mathbf{S}_r(\mathbf{W}))$
Average indirect impacts (AII)	$AII = ATI - ADI$

3. DATA AND EMPIRICAL RESULTS

The data set used in empirical² part of this paper are obtained from the regional Eurostat statistics database and it covers 245 NUTS 2 EU regions from 26 countries observed over the 2003 – 2014 period. The reduction of the data set was done due to missing data and isolated observations (island regions). In order to verify our research hypothesis (defined in the introduction of the paper), spatial extension of conditional beta-convergence model is used. According to the beta-convergence concept, per capita GDP growth rate from 2003 to 2014 (defined at current market prices in Euro) was opted as a dependent variable and the initial per capita GDP (defined at current market prices in Euro) in 2003 was used as an explanatory variable. In our beta-convergence model following the Knowledge Production Function concept (Pakes and Griliches, 1980, Moreno et al., 2005), innovation and knowledge is substituted by R&D input and output indicators. PAT variable represents patents applications in 2011³ (per million of inhabitants) as a proxy for innovative output, RDE represents total intramural R&D expenditure in 2011 (% of GDP) and HRST represents human resources (persons with tertiary education) in science and technology in 2011 (% of active population).

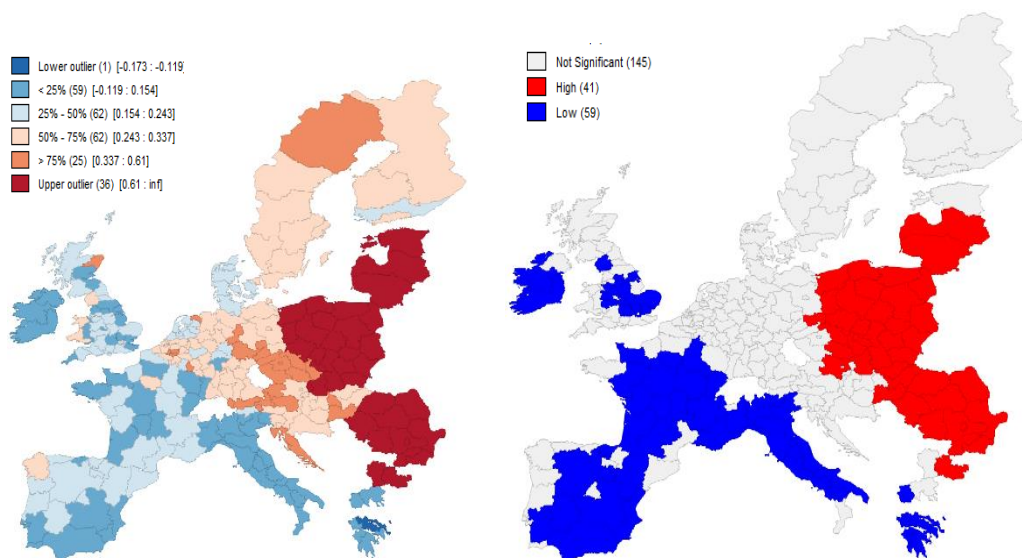


Figure 1: Box map (four categories) and Getis–Ord cluster map for the GDP growth rate per capita in 2014 – in %, initial level 2003 (author's illustration)

The EU NUTS 2 regions included in our analysis are shown in form of box⁴ map in Figure 1. We can notice just only one outlier in the first quartile but up to 36 outliers in the fourth quartile. The stronger GDP growth rate is evident for regions of post-socialist countries, especially for regions of Poland, Slovakia, Romania, Bulgaria or Baltic countries. If we look more closely at the box map we can see that upper outliers are not localized irregularly but these regions are clustered. Very similar clusters were identified based on the local version of Getis–Ord statistics (see Figure 1). These statistics were calculated for all 245 regions, and upon graphical visualization, statistically significant⁵ clusters, so called hotspot and coldspot locations are evident (see Figure 1). In addition, the calculated value of global Moran's *I* statistic (0.8380) showed the existence of a strong positive spatial autocorrelation process.

² The empirical part of the paper was carried out in the GeoDa and R software packages.

³ The selection of the time period was influenced by significant lack of the regional science and technology data for all regions in the NUTS 2 structure.

⁴ The Box Map is an extended version of the Quartile Map, in which observations with extreme values (outliers) in the first and fourth quartile are displayed separately.

⁵ Statistical inference was performed on a random permutation procedure (see e.g., Getis, 2010).

This short preliminary spatial analysis⁶ has indicated significant spatial pattern of variable under consideration and it will be taken into account in next econometric analysis.

The specification of spatial conditional *beta*–convergence model followed the "from general to specific" strategy, i.e. the model selection process starts with the model construction and estimation without spatial lagged variables and OLS estimation. Thus, we start to estimate the following conditional *beta*–convergence model in the form:

$$\mathbf{y} = \mathbf{I}_N \alpha + \mathbf{X} \boldsymbol{\delta} + \mathbf{u} \quad \mathbf{u} \sim N(\mathbf{0}, \sigma_u^2 \mathbf{I}_N) \quad (5)$$

where \mathbf{y} denotes $N \times 1$ vector of the observed dependent variable (per capita *GDP* growth rate for 2003 – 2014 period), $\boldsymbol{\delta}$ denotes (4×1) vector of parameters containing parameter β associated with explanatory variable per capita *GDP* in 2003, parameter γ_1 associated with explanatory *PAT* variable, parameter γ_2 associated with explanatory *RDE* variable, parameter γ_3 associated with explanatory *HRST* variable, \mathbf{X} is $N \times 4$ matrix of explanatory variables, $N \times 1$ dimensional vector \mathbf{u} represents random errors vector and remaining terms of model (5) were defined before. All model variables are defined in logarithmic form. The model (5) does not take into account any spatial aspects, the model can be estimated by OLS method. Consequently, we will decide on the form of a suitable spatial econometric model based on spatial autocorrelation statistics. The OLS estimation results (OSL model) are given in Table 2. The statistical significance of the Moran's *I* applied on the OLS residuals, as well as the *LM* test specification statistics and their robust versions (see Table 2) confirmed the presence of spatial dependencies of the regional convergence process and therefore the OLS estimation results can be misleading and we will not pay attention to these results. The *LM* specification tests lead to the SAR specification of model (5). The choice of SAR specifications has also been supported by our assumption of the existence of global spillover effects in relation to modelling of regional convergence process. The SAR model allows spillover effects at the global level, which means that changes in the *i*th region activate a series of responses in others, potentially in all regions. The estimations of the SAR model were based upon the following specification:

$$\mathbf{y} = \rho \mathbf{W} \mathbf{y} + \mathbf{I}_N \alpha + \mathbf{X} \boldsymbol{\delta} + \mathbf{u} \quad (6)$$

where ρ is the spatial autoregressive process parameter, \mathbf{W} is a spatial weight matrix of queen case form, the remaining model terms were defined before. SAR model estimation was performed by SML (Spatial Maximum Likelihood) estimator. The results are presented in Table 2. Apart from the estimation of γ_2 (associated with *RDE* variable), SML estimation of the model (6) produced statistically significant estimates of all parameters with expected signs. The estimation of the spatial autoregressive parameter ρ is statistically significant as well, and it confirms the adequacy of spatial lag (of dependent variable) explicit incorporation into the model. In addition, this was also confirmed by *LR* test and the *LM* test did not indicate the problem of remaining spatial autocorrelation (see Table 2). SAR estimation produced statistically insignificant estimate of the parameter γ_2 corresponding to the *RDE* variable. However, this result may support misleading conclusions, e.g. spatial *RDE* spillover effects do not exist. In spatial econometric models, the statistical inference of the individual impacts associated with the changes in the explanatory variables should be based on the summary

⁶ The application of Global and Local indicators of spatial autocorrelation and application of spatial econometric models require information about spatial weight matrix \mathbf{W} . In all steps of the empirical analysis we used queen case form of spatial weight matrix (for more details see e.g., Getis, 2010).

measures of impacts. Tables 3–5 summarize the cumulative impacts of all explanatory variables calculated on the basis of the SAR estimates. Surprisingly, apart from R&D expenditure (*RDE* variable), direct, indirect and total impacts associated with all remaining explanatory variables were statistically significant⁷. Now, let us take a closer look at the impacts associated e.g. with patents applications (*PAT* variable). We can notice that, the average direct impact does not match the estimate of the parameter γ_1 (see Table 5⁸). The difference between the average direct impact (0.0215) and the value of the parameter estimate (0.0187) is 0.0028. This difference is perceived as the amount of feedback that arises from the effects passing through the neighbouring regions, and is reversed by the region itself.

Table 2: Estimation results – OLS model and SAR model (author's calculations in R)

	OLS model	SAR model
Estimation	OLS	SML
α	2.9268***	1.1806 ***
$\beta(GDP_{2003})$	-0.4327***	-0.2075***
$\gamma_1 (\ln PAT)$	0.0491***	0.0193**
$\gamma_2 (\ln RDE)$	0.0121	0.0074
$\gamma_3 (\ln HRST)$	0.3801***	0.2446***
ρ	–	0.5647***
R-squared	0.7391	–
pseudo R-squared	–	0.8408
pseudo R-squared (S)	–	0.7637
Log likelihood	–	200.543
Convergence characteristics		
Speed of	0.0515	0.0211
Convergence	(5.15 %)	(2.11 %)
Half-life	13.4505	32.7852
Tests		
Moran's <i>I</i> (residuals)	8.004***	–
LM (lag)	87.609***	–
Robust LM (lag)	30.043***	–
LM (error)	57.575***	–
Robust LM (error)	0.009	–
<i>LM</i> test	–	2.4195
<i>LR</i> test	–	93.588***

Notes:

Symbols ***, **, * in all tables of the paper indicate the rejection of H_0 hypotheses at 1%, 5 % and 10 % level of significance, respectively.

pseudo R-squared (S) – spatial pseudo *R-squared*, *LR* – Likelihood Ratio, *LM* – Lagrange Multiplier.

Average total impacts can be interpreted as elasticity since the variables were expressed in logarithmic form. For example, based on average total *PAT* impact, we can conclude that a 1% increase in patent applications will cause on average 0.0443 % increase in per capita *GDP* growth rate, while approximately 48 % of this impact is attributed to direct impact and 52 % to indirect impact. These percentage shares are always the same for all explanatory variables in the SAR model (see Table 5). It is expected that changes in explanatory variables will have a greater impact on regions with a lower degree of neighbourhood than on regions with higher

⁷ Testing the statistical significance of cumulative impacts was based on a simulation approach (see LeSage and Pace, 2009).

⁸ Table 5 does not present results related to the *RDE* variable due to its statistical insignificance of all impacts.

degrees of neighbourhood. Tables 3–5 provide spatial partitioning of the direct, indirect and total impacts calculated based on the $S_r(W)$ matrix (see section 2 and LeSage and Pace, 2009). Spatially partitioned impacts are calculated for neighbourhood degrees 0 through 7. The statistical significance⁸ of spatially partitioned impacts corresponding to all degree of neighbourhood was detected for GDP_{2003} and $HRST$ variables. This suggests a need to investigate the decomposition of these impacts even for several higher degrees of neighbourhood. A different situation is associated with the patent applications where the fourth neighbourhood degree is the last one which is still statistically significant for all impacts. As for R&D expenditure we have found out that neither cumulative impacts nor spatial partitioning are not statistically significant, what means that surprisingly spatial R&D expenditure spillover effects do not matter in the regional convergence process.

Table 3: Cumulative impacts and spatial partitioning of direct, indirect and total impacts of a GDP_{2003} and PAT (author's calculations in R)

Cumulative Impacts						
	GDP_{2003}			PAT		
Direct impact	-0.2311***			0.0215**		
Indirect impact	-0.2456***			0.0228**		
Total impact	-0.4767***			0.0443**		
Spatial partitioning of impacts						
W – order	Direct	Indirect	Total	Direct	Indirect	Total
W^0	-0.2075***	—	-0.2075***	0.0193**	—	0.0193**
W^1	—	-0.1172***	-0.1172***	—	0.0109**	0.0109**
W^2	-0.0065***	-0.0596***	-0.0662***	0.0006**	0.0055**	0.0061**
W^3	-0.0020***	-0.0354***	-0.0374***	0.0002*	0.0033*	0.0035*
W^4	-0.0010***	-0.0201***	-0.0211***	0.0001*	0.0019*	0.0020*
W^5	-0.0005***	-0.0114***	-0.0119***	0.0000	0.0011	0.0011
W^6	-0.0002**	-0.0065**	-0.0067**	0.0000	0.0006	0.0006
W^7	-0.0001*	-0.0037*	-0.0038*	0.0000	0.0003	0.0004

Table 4: Cumulative impacts and spatial partitioning of direct, indirect and total impacts of a RDE and $HRST$ (author's calculations in R)

Cumulative Impacts						
	RDE			HRST		
Direct impact	0.0082			0.2723***		
Indirect impact	0.0087			0.2895***		
Total impact	0.0170			0.5619***		
Spatial partitioning of impacts						
W – order	Direct	Indirect	Total	Direct	Indirect	Total
W^0	0.0074	–	0.0074	0.2446***	–	0.2446***
W^1	–	0.0042	0.0042	–	0.1381***	0.1381***
W^2	0.0002	0.0021	0.0024	0.0077***	0.0703***	0.0780***
W^3	0.0001	0.0013	0.0013	0.0024***	0.0417***	0.0440***
W^4	0.0000	0.0007	0.0008	0.0012***	0.0237***	0.0249***
W^5	0.0000	0.0004	0.0004	0.0006**	0.0135**	0.0140**
W^6	0.0000	0.0002	0.0002	0.0003**	0.0076**	0.0079**
W^7	0.0000	0.0001	0.0001	0.0001*	0.0043*	0.0045*

Table 5: Summary of direct, indirect and total impacts (author's calculations in R)

	<i>GDP</i> ₂₀₀₃	<i>PAT</i>	<i>HRST</i>
Parameter estimate	-0.2042	0.0187	0.2407
Average direct impact (<i>ADI</i>)	-0.2311	0.0215	0.2723
Difference <i>ADI</i> and parameter estimate	-0.0269	0.0028	0.0317
Average indirect impact (<i>AII</i>)	-0.2456	0.0228	0.2895
Average total impact (<i>ATI</i>)	-0.4767	0.0443	0.5619
<i>AII/ATI</i>	0.5153	0.5153	0.5153
<i>ADI/ATI</i>	0.4847	0.4847	0.4847

4. CONSLUSION

The paper aimed at the verification the role of R&D indicators in the economic growth process of EU regions. Estimation results of conditional *beta*-convergence models (non-spatial and spatial extension) confirmed income convergence among the EU regions and have suggested that R&D indicators (patents applications and human resources in science and technology) play an important role in regional economic performance in the EU regions. The link between R&D indicators and economic growth within the region was confirmed and in addition we found out that the innovation and knowledge spill over to neighbouring regions and influence the economic performance of these regions. We identified that the R&D spillovers are not strictly linked with the first order neighbouring regions, but they spread across larger area. Another important finding was related to the convergence characteristics. While the speed of convergence resulting from non-spatial model was up 5.15 % per year, spatial version of the model has detected the weaker income convergence process on the level 2.11 % per year. When spatial dimension is no taken into account in *beta*-convergence model, it can provide overestimated convergence characteristics and thus imply misleading conclusions.

ACKNOWLEDGEMENT: *This work was supported by the Grant Agency of Slovak Republic – VEGA grant No. 1/0248/17 "Analysis of Regional Disparities in the EU based on Spatial Econometric Approaches".*

LITERATURE:

1. Abreu, M., De Groot H. L. F. and Florax R. J. G. M. (2005). Space and Growth: A Survey of empirical Evidence and Methods. *Région et Développement*, 21, pp. 14-44.
2. Anselin, L. and Rey, S. J. (2014). *Modern spatial econometrics in practice: a guide to GeoDa, GeoDaSpace and PySAL*. Chicago, IL: GeoDa Press LLC, p.369.
3. Arbia, G. (2006). *Spatial Econometrics. Statistical Foundations and Applications to Regional Convergence*. Berlin Heidelberg: Springer-Verlag.
4. Barro, R. J. (1990). Government spending in a simple model of endogenous growth. *The Journal of Political Economy*, 98(5), pp. 103-125.
5. Barro, R. J. and Sala-i-Martin, X. (1990). Economic Growth and Convergence across the United States. Working Paper Series of the National Bureau of Economic Research, New York: National Bureau of Economic Research, no. 3419, pp. 1-61.
6. Baumont, C., Ertur, C. and LeGallo, J. (2001). *A Spatial Econometric Analysis of Geographic Spillovers and Growth for European Regions, 1980-1995*. Retrieved 15.04.2013 from <http://leg.u-bourgogne.fr/documents-de-travail/e2001-04.pdf>.
7. Blanco, L., Prieger, J. and Gu, J. (2013). *The Impact of Research and Development on Economic Growth and Productivity in the US States*. Retrieved 11.07.2018 from <http://digitalcommons.pepperdine.edu/sppworkingpapers/48>.
8. Carrington, A. (2003). A divided Europe? Regional convergence and Neighbourhood Effects. *Kyklos*, 56, pp. 381-394.

9. Chocholatá, M. (2017). Analýza mzdových disparít v okresoch Slovenska v období 2001-2015. In: *AIESA – Building of Society based on Knowledge (17th International Scientific conference)*. Bratislava: Letra Edu, pp. 316–326.
10. Coe, D. T. and Helpman, E. (1995). International R&D spillovers. *European Economic Review*, 39(5), pp. 859 – 887.
11. Fernández, N., Martínez, V. and Sanchez-Robles, B. (2012). R&D And Growth in the Spanish Regions: An Empirical Approximation. *International Journal of Business and Social Science*. 3(10), pp. 22 - 31.
12. Fingleton, B. and López-Bazo, E. (2006). Empirical growth models with spatial effects. *Papers in Regional Science*, 85(2), pp. 177-198.
13. Forni, M. and Paba, S. (2001). *Knowledge Spillovers and the Growth of Local Industries*. CEPR Discussion Paper, London: Centre for Economic Policy Research, no.2934. Retrieved 15.07.2016 from http://morgana.unimore.it/forni_mario/spillovers.pdf.
14. Getis, A. (2010). Spatial autocorrelation. In: Fischer, M.M. and Getis, A. *Handbook of Applied Spatial Analysis. Software Tools, Methods and Applications*. Berlin, Heidelberg: Springer-Verlag, pp. 255-278.
15. Grossman, G. and Helpman, E. (1994). Endogenous Innovation in the Theory of Growth. *The Journal of Economic Perspectives*, 8 (1), pp. 23-44.
16. LeSage, J. and Pace, K. (2009). *Introduction to Spatial Econometrics*. Boca Raton: Chapman and Hall/CRC.
17. Lucas, R. E. Jr. (1988). On the mechanics of economic development. *Journal of Monetary Economics*, 22(1), pp. 3–42.
18. Mankiw, N. G., Romer, D. and Weil, D. N. (1992). A Contribution to the Empirics of Economic Growth. *Quarterly Journal of Economics*, 107, pp. 407 – 437.
19. Martin P. and Ottaviano G. (2001). Growth and agglomeration. *International Economic Review*, 42(4), pp. 947 – 968.
20. Meliciani, V. and Peracchi, F. (2009). Convergence in Per-Capita GDP across European Regions: A Reappraisal. In: Arbia, G. and Baltagi, B. H. *Spatial Econometrics. Methods and Applications*. Berlin, Heidelberg: Springer-Verlag, pp. 203-222.
21. Moreno, R., Paci, R. and Usai, S. (2005). Spatial spillovers and innovation activity in European regions. *Environment and Planning A*, 37(10), pp. 1793 – 1812.
22. Paas, T. Kuusk, A., Schlitte, F. and Vork, A. (2007). *Econometric Analysis of income convergence in selected EU countries and their NUTS 3 level regions*. Retrieved 05.02.2015 from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1078863.
23. Pakes, A. and Griliches, Z. (1980). Patents and R&D at the Firm Level: A First Look. *Economic Letters*, 5(4), pp. 377 – 381.
24. Rey, S. J. and Montouri, B. D. (1999). US Regional Income Convergence: A Spatial Econometric Perspective. *Regional Studies*, 33(2), pp 143-156.
25. Rodríguez-Pose, A. and Crescenzi, R. (2006). *R&D, Spillovers, Innovation Systems and the Genesis of Regional Growth in Europe*. BEER paper, Bruges. Retrieved 15.07.2016 from <http://www.coleurop.be/eco/publications.htm>.
26. Romer, P. M. (1990). Endogenous technological change. *Journal of Political Economy*, 98(5) pp. S71 - S102.
27. Solow, R. A. (1956). A Contribution to the Theory of Economic Growth. *The Quarterly Journal of Economics*, 70(1), pp. 65 – 94.
28. Van Stel, A. and Nieuwenhuijsen, H. R. (2002). *Knowledge Spillovers and Economic Growth an analysis using data of Dutch regions in the period 1987-1995*. SCALES-paper. Retrieved 12.07.2016 from <http://ondernemerschap.panteia.nl/pdf-ez/n200203.pdf>.

INSOLVENT BUSINESS RESCUE IN MODERN RUSSIA: LESSONS FOR NEW LEGISLATIVE APPROACHES

Alla Bobyleva

Lomonosov Moscow State University, Russia
bobyleva@spa.msu.ru

Olga Lvova

Lomonosov Moscow State University, Russia
lvova@spa.msu.ru

ABSTRACT

The paper deals with the analysis of existing and perspective business restructuring opportunities in Russia by examining the main features of Russian Insolvency Law, including the conduct of insolvency proceedings, the role and methodology of financial analysis as a basis for choosing strategy and tactics of corporate rescue. Special attention is devoted to the empirical study or effectiveness of insolvency system in Russia based including recent statistical data analysis. The main factors caused prevalence of liquidation procedures over rehabilitation legal mechanisms are determined. As a result of research, the paper presents the main directions of systemic transformation of the Russian insolvency institution through legislation amendments i.e. development of professional standards for financial analysis within procedures, introducing the option for direct commencement of restructuring procedure, measures for insolvency prevention, advanced training and independent certification of business rescue managers, increase motivation of corporate rescue by changing the concept of insolvency administrators remuneration.

Keywords: *Insolvency (Bankruptcy) Regulation in Russia, Business Rescue, Financial Analysis, Rehabilitation and Liquidation Procedures, Efficiency of Insolvency System, Insolvency Administrator*

1. INTRODUCTION

Legal regulation of insolvency system is usually based on certain balance between liquidation and rehabilitation procedures. The concept of enhancing the role of rehabilitation procedures is accepted by the majority of jurisdictions in the world and represents the global look at the goals and possibilities of bankruptcy. “A good insolvency framework” is defined by the World Bank as the one with clear rules, that efficiently rehabilitates viable companies and liquidates non-viable ones by providing entrepreneurs and lenders with tools to evaluate the consequences of a worst-case scenario (Doing business 2018). In Russia the majority of indebted companies within insolvency proceedings are subject to be liquidated. Russian Insolvency Law assumes the possibility of conducting 4 types of proceedings: Supervision (Receivership), Financial Rehabilitation, External Administration, Liquidation (Winding Up). After the first obligatory procedure for all corporate debtors (Supervision) liquidation procedure is usually introduced by the court (Table 1).

Table following on the next page

Table 1. The amount of insolvency proceedings in Russia in 2008-2017 (Unified Federal Register of Bankruptcy Information (UFRBI), Statistical reports of the Russian commercial courts' activity in 2014-2017)

Type of procedure, number of cases	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Financial Rehabilitation	48	53	91	94	92	67	22	36	41	29
Positive result of Financial Rehabilitation (obligations have been settled)	6	2	6	7	3	4	4	0	1	3
External Administration	579	604	908	986	922	803	381	413	365	334
Positive result of External Administration (solveny has been restored)	40	11	14	13	25	15	18	14	12	15
Liquidation	1391 6	1547 3	1600 9	1279 4	1407 2	1314 4	1509 6	1491 6	1412 7	1414 2
Composition	126	127	255	376	563	585	358	417	497	477

The purpose of the research is to define the reasons of such actual lack of recovered companies and to identify the main drivers and conditions for turning the situation around.

2. LITERATURE REVIEW

Insolvency legislative framework and issues of management of insolvent business under bankruptcy proceedings in different jurisdictions has been studied by many national legal specialists (Wessels and Madaus, 2017; Richter, 2011; Finch & Milman, 2017; Lowitzsch (ed), 2007; Giorgini & Vallens (ed), 2015; Karelina & Erlikh, 2012). Economic aspects of insolvency and bankruptcy are described by such researchers as Armour (2001), Onakoya and Olotu (2017), Belcher (1997), while in Russia rescue aspects are examined by crisis management specialists such as Lvova & Bobyleva (2012), Kovan (2017), Lvova (2014), Kozhevina & Miratov (2017). However Russian insolvency legal framework is not fully integrated into the global system though certain European insolvency regulation principles are tend to be implemented (Wood, 2007). It is worldwide recognized that the legislative insolvency system should be amended to better facilitate business restructuring (Omar, 2016).

3. REASONS FOR BAD PERFORMANCE OF REORGANIZATION PROCEEDINGS

Nowadays there is a few number of business rescue cases within insolvency proceedings (less than 2.5% of all insolvencies). The considerations below could explain the prevalence of liquidation procedures in Russia:

- The majority of liquidation procedures are initiated in respect of missing debtors or “assetless” companies, which can only be liquidated as a result of bankruptcy proceedings. According to statistical data, in 40% of cases the inventoried debtor’s assets cost zero at the moment of bankruptcy procedure commencement and 60% have zero assets after its value appraisal during the court proceedings (UFRBI, 2017).
- The Insolvency Law is usually enforced when it is already impossible to restore solvency. The insolvency system is still perceived only as liquidation activities. Bankruptcy proceedings are not considered as a possible way of reorganization to get through the crisis. This is why companies try to delay the moment of going under the Insolvency Law, unfortunately they do it when there is no possibility to relaunch business. This conclusion is also confirmed by the empirical study: debtors rarely exercise their right to appeal to the

court: for example, in 2017 54% of petitions were filed by creditors and only 39% by debtors (the rest amount was felid by authorized tax creditors).

- The low outcome of reorganization procedures. In practice a great part of successfully rescued businesses under insolvency proceedings refers to large “strategic companies” which have privileged conditions and usually receive state financial aid during rehabilitation due to their high social impact. The major economic area where rehabilitation procedures are applied more often is cons
- The insolvency proceedings are managed by low qualified administrators and the analytical procedures for conducting financial analysis are underdeveloped.

These factors stipulate the necessity of insolvency system modernization by the directions suggested below.

4. NEW LEGAL FRAMEWORK OF FINANCIAL ANALYSIS CONDUCTING WITHIN INSOLVENCY PROCEDURE

According to the Russian legislation the first bankruptcy procedure is Supervision (Receivership) oriented towards guaranteeing the safety of debtor’s assets carrying out financial analysis of distressed company which must guarantee adequate decision-making regards the following:

- expediency of winding up of the indebted enterprise or attempt of its rescue;
- strategy and tactics of business rescue;
- absence (or presence) of indicators of suspicious transactions and criminal actions of the debtor.

In practice insolvency administrators often do not perform well during solving these tasks. The following main reasons can be defined:

- low professional qualification of insolvency administrators which is not enough to apply modern methodology of analysis or make appropriate conclusions from financial ratios calculations;
- formal approach to the financial analysis approved by the court when it is not considered as a powerful tool for further decision-making process;
- corruption component in the professional activity of the insolvency administrators when they depend on certain parties within bankruptcy case and make gratuitous conclusions;
- low quality of information for analysis which can be limited or falsified.

Nowadays the Russian Federal Standard Draft “Rules of the debtor’s financial analysis conducting by insolvency administrator” has been developed in Russia. The goal of the Standard is to overcome existing shortcomings in the execution and using the results of the analysis. The active role in the Standard Draft development was played by the authors of this paper (Bobyleva, Lvova et al., 2015). In accordance with the Standard Draft basic financial analysis within the obligatory procedure of Supervision is divided into two stages. The first stage includes the performance of the following goals:

1. identifying external and internal factors that led the debtor to insolvency and the possibility (or impossibility) of their overcoming;
2. analysis of debtor’s assets and liabilities, financial results of its entrepreneurship activity, determination of sufficiency of debtor’s property to cover expenses of the court insolvency proceedings, detection of the fact of performance (or non-performance) of the business activity of the debtor;
3. identification of the presence (or absence) of basis for the debtor's transactions avoidance.

If the fact of failure of the debtor's main activity and (or) the lack of the debtor's intention (expediency) to continue the main activity in future is established at the first stage, the conclusion of impossibility to restore solvency is made, the transition to Winding up procedure is substantiated. The first stage is completed. If the fact of continuation of the debtor's activity or its intention to continue business activities in future is established at the first stage, the conclusion of possibility to restore solvency is made and the second stage of analysis should be conducted. The second stage considers evaluation of possibility (or impossibility) of the debtor's break-even activities and restoration of its solvency. The second stage is completed by choosing of further appropriate bankruptcy procedure. The content of financial analysis in Supervision procedure includes the following elements:

1. The first stage:
 - a) a) the analysis of current operations;
 - b) the analysis of investment activity;
 - c) the analysis of financial activity;
 - d) analysis of debtor's transactions for identification of the existence (or absence) basis for transaction avoidance;
 - e) working out the conclusion about impossibility to restore solvency and necessity for transition to bankruptcy proceedings is substantiated.
2. The second stage:
 - a) the evaluation of possibility or impossibility of debtors' break-even activities;
 - b) the analysis of possibilities to restore of solvency;
 - c) choosing of further appropriate bankruptcy procedure.

According to the results of the analysis in the first bankruptcy procedure, the insolvency administrator should prepare:

1. the report about debtor's financial position;
2. the report about existence or absence basis for challenging the debtor's transactions;
3. the conclusion about evaluation of possibility (or impossibility) of the debtor's break-even activities and restoration of its solvency substantiation and grounds for the next bankruptcy procedure.

Nowadays there is a broad discussion about the necessity of procedure of Supervision. Usually it takes 6 months and causes the delays in bankruptcy proceedings taking into account the low quality of the main tasks performance at this stage. This position is reflected in the Law Draft "On business debt restructuring during insolvency proceedings" which allows to reduce time of carrying out Supervision for the majority of the companies. It is explained by the fact that the number of debtors which are not intended to continue operations is usually higher. In any case, either the Supervision procedure will still be valid or cancelled after the Law Draft adoption, the requirement of financial analysis conduct will remain in any case. Thus, the above mentioned professional Standard should be adopted to establish universal approach, principles and rules of financial analysis.

5. SYSTEMIC TRANSFORMATION OF THE INSOLVENCY INSTITUTION

Nowadays there are the first steps towards systemic modernization of the existing insolvency institution are realized by the authorities. These attempts to transform bankruptcy into debt recovery tool should be appreciated positively but some important drawbacks can be considered during this process. Some extended directions of this reform should also be emphasized.

5.1. Changes in legislation: introduction in the Bankruptcy Law the possibility to apply directly for reorganization

The first steps have already been made in this direction: since 2017 the Law Draft “On business debt restructuring during insolvency proceedings” have been considering the Russian State Duma (Restructuring Law Draft, 2017). Similar to U.S. Bankruptcy Code and legislation of some other countries, the Russian Draft Law stipulates that two types of application may be submitted to the court: the one for the restructuring procedure commencement and application for being declared bankrupt and liquidated. In the same time this Law Draft contains many shortcomings. For example, the possibility of reorganization is limited mainly by debt restructuring (this is even reflected in the title of the Law Draft) which indeed is only one kind of business rescue tools. Such approach reduces possibilities of reorganization, does not stimulate the use of a set of administrative, financial and economic technologies of rescue acquired by practice. The Law Draft contains some provisions similar to global practice but does not take into account the specifics of Russian economic conditions. Some articles in the Law Draft seem controversial. In particular, the offered duration of Financial Rehabilitation process is up to five years. The main argument for this period is the experience of other countries. For example, in France the period of reorganization plan implementation can last up to ten and even fifteen (for some groups of debtors) years; according to the legislation of the United States, Spain, Belgium the period of business reorganization is also up to five years and can be extended. For Russia such period of business rescue seems extremely long: very few projects have such a long cycle in modern innovative economy while the moratorium on payment creditors’ claims within all period of reorganization plan implementation can seriously undermine a financial position of creditors, lead to depreciation of debts and break balance between interests of creditors and debtors. Probably, such period of rehabilitation in Russia is acceptable for companies-giants, “strategic enterprises” but, in our opinion, it can be rather an exception from the rules, than a universal rule. This point of view is confirmed by the results of empirical study of England and Wales insolvencies conducted by Walton, Umfreville and Jacobs (2018). Companies Voluntary Arrangements (CVAs) is applied for rescue of small business and “should last no longer than 3 years without good reason” (Walton, Umfreville and Jacobs, 2018).

5.2. The insolvency prevention

The current Insolvency Law contains the special chapter called “Bankruptcy Prevention”. Although the idea corresponds to the concept of supporting of distressed companies and avoiding bankruptcy, the content of the chapter is mainly declarative: it only says that all interested parties, including authorities, should take measures for prevention of company’s bankruptcy. The chapter does not show any tools for the insolvency prevention except direct financial help. Other possibilities, such as guarantees of federal or municipal authorities, restructuring of debts, development of financial rehabilitation plan, using of swaps and other financial tools are not considered. Directors duties in the shadow of insolvency should be articulated more clearly and fully to include a requirement to address financial distress early. Nowadays some banks are making attempts to prevent insolvency of their borrowers by participation in management upon the occurrence of the first signs of financial distress. The idea is very perspective because usually banks can suggest debt restructuring, support distressed company with advanced managerial and financial techniques. In the same time banks are in the very beginning of the process: covenants under which the lender can interfere in the borrower’s management process are usually not defined in the credit contract both with the extent of possible participation. Preventive restructuring is aimed at avoiding bankruptcy and can include urgent operative tools to stop crisis (restructuring of assets, liabilities, management system) and strategic measures to increase business sustainability (informal workouts i.e. assignments of

payments delay, changes in the capital structure, mergers and acquisitions, business processes reengineering, etc.).

5.3. Training and certification of business rescue administrators

Professional qualification of insolvency administrators is crucial for the successful implementation of reorganizational procedures. Today the Russian Law determines the following requirements to the potential insolvency administrator without differentiation for reorganization and liquidation: Russian citizenship, higher professional education, experience of executive position work for one year and the internship as the insolvency administrator's assistant in the bankruptcy proceedings for two years, being certified specialist after passing the standard qualification exam. In practice these requirements do not guarantee high professionalism of insolvency administrators. One can see that the particular profile of a high education is not specified, having engaged in practical activity as an intern for the short period is not enough to get the special skills of managing the indebted business, there is no specialization of insolvency administrators on carrying out particular proceedings. The restrictions, which do not allow foreigners to be insolvency administrators in Russia, impede the integration of Russia into world economic and legal system. From our point of view, it is necessary to develop special training program for such "rescue managers" completed by the subsequent certification. In the same time the requirements to the qualification exam should be tightened to make the exam more effective and objective. Similar to insolvency administrators such certified "rescue managers" may form self-regulated professional associations. It will contribute to improving the activities, increasing professional level, strengthening control for such managers within business rescue process. The practice of systemic refresher training exists in Association of the Certified Accountants or Auditors, gives good results and should become an obligatory condition to continue professional activity as an administrator within insolvency proceedings.

5.4. Motivation of business rescue activities

Nowadays the salary of insolvency administrators depends on the type of the bankruptcy procedure and includes fixed minimum (special for each procedure) plus percentage from the book value of the debtor's assets. The highest fixed remuneration per month is supposed for insolvency administrator in External Administration (45 000 Rub (640 Euro)), the lowest – for the Financial Rehabilitation procedure (15 000 Rub, (210 Euro)). Despite the fact that the fixed part is small in both cases, the legislators set the maximum sum for an external administrator to demonstrate the proper priority of reorganization in the bankruptcy system and high level of responsibility. In practice salary of insolvency administrators can be even low: in 2017 average remuneration was 176 000 Rub (2 325 Euro) per one case which lasts no less than 6 months (average length of the first obligatory Supervision procedure) (UFRBI, 2018). Insolvency Law establishes correlation between "the book value of assets as of the last balance sheet date before the procedure commencement date" and insolvency administrators' salary. Such approach has some disadvantages. In particular the book value of assets in distressed companies can be considerably overestimated or underestimated (assets can be "hidden"). So, it does not reflect the real volume of insolvency administrator's work and the remuneration based on this factor will not motivate the administrator to work better but will only stimulate him to choose the most indebted businesses. Moreover, the remuneration in this case depends on the size of distressed company and is not related to the results of work. Foreign experience demonstrates certain achievements in the area of qualification and remuneration of insolvency administrators within general restructuring orientation of the insolvency legislation. For example, in Germany there are no certain requirements to qualification of insolvency administrator but in practice it is a lawyer working with indebted companies and highly appreciated by the court, having specific

experience of dealing with business in the concrete economic industry and similar scale. In Poland insolvency administrator can get up to 5% of assets value after sale of the business and up to 10% of the revenue of restored business (Lowitzsch (ed), 2007). Thus, the system of remuneration and control over insolvency administrators should also be reformed to make their salary dependent on the results, i.e. solvency restoration instead of “the book value of assets”.

6. CONCLUSION

In recent years of financial and economic crises in Russia, the understanding has come that bankruptcy of any company gives “the effect of multiplier” for economy, can trigger “default waterfall”. This effect is more significant on emerging markets because of financial instability of many companies. One of the main tasks of this research was to develop recommendations for making business rescue procedures more applicable. A few number of business rescue cases within insolvency proceedings is caused by certain problems in this area: assetless or “letter-box” debtors, deliberate bankruptcies which are practically unprovable, formal approach to financial analysis of the debtor, mistakes in cash flow calculation within restructuring plans, absence of real crisis management skills of insolvency administrators, etc. The necessity of strengthening of the Insolvency Law rehabilitation orientation has been commonly recognized in Russia. The Law Draft “On business debt restructuring during insolvency proceedings” seems as a perspective way to harmonize with foreign practice and to increase restructurings by cancelation of the first “technical” Supervision procedure, change in voting for rehabilitation plan, forming opportunities of preliminary negotiations between creditors and the debtor. Modernization of the insolvency institute in Russia should include adoption of new Federal Standard for debtor’s financial analysis by the insolvency administrator and updated requirements for the insolvency administrator’s profession. Strengthening of the business rescue role within the insolvency process should be achieved by systemic transformation of the insolvency institution through legislation amendment i.e. introducing the possibility for quick start of the restructuring (reorganization) procedure, measures for insolvency prevention, advanced training and independent certification of business rescue managers, motivation of corporate renewal activities.

ORCID

Olga Lvova ID <http://orcid.org/0000-0001-9835-3418>

Alla Bobyleva ID <http://orcid.org/0000-0002-4383-0608>

LITERATURE:

1. Armour, J. (2001) The law and economics of corporate insolvency: A review. ESRC Centre for Business Research, University of Cambridge.
2. Baird, D. & Rasmussen, R. (2002) The end of bankruptcy. *Stanford Law Review*, 751-789.
3. Belcher, C. (1997) Corporate rescue: a conceptual approach to insolvency law. Sweet & Maxwell.
4. Bobyleva, A. (2010) ‘Modernizatsiya instituta bankrotstva kak klyuchevoy faktor povysheniya effektivnosti rynochnoy ekonomiki’ [Modernization of insolvency institute as key factor of market economy effectiveness increase], *Vestnik Moskovskogo universiteta* [Bulletin of the Lomonosov Moscow State University], 21, 39-76.
5. Bobyleva, A. (2014) Analytical Review of Informal Workouts and Non-Insolvency Procedures in Russia: Examples of Failure and Success. *European Insolvency Law: Current Issues and Prospects for Reform*, 71-76.

6. Bobyleva, A., Lvova, O., Zhavoronkova, E., and Kholina, M. (2015) 'O kontseptsii provedeniya arbitrazhnym upravlyayushchim analiza finansovo-ekonomicheskogo sostoyaniya dolzhnika' [On concept of conducting financial economic analysis of the debtor by insolvency administrator], *Imushchestvennyye otnosheniya v Rossiyskoy Federatsii* [Property relations in the Russian Federation], (10 (169)).
7. Doing business (2018). World Bank.
8. Federal Law №127-FZ at 26.10.2002 'On insolvency (bankruptcy)' (last amendment at 07 March 2018).
9. Finch, V., & Milman, D. (2017) *Corporate insolvency law: perspectives and principles*. Cambridge University Press.
10. Giorgini, G., and Vallens, J. (ed) (2015) *Etude comparative des procédures d'insolvabilité*.
11. Goode, R. (2011) *Principles of corporate insolvency law*. Sweet & Maxwell.
12. Kadens, E. (2010) The Pitkin Affair: A Study of Fraud in Early English Bankruptcy. *Am. Bankr. LJ*, 84, 483.
13. Karelina, S., and Erlikh, M. (2012) 'Rol arbitrazhnogo upravlyayushchego v mekhanizme razresheniya konflikta interesov' [Role of insolvency administrator in conflict of interests resolution], *Pravo i ekonomika* [Law and Economics], (3), 25.
14. Kozhevina, O., and Muratov, A. (2017) 'Mekhanizmy ozdorovleniya i obespecheniya finansovoy ustoychivosti predpriyatiy real'nogo sektora ekonomiki: instrumenty bankrotstva' [Mechanisms of recovery and financial stability of enterprises in the real economy: bankruptcy instruments], *Biznes-obrazovaniye v ekonomike znaniy* [Business education in the knowledge economy], (6), 1.
15. Kovan, S. (2017) 'Grazhdansko-pravovoy institut bankrotstva: nekotoryye ekonomicheskkiye i yuridicheskkiye aspekty' [Civil-law institute of bankruptcy: some economic and legal aspects], *Zhurnal yuridicheskikh issledovaniy* [Journal of legal research], (1), 25, 104-124.
16. Law Draft № 239932-7 "On business debt restructuring during insolvency proceedings"
17. Lowitzsch, J. (Ed.). (2007), *The Insolvency Law of Central and Eastern Europe. Twelve Country Screenings of the New Member and Candidate Countries of the European Union: A Comparative Analysis*. INSOL Europe, 2.
18. Lvova, O. (2014) *Russian Insolvency Law: The Mechanism For The Creditors' Protection Or The Opportunity To Raid The Company*. *European Insolvency Law: Current Issues and Prospects for Reform*, 15-22.
19. Lvova, O. and Bobyleva, A. (2012) 'Russian Insolvency Law Modernization: Changes That Make Russia Closer to Europe', *Proceedings of the INSOL Europe Academic Forum Annual Insolvency Conference 'Substantive harmonisation and the convergence of laws in Europe'*, 21-22 September 2011, Venice, Italy.
20. Omar, P. (Ed.). (2016) *International insolvency law: Themes and perspectives*. Routledge.
21. Onakoya, A. B., & Olotu, A. E. (2017) Bankruptcy and Insolvency: An Exploration of Relevant Theories. *International Journal of Economics and Financial Issues*, 7(3), 706-712.
22. Richter, T. (2011) Reorganizing Czech Businesses: A Bankruptcy Law Reform under a Recession Stress-Test. *International Insolvency Review*, 20(3), 245-254.
23. Unified Federal Register of Bankruptcy Information (UFRBI), <https://bankrot.fedresurs.ru/>
24. Walton, P., Umfreville C., & Jacobs L. (2018) *Company Voluntary Arrangements: Evaluating Success and Failure*. Presentation of paper in progress at the Insolvency Lawyers Association (ILA) Academic Forum, London.
25. Wessels, B., & Madaus, S. (2017) *Instrument of the European Law Institute-Rescue of Business in Insolvency Law*.
26. Wood, P. (2007) *Principles of international insolvency*. Sweet & Maxwell.

THE IMPORTANCE OF MARKETING STRATEGY FOR CREATING AND MAINTAINING GOODWILL FOR CONSTRUCTION COMPANIES

Radek Dohnal

*Brno University of Technology, Faculty of civil engineering,
Veveří 331/95, 602 00 Brno Czech Republic
dohnal.r@fce.vutbr.cz*

Helena Hanusova

*Brno University of Technology, Faculty of business,
Kolejní 2906/4, 612 00 Brno Czech Republic
hanusova@fbm.vutbr.cz*

Zuzana Lipovska

*Brno University of Technology, Faculty of civil engineering,
Veveří 331/95, 602 00 Brno Czech Republic
lipovska.z@fce.vutbr.cz*

ABSTRACT

If a company wants to have a long-term presence on the market, it must have a long-term marketing strategy. It should respect the expected technical, technological and socio-economic development. All these factors are clearly manifested in the construction industry. Construction activities are specific in that their products are for long-term use and financially demanding for the investor. The underestimation of trends, technological changes and investor requirements leads to loss of clients and a significant deterioration in the economic situation. Creating a marketing strategy to keep it on the market can prevent these problems. In construction it means estimating trends and shaping a marketing strategy. This activity is very demanding and costly. It leads to the creation of Goodwill and its focus and is an integral part of the company's assets. If is the marketing strategy insufficient or wrong, it will result in the loss of Goodwill and therefore clients in the market. Construction companies needs to build Goodwill and record it as part of the company's property. Goodwill is also part of internal accounting. This is where the cost of marketing will take place, not only in terms of costs. There is a need for companies to deliberately choose the methods through which they will express the value of Goodwill.

Keywords: *Goodwil, Marketing, Marketing Strategy, Accounting*

1. INTRODUCTION

It is generally considered to be proven that long-term marketing companies have a long-term marketing strategy. These findings can be easily proven from the annual reports of large companies. Their long-term marketing strategy also includes the reaction and utilization of trends in the field of technical and technological development and especially of socio-economic development. The annual reports of these companies contain information that can be used to compare year-on-year marketing strategies and assess whether these are long-term strategies. Of course, this concerns large companies that proces annual reports. According to Czech legislation, annual reports are part of the mandarory disclosure of the results of operations. When comparing the output data from the annual reports it is possible to trace not only the marketing strategy but also the success of its implementation. More clearly, the marketing strategy can be traced to business entities operating in a predominantly one field of business. Companies doing business in the construction sector are proof of this.

For global players, marketing strategy is recognizable without information contained in annual reports. Long-year customer and supplier meet this strategy in the marketing of the construction company. For these companies, it is mostly an offensive strategy on a saturated market, and most of the market is distributed. For large buildings firms, the marketing strategy is part of the company's strategy, which through its set goals realizes its vision. Marketing is then tense and is aimed at influencing both suppliers and buyers. Large construction companies such as SKANSKA, a.s., OHL-ŽS, a.s., STRABAG, a.s., METROSTAV, a.s. spending considerable resources on targeted marketing that is developing dynamically over time. The marketing strategy is a comprehensive way of meeting an organization to guide customers, including focusing on specific customer segments. Choice of marketing tools, marketing mix, and marketing communication. (Zelenka, 2007, p. 15) The marketing strategy specifies the marketing objectives and activities of the company's overall strategy. Because each organization is to a large extent unique to its mission, vision and goals, and in addition it operates in very specific socio-economic conditions, it should have its own marketing strategy. This implies that there are innumerable marketing strategies that should be appropriately modified on the basis of marketing research and analysis (Foret, 2008, p. 23-24). The basic marketing strategies that appear in the literature include the minimal strategy of strategy, product differentiation strategy, and market orientation strategy. The minimal cost strategy is based on the fact that the organization strives for the smallest production and distribution costs and is therefore able to offer its products at lower prices than its competitors. This strategy assumes a manufacturing business concept. The organization must use high quality technology and should achieve the best possible results in purchasing, manufacturing and distribution. The minimal cost strategy is particularly suited to large, capital-intensive organizations, but its use also occurs in the marketing of far smaller organizations and businesses. Another basic marketing strategy is the product differentiation strategy where the organization focuses on creating the best product, not necessarily implying an effort to produce the highest quality or the most powerful product, but it can be the benefits offered in the so-called extended product. Product differentiation strategies are typically applied by medium and small organizations with limited financial resources. A market orientation strategy is a strategy where an organization focuses on one or more smaller market segments. Often, they can only be small, specific niche markets, called niches, to which the organization focuses the most. Therefore, the organization does not seek to dominate the entire market or its larger part, but to dominate precisely that particular gap (Foret, 2008, pp. 25-26). Marketing planning is a systematic and rational enforcement of market and business tasks derived from basic business and marketing goals. (Zamazalová et al., 2010, p. 25) The basis for marketing planning is the results of marketing analysis, forecasting, analysis of the effectiveness of individual marketing tools and the entire marketing mix (Kincl et al., 2004, p. 21). Output of the marketing planning process is a marketing plan, comprised of marketing programs for each company portfolio. Marketing planning is a continuous process due to ongoing changes in the organization's marketing environment, so the marketing plan should be able to react flexibly to these changes (Janečková, Vašítková, 2000, p. 54). Local construction companies, mostly small construction companies, seldom shape their strategy. For example, Kalab, s.r.o., Štěpánek, s.r.o., PS BRNO, s.r.o. Falton, s.r.o. marketing strategy is missing and marketing activity is limited to selected customers or sales support in a particular segment of buildings. Unlike large corporations, this is a non-systemic activity where the effects of marketing and marketing campaigns are virtually underestimated, and if so, revenue growth is seen as a measure of success. In the wider management context, both large companies and small firms lack the link with economic effects. These effects are influenced by suppliers, the result of which is to weaken their position, whether in the form of lower prices, the length of invoices due, the absence of advance payments or the like.

For customers, the credibility of the company grows, and there is also a weakening of the buyer's power in parallel, which makes it possible to increase the volume of orders, demanding backups or higher cost of the contract. The above effects form the good name of a company, ie Goodwill whose existence is definitely part of the company's characteristics, even economic ones. However, the Goodwill phenomenon is a problem in the theoretical area with its very definition. There are a number of different definitions, some of which do not create the possibility for goodwill to be understood as part of the company's assets. There is no synergy between the costs incurred to implement the marketing strategy and the creation of Goodwill. Which means that a large or small company is not, especially according to legislation enforced in the Czech Republic, motivated to create goodwill. In Czech, the possibility of capturing the existence of Goodwill as part of the Company's property is limited only to the case when the company was purchased and the book value of the company sold differed from the selling price. This narrowed option means practically the fact that a small firm never expresses goodwill either. The principle of capturing Goodwill in the statutory accounting records also does not contribute to its maintenance and creation. For goodwill created only by legislation authorized access is depreciated. Thus, the created difference is reset for a number of years and goodwill disappears. This leads to a situation where a company creates a goodwill based on a marketing strategy, but can not treat it as its asset, at least not in the mandatory financial statements. The established situation in the Czech Republic does not create the necessary coherence between strategy, economic processes and mandatory reporting. There are no conditions created for applying existing synergy effects.

2. HYPOTESYS

2.1. Hypothesis 1

The marketing strategy must be an integral part of the management of the construction company, both strategic and tactical. Strategic management is carried out by creating and implementing strategies that influence the development of an economic organism. Efficiency strategies occupy a decisive role in strategic management because its goal is to obtain a comparative effect. This has a complex form according to the accents and the representation of the various partial effects for which the outcome of a change is considered. The strategy of mass effect and effect measure is distinguished. The bulk of the effect is the more important role. By combining the mass and the degree of effect, four combinations are created. Of which the first measure of effect is big and the mass effect also applies to an economic entity that has a good market position due to goodwill and a high image of its outputs. The second combination requires the use of dumped prices where the effect level is small and the mass of the effect large. For the third combination, the effect level is large and the effect mass is small. It is suitable only for piece or small series production. The fourth is characterized by a small measure and a mass of effect and is the least advantageous. Its application is more typical for business but its application in the longer horizon leads to bankruptcy. (J. Veber et al., 2000, p. 384-386) Realizing a marketing strategy is difficult because doing things right (implementing a marketing strategy) is usually more important than doing the right thing to invent a strategy. The necessary control can be done by exploring and evaluating goodwill. An analysis of the annual reports shows that large construction companies (SKANSKA, a.s., OHL-ŽS, a.s., STRABAG, a.s., METROSTAV a.s.) describe their strategy and, in some cases, marketing objectives in their annual reports. That is, basically the expected outcome of a marketing strategy. Small business firms (eg Kaláb, s.r.o., Štěpánek, s.r.o., PS BRNO, s.r.o. Falton, s.r.o. and others) do not have the strategy, which is confirmed by the 7S (KINSEY) analysis. The results of these analyzes are considered confidential and do not wish to be published. Yet they are aware and mostly intuitive and, to a very limited extent, are mostly targeted at a particular customer segment.

The marketing strategy should otherwise be applied in a very specific and competitive market for construction production. The source of information is the author's own research.

2.2. Hypothesis 2

Despite the unequivocal expression, goodwill is part of the company's intangible assets and brings positive economic effects. The notion of goodwill is not new, it has appeared in the 16th century. as a good will. It valued the capitalization of future income from intangible assets (Kulil, 2014, p. 19). Already in the 19th century, the phenomenon of goodwill evoked extensive discussions especially among the professional public. A legal, economic and accounting problem can be considered as a concept. The legal direction emerged first, since the references to goodwill appear in legal disputes, in the other direction the economic direction, which later changed to the economic accountant (Zelenka, 2006, p. 16, 17). The diversity of approaches has deepened in the 20th and 21st centuries, as evidenced by a number of different definitions. For example, the Merriam-Webster Dictionary provides three different definitions or concepts of goodwill:

1. "In the attitude of freindless or kidness: BENEVOLENCE
2. Cheerful acquiescence or willingness.
3. A good relationship, as a business with its customers or country with other counties ".
(Merriam-Webster dictionary, 1997, p.539).

Within the economic concept of goodwill, there are a number of different concepts and definitions of each other. For example, J. M. Yang, in his book *Goodwill and Other Intangibles* of 1927, defines goodwill as follows:

- "Goodwill represents the present value or capitalized value of the estimated future profits of an established enterprise above the level of normal results that could reasonably be assumed to be realized by a similar newly created enterprise." (Zelemka, 2006, p. 19)
- H.C.Mueller states that goodwill or brand capital is routinely solved by business and marketing analysts to measure asset value, especially company or brand name, and consequently among accountants and business analysts, but is scarcely used by the economist. (quotation of WEB <https> "
- HPHughes in the historical accounting encyclopedia characterizes goodwill as: The difference in one company's ability to generate a profit compared to another or an average firm (HPHughes 1982, with 18) and also states that the name is derived from the originally good feeling or some goodwill of the entrepreneur customer. It defines its basic characteristics as immateriality, belonging to a business entity, independence of acquisition costs, differential and monopolistic advantage, instability of value, or technical uselessness (H.P.Hughes 1982, p. 19).
- Kulil V. clearly explains: According to established international customs, however, this is a good name for a business that brings about improved economic results, primarily due to good business policy, and is the result of customer relations, advertising and advertising (Kulil, 2014, p.14).

The authors lean toward Kulil's concept and continue to follow. The accounting concept or the expression of goodwill should be divided into two areas. The first is to express internal accounting that is not governed by external laws or regulations and is conducted by the firm so that the economic reality and specifics of the company are captured as close as possible to its real economic image. The second area provides double-entry financial accounting. Defines goodwill as follows:

- In accounting goodwill is intangible long-term asset that is not included in the business accounts and arises when a company acquires another entire business.

- Goodwill is recorded when a company purchases another company and the purchase price is greater than the combination of the fair value of the identifiable tangible and intangible assets acquired, and the liabilities that were assumed.
- Goodwill is reported on the balance sheet as a noncurrent asset and the amount is subject to impairment test at least once per year.

2.3. Recognition of goodwill

Goodwill can be viewed as intangible asset only if it is acquired in a business combination. Goodwill cannot be capitalized because it is not identifiable therefore intangibles that are not identifiable are recognized as part of goodwill (SFAS 142.s.39, 2007): ‘Acquired identifiable assets in a business combination are valued at their fair values². The remaining value after the identification of all tangible and intangible assets is then assigned to goodwill. ‘³ Sets goodwill as the difference between the cost of the acquisition over net fair value of the identifiable assets, liabilities and contingent liabilities. In short words goodwill represents future economic benefits from assets that do not meet the criteria for recognition. Recognition is important. After the recognition goodwill should be tested for impairment annually. On acquisition day, goodwill has to be valued to cash-generating units IFRS (IFRS 3. 2007 p.51.). The biggest change in IFRS is in the negative goodwill, newly named as discount on acquisition: “It occurs when the acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition. Discount on acquisition according to the new standard is now immediately recognized in the income statement for the period (IFRS 3. , 2007, p.56). This also represents a significant change as amended in the new.

3. US GAAP

According the US GAAP goodwill is recorded as the excess of the cost of an acquisition price over the fair value of acquired net assets. In short words goodwill is recorded only when the carrying amount of goodwill exceeds its implied fair value (SFAS 141., 2007, p.43.). According the Research paper Accounting Treatment of Goodwill in IFRS and US GAAP (JERMAN, MANZIN, 2018, p. 6): “To test goodwill for impairment, companies must first assign purchased goodwill to reporting units. Companies assign goodwill to reporting units by comparing the estimated fair value of the reporting unit with the fair values of the unit’s identifiable net assets. Two-step impairment shall be used to identify potential goodwill impairment and measure the amount of the impairment loss to be recognized (if any). Those two steps are:

1. Estimating the fair value of the companies reporting unit comparing with its carrying amount
2. Comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. According to (SFAS 142, 2007, p. 18)

3.1. Czech Republic

The issue of goodwill is solved by the Czech Accounting Standard for entrepreneurs No. 011, part of the operation with the company and according to Act 563/1992 Coll., Section 24, Par. (b) adjustments may be made for individual asset items as set out in the Act on Accounting in Section 25 or apply the method according to Decree 500/2002 Coll. Section 61a (1); ie the difference between the purchase price and the net book value is recorded and recognized as intangible fixed assets - goodwill taking into account §6 para. 1 and para. d Decree 500/2002 Coll. The National Accounting Board has already responded to the case of different book values and tax bases in the case of an asset that was not acquired by transfer or transfer and by the issuance of Interpretation I-1 Transitional differences in the initial valuation of assets. The need for this interpretation was triggered in 2005 by a special provision of the Czech Income Tax Act which limited the tax deductibility of the purchase price of a passenger car to CZK 900,000

and a year later to CZK 1,500,000. Because the car is massively used for tangible fixed assets, the professional public has greatly welcomed this interpretation. The Interpretation states that the acquisition assets whose initial carrying amount differs from the input tax base cause a temporary difference. The impact of such a temporary difference in the form of deferred tax should be recognized in accordance with the nature of the transaction, i.e. as part of the cost of the purchase asset. Include deferred tax in the purchase price. From different definitions, respectively. expression of Goodwill, the authors consider his economic expression in V.Kulil's concept as objective because the legal concept and the concept of the accounting system is a subsystem in terms of system concept. These subsystems of economic conception are determined and fully subject to the discipline in which this term is used. For the needs of the company, the legal concept is specific, implies and is influenced by both national and international legislation. Accounting concepts in the form of internal accounting correspond to the specifics and needs of the firm but are not available to external entities. Financial accounting is strictly determined by its management methodology. Accordingly, either according to IFRS, UGAAP, or according to Czech national accounting legislation and derives goodwill, its inclusion and accounting for it. The general consensus between economic, legal and accounting interpretations Goodwill sees that it is part of the company's intangible asset that brings it to economic effects and should be captured at least in intercompany accounting.

3.2. Hypothesis 3

There is synergy between Goodwill, marketing strategy and business process management. For a typical building construction company that is always custom-built. The process of managing business processes in a construction company begins with market mapping and the ability to get a job. After the engagement is announced, the firm evaluates its potential and considers participation in the tender. In the case of a decision to participate in the tender, it creates a preliminary project which would satisfy the conditions of the contract as much as possible. In the event of a positive decision, it shall draw up a timetable for the progress of the contract, including the security of suppliers and subcontractors. During the implementation of the order, the fulfillment of the order is monitored continuously and the deviations from the planned course are solved. After passing the building into use, the process is evaluated and the result of the contract is determined. The experience is continuously evaluated and the risk of retention drawbacks is estimated. Once the agreed time has elapsed, the process is definitely terminated, evaluated, and the experience is passed to the corporate knowledge base. Most of these processes are influenced by marketing strategy, marketing, and last but not least, Goodwill. Goodwill is one of the factors that a company uses to participate in a tender. in obtaining suppliers and subcontractors. In particular, it exercises its strength in terms of obtaining optimal conditions. Customer is also influenced by marketing, marketing strategy, and Goodwill. As is clear from the process, there are two-way links and the existence of synergies. Any disruption, whether in the form of a barrier, or the lack of inter-relationship with the possible effects, is reduced. Especially in cases where Goodwill is negative, a marketing strategy is not supported by marketing actions and does not contribute to Goodwill's business. In the accepted concept of goodwi (according to Kulil) I, as an intangible asset, which allows capturing additions in the market. Therefore, it is and must be part of marketing strategy and marketing as an activity. As shown in Figure 1, the relationship between Goodwill and the marketing strategy was confirmed by experts (eg Metrostav a.s.) as part of the authorship of the survey.

Figure following on the next page

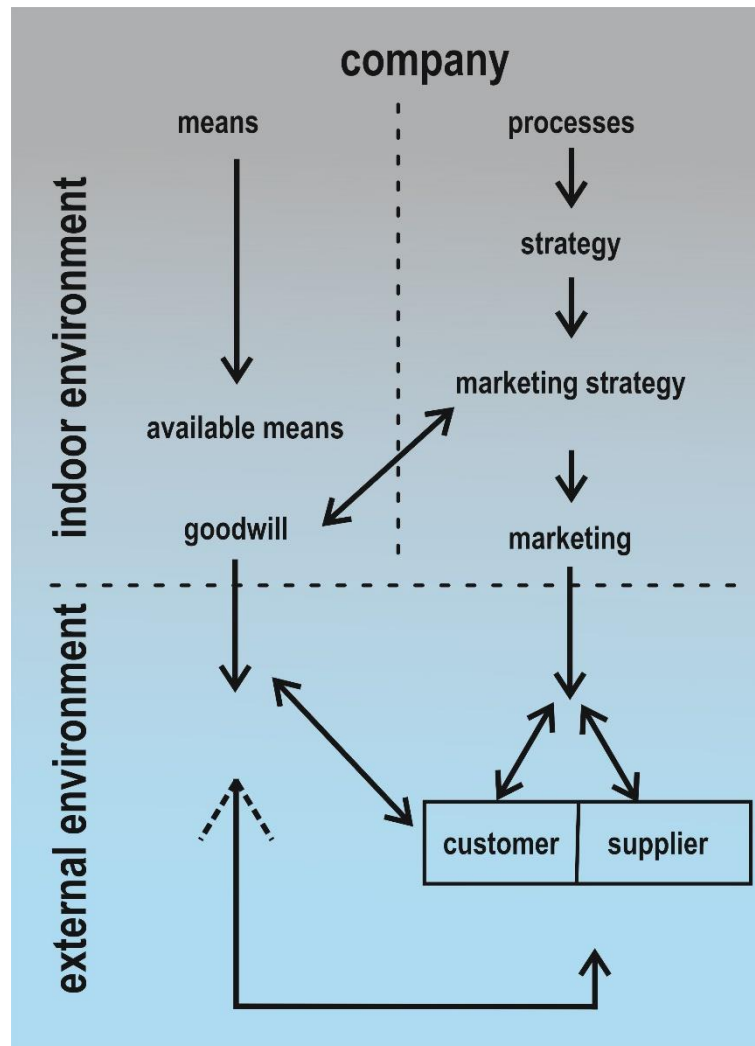


Figure 1: Binding Goodwill and marketing strategies in the internal external environment of the enterprise, Custom processing

3.3. Hypothesis 4

Goodwill should be recorded in accounting, preferably in financial accounts. This is also one of the indirect control mechanisms that can be used to evaluate a successful marketing strategy for both suppliers and customers. Due to the links captured in hypothesis 3 and the fact that there is also a negative goodwill that can increase or decrease through marketing activity, it becomes an integral part of the means by which the firm operates in the external environment. It affects mainly suppliers and customers. Therefore, goodwill must be recorded in accounting, at least internally. In the Czech Republic, the current applicable financial accounting regulation allows to capture goodwill in just one case. On the basis of the purchase, and that of the buyer, or its part. This narrowed conception does not allow goodwill to be used by small businesses at all and in large ones only in the above example. Because goodwill is one of the few tools to evaluate the success or failure of a marketing strategy (depending on how goodwill grows or decreases), its non-capture does not allow the assessment of the impact of marketing activities.

4. CONSLUTION

Based on the theoretical and practical findings, four basic recommendations for construction companies are provided.

1. Doing a marketing strategy
2. Understand goodwill economically

3. To quantify Goodwill and to continuously capture its changes, increases and decreases as a consequence of business activities.
4. Express Goodwill at least in internal business accounting.

Surveys and analyzes of its results in terms of construction work reveal the need to formulate a marketing strategy as an integral part of the company's strategy and at the same time as a tool that influences and forms Goodwill. Under the terms of Czech legislation, it must be presented as an economic factor and part of the company's economic resources. His accounting concepts are divided into:

- a) Concept according to valid legislation, the one-sidedness of which does not allow all companies the good will to express and work with its values.
- b) to capture goodwill in intra-company records and to consistently alert the construction companies

Consistent with legal, economic and accounting understanding, goodwill is an intangible asset. This asset is the company's own resources. Its development and transformation over time will allow us to monitor the implementation of marketing strategies for smaller firms at least capturing the impact of marketing synergies and goodwill. The current state of construction is inadequate for construction companies because the current concept of goodwill in the Czech Republic does not motivate its creation and monitoring. So it is mostly separated from marketing strategy and marketing. It is not possible to take advantage of the two-way synergic effects that contribute to recognizing the position of the construction company in both suppliers and customers. For these reasons, goodwill has to be included in intercompany accounts. In the initial phase of capturing its existence, it is appropriate to use an intuitive valuation so far, because valuation or rather Goodwill valuation is a different methodology that emphasizes different approaches to goodwill and responds to its accounting concept.

LITERATURE:

1. FORET, Miroslav. *Marketing pro začátečníky*. Vyd. 1. Brno: Computer Press, 2008, 152 s. ISBN 9788025119426.
2. ZELENKA, Josef. *Marketing cestovního ruchu*. Vyd. 1. Hradec Králové: Gaudeamus, 2007, 212 s. ISBN 9788070410707.
3. ZAMAZALOVÁ, Marcela. *Marketing*. Vyd. 2. Praha: C.H.Beck, 2010, xxiv, 499 s. ISBN 9788074001154.
4. KINCL, Jan. *Marketing podle trhů*. 1. vyd. Praha: Alfa Publishing, 2004, 172 s. ISBN 8086851028.
5. JANEČKOVÁ, Lidmila a Miroslava VAŠTÍKOVÁ. *Marketing měst a obcí*. Vyd. 1. Praha: Grada, 1999, 178 s. ISBN 8071697508.
6. VEBER, Jaromír. *Management: základy, prosperita, globalizace*. Praha: Management Press, 2000. ISBN 9788072610297.
7. KOTLER, Philip a Kevin Lane KELLER. *Marketing management*. [4. vyd.]. Praha: Grada, 2013. ISBN 978-80-247-4150-5.
8. ABDUL-MAJID, J., Audit committee independence and a contracting perspective on goodwill impairment: Singaporean evidence, *Business: Theory and Practice* 18, pp. 128-13
9. KULIL, Vladimír. *Goodwill a oceňování: ambasády České republiky v zahraničí : program pro oceňování nehmotného majetku*. Brno: CERM, 2014. ISBN 978-80-7204-874-8.
10. ZELENKA, Vladimír. *Goodwill: principy vykazování v podniku*. Praha: Ekopress, 2006. ISBN 978-808-6929-224
11. *The Merriam-Webster dictionary*. 50th anniversary ed. Springfield, Mass.: Merriam-Webster, c1997. ISBN 978-087-7799-115.

12. HAYN, C., & HUGHES, P. J. (2006). Leading indicators of goodwill impairment. *Journal of Accounting, Auditing & Finance*, 21(3), 223-265
13. HUGHES, Hugh P. *Goodwill in accounting: a history of the issues and problems*. Atlanta, Ga.: Business Pub. Division, College of Business Administration, Georgia State University, c1982. Research monograph (Georgia State University. College of Business Administration), no. 80. ISBN 978-088-4061-199
14. *FASB* [online] [cit. 2018-05-28]. Dostupné z:
<http://www.fasb.org/summary/stsum142.shtml>
15. *IFRS 3 Business Combinations* [online]. [cit. 2018-05-28]. Dostupné z:
<https://www.ifrs.org/issued-standards/list-of-standards/ifrs-3-business-combinations/>
16. Mládek, Robert. *IFRS and US GAAP: accounting policies and procedures = IFRS a US GAAP: postupy účtování*. Praha: Leges, 2017. Praktik (Leges). ISBN 978-80-7502-194-6.
17. *Statement of Financial Accounting Standards No. 141* [online][cit. 2018-05-28]. Dostupné z:
http://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1218220124931&acceptedDisclaimer=true

SELECTED ASPECTS OF INFORMATION SECURITY MANAGEMENT IN ENTITIES PERFORMING MEDICAL ACTIVITY

Dominika Lisiak-Felicka

*Department of Computer Science in Economics, University of Lodz, Poland
dominika.lisiak@uni.lodz.pl*

Pawel Nowak

*Department of Computer Science in Economics, University of Lodz, Poland
pawel.nowak@uni.lodz.pl*

Maciej Szmit

*Department of Computer Science, University of Lodz, Poland
maciej.szmit@uni.lodz.pl*

ABSTRACT

The article is devoted to the issues related to an information security management in medical entities. The healthcare entities have been amongst the prime targets for hackers for several years. According to the IBM report "The 2016 X-Force Cyber Security Intelligence Index" in 2015 most of the attacks were carried out against these entities. The years 2016 and 2017 also witnessed spectacular cyberattacks, for example: medical records breach of 3.3 million people because of an unauthorized access to a server in the US, some WannaCry ransomware attacks on the UK hospitals, some MongoDB Database Leaks in the US or NotPetya ransomware attacks in the US hospitals. Entities performing medical activity are processing personal data concerning health that is classified as a "sensitive data" and needs a special protection. The article presents the results of the survey – interviews with IT managers (or designated persons) in entities performing medical activity in Lodz Voivodeship in Poland. The aim of the research was analysis and evaluation of information security management in these entities. The interviews had been performed between December, 2017 and January, 2018. As the results of the research, the ways of information security management were identified (in particular such aspects as: characteristics of the information security teams, information security management system auditing, risk management, information security incidents, budgets for information security, training and the General Data Protection Regulation implementation). The paper also describes the types of information that should be protected in healthcare entities and characteristic of surveyed entities that subordinate to the local government of Lodz Voivodeship in Poland.

Keywords: *cybersecurity, entities performing medical activity, hospitals, information security, information security management*

1. INTRODUCTION

In Poland the issues related to information security management in entities performing medical activities are important in the context of:

- personal data protection, including sensitive data (especially in connection with an implementation of the General Data Protection Regulation (GDPR, 2016),
- implementation of the patient's right regarding access to medical records and medical confidentiality,
- protection of personal rights that are listed in article 23 of The Civil Code (Lisiak-Felicka, Zajdel-Całkowska, Zajdel, 2017).

1.1. Health information

Entities performing medical activities are processing health information. There is a lot of definitions of this concept. For example, the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (GDPR, 2016), (Voight, von dem Bussche, 2017) defines “data concerning health” as a personal data related to the physical or mental health of a natural person, including the provision of health care services, which reveal information about his or her health status.

Furthermore, standard ISO/IEC 27779:2016 defines “personal health information” as information about an identifiable person that relates to the physical or mental health of the individual. It may include:

- information about the registration of the individual for the provision of health services,
- information about payments or eligibility for health care in respect to the individual,
- a number, symbol or particular assigned to an individual to uniquely identify the individual for health purposes,
- any information about the individual that is collected in the course of the provision of health services to the individual,
- information derived from the testing or examination of a body part or bodily substance,
- identification of a person (e.g. a health professional) as provider of healthcare to the individual.

The standard gives guidelines for organizational information security standards and information security management practices, including the selection, implementation and management of controls taking into consideration the organization's information security risk environment (ISO 27799:2016). It also specifies types of health information that should be protected. Figure 1 presents these types. It should be noticed that this standard applies to health information in all its aspects (words and numbers, sound recordings, drawings, video and medical images), whatever means are used to store it (printing, writing on paper, electronically) and whatever means are used to transmit it (by hand, fax, computer networks, post).

Figure following on the next page

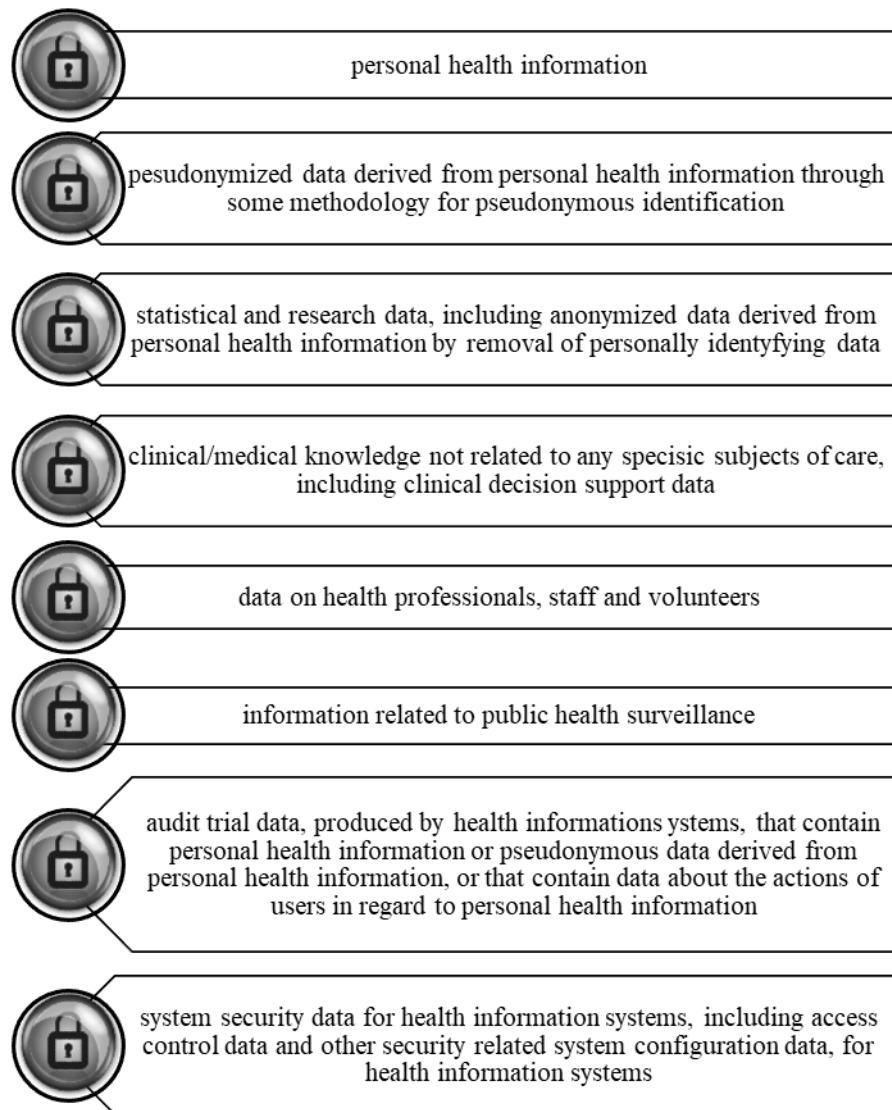


Figure 1: Types of health information that should be protected according to ISO/IEC 27799:2016. Source: own preparation on the basis of the ISO/IEC 27799.

Issues related to the management of information security in medical entities are the subject of many surveys conducted in many countries (Chen et al., 2010), (Hou, Gao, Nicholson 2018), (Mehraeen, Ayatollahi, Ahmadi, 2016), (Sánchez-Henarejos et al., 2014), (Woo-Sung, 2010), (Zammani, Razali, 2016), (Zarei, Sadoughi 2016).

1.2. Information security incidents in medical entities

According to the IBM report “The 2016 X-Force Cyber Security Intelligence Index” in 2015 most of the attacks were carried out against medical entities (IBM, 2016). The media are increasingly informing about attacks on hospitals. Some examples of spectacular cyberattacks from years 2016 and 2017, are indicated below:

- In May, 2016 there was a breach of medical records of 3.3 million people in the US. Cybercriminal gained unauthorized access to a server that containing personal data (Abel, 2016);
- In June, 2016 an Arizona-based healthcare provider, disclosed a cyberattack that had compromised the records of 3.62 million patients (Alltucker, 2016);

- In February, 2017 due to a misconfigured MongoDB data on almost 80,000 individuals was exposed on the Internet at Emory Healthcare (Haber, 2017);
- In May, 2017 there were some WannaCry ransomware attacks. A massive ransomware attack had shut down work at 16 hospitals across the United Kingdom (Brandom, 2017);
- In June, 2017 there was a NotPetya ransomware attacks in the US hospitals (Glaser, 2017).

In Poland there were also some spectacular attacks, for example leak of sensitive data on approximately 50,000 patients of the Independent Public Health Care Center in Koło (Heartle, 2017) or data leak of hundreds of patients from dozens of hospitals on the server of external company serving hospitals (Maj, 2017).

1.3. The subject of the research

The organization and scope of the healthcare system operation in Poland follows directly from Article 68 of the Constitution of the Republic of Poland of 2nd April 1997 (Constitution of RP, 1997) that provides all citizens with health protection through equal access to public funded healthcare services. The main load of healthcare organizations falls on local government units (including at the level of primary healthcare, outpatient specialist care and hospital care), and the basis for its financing are public funds (e.g. health contributions of citizens through the National Health Fund, state budget funds and own resources of local government units). The method of financing health services results, among others, from the Act of 27th July, 2004 on health care services financed from public funds (UoSOZ, 2004), the Act of 15th April, 2011 on medical activities (UoDL, 2011) and Acts of local government: the Act of 8th March, 1990 about the municipal local government (UoSG, 1998), the act of 5th June 1998 on the district local government (UoSP), the act of 5th June 1998 on the voivodeship local government (UoSW, 1998). Local government of the Lodz Voivodeship implementing its statutory tasks (UoSW, 1998), at the end of June 2017 launched 10 multi-department hospitals (within which there are 3 care and treatment facilities), Voivodeship Center of Occupational Medicine, Voivodeship Emergency Medical Station and Independent Public Health Care Center PABIAN-MED. There were 11,655 people employed in these entities (including: 1297 doctors, 4,191 nurses and 417 midwives). The Statistical Bulletin of the Ministry of Health shows that subordinate institutions of the local government of the Lodz Voivodeship provides more than half of hospital beds (6,248 of 12,573 (CSIOZ, 2017, p. 72) in the region, 295 places in day wards and 40 dialysis stations (Regional Information Service, 2018). This means that with an average occupancy of 47.3 people per bed in the region (CSIOZ, 2017, p. 65), it gives about 250,000 patients in the hospital wards, and together with hospital outpatient clinics and emergency medical services, over 1.5 million people whose personal data (including sensitive data) go to IT systems operating in healthcare entities subordinate to the local government of the Lodz Voivodeship. Figure 2 presents all entities subordinate to the local government of the Lodz Voivodeship.

Figure following on the next page

Hospitals (within which there are 3 care and treatment facilities)

- Szpital Wojewódzki im. Jana Pawła II w Bełchatowie,
- Wojewódzki Specjalistyczny Szpital im. M. Pirogowa w Łodzi,
- Wojewódzki Zespół Zakładów Opieki Zdrowotnej Centrum Leczenia Chorób Płuc i Rehabilitacji w Łodzi,
- Wojewódzki Specjalistyczny Szpital im. dr Wł. Biegańskiego w Łodzi,
- Specjalistyczny Psychiatryczny Zespół Opieki Zdrowotnej w Łodzi,
- Wojewódzkie Wielospecjalistyczne Centrum Onkologii i Traumatologii im. M. Kopernika w Łodzi,
- Samodzielny Szpital Wojewódzki im. Mikołaja Kopernika w Piotrkowie Trybunalskim,
- Szpital Wojewódzki im. Prymasa Kardynała Stefana Wyszyńskiego w Sieradzu,
- Wojewódzki Szpital Zespolony im. Stanisława Rybickiego w Skierniewicach,
- Wojewódzki Szpital Specjalistyczny im. Marii Skłodowskiej - Curie w Zgierzu,

Voivodeship Center of Occupational Medicine

- Wojewódzki Ośrodek Medycyny Pracy Centrum Profilaktyczno-Lecnicze w Łodzi,

Voivodeship Emergency Medical Station

- Wojewódzka Stacja Ratownictwa Medycznego w Łodzi,

Other

- Samodzielny Publiczny Zakład Opieki Zdrowotnej PABIAN-MED w Pabianicach.

Figure 2: Entities subordinate to the local government of the Lodz Voivodeship. Source: own preparation on the basis of Regional Information (Regional Information Service, 2018).

2. METHOD OF THE RESEARCH

The aim of the research was analysis and evaluation of selected aspects of information security management in entities performing medical activity. The research has been conducted using a CATI (Computer Assisted Telephone Interview) method between December, 2017 and January, 2018. The questions were related to:

- characteristics of the information security teams,
- Information Security Management System (ISMS) auditing,
- risk management,
- information security incidents,
- budgets for information security,
- training,
- General Data Protection Regulation implementation (O'Connor, Rowan, Lynch, Heavin, 2017)
- number of employees in particular entities.

Among 13 entities, 10 agreed to participate in the research. Due to the anonymous survey and respondents' requests for data anonymization in the next section names of units are omitted.

3. RESULTS

Among 10 entities, 8 have special information security teams. In the other 2 units there is only one person who is responsible for information security. These teams consist of people from different departments, such as:

- IT department, HR and training department, maintenance department,
- IT department, HR department, maintenance department,
- IT department, HR department, administration department,
- information security administrator, personal security administrator, technical security administrator, IT security administrator,
- HR department, administrative department, technical department,
- HR department, operating department, auditors,
- information security administrator, IT department, HR department, administrative and technical department,
- IT department, medical dispatcher, occupational health and safety, public procurement staff, secretary, external person - GDPR, additional persons are appointed depending on the issues.

All of the entities conduct information security audits. A frequency of audits is as follows:

- once a year – 5 indications,
- minimum once a year – 3 indications,
- quarterly and temporarily as needed – 1 indication,
- according to the schedule – 1 indication.

The audits are external and internal (4 indications), only external (4 indications) and only internal (2 indications). External audits are related to the ISMS certification. Audits are conducted by information security administrator with participation of other employees, internal auditors and auditors from the marshal office. The audit teams also consist of employees from the following departments: medical statistics, accounting, quality control, organizing. One entity specified that there are minimum 2 auditors from each department (defined in the information security policy) in the team, the IT department employee is an accompanying person, and other people are involved in the audit team too. Next part of interview focused on the issues related to information security incidents. A big discrepancies in numbers (due to the problems with the classification of incidents) can be observed in the respondents' answers. Three entities declared that there have been no incidents for the last 12 months, the others declared that different numbers of incidents (from 1 to almost 1700) were recorded. Table 1 presents the respondents' answers.

Numbers of incidents	Numbers of indications
None	3
1	1
2-3	1
5-6	1
a few	1
800-900	1
around 1000	1
around 1700	1

Table 1: Numbers of information security incidents in the surveyed entities. Source: own research.

Only 2 units reported information security incidents to the police and prosecutors office. In the opinion of the other respondents, there was no need to report incidents, because they concerned to minor offenses, failures, and oversights. As the consequences of incidents occurred, the

respondents indicated implementation of corrective actions, training of employees and increased workload of IT specialists. In the 8 entities the risk estimation process was implemented. They use an author's methods adapted to the needs of the entity, a method developed by external company (for certification) or a method prepared by marshal office. Other units are working on the implementation of the risk estimation method. Respondents had many problems with questions regarding the budget for information security. Four of respondents declared that it is 0.1-0.2% of all entity budget. Others respondents were unable to specify the annual amount allocated for information security. However, all agreed that the particular budgets for information security are insufficient. Six respondents described the allocation of the budget. Funds are spent on:

- hardware, training, maintenance,
- training, auditors training
- training, software hardware,
- software, training, hardware, adjustment of documentation, physical security equipment,
- software,
- training, physical security equipment.

Training in information security, information system security and personal data protection have been conducted in the all entities. Two respondents declared that there is a problem with the training of all employees. Entities conduct training employees when they hiring them and also periodic training (in 6 entities) is carried out. Four of the entities declared that they plan to conduct training in the near future. An external and an internal training were conducted in all units, but external were mostly for the management, auditors and information security administrators. Respondents were asked about the General Data Protection Regulation implementation. Answering the question about determining the degree of preparation for introducing changes resulting from the GDPR, six respondents defined this grade at 3, three respondents defined this grade at 2, and one of the respondents indicated the lowest degree. As the biggest problems in implementation they indicated: lack of financial and human resources, barriers of awareness and ambiguity and fluctuation of the law. The last question concerned to a size of surveyed units in terms of the number of employed persons. Figure 3 presents the numbers of employees in surveyed entities.



Figure 3: Numbers of employees in the entities. Source: own research.

4. DISCUSSION AND CONCLUSION

It could be concluded that the ways of information security management (in terms of the surveyed aspects) are different in different surveyed entities. The main concern is ensuring of

information security by one person (there were two cases among surveyed entities). It is impossible to individually operate correctly in entities with several hundred or a thousand employees. Particularly noteworthy is also the large discrepancy in the numbers of information security incidents. It may be a result of inappropriate classification of incidents or different interpretation of the incident definition. It is also necessary to devote adequate resources from the budgets to manage information security. All respondents declared that the available financial resources are not enough. These resources should be allocated not only for software, hardware and training, but also for support of IT administrators. In the respondents' opinion the management staffs usually have a problem with understanding that teams have too few members and the scope of duties is increasing (monitoring responsibilities are increasing, administrator's work is needed non-stop, often there is a need for an immediate reaction to the incident). In order to ensure proper protection, it is necessary to allocate financial resources for the extension of information security teams. The lack of efficient information security management in medical entities may contribute to the incidents occurrence in future. The results of the research are consistent with the results of 2018 HIMSS Cybersecurity Survey (HIMSS, 2018) in which the biggest barriers for cybersecurity incidents management is lack of appropriate cybersecurity personnel (52.4%) and lack of financial resources (46.6%). In the context of further research, survey in the entities performing medical activity from the other voivodeships is planned.

LITERATURE:

1. Abel R. (2016). Newkirk medical records breach impacts 3.3M, Blue Cross Blue Shield customers affected. Retrieved 20.08.2018 from <https://www.scmagazine.com/home/news/newkirk-medical-records-breach-impacts-3-3m-blue-cross-blue-shield-customers-affected/>.
2. Alltucker K. (2016). *Banner Health cyberattack breaches up to 3.7M records*. Retrieved 20.08.2018 from <https://eu.usatoday.com/story/news/nation-now/2016/08/03/banner-health-cyberattack-breaches-records/88040778/>.
3. Brandom R.(2017). *UK hospitals hit with massive ransomware attack*. Retrieved 20.08.2018 from <https://www.theverge.com/2017/5/12/15630354/nhs-hospitals-ransomware-hack-wannacry-bitcoin>.
4. Chen YP., Hsieh SH., Cheng PH., Chien TN., Chen HS., Luh JJ., Lai JS., Lai FP., Chen SJ.(2010). *An Agile Enterprise Regulation Architecture for Health Information Security Management*. Telemedicine Journal and E-health. Volume: 16, Issue: 7, pp. 807-817.
5. Constitution of RP (1997). *Constitution of the Republic of Poland of 2nd April, 1997*. Retrieved 20.08.2018 from <http://www.sejm.gov.pl/prawo/konst/polski/kon1.htm>, last accessed 2018/03/30.
6. CSIOZ (2017). *Statistical Bulletin of the Ministry of Health*. Retrieved 20.08.2018 from https://www.csioz.gov.pl/fileadmin/user_upload/statystyka/biuletyn_2017_5a2e86b48fba0.pdf.
7. GDPR (2016) - *Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)*. Retrieved 20.08.2018 from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016R0679>.
8. Glaser A. (2017). *U.S. hospitals have been hit by the global ransomware attack*. Retrieved 20.08.2018 from <https://www.recode.net/2017/6/27/15881666/global-eu-cyber-attack-us-hackers-nsa-hospitals>.

9. Haber M. (2017). *The Fallout from MongoDB Breaches*. Retrieved 20.08.2018 from <https://www.beyondtrust.com/blog/fallout-mongodb-breaches/>.
10. Haertle A. (2017). *Wyciek danych wrażliwych 50 tysięcy pacjentów polskiego szpitala*. Retrieved 20.08.2018 from <https://zaufanatrzeciastrona.pl/post/wyciek-danych-wrażliwych-50-tysiecy-pacjentow-polskiego-szpitala/>.
11. HIMMS (2018). *2018 HIMSS Cybersecurity Survey*. Retrieved 20.08.2018 from https://www.himss.org/sites/himssorg/files/u132196/2018_HIMSS_Cybersecurity_Survey_Final_Report.pdf.
12. Hou Y., Gao P., Nicholson B. (2018). *Understanding organizational responses to regulative pressures in information security management: The case of a Chinese hospital*. Technological Forecasting and Social Change. Volume: 126, pp. 64-75.
13. IBM (2016). *2016 Cyber Security Intelligence Index*. Retrieved 20.08.2018 from <http://www-03.ibm.com/security/data-breach/cyber-security-index.html>.
14. ISO 27799:2016 *Health informatics - Information security management in health using ISO/IEC 27002*.
15. Lisiak-Felicka D., Nowak P.: *Wybrane aspekty zarządzania bezpieczeństwem informacji w podmiotach prowadzących działalność leczniczą, Przedsiębiorczość i Zarządzanie, Społeczna Akademia Nauk, Łódź-Warszawa (in print), (2018)*.
16. Lisiak-Felicka D., Zajdel-Całkowska J., Zajdel R. (2017): *Wybrane aspekty zarządzania bezpieczeństwem informacji w podmiotach prowadzących działalność leczniczą, Przedsiębiorczość i Zarządzanie, tom XVIII, zeszyt 4, część 2, Społeczna Akademia Nauk, Łódź-Warszawa*.
17. Maj M. (2017). *Dane setek pacjentów na serwerze zewnętrznej firmy obsługującej szpitala*. Retrieved 20.08.2018 from <https://niebezpiecznik.pl/post/dane-pacjentow-i-szpitali-wyciekly-z-helpdesku-eskulapa-szpitala-powinny-zmienic-hasla/>.
18. Mehraeen E., Ayatollahi H., Ahmadi M. (2016). *Health Information Security in Hospitals: the Application of Security Safeguards*. Acta informatica medica, 24(1), pp. 47-50.
19. O'Connor Y., Rowan W., Lynch L., Heavin C. (2017). *Privacy by Design: Informed Consent and Internet of Things for Smart Health*. Procedia Computer Science. Volume: 113 pp. 653-658.
20. Regional Information Service (2018). *Jednostki podległe*, Retrieved 20.08.2018 from <http://www.zdrowie.lodzkie.pl/zadania-departamentu/jednostki-podlegle>.
21. Sánchez-Henarejos A., Fernández-Alemán JL., Toval A., Hernández-Hernández I., Sánchez-García AB., Carrillo de Gea JM. (2014). *A guide to good practice for information security in the handling of personal health data by health personnel in ambulatory care facilities*. Aten Primaria 46(4), pp.214-22.
22. UoDL (2011). *Ustawa z dnia 15 kwietnia 2011 r. o działalności leczniczej* (Dz.U.2011 Nr 112 poz. 654).
23. UoSG (1998). *Ustawa z dnia 8 marca 1990 r. o samorządzie gminnym* (Dz.U.1990 Nr 16 poz. 95).
24. UoSOZ (2004). *Ustawa z dnia 27 lipca 2004 r. o świadczeniach opieki zdrowotnej finansowanych ze środków publicznych* (Dz.U.2004 Nr 210 poz. 2135).
25. UoSP (1998). *Ustawa z dnia 5 czerwca 1998 r. o samorządzie powiatowym* (Dz.U. 1998 Nr 91 poz. 578).
26. UoSW (1998). *Ustawa z dnia 5 czerwca 1998 r. o samorządzie województwa* (Dz.U. 1998 Nr 91 poz. 576).
27. Voight P., von dem Bussche A. (2017). *The EU General Data Protection Regulation (GDPR). A Practical Guide*. Springer International Publishing AG, <https://doi.org/10.1007/978-3-319-57959-7>.

28. Woo-Sung Park, Sun-Won Seo, Seung-Sik Son, Mee-Jeong Lee, Shin-Hyo Kim, Eun-Mi Choi, Ji-Eon Bang, Yea-Eun Kim, Ok-Nam Kim (2010). *Analysis of Information Security Management Systems at 5 Domestic Hospitals with More than 500 Beds*. Healthcare Informatics Research, 16(2), pp. 89–99.
29. Zammani M., Razali R.(2016). *Information Security Management Success Factors*, *Advanced Science Letters*. Volume: 22, Issue: 8, pp. 1924-1929.
30. Zarei J., Sadoughi F. (2016). *Information security risk management for computerized health information systems in hospitals: a case study of Iran*. Risk management and health policy. Vol. 9, pp.75-85.

ARTIFICIAL INTELLIGENCE IN THE BOOTSTRAP AGE

Eniko Varga

*Széchenyi University Győr, Hungary
vargaeniko.szeeds@gmail.com*

Jolan Velencei

*Óbuda University Budapest, Hungary
velencei.jolan@kgk.uni-obuda.hu*

ABSTRACT

The Surprising Adventures of Baron Munchausen – written by Rudolph Eric Raspe - where the main character pulls himself out of the swamp by his hair (specifically, his pigtail) was one of the most entertaining, surprising stories of our childhood. Children learned the “Munchausen effect”, in other words how to live based on the idiomatic “bootstrap” model. None can argue that it is impossible to learn the use of the C-64 or the iPhone from one’s grandma, nor on the other hand the functioning of Google’s search engine from the Information Technology teacher. In the near future, this generation of the bootstrap age will step out from the business schools, and some of them soon will become decision makers. It will be challenging to convince the decision makers of tomorrow to use of any kind of toolkit in their decision-making process. Professionals who use the internet as a learning ecology, called cyber professionals, are looking for applications supporting the decision-making thinking process in the cloud, without support from information technology or knowledge engineers. The question on how machines replace humans nowadays is being reformulated, the focus shifts to how the human-computer relationship evolves. In the research and the development process of Doctus Knowledge Based System (KBS), several requirements surfaced for a new cloud-based application, which would support the decision makers of the bootstrap age. This paper presents a cloud-based application of Artificial Intelligence which supports the organic cyber farmers’ decision-making process.

Keywords: *knowledge engineering, experience mining, misbehaving*

1. INTRODUCTION

Moving away from the old story of Baron Munchausen, the word bootstrap itself cannot be translated, by common understanding bootstrapping means: “to pull oneself up by one’s bootstraps”. “The most appropriate term in translation would be self-consistency” (Nicolescu, 2014, p. 89). He talks about a total bootstrap-view of the world and a partial bootstrap, which corresponds to a scientific theory. “The major interest of the bootstrap principle is that of unifying a worldview with a scientific theory in one and the same approach” (Nicolescu, 2014, p. 2). Bootstrapping in information technology is usually shortened to “booting”, which is a commonly used phrase today by everyone. Bootstrapping in Artificial Intelligence and machine learning according to one definition is a technique used to interactively improve performance, in other words, recursive self-improvement. Considering business management in a Harvard Business Review article Ryan Smith (Smith, 2016) talks about why every start-up should be a bootstrap. Amar Bhidé also stresses that “Bootstrapping in a start-up is like zero inventory in a just-in-time system: it reveals hidden problems and forces the company to solve them” (Bhidé, 1992, p. 112). In monetary economy, according to Katsuhito Iwai, who works at Faculty of Economics of the University of Tokyo, in his publication “The Bootstrap Theory of Money”, money as a “social entity” sustains itself by its own bootstrap (Iwai, 1996). Iwai argues that money, law and language as “social entities” are products of bootstrap, whose existence owes little to their physical properties or our genetic makeup; due to this fact humans become “free”.

Freedom in terms of being able to transact with anybody, anywhere and anytime is a result of the circulation of money. The freedom to pursue our own goals is protected by law. Once we have been communicating with others through language, each of us begins to internalize language and form an autonomous universe of meanings within each brain, thereby acquiring the freedom to think, judge and decide without being constrained by the outside world's physical structure, by the innate instincts governed by genes, or by the tradition of small communities.

2. EXPERIENCED BASED APPLICATION

Expert Systems (ES) as a field of Artificial Intelligence have evolved in the past decades, their application spans different functional areas from accounting and management to finance and operation, as well as many different industries from agriculture to banking, medical to transportation (Wagner, 2017). We like to say that decision support is not designed to replace but to assist the decision maker. A competent, decisive decision maker will not want to make themselves superfluous, but an indecisive one had better do so. A decisive decision maker will only accept applications that will augment any shortcomings (Velencei, 2017). Based on the Information and Communication Technology (ICT) viewpoint it is concluded that “ES methodologies are tending to develop towards expertise orientation and that ES applications development is a problem-oriented domain. It is suggested that different social science methodologies, such as psychology, cognitive science, and human behaviour could implement ES as another kind of methodology” (Liao, 2005, p. 98). Knowledge acquisition (KA), knowledge representation (KR) techniques also differ based on the application area, on the knowledge engineer (KE) and the knowledge acquisition process. Examples of knowledge representation being cognitive maps, rules, frames (Sahin et al., 2012), (Gavrilova, Leshcheva, 2015), (Wagner et al., 2003). Another viewpoint is suggested by William P. Wagner: “There were many published cases of systems that did not go beyond the basic validation of the application rules and so this pulled down the overall averages. Interestingly, computer modelling was the highest for the computer assisted KA techniques and was higher than KE modelling” (Wagner, 2017, p. 92). Recently some researchers argue about Expert Systems in the cloud (Li et al., 2012). Almost thirty years ago, our Professor Zoltán Baracscai (Baracscai, 1991) in his book on managerial decisions talked about the adolescence of the Expert Systems (ES). From that year he started to develop a Knowledge Based System called Doctus KBS to support decision making. Doctus 1.0 assumed that the decision maker will request support from the IT expert. Doctus 2.0 assumed that the decision maker will search for support from a professional knowledge engineer, this approach characterized Doctus 3.0 as well. Now, that Doctus steps into its fourth decade, it is time to develop Doctus 4.0, which does not require support (ICT expert or knowledge engineer). In the DIY (Do It Yourself) economy decision makers want to decide quickly so Doctus KBS must meet the challenges of DIY (Wolf, McQuitty, 2013). Knowledge Based Systems (KBS) are the successors of the Expert Systems. It would be difficult to say whether supply has brought demand or demand has brought supply. Expert Systems needed an IT expert because the LISP-based Expert Systems shell was unmanageable for the decision makers. The KBS shell needed only a Knowledge Engineer. It is almost certain that the DIY generation will soon require a KBS which can be handled by themselves, without external support. Fig.1 depicts the substitution of new for old Doctus.

Figure following on the next page

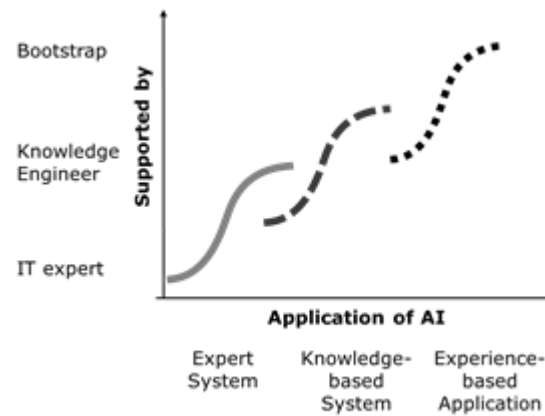


Figure 1: Using S-Curves to prescribe development of Doctus

According to Charles Handy the time to think about new S-curves is when the previous is still alive (Handy, 2015). Nowadays it has become necessary to develop this Doctus 4.0, namely an Experience-based Application.

3. BOOTSTRAPPING IN ORGANIC FARMING

We live in a global village (Velencei, Baracska, 2016), where not only information flows in real-time, but also any enterprise player in the global economy should consider the global-local collision in the environment they operate. According to Daniel Pink (Pink, 2005) to survive in the conceptual age, all players, whether individuals or organizations, should examine the following questions: can someone do it cheaper in a global environment, can a computer do it faster, is what I am offering of demand in the age of abundance? For any enterprise to be successful, it is key, not only to do things right, but also to do the right things. “Growth, when one looks at it more closely, turns out to be a simplistic and confusing goal, one to be pursued with care and discretion. A society that believes that more is always better will be an envious and probably dissatisfied society. Growth should always be the means to a greater purpose rather than an end in itself” (Handy, 2015, p. 89). Several studies for trends in agriculture highlight the emergence of organic farming let it be small or larger scale, newly established or by conversion from conventional farming. Small scale organic farms who compete on the global market should choose the product and service portfolio by taking in consideration the global-local disharmony, the advantages-disadvantages of the sharing economy (Botsman, Rogers, 2010.) as well as the rise of the Do It Yourself economy (Handy, 2015), just to name a few. These small-scale family farms tend to diversify their activities by emerging to new markets, like tourism or direct marketing (Morris et al. 2017). The leaders in diversification are the young organic farm households (Weltin et al., 2017). Organic cyber farmers leverage the means and tools of today's digital era in many ways from learning to business process design (Varga, 2017). Bootstrapping in organic farming could mean starting the business operation, the farm, without external help or capital. The decision to certify the organic products or not, diversify the products portfolio, as well as the services offered by a small scale organic farm in Hungary is a complex decision. The current paper presents a case study – quest for pathway – for small scale organic family farms from several different business approaches (cases), namely: DIY agro-tourism, web-shop for organic food, homemade organic food, farm to table and farm-share. The organic farm business model's cases can be described on high level as follows:

- a) DIY agro-tourism would leverage some of the features of collaborative consumption, like sharing of land, assets or infrastructure, and would match the “haves” with the “wants” for those customers who do not have access to land, organic agriculture or infrastructure to produce organic products (jam, cheese, etc.). Collaborative consumption business model

- has positive societal impacts by shared use of resources, mobility, urban and rural development, access to healthy nutrition, food and drink as well as housing (Gansky, 2010).
- b) Designing a web-shop for organic products would enable the farm to reach customers not only through traditional channels but leveraging the tools and means of information technology to build up a bigger customer base.
 - c) Offering homemade organic food with traditional taste or innovating in this area with new recipes and tastes are business models to be validated, considered in the early stages of the business life-cycle.
 - d) Farm-to-table would leverage the social movement which promotes serving local food in the restaurants, schools and other customers. This approach can be accomplished by direct sales relationship between the farmer and consumers. Farm-to-table assures a certain way of food traceability.
 - e) Farm-share leverages the community supported agriculture.

Organic cyber farmers are open to use the means of information technology for decision making as well. Due to time constraints, they can't follow the analytical thinking process; they rather leverage the experience of the expert's decision thinking process regarding attributes, expectations and the logical rules between them. The decision-making thinking process for organic cyber farmers is represented by considering the elements of the business model canvas, by assigning input attributes and their values, and defining rules of dependent attributes. In the current case-study the following attributes to be considered were identified: key partners, customer relationship, key resources, customer segment, channels and revenue stream. Using Doctus 4.0 as an Experienced-based Application the first step is to choose a domain expert who has the needed experience to describe the dependency relations between the attributes. Attributes which do not depend on anything are called input attributes, or independent attributes. Attributes depending from other attributes are called dependent attributes. The values of these are determined by rules given by the mentioned domain expert. The deductive graph describes the dependency relations of the attributes. The conclusion attribute – in this case the 'Business Model' – is on the top of this graph. Fig. 2 depicts the deductive graph of this attribute. What can we see in it? Input attributes come from the business model canvas, the dependent attributes are 'Key Activities', 'Value Proposition' and 'Revenue Stream'. Values assigned for these attributes are visible on Fig. 2. For example, for the attribute 'Key activities' the following values were identified: design thinking, knowledge increase and knowledge application. The attribute 'Key activities' depends on the attributes 'Key partners', 'Customer relationship' and 'Key Resources'. The current knowledge-base has 83 rules, but if rules cover more than one value of one or more attributes, it is possible to reduce them to complex rules.

Figure following on the next page

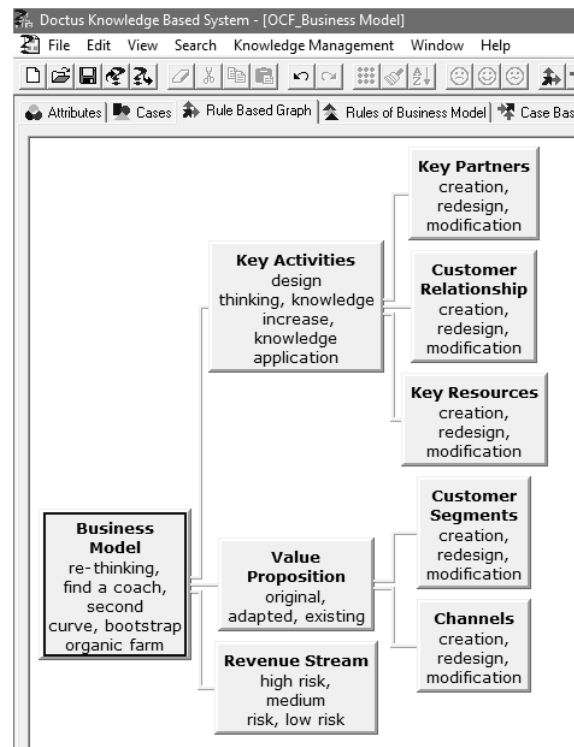


Figure 2: Deductive graph of business model

In the process of a rule-based knowledge base building the focus has to be on how many attribute's values are linked to rules that will determine the values of a new attribute. Our three decades of experience shows that this number should be two to four. One can observe this rule from experience on Figure 2. The 'design' value of the 'Key Activities' is given by the rules that can be linked with the values of the three attributes behind it, namely 'Key Partners', 'Customer Relationship' and 'Key Resources'. When the decision maker gives all the rules, he or she cannot think that these rules can be described more easily with complex rules. Complex rules are part of the decision maker's tacit knowledge. The essence of the Doctus KBS algorithm is to uncover complex rules from the given simple rules. By reducing the rules, we arrive finally to 28 complex rules. For example, the complex rules of conclusion attribute 'Business Model' can be read from Fig. 3.

Key Activities	Value Proposition	Revenue Stream	Business Model
design thinking	*	.. medium risk	re-thinking
*	*	high risk	re-thinking
.. knowledge increase	original	.. medium risk	re-thinking
knowledge increase	adapted	medium risk	find a coach
knowledge application	original	medium risk	find a coach
knowledge increase	existing	medium risk	second curve
*	original	low risk	second curve
design thinking	*	low risk	second curve
knowledge application	adapted ..	medium risk ..	bootstrap organic farm
knowledge increase ..	adapted ..	low risk	bootstrap organic farm

Figure 3: Complex rules of 'Business Model'

Now we can answer the question: When is bootstrap organic farm suggested? We can read the complex rules from Fig. 3 when bootstrap organic farm is suggested.

If 'Key Activities' is knowledges application and
 if 'Value Proposition' is adapted or better and
 if 'Revenue Stream' is medium risk or better
 than bootstrap organic farm suggested.

Or

If ‘Key Activities’ is knowledge increase or better
and if ‘Value Proposition’ is adapted or better and
if ‘Revenue Stream’ is low risk
than bootstrap organic farm suggested.

Doctus 4.0 can generate a web page, so when an organic cyber farmer uses Doctus 4.0, he or she has to choose only the values of input attributes. The values of dependent attributes and conclusion attribute are deduced by the shell based on the given rules. Fig. 4 illustrates how Doctus 4.0 evaluates the business strategy: ‘Home made organic food’. After deductive reasoning ‘bootstrap organic farm’ as a business model is suggested, as ‘Key Activities’ is knowledge application, ‘Value Proposition’ is existing and ‘Revenue Stream’ is low risk. This rule can also be seen in Fig. 3.

Name	Home made organic food
Key Partners	redesign
Customer Relationship	modification
Customer Segments	redesign
Channels	modification
Revenue Stream	low risk
Key Resources	modification
<input type="button" value="Reason"/> <input type="button" value="Reset"/>	
Business Model	bootstrap organic farm
Key Activities	knowledge application
Value Proposition	existing

Figure 4: Web page as external input for Doctus 4.0 as an Experienced-based Application

The web page as external input for Doctus 4.0 as an Experienced-based Application can be made available to various users, who will be able to use it for evaluation.

4. DISCUSSIONS

”To understand the consumption behaviour of households, we clearly need to get back to studying Humans rather than Econs. Humans do not have the brains of Einstein (or Barro), nor do they have the self-control of an ascetic Buddhist monk. Rather, they have passions, faulty telescopes, treat various pots of wealth quite differently, and can be influenced by short-run returns in the stock market. We need a model of these kinds of Humans” (Thaler, 2016, p. 98). A Human’s decision-making process is not characterized by analytical thinking supported by big data. If we assume that the majority of us are Humans rather than Econs, who live along misbehaving, then, in today’s environment, fast decision-making processes would not be characterized by big data mining. Humans in the fast decision-making process need tools, which are quick, accessible, and model the domain expert’s decision-making thought process. Humans are rational, but differently so than Econs. “When Robert Barro and I were at a conference together years ago, I said that the difference between our models was that he assumed that the agents in his model were as smart as he was, and I assumed they were as dumb as I am. Barro agreed” (Thaler, 2016, p. 97). In the near future the question will not be how machines can replace humans, rather how will the future human-computer relationship evolve? The decision maker of tomorrow can validate different alternatives without external support from IT experts or knowledge engineers in the quest of pathfinding (Baracscai, Dörfler, 2017). In the business model decision for organic cyber farmers presented in this paper, the reasoning behind the decision contains 83 if-then rules. This is less than the number of rules in an expert’s long-term memory, but more than the decision maker’s short-term working memory can operate with.

Expert systems, Knowledge-based systems based on Artificial Intelligence support the modelling of the fast(intuitive) decisions, as Daniel Kahneman (2011) defined – fast thinking. The Experience-based application also based on AI would not differentiate from this perspective; these applications must be innovative in such a way, that the decision maker would operate with a simple user interface. The reasoning behind the knowledge base would reside in the cloud, which would provide “freedom” for the decision makers of the bootstrap age. The validation of the several dozens or hundreds of rules would remain the functionality of Artificial Intelligence in the background. The essence is that this will not be an area of concern for the decision maker, like it used to be in the case of knowledge based and neural networks with the involvement of knowledge engineers and external experts.

LITERATURE:

1. Baracskai, Z. (1991). *Menadžersko odlučivanje*. Sarajevo: Svjetlost.
2. Baracskai Z., Dörfler, V. (2017). An essay concerning human decisions. *Transdisciplinary Journal of Engineering & Science*. 8(1), pp. 69-80.
3. Bhidé, A. (1992). Bootstrap Finance: The Art of Start-ups. *Harvard Business Review*. 70(6), pp. 108-116.
4. Botsman, R., Rogers, R. (2010). *What's mine is yours*. NY: Harper Collins e-books.
5. Gansky, L. (2010). *The Mesh. Why the future of business is sharing*. London: Portfolio Penguin.
6. Gavrilova, A. T., Leshcheva, A. I. (2015). Ontology design and individual cognitive peculiarities: A pilot study. *Expert Systems with Applications*. 42(8), pp. 3883-3892.
7. Handy, C. (2015). *The Second Curve: Thoughts on Reinventing Society*. UK: Random House.
8. Iwai, K. (1996). The Bootstrap Theory of Money: A Search-Theoretic Foundation of Monetary, Economics. *Structural Change and Economic Dynamics*. 7(4), pp. 451-477.
9. Kahneman, D. (2011). *Thinking, Fast and Slow*. New York: Farrar, Straus and Giroux.
10. Li, Z., Obrien, L., Cai, R. and Zhang, H. (2012). Building an Expert System for Evaluation of Commercial Cloud Services. *International Conference on Cloud and Service Computing, Shanghai*. pp. 168-175. doi: 10.1109/CSC.2012.33
11. Liao, S. H. (2004). Expert system methodologies and applications – a decade review from 1995 to 2004. *Expert Systems with Applications*. 28(1), pp. 93-103.
12. Morris, W., Henley, A. and Dowel, D. (2017). Farm diversification, entrepreneurship and technology adoption: Analysis of upland farmers in Wales. *Journal of Rural Studies*. 53(July), pp. 132-143.
13. Nicolescu, B. (2014). *From modernity to cosmodernity*. NY: State University of New York Press.
14. Pink, D. (2005). *Whole New Mind: Moving from the Information Age to the Conceptual Age*. New York: Riverhead Books.
15. Sahin, S., Tolun, M.R. and Hassanpou, R.. (2012). Hybrid expert systems: A survey of current approaches and applications. *Expert Systems with Applications*. 39(4), pp. 4609-4617.
16. Smith, R. (2016). Why Every Startup Should Bootstrap. *Harvard Business Review*. 94(3), pp. 48-61.
17. Thaler, R. (2016). *Misbehaving: The Making of Behavioral Economics*. New York: W. W. Norton & Company.
18. Varga, E. (2017). Global versus local knowledge in DIY economy. In. L. Yongqiang (ed.), *Proceedings of 20th International Scientific Conference Economic and Social Development* (pp. 437-442). Varazdin: Varazdin Development and Entrepreneurship Agency.

19. Velencei, J. (2017). Modeling the Reality of Decision Making with the Doctus Knowledge-based System. In. S. Kapounek, V. Krutilová (ed.), *Enterprise and Competitive Environment: 20th Annual International Conference* (pp. 865-871). Brno: Mendel University in Brno.
20. Velencei, J., Baracska, Z. (2016). Decision Maker in the Global Village: Thinking Together. In. A. Bencsik (ed.), *Knowledge Management Initiatives and Strategies in Small and Medium Enterprises* (pp. 25-41). Hershey: IGI Global.
21. Wagner, W., Chung, Q. and Najdawi, M. (2003). The impact of problem domains and knowledge acquisition techniques: A content analysis of P/OM expert system case studies. *Expert Systems with Applications*. 24(1), pp. 79-86.
22. Wagner, W. (2017). Trends in expert system development: A longitudinal content analysis of over thirty years of expert system case studies. *Expert Systems with Applications*. 76(Jun), pp. 85-96.
23. Weltin, M., Zasada, I., Franke, C., Piorek, A., Raggi, M. and Viaggi, D. (2017). Analysing behavioural differences of farm households: An example of income diversification strategies based on European farm survey data. *Land Use Policy*, 62(March), pp. 172-184.
24. Wolf, M., McQuitty, S. (2013). Circumventing Traditional Markets: An Empirical Study of the Marketplace Motivations and Outcomes of Consumers' Do-It-Yourself Behaviors. *Journal of Marketing Theory and Practice*. 21(2), pp. 195-209.

PROCESS AND PROJECT MANAGEMENT IN THE PROCESS OF MERGER OF HIGHER EDUCATION INSTITUTIONS

Lukasz Sulkowski

*University of Social Sciences, Poland
lsulkowski@san.edu.pl*

Andrzej Wozniak

*University of Social Sciences, Poland
awozniak@san.edu.pl*

Robert Seliga

*University of Social Sciences, Poland
rseliga@san.edu.pl*

ABSTRACT

Nowadays, the concept of process and project management in the organizational discourse has reached the apogee. Critical researchers have even proposed the term projectification to reflect the expansion of project management concepts. In higher education and the science system, project management was primarily the result of scientific and implementation projects, which are intentional organizational activities, closed by strictly defined time and budgetary frameworks. Reflections on the topic of project management in the higher education sector can be started by defining the management process itself. It can be said that management is a process in which it is necessary to combine actions efficiently and effectively to set goals and strategies. The management of a university is partly different from the company management process, e.g. due to the nature and mission of the university. Processes, from the management point of view, constitute a set of actions, i.e. a planned sequence of activities that comprise specific actions. The process is a structured and organized sequence of activities from which unnecessary or ineffective activities should be eliminated. In addition, the activities carried out in the process must be directed towards achieving a common goal. The process itself can be defined as a set of activities that are interrelated or interact and transform inputs into organizational outputs. Universities use process management to achieve strategic goals. The problem is the measurement of both input and output effects in all three core processes, i.e. research, education and implementation. The system of measures is related to the accountability of the university and is based on performance indicators.

Keywords: *Higher Education Institutions, Mergers, Process Management, Project Management*

1. INTRODUCTION

The concept of organization is ambiguous, and could be perceived from perspectives of different paradigms (Sulkowski, 2012a). Treated objectively, it is described as an abstract subject of research, most often a system and a social group that serves the purpose. An organization that is interpreted functionally means a deliberate act and an ongoing process (Sulkowski, 2012b). Therefore, process thinking is one of the basic premises of management. The organization participates in a permanent process of change serving the development of the effectiveness and efficiency of collective action. A strong relationship between process and project management refers to the coupling in organizations of continuous activities (processes) with individual ones (projects). Both types of activities are dynamic and - from the management point of view - they serve the development of the organization and the implementation of its goals. Projects aim to improve organizational processes by dynamizing and structuring.

In this sense, mergers are inter-organizational projects that lead to the improvement of processes such as: research, education and cooperation with the environment. Mergers are by definition dynamic, sequential and based on a coordinated transformation of the organization's systems and resources, which exhausts the definition of process management. They are part of project management because they are a concept of deliberate organizational change, limited by plan, time frame and budget. Therefore, university mergers, being processes and projects themselves, increasingly draw on the concept of process management and project management. This applies to both the strategic level at which the controlling approach and the operational approach develops, where process and project management is used in the areas of: management of education quality, organization of scientific projects, implementation of IT systems and restructuring of higher education institutions. The article uses research material acquired as part of the project: DIALOG "Organizational improvement of the university of the future (UNIFUT.PL)". and the publication "University mergers. Is there a method in madness?"

2. PLACE OF MERGER IN PROCESS MANAGEMENT

The precursor of the process approach was F.W. Taylor – the creator of the foundations of scientific theory of organization. His concepts, used in practice, were aimed at finding the optimal method of performing work - leading to a reduction in production costs and effective use of working time. The second wave of the process approach was reengineering (Business Process Reengineering), which focused on process management. The third wave indicates a departure from radical changes and a strong relationship with information systems (Bitkowska, 2009, pp. 14–16). Mergers of universities use the achievements of the second and third wave, treating consolidation as a project of radical restructuring, in which the role of the backbone of changes can be played by the reconstruction of information systems used to coordinate the work of the entire university. According to the classic - M. Porter, the process is a value chain in which the value of involvement in providing or creating a service or product is increased through the implementation of activities (Porter, 1985, p. 3). According to G. Rummler and A. Brache, the process is a sequence of activities designed and then performed in such a way as to result in a service or product being created (Rummler, Brache, 2000, p. 75). J. Brilman defined the process as "a flow of operations transforming the supplies (raw materials or information) into a value-added production for customers." (Brilman, 2002, p. 287). The processes are most often divided into operational ones (referred to as central processes - their use generates value for the client and other interested parties) and auxiliary (creating conditions for the implementation of operational processes). J. Brilman, on the other hand, characterized process management as making a systematic assessment of their effects, maintaining their functioning and introducing corrections if the results deviate from standards. The added value of the university's activity is the results of research leading to the development of science, the effects of higher education and implementation achievements. It can be seen that these are three related internal processes of creating added value, which should be planned (strategy), coordinated and corrected and improved. The composition of these processes may vary depending on the strategy and mission of the university. University consolidation should lead to synergy that provides the opportunity to improve these core processes (Patterson, 1999, pp. 9–17). This means that the missions, strategies and resources of the merging universities should be complementary, which can be a source of added value. Consolidating universities with a strong position and conducting intensive scientific activities may make sense, because it strengthens scientific processes, key to the strategy of both organizations and allows the creation of a "critical mass" to improve the competitive position of the university and dynamizes research (strategic and positional mergers). The consolidation of didactic universities may lead to an increase in the economies of scale and increase the effectiveness of didactic processes (restructuring and rescue mergers).

The achievements of the process approach were appreciated by various management schools, methods and tools. It has been incorporated by other management concepts that deal with the organization of dynamic activities and flow. This trend occurs in the following areas (Jokiel, 2009, pp. 15–22):

1. logistics - this concerns the requirement to integrate activities around processes, not tasks or functions;
2. TQM - in practice in quality assurance systems compliant with the ISO 9000:2000 standards;
3. Lean Management - assuming identification and elimination of processes that do not bring appropriate added value;
4. knowledge management concepts - consisting of six key processes: knowledge acquisition, knowledge localization, knowledge sharing, knowledge development, knowledge utilization and knowledge retention;
5. controlling - control and continuous adjustment is based to a large extent on the concept of strategic and operational coordination of the processes of value creation and their financing in the organization.

In the implementation of the didactic mission, process-oriented concepts of quality education are developed (Papadimitriou, 2010). They draw not only from the TQM theory, from ISO standards, but also from the concept of quality culture (Saarti, 2012, pp. 132–145). In the new public management trend, the use of process management for contract management, evaluation, audit and accreditation of the quality of education is postulated (Sporn, 2006, p. 145). Processes, from the managerial point of view, constitute a set of actions, i.e. a planned sequence of activities comprised of specific actions. The process is a structured and organized sequence of activities from which unnecessary or ineffective activities should be eliminated. In addition, the activities carried out in the process must be directed towards achieving a common goal. The process itself can be defined as a set of activities that are interrelated or interact and transform inputs into organizational outputs (Hofman, Skrzypek, 2010, pp. 13–14). Universities use process management to achieve strategic goals. The problems are both input and output effects measurement in all three core processes, i.e. research, education and implementation. The system of measures is related to the accountability of the university and is based on performance indicators. The costs of process implementation at the input and output effects are compared, which allows to study the effectiveness and efficiency of implementation of strategic processes. A clear method of assessing the effectiveness of academic activities is the formation of the university position in international rankings. The rankings are limited by the arbitrariness of criteria, which strengthens specific solutions of governance and academic management. For example, the ARWU ranking prefers absolute measures of scientific activity, e.g. the number of Nobel Prize winners, indexed publications, which results in statistically higher ratings for larger universities focused on science. It is one of the important reasons for the wave of strategic mergers of universities in the world. The consolidation of universities is aimed at improving the efficiency and/or effectiveness of university activities within strategic processes (Rădulescu, Naş et al., 2016). Thanks to the combination of research or didactic universities, both a greater number of effects (effectiveness) and potentially lower unit costs of obtaining these results can be achieved. An effective restructuring solution that can be used during consolidation of the universities will be the implementation of a process management system, including a dedicated IT system. According to P. Woźniak, based on the observations made regarding the process approach in the university management system, a number of conclusions can be drawn:

- the university applying the process approach raises the awareness of the organization, in particular in the implementation of the mission, as well as the identification of its place on the market in the didactic, implementation and scientific activities;

- implementation of a dedicated university management system allows for a significant increase in the degree of mission implementation and strategic goals of the university;
- at the same time, the university increases staff involvement in internal processes, compared to universities, which do not use dedicated process management systems;
- implementation of the university management system makes it possible to improve the effectiveness of the internal education quality assessment system;
- introduction of a tool - a dedicated university management system - enables to increase effectiveness in managing identified university processes;
- introduction of the university management system provides the organization with the opportunity to improve the financial situation (an increased share in the university's revenues from conducted commercial services can serve as an example) (Woźniak, 2014, pp. 481–488).

3. PROJECT MANAGEMENT AND UNIVERSITY MERGERS

Nowadays, the concept of process and project management in the organizational discourse has reached the apogee. Critical researchers have even proposed the term projectification to reflect the expansion of project management concepts (Packendorff, Lindgren, 2014, pp. 7–21). In higher education and the science system, project management was primarily the result of scientific and implementation projects, which are intentional organizational activities, closed by strictly defined time and budgetary frameworks. Reflections on the topic of project management in the higher education sector can be started by defining the management process itself. It can be said that management is a process in which it is necessary to combine actions efficiently and effectively to set goals and strategies. In commercial operations, the consequence should be to maximize profits, revenues or market share. It should be noted that the above definition has many barriers, even for private universities that are profit-oriented. The management of a university is partly different from the company management process, e.g. due to the nature and mission of the university. In the case of universities, the profit-based approach makes sense only in the dynamically developing segment of private and commercial universities. In the higher education sector in Poland, one can also notice differences resulting, among others, from the division into public and private universities. Nevertheless, managers of all types of universities should strive to streamline the process of managing them. According to the organizational typology, the management process includes routine, improvised activities, functions and projects (Trocki, Grucza, Ogonek, 2003, p. 13). Some of them have been classified as a group of repetitive activities that form the basis of the management process. On the other hand, projects are classified as unique activities that complement the repetitive activities. Currently in the higher education sector in Poland, an increased activity in the area of project organization can be observed. Increasingly, university managers are looking for new forms of building a competitive advantage in the market by implementing improvement projects. The undertaken projects take various forms, from simple to complex ones which require proper planning, competence, experience and coordination. Trying to clarify the term "project management", many definitions related to this area can be encountered in the literature on the subject. According to PMI (Project Management Institute), the project is an action aimed at creating a new product or service (Strategor, 2001, p. 365). It seems that this definition partly reflects the essence of introducing the concept of project management in the area of university organization. Indeed, implementation projects realized by universities in cooperation with the industry are supposed to lead to the creation of an innovative product or service. However, many projects, which are unique undertakings, do not serve to create a new product or service, but allow to improve processes and, consequently, lead to higher efficiency and effectiveness. This is the characteristic of accreditation and certification of the quality of education, restructuring processes, IT implementations, diversified research projects, as well as

consolidation of universities. As a result of the university merger, depending on the type of consolidation, there should be greater efficiency and/or effectiveness in the following area:

- scientific activity ("critical mass" of research, increase of "scientific excellence", creation of "islands of excellence" etc.) (Douglass, 2016);
- student education (quality of education, employability of graduates, accreditation and quality certification) (Ursin, Aittola, Henderson, Välimaa, 2010);
- implementations (quality and value of implementations and their partners);
- organization and management of the university (economies of scale, lower operating costs, process optimization) (Drowley, Lewis, Brooks, 2013, pp. 201–214).

In the literature on the subject, attention is paid to the complexity of projects. This perspective is presented by R. Hammer, who defines project as a comprehensive and multi-issue approach (Hammer, 1978, p. 81). It should be noted that projects are currently an indispensable element of implementing university strategies. There is a relationship between strategy and projects, because projects are more and more often an important element in the implementation of the strategy. Proper implementation of projects in strategic activities brings managers closer to achieving the assumed strategic goals (Gregorczyk, Ogonek, 2009, p. 28) (Figure 1).

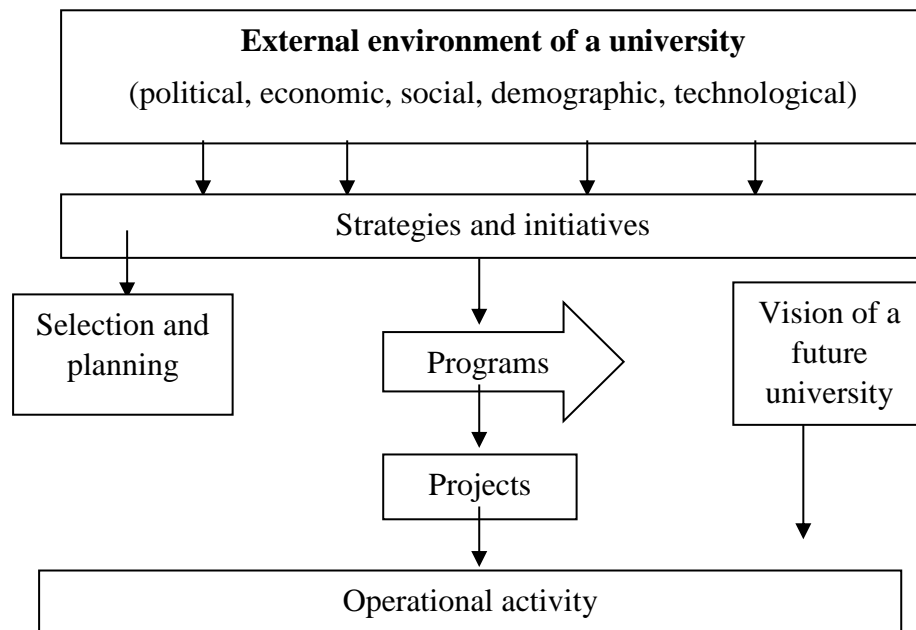


Figure 1. Project management in a university (Trocki, Grucza, Ogonek, 2003, p. 19)

4. CONCLUSION

Global experience in the use of project management for the development of the university activities is very wide. The following types of projects are implemented in higher education:

- didactic - improving the quality of education (system and industry accreditations, certifications, reviews, audits);
- scientific and research - bringing cognitive results that are reflected in scientific discoveries and publications;
- implementation - focused on the implementation of scientific activities that results in a new product or service (patent);
- organizational - related to improving the efficiency, effectiveness and quality of organization and university management (ISO, EFQM, SERVQUAL, Malcolm Baldrige awards, HR Excellence in Research).

Concepts of project management are currently becoming a way of implementing organizational changes and change management at universities. Effective implementation of projects by universities results in an increase in their competitiveness and value (Pinheiro, Stensaker, 2014, pp. 497–516). In the literature on the subject, many typologies of projects are specified. By selecting and transferring them to the management level of the university mergers as organizational projects, it is worth to analyze the classifications, distinguishing the levels of consolidation. The theory specifies operational and strategic levels of project management. Both concepts complement each other because they relate to different decisions and management methods. In the operational approach, attention is directed to the implementation of individual projects, while in strategic terms it is focused on the whole project-related activity of the organization. Due to their scale, weight and time of implementation, mergers of universities belong in the category of strategic projects (Table 1). Typology of merger projects, distinguishing three levels, can be arranged according to the following parameters: project duration, scope of changes, level of complexity, project effects, (Table 2). The implementation of the merger at the strategic level consists of the overall management of the consolidation understood as a project. This means planning, organizing, leading and controlling the course of consolidation, which is supposed to lead to the implementation of strategic goals. The university merger is a project because it has goals, duration and budget for implementation. A strategic project that interrelates with the merger and is of a strategic and therefore a key nature as well as a long-term one, is the university integration. Implementation of the merger in the management, legal, organizational and structural areas can take place within a year or two, however, the process of university organizational and cultural integration takes much longer.

Operational project management	Strategic project management	University merger as a strategic project
<ul style="list-style-type: none"> the management object is a single project / individual projects, striving for optimization on a single project scale, short-term horizon, selection of the most effective tools and systems for a given project, acquiring knowledge and using it for the needs of the project, is the domain of project managers. 	<ul style="list-style-type: none"> the object of management is a collection of projects (portfolio or programs), striving for optimization throughout the entire organization, long-term horizon, standardization of project management tools and IT support in the organization, development and exchange of knowledge and experience between project teams, is the domain of the top management. 	<ul style="list-style-type: none"> merger understood as a project, but also a portfolio of smaller projects, striving for optimization at the whole university, long-term horizon, standardization of management methods and IT implementation, exchange of knowledge between project teams, domain of top management.

Table 1. Operational and strategic management project of university merger projects (Lichtarski, 2015, pp. 7–16)

Implementation of consolidation at the tactical level takes place through project management as well. Plans and schedules of implementation of various detailed merger areas with their own milestones and performance indicators are developed. The frequently encountered, exemplary projects that form part of the university's consolidation include the following:

- implementation of a new name and logo,
- implementation of a new IT system,
- implementation of a new didactic quality system,
- implementation of new human capital management systems (Tirronen, Nokkala, 2009, pp. 219–236).

During the implementation of the merger, short projects with lower weight, which are needed to achieve the consolidation success, can also be implemented. They may concern, for example: information campaign, adaptation of systems at the faculty level, training of administration employees, changes in job descriptions and others.

Type	University merger as a project type	Duration	Scope of changes	Level of complexity	Project effects	Scope of changes
Strategic	1. Comprehensive university merger project. 2. University integration.	2–5 years	Large	Large	Influence on the organization and its environment	Change of the content of work (what)
Tactical	1. Implementation of a new strategy. 2. Implementation of a new name and logo. 3. Implementation of a new IT system. 4. Implementation of a new didactic quality system. 5. Implementation of new human capital management systems.	1–2 years	Medium	Medium	Influence on most of the organization's elements	Change of the way of work (how)
Operational	1. Information campaign. 2. Systems adaptation at departmental level. 3. Training of administrative employees. 4. Changes in job descriptions.	Less than 1 year	Small	Small	Influence limited to the unit within which the project was implemented.	Change of the ways (when, where and by whom the work is performed)

Table 2. Typology of university merger projects (Maylor, 1999, p. 20)

Effective project management requires proper planning and cooperation between the units involved in the project (Kerzner, 2013, p. 18). The implementation of the project management concept is the result of the company adopting a broad, long-term operational perspective (Burke, 2013, p. 5). University mergers require planning, coordination and effective use of process and project management methods.

LITERATURE:

1. Bitkowska A. (2009). *Zarządzanie procesami biznesowymi w przedsiębiorstwie*, VIZJA PRESS & IT, Warszawa, s. 14–16.
2. Brillman J. (2002). *Nowoczesne koncepcje i metody zarządzania*, PWE, Warszawa
3. Burke R. (2013). *Project management: planning and control techniques*, New Jersey, USA
4. Douglass J.A. (2016). *Exploring the New Flagship University Model*, „The New Flagship University: Changing the Paradigm from Global Ranking to National Relevancy”, 1.
5. Drowley M.J., Lewis D., Brooks S. (2013). *Merger in higher education: Learning from experiences*, „Higher Education Quarterly”, 67.2, s. 201–214.
6. Gregorczyk S. (2009). Ogonek K., *Rola projektów we wdrażaniu strategii* [w:] M. Trocki, E. Sońta-Drączkowska (red.), *Strategiczne zarządzanie projektami*, Bizzare, Warszawa
7. Hammer R. (1978). *Technika planów sieciowych*, „Prace Naukowe Instytutu Organizacji i Zarządzania Politechniki Wrocławskiej”, nr 19, s. 81.
8. Hofman M., Skrzypek E. (2010). *Zarządzanie procesami w przedsiębiorstwie*, Wolters Kluwer, s. 13–14.
9. J. Saarti (2012). *The benefits of a quality management system in a university merger – a case study of the merger of two Finnish universities*, „European Journal of Higher Education”, 2.2–3, s. 132–145.
10. Jokiel G. (2009). *Podejście procesowe w zarządzaniu – geneza i kierunki rozwoju koncepcji*, w: S. Nowosielski (red.), *Podejście procesowe w organizacjach*, UE we Wrocławiu, Wrocław, s. 15–22.
11. Kerzner H. (2013). *Project management: a systems approach to planning, scheduling, and controlling*, John Wiley & Sons.
12. Lichtarski J.M. (2015). *Wybrane dylematy strategicznego zarządzania projektami w organizacjach*, „Przedsiębiorczość i Zarządzanie”, tom XVI, zeszyt 5, cz. 2, *Determinanty zarządzania projektami i procesami w organizacji*, s. 7–16.
13. Maylor H. (1999). *Project Management*, Pitman Publishing, London–San Francisco–Kuala Lumpur–Johannesburg, s. 20.
14. Packendorff J., Lindgren M. (2014). *Projectification and its consequences: Narrow and broad conceptualisations*, „South African Journal of Economic and Management Sciences”, 17.1, s. 7–21.
15. Papadimitriou A. (2010). *Bridging the loop, introducing professionalization in Greek higher education management and beyond*, The 5th European Quality Assurance Forum.
16. Patterson G. (1999). *The learning university*, „The Learning Organization”, 6.1, s. 9–17.
17. Pinheiro R., Stensaker B. (2014). *Designing the entrepreneurial university: The interpretation of a global idea*, „Public Organization Review”, 14.4, s. 497–516.
18. Porter M. (1985). *Competitive Advantage*, Free Press, New York.
19. Rădulescu C., Rădulescu G.M.T., Ovidiu S., Rădulescu A.T.G.M., Rădulescu V.M.G.M., Naş S. (2016). *The Access to Performance in Romanian Academic System Possibilities for iliescu the Competitiveness of Universities in Romania*, „DEStech Transactions on Social Science, Education and Human Science”, mess.
20. Rummler G., Brache A. (2000). *Podnoszenie efektywności organizacji*, PWE, Warszawa.
21. Strategor (2001). *Zarządzanie firmą: Strategie, struktury, decyzje, tożsamość*, PWE, Warszawa.
22. Sułkowski Ł. (2012a). *Meta-paradigmatic Cognitive Perspective in Management Studies*, „Argumenta Oeconomica”, 2 (29), ss. 33–51.
23. Sułkowski Ł. (2012b). *Epistemologia i metodologia zarządzania*, Polskie Wydawnictwo Ekonomiczne.
24. Tirronen J., Nokkala T. (2009). *Structural development of Finnish universities: Achieving competitiveness and academic excellence*, „Higher Education Quarterly”, 63.3, s. 219–236.

25. Trocki M., Grucza B., Ogonek K. (2003). *Zarządzanie projektami*, PWE, Warszawa.
26. Ursin J., Aittola H., Henderson C., Välimaa J. (2010). *Is education getting lost in university mergers?*, „Tertiary Education and Management”, 16.4, s. 327–340.
27. Woźniak P. (2014). *Podjęcie procesowe w systemie zarządzania uczelniami*, Konferencja: Innowacje w Zarządzaniu i Inżynierii Produkcji, PTZP, Zakopane, s. 481–488.

BURNOUT SYNDROME AMONG TEACHERS

Eva Zivcicova

*A. Dubček University in Trenčín, Faculty of Social and Economic Relations,
Department of Social Sciences and Humanities
eva.zivcicova@nuni.sk*

Monika Gullerova

*A. Dubček University in Trenčín, Faculty of Social and Economic Relations,
Department of Social Sciences and Humanities
monika.gullerova@tnuni.sk*

ABSTRACT

Various research studies (Hennig, Keller, 1996) indicate that the teaching profession is one of the most mentally demanding careers with high rates of job burnout or physical, mental and emotional exhaustion. Klimeková (2007) states that occupations with high burnout rates include physicians and nurses, teachers, social workers and service workers. In the study, the issue of burnout syndrome occurrence in primary and secondary school teachers was addressed. The authors based their study on the research findings indicating that primary school teachers exhibit the highest levels of burnout, secondary school teachers exhibit lower levels of burnout, and tertiary teachers are least affected by burnout symptoms. The main purpose of the study was to analyse and compare burnout among primary and secondary school teachers. The research sample consisted of 126 teachers – 48 elementary school teachers and 78 secondary school teachers. To obtain the data, the Maslach Burnout Inventory (MBI) questionnaire was used. The MBI questionnaire was presented by Maslach and Jackson in 1981. There were several MBI questionnaire versions developed, and the original version with 22 items was employed in the study. The MBI questionnaire explores three areas, such as emotional exhaustion, personal accomplishment and depersonalization. In addition, the research was to identify differences in burnout syndrome intensity in relation to the length of employment and school level. Higher burnout rates were assumed to be reported by respondents with more than 20 years of teaching. The research results, however, did not confirm the assumption. It was found that burnout symptoms are more prevalent in primary school teachers than secondary school teachers.

Keywords: *Burnout, Maslach Burnout Inventory Questionnaire, Primary School Teachers, Secondary School Teachers*

1. INTRODUCTION

Burnout refers to a state of emotional, mental and physical exhaustion caused by a long-term exposure to emotionally challenging situations. The emotional burden is most often caused by a combination of unreasonable or unrealistic expectations and chronic stressful situations. (Pines, Aronson, 1988, in Andrášiová, 2006) Burnout does not include cases where one of the given factors is caused by a psychiatric illness, insufficient qualification for a given job or family problems. Burnout is mainly common among people in helping professions, in which professionals perform not only their duties, but are also exposed to a long-term psychological burden (Hoskovcová, 2009). Burnout can also be a response to a long-term and chronic stress, getting overworked, emotional and physical exhaustion of the body, etc. The emotional demandingness are most frequently caused by high expectations and chronic stressful situations (Klimeková, 2007). All the available definitions of burnout syndrome have some common features, such as (Miškolciová, 2008, p. 45): It is primarily a psychic phenomenon, and is prevalent in professions that require work with people or at least interaction with people.

Burnout refers to a series of symptoms, particularly in the psychological, physical, and social areas. A key component in the burnout syndrome is emotional and cognitive exhaustion, often also a general fatigue. All major components of the syndrome stem from a chronic stress. A burnout syndrome has become a well-known phenomenon across modern societies. To date, burnout syndrome has not been recognized as an official mental illness. More and more people have been suffering from burnout, yet they are rarely treated by counsellors. Thus, burnout could become a threat to our society (Kallwass, 2007). Maslach (1976) reported evidence of burnout among human service workers, based on interview data. Her findings about the symptoms and causes of burnout described it as mental and physical exhaustion, and found that more enthusiastic and idealistic staff members tended to be more burned out (Farber, 1991; Maslach, 1982). These early studies originated in the discipline of psychology, which regarded burnout as resulting from one's inability to cope with job stress. Beginning in the 1980s, research on burnout became more systematic and was more often based on empirical data from surveys; many studies featured an established measure of burnout, the Maslach Burnout Inventory (MBI), developed by Maslach and Jackson (1981). The MBI measures three dimensions of burnout: emotional exhaustion, depersonalization, and reduced feelings of personal accomplishment (Maslach, Jackson, 1981). Several researchers investigated teacher burnout in the 1980s and 1990s and most of them used the MBI (Iwanicki & Schwab, 1981). In summary, research on teacher burnout was vigorous in 1980s and 1990s, but has received less attention in the 2000s and 2010s. Hennig and Keller (1996) studied why teachers are much more affected by stress and burnout than for instance government officials or police officers. In addition to individual personality traits of teachers, the following may cause burnout in teachers: confronting a new generation of pupils whose education and training are becoming more and more demanding, which makes it a big challenge for teachers; critical and negative parents trying to make teachers solely responsible for raising their children; tensions and conflicts among teachers; increasing age of the members of the teaching staff, thus lower flexibility and resistance to stress; negative image of a teaching profession in the eyes of the public makes many teachers defend and justify their social status; schools as institutions are tasked with non-viable demands by societies; growing numbers of austerity measures in financing education and training lead to an increase in numbers of pupils in classes, reduced numbers of experts in work groups, limitations regarding educational projects, etc. Burnout syndrome and fatigue are the negative results of being over-tasked and overworked. Miškolciová (2008) and Průcha (2002, p. 28) maintained that the occurrence of the burnout syndrome among teachers is mainly related to "teaching fatigue, teachers' fear of interacting with parents, disappointment with their own professional success, and lack of interest in any types of pedagogical innovations". Several studies addressed some burnout triggering factors in the teaching profession. As there are many factors to consider in relation to the burnout syndrome, the studies focus on selected factors and analyze their impact on and correlations with the burnout intensity. Ingersoll and Strong (2011) and Kim et al. (2017) reported that, early career teachers (i.e. those in their first four years of teaching) may be particularly vulnerable to stress and burnout as they adjust to working full-time and respond to school and district expectations. Research has documented positive impacts of formal mentoring and induction programs on first-year teachers. Průcha (1997, p. 228) argued that the burnout syndrome also threatens teachers nearing the end of their careers. "Elderly teachers exhibit exhaustion to a greater or lesser extent, mainly in terms of psychological strength, professional slumber, or apathy towards being excited about teaching again". For instance, Hakanen, Bakker, and Schaufeli (2006) demonstrated that emotional exhaustion correlated negatively with self-rated health as well as work ability among Finnish teachers. Also, in a study of teachers in Hong Kong, Leung and Lee (2006) found that the exhaustion dimension of burnout predicted teachers' intentions of leaving the profession, and Skaalvik and Skaalvik (2010) concluded that

emotional exhaustion predicted the level of job satisfaction among Norwegian teachers. An important question for their study was whether emotional exhaustion mediates the relations between work-related stressors and job satisfaction as well as the motivation to leave the teaching profession. Discipline problems or disruptive student behavior is recognized as a serious work-related stressor (Buchanan, 2010), and significant correlations have been found between discipline problems and measures of burnout or emotional exhaustion (Tsouloupasa, Carson, Matthews, Grawitch, & Barber, 2010). Sources of stress and symptoms of burnout were examined in 51 rural and 46 urban secondary school teachers from 11 school systems in Georgia and North Carolina (Abel, Sewell, 2010). Urban school teachers experienced significantly more stress from poor working conditions and poor staff relations than did rural school teachers. Stress from pupil misbehavior and time pressures was significantly greater than stress from poor working conditions and poor staff relations for both rural and urban school teachers. Poor working conditions and time pressures predicted burnout for rural school teachers; pupil misbehavior and poor working conditions predicted burnout for urban school teachers. Even though the six school context variables that were analyzed in this study explained 53 percent of the variances in teachers' feeling of belonging and 39 percent of the variance in emotional exhaustion, much of the variance in these variables is not explained in this study. Future research should therefore include other school context variables as well as the personal characteristics of teachers, teachers' life situation, and teachers' status within society. The relationships among teacher occupational stressors, self-efficacy, coping resources, and burnout were investigated in a sample of 247 Spanish secondary school teachers (Betoret, 2006). Concretely, two specific aims were formulated in order to examine the effect of teaching stressors on teacher burnout and the role of self-efficacy and school coping resources as mediator or moderator variables in the stressor–burnout relationship. Teachers reported that when their pedagogical practice in the school setting was being interfered with or hindered by a set of factors from the multiple contexts involved in students' learning, problems of burnout occurred. In addition, results revealed that teachers with a high level of self-efficacy and more coping resources reported suffering less stress and burnout than teachers with a low level of self-efficacy and fewer coping resources, and vice versa. Several Slovak and Czech studies addressed the relationship between the tenure of teaching and the level of burnout. Burnout goes up with every year spent in the education system, culminates in the teaching tenure of 10 years, and then goes down. A similar trend can be observed in the relationship between burnout and age. Urbanovská and Kusák (2009) conducted a research on burnout among teachers and attempted to identify the level of burnout in relation to sex, teaching tenure and teaching positions. The most prominent risk factor was found to be the teaching tenure even though some authors consider it to be a neutral factor. Fialová and Schneiderová (1998) stated that the teachers below the age of 40 are a more endangered group than the teachers of other age groups, with women reporting lower personal accomplishment than men. Similarly, a lower level of performance was found to be in those teaching for 13 to 24 years. The authors examined the burnout syndrome in 191 secondary school teachers of different age categories with varying teaching tenure. In order to obtain relevant data, they utilized the MBI questionnaire and concluded that an increased intensity of emotional exhaustion was found in teachers over 51 years of age and teaching tenure of 26 years and more. Krejčiová a Lovászová (in Drotárová 2006) investigated the intensity and structure of teacher burnout in relation to gender, type of school, length of teaching tenure as well as the degree of satisfaction among the teaching staff. The average burnout intensity in 94 respondents was 25.66. Even though the authors consider the value satisfactory, warning signs should be considered. The highest burnout intensity was recorded in grammar school teachers (A.M.= 29.29) when compared to vocational school and elementary school teachers. They were followed by elementary school teachers (A.M.= 27.69).

Regarding the symptoms, physical and emotional symptoms were more prevalent than symptoms related to social area.

2. RESEARCH METHODOLOGY

The study attempts to compare the burnout intensity by the length of teaching tenure and type of school. The main purpose of the study was to compare and identify significant differences in teacher categories. Additional goals of the study were – to compare the burnout level in teachers by the teaching tenure; – compare the burnout syndrome components, i.e. emotional exhaustion, depersonalization, and personal accomplishment in teachers by the teaching tenure; – compare the burnout intensity by the type of school, and to compare the burnout syndrome components, i.e. emotional exhaustion, depersonalization, and personal accomplishment in teachers by the type of school. In order to meet the purpose of the study, the following null hypotheses were formulated: H1) There is no dependence between the teachers' burnout level and the teaching tenure. H2) No dependence exists between the values of individual burnout factors and the teaching tenure. H3) No dependence exists between the burnout intensity and the type of school. H4) No dependence exists between the values of individual burnout factors and the type of school. When formulating the hypotheses, contradictory findings of the above mentioned studies were taken into consideration. Therefore, null hypotheses of equality of means were formulated. The research sample consisted of 126 teachers – 48 elementary school teachers and 78 secondary school teachers. Regarding the teaching tenure, 40 teachers were in education system for less than six years, the teaching tenure of 44 teachers was in the range of 7 to 19 years, and 42 teachers were teaching 20 years and more. Since a gender differential was not examined, the respondents are not divided by gender. To identify the burnout intensity, the Maslach Burnout Inventory (MBI) questionnaire was used. The MBI questionnaire was presented by Maslach and Jackson in 1981. There were several MBI questionnaire versions developed, and the original version with 22 items was employed in the study. The MBI questionnaire can be used to measure both the burnout frequency and intensity in three areas, such as: – EE (Emotional Exhaustion) is manifested by losing interest in life, lacking energy or motivation to do something. These are the most common burnout symptoms. – DP (Depersonalization) is usual for those who have a great need for reciprocity. – PA (Personal Accomplishment) – low scores are registered in people having low self-esteem and confidence (Křivohlavý, 1998). Questionnaires were evaluated by counting up points in all sub-scales. The three areas were evaluated as low, medium and/or high intensity. Burnout intensity point distribution is given in Table 1.

Table 1: MBI Point distribution (authors)

Factor	Burnout level		
	Low	Medium	High
Emotional Exhaustion (EE)	0 - 16	17 - 26	above 27 = Burnout
Depersonalization (DP)	0 - 6	7 - 12	above 13 = Burnout
Personal Accomplishment (PA)	0-31 = Burnout	32-38	above 39

The survey data was processed in SPSS statistical software, version 8. The categories of teachers were described by arithmetic means and standard deviations in each area. In order to test the equality of means, a student paired t-test was utilized. The results of testing include the testing statistics and the p- value at a significance level of 1%.

3. RESEARCH RESULTS

The results obtained for the three factors under examinations are given in Table 2. The results indicate that the respondents having up to 6 years of teaching experience as well as those having

from 7 to 19 years of teaching experience exhibit the emotional exhaustion of medium intensity. Next, it was found that the respondents having teaching experience of less than 6 years exhibit low intensity of depersonalization, whereas respondents having from 7 to 19 years of experience exhibit depersonalization of a medium intensity. No striking differences were identified in personal accomplishment – teachers in their initial years exhibit a medium level of personal accomplishment, while those teaching from 7 to 19 years exhibit a low level of personal accomplishment.

Table 2: Comparison by the length of teaching experience (authors)

Factor	Teaching experience up to 6 years		Teaching experience from 7 to 19 years		Comparison	
	AM	SD	AM	SD	t	P
EE	19.89	13.79	24.13	13.26	1.080	0.283
DP	5.98	4.50	12.00	6.57	4.247	0.000
PA	36.5	10.01	30.13	9.92	2.226	0.029
SUM	62.53	16.07	66.26	19.11	0.781	0.437

Based on the student t-test results, a null hypothesis on equality of means in emotional exhaustion and the overall level of burnout syndrome was accepted. Significant differences were found in terms of depersonalization and personal accomplishment, and the null hypothesis on equality was rejected at a 1% level of significance. Table 3 provides the values for individual burnout factors in respondents having teaching experience from 7 to 19 years and those above 20 years. Medium level of exhaustion and depersonalization were found in both categories of respondents. With regard to personal accomplishment, a high level of burnout was identified in respondents having teaching tenure from 7 to 19 years and a medium level of burnout in respondents teaching 20 years and more.

Table 3: Comparison by teaching tenure (authors)

Factor	Teaching experience from 7 to 19 years		Teaching experience of 20 years and more		Comparison	
	AM	SD	AM	SD	t	P
EE	24.13	13.26	19.53	10.95	1.487	0.157
DP	12.00	6.57	9.95	5.56	1.253	0.214
PA	30.13	9.92	34.38	10.48	1.443	0.153
SUM	66.26	19.11	63.87	16.74	0.492	0.624

Based on the student t-test results, a null hypothesis on equality of means in emotional exhaustion, depersonalization, personal accomplishment, and the overall level of burnout syndrome was accepted. No significant differences were not found in the factors examined or in the overall burnout level in the respondents having 7 to 19 years of teaching experience and teachers with teaching experience of 20 years and longer. By pair comparison, the burnout syndrome in respondents having 6 and less years of teaching experience and in respondents having 20 years of teaching experience and above was analyzed. As shown in Table 4, both categories of respondents showed a medium intensity of burnout with regard to emotional exhaustion. The two categories of respondents also showed a medium intensity of burnout in personal accomplishment. Concerning depersonalisation, the respondents teaching up to 6 years experienced a low intensity of burnout compared to a medium intensity of burnout in those teaching 20 years and more.

Table 4: Comparison by teaching tenure (authors)

Factor	Up to 6 years		20 years and more		Comparison	
	AM	SD	AM	SD	T	p
EE	19.89	13.79	19.53	10.95	0.170	0.866
DP	5.98	4.50	9.95	5.56	4.572	0.000
PA	36.5	10.01	34.38	10.48	1.214	0.272
SUM	62.53	16.07	63.87	16.74	0.478	0.638

Based on the student t-test results, a null hypothesis on equality of means in emotional exhaustion, depersonalization, personal accomplishment, and the overall level of burnout syndrome in both categories of respondents was accepted. Significant differences between respondents teaching up to 6 years and those teaching 20 years and more were identified in depersonalization, and the null hypothesis on equality of means was rejected at a 1% level of significance. The data obtained was also compared by the type of school. Table 5 lists the differences in the three factors as well as in the overall burnout intensity. With regard to emotional exhaustion and depersonalization, primary school teachers show a medium level of burnout, while secondary school teachers a low level of burnout. Both categories of respondents showed a medium level of burnout in personal accomplishment.

Table 5: Comparison by the type of school (authors)

Factor	Elementary school teachers		Secondary school teachers		Comparison	
	AM	SD	AM	SD	t	P
EE	19.51	10.90	13.66	6.19	2.003	0.048
DP	9.85	5.55	6.73	6.62	1.977	0.051
PA	34.83	10.46	35.33	5.7	0.340	0.735
SUM	64.19	16.72	55.73	9.87	1.815	0.073

4. CONCLUSION

In the empirical study, the following hypotheses were formulated:

- H1. There is no dependence between the teachers' burnout level and the length of teaching tenure. Following the results shown in Tables 2, 3, 4, a null hypothesis at a 1% level of significance on the equality of means in the categories of teachers according to the length of teaching tenure. No significant differences in burnout level among the categories of teachers were identified.
- H2. No dependence exists between the values of individual burnout factors and the length of teaching tenure. Based on the results given in Tables 2, 3, and 4, the null hypothesis was accepted in a pair comparison: emotional exhaustion among all three categories of teachers; depersonalization between teachers having teaching experience from 7 to 19 years and those above 20 years; personal accomplishment between teachers having teaching experience from 7 to 19 years and those above 20 years; personal accomplishment between teachers having teaching experience of less than 6 years and those above 20 years. With regard to the other factors, statistically significant differences were found, therefore the null hypothesis was rejected.
- H3. No dependence exists between the burnout intensity and the type of school. Given the results shown in Table 5, the null hypothesis was rejected. The burnout intensity in primary school and secondary school teachers differed significantly at a 1% significance level.
- H4. No dependence exists between the values of individual burnout factors and the type of school. The survey results indicated statistically significant differences in emotional exhaustion and depersonalization, thus the null hypothesis was rejected.

It can be inferred that the biggest threat to teachers are depersonalization or psychic exhaustion. They were mostly prevalent in teachers being in the education system from 7 to 19 years. Concerning the depersonalization factor, we believe that teachers in their first three years of teaching are enthusiastic and passionate about their work as well as in good health. Gradual disillusion and frustration from work went hand in hand with an increase in depersonalization scores which were the highest among the teachers having 7 to 19 years of teaching experience. A relatively moderate depersonalization score in teachers having above 20 years of teaching experience can be attributed to the fact that those who were not able to cope with frustration quit teaching and those who remained developed adequate coping mechanisms. It is also worth noting that the lowest score in personal accomplishment was found in teachers having 7 to 19 years of teaching experience. Moreover, it was established that the emotional burnout and psychic exhaustion are more intense in elementary school teachers than in secondary school teachers. It turned out that the workload is heavier in primary education, probably due to a too wide specialization of elementary school teachers as well as the age of pupils. Our findings do not contradict the quoted Slovak and Czech research on teacher burnout. Since the burnout threat to elementary school teachers was re-confirmed by the research, it is not enough to only monitor the current situation. It is necessary that the burnout in elementary school teachers is prevented and psychosocial burden reduced.

LITERATURE:

1. Abel, M., H., Sewell, J. (2010). *Stress and Burnout in Rural and Urban Secondary School Teachers*. Retrieved 15. 4. 2010 from <http://www.tandfonline.com/doi/abs/10.1080/002206799095978>.
2. Andrášiová, M. (2006). Syndróm vyhorenia v lekárskej praxi, možnosti jeho zvládania a prevencie. *Via Practica*, 2006 (12), pp. 559-561.
3. Betoret, F. D. (2006). *Stressors, Self-Efficacy, Coping Resources, and Burnout among Secondary School Teachers in Spain*. Retrieved 3.8. 2006 from <http://dx.doi.org/10.1080/01443410500342492>.
4. Buchanan, J. (2010). May I be excused? Why teachers leave the profession. *Asia Pacific Journal of Education*, 30 (2) (2010), pp. 199-211.
5. Drotárová, E. (2006). *Syndróm vyhorenia u učiteľov a iných pracovníkov v pomáhajúcich profesiách*. Retrieved 6. 7. 2006 from <http://www.pulib.sk/elpub2/FHPV/Kubani2/5.pdf>
6. Farber, B. A. (1991). *Crisis in education: Stress and burnout in the American teacher*. San Francisco: Jossey-Bass.
7. Hakanen, J.J., Bakker, A.B., Schaufeli, W.B. (2006). Burnout and work engagement among teachers. *Journal of School Psychology*, 43, pp. 495-513.
8. Fialová, I., Schneiderová, A. (1998). Syndrom vyhoření v profesní skupině středoškolských učitelů. *Učitelé a zdraví*, 1998 (1), pp. 55-56.
9. Hoskovcová, S. (2009). *Psychosociální intervence*. Praha: Karolinum.
10. Ingersoll, R. M., Strong, M. (2011). The impact of induction and mentoring for beginning teachers: A critical review of the research. *Review of Educational Research*, 2011 (2), pp.201-233.
11. Iwanicki, E. E., Schwab, R. L. (1981). A cross validation study of the Maslach Burnout Inventory. *Educational and Psychological Measurement*, 1981 (41), pp.1167-1174.
12. Kallwass, A. (2007). *Syndrom vyhoření v práci a osobním životě*. Praha: Portál.
13. Kim, J., Youngs, P., Frank, K. (2017). Burnout contagion: Is it due to early career teachers' social networks or organizational exposure? *Teaching and Teacher Education*, 2017 (66), pp. 250-260.
14. Klimeková, A. (2007). „Burnout“ alebo Kde sa podel náš životný elán. Bratislava: Personálny úrad OSSR.

15. Leung, D.Y.P., Lee, W. S. (2006). Predicting intention to quit among Chinese teachers: differential predictability of the component of burnout. *Anxiety, Stress, & Coping*, 2006 (19), pp. 129-141.
16. Maslach, C. (1976). Burned-out. *Human Behavior*, 1976 (19), pp. 16-22.
17. Maslach, C., Jackson, S. E. (1981). The measurement of experienced burnout. *Journal of Occupational Behavior*, 1981 (2), pp. 99-113.
18. Maslach, C. (1982). *Burnout: The cost of caring*. Englewood Cliffs, NJ: Prentice Hall.
19. Miškolciová, I. (2008). *Syndróm vyhorenia u učiteľov základných škôl a možnosti jeho prevencie*. Banská Bystrica: Univerzita Mateja Bela.
20. Průcha, J. (1997). *Moderní pedagogika*. Praha: Portál.
21. Průcha, J. (2002). *Učitel: současné poznatky o profesi*. Praha: Portál.
22. Skaalvik, E. M., Skaalvik, S. (2010). Teacher self-efficacy and teacher burnout: a study of relations. *Teaching and Teacher Education*, 2010 (26), pp. 1059-1069.
23. Skaalvik, E. M., Skaalvik, S. (2010). *Teacher job satisfaction and motivation to leave the teaching profession: Relations with school context, feeling of belonging, and emotional exhaustion*. Retrieved 20. 11. 2017 from <http://www.sciencedirect.com/science/article/pii/S0742051X11000382>.
24. Tsouloupasa, C. N., Carson, R. L., Matthews, R., Grawitch, M. J., Barber, L. K. (2010). Exploring the association between teachers' perceived student misbehaviour and emotional exhaustion: the importance of teacher efficacy beliefs and emotion regulation. *Educational Psychology*, 2010 (30), pp. 173-189.
25. Urbanovská, E., Kusák, P. (2009). Syndrom vyhoření učitelůve vztahu k vybraným determinantám. *E-Pedagogium*, 2009, (IV), pp. 108-121.

THE APPRAISAL IN THE MANAGERIAL DECISION MAKING ON INVESTMENT: EVIDENCE FROM SLOVAK COMPANIES

Eva Malichova

*Department of macro and microeconomics, Faculty of management science and informatics,
University of Zilina, Univerzitna 1, 010 26 Zilina, Slovak republic
eva.malichova@fri.uniza.sk*

Maria Durisova

*Department of macro and microeconomics, Faculty of management science and informatics,
University of Zilina, Univerzitna 1, 010 26 Zilina, Slovak republic
maria.durisova@fri.uniza.sk*

Martin Miciak

*Department of macro and microeconomics, Faculty of management science and informatics,
University of Zilina, Univerzitna 1, 010 26 Zilina, Slovak republic
martin.miciak@fri.uniza.sk*

ABSTRACT

This article provides an overview of the results from the research focused on the activity of appraisal in the investment decision making in companies operating in Slovakia. The research deals with three substantial parts of appraisal, consisting of appraisal criteria, methods of appraisal of economic efficiency of investment, and appraisal of risk in investment projects. In the article, the importance of individual appraisal criteria is defined according to responses of companies. The responses also revealed the use of static and dynamic appraisal methods in companies, used ways of identifying the risk, and the tools for analysis of the risk in investment variants. The article also includes the analysis of the relationship of these elements of appraisal with the success of investment in companies.

Keywords: *Investment, Investment appraisal, Management decision making, Medium-sized companies*

1. INTRODUCTION

The continuous dynamic changing of the environment forces companies on the market to flexibly react to these changes, to adapt to them. Some of them know how to utilise these changes effectively in their favour, and they become more competitive on the market. The technical and technology advances that are much faster at present than they were in the past years offer opportunities for improvement of companies, however they also bear a risk from the perspective of the success of the investment realised. Decision-making on investment in companies represents a difficult task because making the right or wrong decision pertaining to investment in a company is essential for its prosperity. The success of the chosen investment project depends on the quality of the decision-making process, the activities it encompasses, from the identifying of the investment problem to the decision-making itself and also on the managers' approach to stakeholders (Shakina et al., 2017). One of the fundamental tasks of this process is the appraisal of investment variants which consists of identifying the appraisal criteria, and subsequently the appraisal itself. Identifying and exact defining of criteria considerably influences the whole further process of the appraisal in decision-making and the final outcome. The aim of this article is therefore to define the substantial elements in appraisal of investment variants from the research conducted in companies in the Slovak Republic, and their influence on the success of investment from the perspective of companies.

2. THEORETICAL BACKGROUND

Decision-making on investment represents a specific type or application of the managerial decision-making. Furthermore, this activity is not well-developed in small or in micro companies where the decisions of this type are done solely by the owner. On the other hand, in big companies that are often subsidiaries of a large international corporation the decision-making related to investment appraisal can have very strict rules and can always be influenced by the policy of the headquarters. Therefore, the attention of this research was narrowed to medium-sized companies. Managerial decision-making can be simply defined as the selection from alternatives, or as a process of analysing and consideration with the result in the form of a decision (Donnelly, 1997; Grubic-Nesic et al., 2016). This process consists of particular steps serving for the selection of the right solution which will help to accomplish the goals (Langley et al. 1995; Keast et al., 2009). Individual steps and their sequence vary in opinions of various authors, but every process of managerial decision-making includes the activity focused on appraisal of variants (Rue et al., 2005; Quick, 2005; Gibcus, 2008; Bazerman 2006; Pike et al., 2006; Donnelly et al., 2000; Robbins et al., 2012). The aim of variants appraisal phase is to identify such variant of problem's solution which achieves the set goal the best, or also to determinate the preference order of variants. While appraising the investment, the authors work on the assumption that the task of company's manager is to maximise the company's value for its owners. Thus, managers should consider all investment projects that will be beneficial for the company, that will increase its value, and that will bring wealth for owners (Afonso et al., 2009). According to Graham (2008, p. 207), investment appraisal can be defined as "decision-making on when, how and whether to spend funds on capital projects. The essence of all investment appraisals is the appraisal of efficiency of the proposals based on the comparison of benefits and costs of investment." The importance of managerial perspective in the process of investment appraisal is emphasised also in the opinion of Jereb (2017) who states "that the investments managed within a chosen supervisory framework achieve significantly better results than those implemented without supervisory approaches and frameworks". The basic criteria in the investment process are the factor of liquidity which can be defined as the difference between the financial incomes and expenditures of the investment, the factor of time represented by the actual lifespan of the investment, and the risk taken by the company when realising the investment which should define the desired revenues. Managers should thus focus on the balance of quantitative and qualitative criteria in the process of criteria definition. According to some researches, qualitative criteria are those that are important in the decision-making on investment in companies (Alkaraan et al., 2006; Chittenden et al., 2004). Authors Chittenden and Derregia (2004) in their research state that successful companies are not primarily focused on investment projects achieving the right financial values when making decisions on investment, but they are also focused on qualitative and intuitive appraisal of projects and their ability to solve the identified problem. Effective methods of appraisal represent the most valuable tools for the support of the decision-making process itself (Schuster 2007). The methods used have a number of common features to a great extent. In case of appraisal of investment projects, all of them could be quantified. However, from the perspective of managers, it is necessary to focus on the efficiency of the decision-making process considering the time, costs, and gathering the relevant materials for the decision. In such case, it is thus needed to choose the method of investment appraisal which will be used to make the final decision, and which will lead to maximising the value for owners and investors (Scholleová, 2000; Ryan et al., 2002). Based on the set factors of the investment, methods can be defined that do not include some of the factors, for example, the factor of time and risk – traditional or non-discounted (static) methods and discounted methods (Shobayo, 2016). Traditional methods of investment appraisal are focused especially on the monitoring of financial income from the investment. Here belong the indicators of profitability and the

Payback Period (PB). Considering the absence of the time and risk factor, they are applicable only in cases where it does not have a significant influence on the appraisal, selection and the choice of the investment variants themselves. The consideration of the impact of time factor, and partly also of the risk factor, is provided by the discounted methods. These methods are used for appraisal of investment with longer economic lifespan because they assure that there is no substantial distortion of capital expenditures or of financial incomes caused by time. They are based on the time value of money which is influenced by the uncertainty of future incomes, inflation and by the opportunity costs (Hunjra et al., 2012). The existence of various methods belonging into the group of dynamic methods provides various perspectives of the investment appraisal for investors. The best-known methods in this group are The Internal Rate of Return Method (IRR) and The Net Present Value Method (NPV) (Akalu, 2001). Other methods are The Profitability Index (PI), The Discounted Payback Period, The Benefit Cost Ratio (BCR) and The Economic Value Added (EVA) (Graham et al., 2001; Lumby et al., 2001; Ryan et al., 2002; Berkovitch et al., 2004; Ross 2006; Paramasivan et al., 2009). It was found out by various researches that the companies still often use the traditional methods of investment appraisal such as the indicators of profitability and undiscounted payback period. In the countries such as the Great Britain, Finland and USA, also a frequent using of the dynamic methods can be observed (Liljeblom et al., 2004; Švecová et al., 2012). Some results also revealed that the use of non-traditional methods such as NPV or IRR significantly positively related to the effectiveness of investment decision (Kengatharan et al., 2017).

3. METHODOLOGY

This article is a part of the research focused on the managerial decision making on investment. This research was conducted in 2016 in the selected middle-sized companies operating in the area of the Slovak Republic. There were 147 companies participating in the research that filled the questionnaire concerning the decision making on investment. The questionnaire was composed of 22 questions divided into 5 basic parts (Table 1).

Table 1: Research areas and subareas

No.	Research areas	Research subareas
1.	Company characteristics	Annual turnover Majority owner Current economic status Company strategy
2.	Company investment	The value of the investment in the last 5 years Satisfaction with realised investment Type of investment
3.	Decision making on investment	Reasons of decision making on investment Persons involved in the process Identification of investment possibilities Factors influencing the decision-making process
4.	Investment appraisal	Appraisal criteria Investment appraisal methods
5.	Risk analysis of investment options	Ways of identifying the risk Risk analysis tools

Following the responses of companies, absolute quantities of individual responses for the research questions were determined. To identify the substantial elements in the process of appraisal of investment variants influencing the success of investment, the following hypotheses were defined.

- Hypothesis 1 – There is a significant dependence between the importance of the selected criteria of appraisal of investment variants and the success of investment realised.
- Hypothesis 2 – There is a significant dependence between the use of dynamic methods of appraisal of economic efficiency of investment and the success of investment realised.
- Hypothesis 3 – There is a significant dependence between the way of identifying the risk and the success of investment realised.
- Hypothesis 4 – There is a significant dependence between the methods of risk analysis and the success of investment realised.

To test these hypotheses, the responses to the questions from the research subareas are used in the article:

- Appraisal criteria – identifying the importance of the set criteria of appraisal of investment variants using a five-point scale (1 – unimportant, 5 – important).
- Investment appraisal methods – identifying the use of methods of appraisal of the economic efficiency of investment in companies. Again, using a five-point scale (1 – not being used, 5 – always being used).
- Ways of identifying the risk – selection from the ways of identifying the risk in companies during the decision making on investment.
- Risk analysis tools – selection from the methods of risk analysis used by the company in the process of decision making on investment.
- Satisfaction with the investment realised – using a five-point scale to evaluate the satisfaction with the investment realised in the past (1 – unsatisfied, 5 – satisfied).

The Spearman's rank correlation coefficient or Spearman's rho was chosen to test the hypotheses 1 and 2. This nonparametric measure was chosen regarding the studying of dependency between ordinal variables whose values were defined using a five-point scale. For the statistical verification of hypotheses 3 and 4, cross tables were created containing the quantities of individual responses accordingly to the hypotheses. Afterwards, they were tested using the χ^2 goodness of fit test. If the calculated value of this test with the given number of degrees of freedom exceeds the critical value, the dependence of two variables can be considered to be proved. While testing all the hypotheses, the significance level was set at 5%, alternatively at 1%.

4. RESULTS

Based on the hypotheses set in the methodology, the research results can be divided into three basic areas: criteria of investment projects appraisal, appraisal of economic efficiency, and evaluation of risk in the process of decision making on investment.

4.1. Criteria of investment projects appraisal

An element of a very high importance in the process of decision making on investment is represented by criteria used by companies to appraise individual investment variants. The criteria must be determined in the way that rating them makes it possible to assess the level of goals and requirements fulfilment, and so it is possible to get to the selection of the most suitable investment project. Since each company considers different number of various criteria during the appraisal of an investment, the groups of appraisal criteria were specified in the questionnaire.

Companies' representatives could choose from points on the scale from 1 to 5, where 1 represents insignificant group of criteria, and 5 represents significant group of appraisal criteria. This way, 11 groups of criteria were rated. Table 2 shows values of descriptive characteristics of criteria groups according to opinions of respondents.

Table 2: Descriptive characteristics of appraisal criteria groups

Appraisal criteria groups	Mean	Median	Mode	Std. deviation	Minimum	Maximum
Amount of investment	4.2585	4	5	0.83657	1	5
Payback period	4.2109	4	5	0.91585	2	5
Investment duration	3.8095	4	4	0.78804	2	5
Level of risk	4.0136	4	4	0.89891	2	5
Previous experience	3.9524	4	4	0.77930	2	5
Employees	3.1020	3	3	0.95612	1	5
Quality	4.0272	4	4	0.74893	3	5
Goals	3.5646	4	4	0.84455	1	5
Reputation	3.6463	4	4	1.03898	1	5
Corporate social responsibility	3.3673	3	3	1.09220	1	5
Difficulty of gaining the funds	3.4830	3	3	1.04916	1	5

Based on the mean value, the companies consider the amount of investment to be the most important group of criteria, followed by the investment payback period. Thus, the financial perspective can still be seen as very important for companies. From other criteria groups, the companies give importance to the investment's impact on the products' and processes' quality, and to the investment's level of risk. The impacts of an investment on employees and corporate social responsibility were noted as the least important ones. Following these findings, the dependence of investment success and importance of a group of criteria was studied. To identify the dependence between these variables, the Spearman's correlation coefficient was selected at the significance level of $\alpha = 0.05$. The relation between the investment's success and individual groups of criteria is shown in Table 3.

Table 3: Correlations between the success of investment and groups of appraisal criteria

Appraisal criteria	Success of investment	
	Correlation Coefficient	Sig. (2-tailed)
Amount of investment	0.181*	0.0280
Payback period	-0.105	0.2070
Investment duration	0.092	0.2690
Level of risk	-0.148	0.0730
Previous experience	0.255**	0.0020
Impact on employees	0.315**	0.0000
Impact on the quality of products and processes	0.318**	0.0000
Consistency with goals and strategy	0.225**	0.0060
Company's reputation	0.420**	0.0000
Corporate social responsibility	0.210*	0.0110
Difficulty of gaining the funds	-0.015	0.8530

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

The results clearly show that up to 7 relations among 11 studied (63%) can be noted as significant at the chosen level of significance of 5%. Also, up to 5 of these 7 relations are significant at the level of significance of 1%. The values of correlation coefficients range from 18% to 42%. The highest strength of relation can be observed between the success of investment and the company's reputation. To other relations with high importance belong the relation of investment success and impacts on the quality of products and processes (31.8%), and the relation of investment success and the impacts on employees (31.5%). Based on the correlations identified, it can be stated that the null hypothesis is rejected, and hypothesis 1 is accepted. Thus, there is a dependence between the importance of individual criteria in a company and the success of investment realised in the company. Another interesting finding is that the amount of investment was at the last position among the groups of criteria with the identified significant dependence with the investment success. Therefore, it can be stated that the success of investment is influenced mainly by non-financial criteria.

4.2. The appraisal of economic efficiency of investment

The methods of appraisal of investment's economic efficiency are very important in the phase of investment variants appraisal. The research was focused on the identification of use of individual methods of economic efficiency appraisal in companies. The assumption was that the companies prefer the use of static methods of appraisal because of their simplicity and clarity for the managers of companies. There were 8 methods defined in the research for the appraisal of economic efficiency of investment (2 static methods and 6 dynamic methods). The respondents were using a five-point scale to express how often (1 – do not use, 5 – always use) they use individual methods in the process of decision making on investment. Table 4 lists the descriptive characteristics for the responses. Looking at the mean values, is it possible to see that the indicators of profitability and return rate are the most used methods. Following is the method of the investment's payback period. Both these methods belong to static methods of the appraisal of investment's economic efficiency. It can be stated that the static methods of appraisal are used by more than 50% of respondents (selecting the response 4 or 5).

Table 4: Correlations between the success of investment and groups of appraisal criteria

Methods of economic efficiency appraisal	Mean	Median	Mode	Std. deviation	Minimum	Maximum
Profitability	3.6327	4	3	1.00738	2	5
Payback Period	3.3605	3	3	1.05302	1	5
Discounted Payback Period	2.5034	2	2	1.00937	1	5
Internal Rate of Return	2.7241	3	3	1.10229	1	5
Net Present Value	2.9796	3	3	1.18477	1	5
Index of Profitability	2.7260	3	2	1.14783	1	5
Benefit Cost Ratio	2.4726	2	3	1.15188	1	5
Economic Value Added	2.5986	2	2	1.29625	1	5

Among the dynamic appraisal methods, the most used ones in companies are The Net Present Value, The Index of Profitability and The Internal Rate of Return. When compared with the results of the research conducted by Alkaraan and Northcott in 2006, the mean values of using the non-traditional methods of investment appraisal, which we consider strategic, are lower (NPV – 3.9759; IRR – 3.7073). In a research focused on Polish and Thai companies it was found out that the most frequently used methods of the investment appraisal are the IRR (60.7% of Polish companies and 36.3% of Thai companies) and the NPV (53.2% of Polish companies and 33.6% of Thai companies) (Wnuk-Pel et al., 2013). These authors also corroborated the dependence between the use of investment appraisal methods and the size of a company which

can contribute to the explanation of use of mainly static appraisal methods in medium-sized companies in Slovakia. In the research, the dependence of investment success and the use of methods for the appraisal of investment was studied in companies in the decision-making on investment (hypothesis 2). In Table 5, the calculated Spearman's correlation coefficients are listed. With the chosen significance level of 5%, the relation of investment success and indicators of profitability can be noted as significant. At the significance level of 1%, a significant relation was detected for methods: The Payback Period, The Net Present Value and The Index of Profitability. The most significant relation can be observed between the investment success and the dynamic method The Net Present Value. The correlation coefficient reaches the value of 33.4%, which is considered to be a medium strong dependence. The second most significant relation was identified between the investment success and The Payback Period (static method). Among 8 methods of appraisal, a significant relation was identified by 4 of them (50%). Therefore, the hypothesis 2 about the existence of a significant dependence between the methods of appraisal of the investment's economic efficiency and the investment's success was rejected.

Table 5: Spearman's rho between the investment success and the methods of appraisal

Spearman's rho		Investment success	
Appraisal methods	Method's type	Correlation Coefficient	Sig. (2-tailed)
Indicators of Profitability	Static	0.198*	0.0160
Payback Period	Static	0.327**	0.0000
Discounted Payback Period	Dynamic	0.004	0.9640
Internal Rate of Return	Dynamic	-0.018	0.8270
Net Present Value	Dynamic	0.334**	0.0000
Index of Profitability	Dynamic	0.291**	0.0000
Benefit Cost Coefficient	Dynamic	0.049	0.5570
Economic Value Added	Dynamic	0.008	0.9200

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

However, if the hypothesis was focused only on static methods, it could be confirmed. Among the two static methods of appraisal of economic efficiency, a significant dependence was identified by both of them. But, it can be caused by the fact that The Indicators of Profitability were used at least once by all 100% of companies, and The Payback Period was used at least once by 95% of companies. Among dynamic methods, the dependence was identified only by 2 of 6 methods. The Table 5 also shows that these methods are known by companies and they are used by them as well, which results in the success of investment in these companies. Companies should use higher number of dynamic methods in their appraisal of economic efficiency because these methods take into consideration more factors than just cash flows of the investment. On the other hand, via more detailed analysis and interviews with the managers in companies it was found out that when companies conduct a similar decision making on investment to some done in the past, simple indicators of return suffice for them. These indicators are not difficult to calculate, and the managers understand them, in contrast with the discounted methods.

4.3. Risk evaluation in the process of decision making on investment

Determining the risk level of the individual investment projects in the process of decision making is very complicated because the investment is realised by companies in the long-term horizon, and the future situation cannot be foreseen either on the market or in the company.

However, the companies cannot forget the risk in this process and its impacts that can change the investment and the benefit from it. In the questionnaire, the respondents were given the question pertaining to the ways of determining the risk when identifying the risk in investment projects. Figure 1 depicts the percentage of use of individual ways of defining the risk in the studied companies. The companies use the verbal characteristics the most when defining the risk, describing the level of the risk for an investment project. The second most used way is represented by numeral characteristics, consisting of probability, dispersion, standard deviation, and other. More than 10 % of all addressed companies use other ways of identifying the risk, and 7 % of all companies neglect the risk.

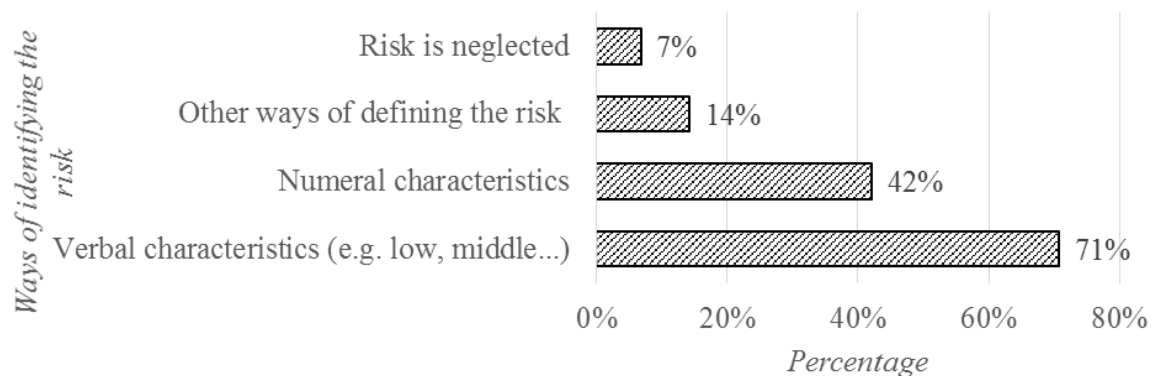


Chart 1: Ways of identifying the risk in the process of decision making on investment

In comparison with the research conducted in the Czech Republic in 2007, the same trend can be seen in the ways of identifying the risk. Verbal characteristics were also the most used way (59.5%). Numeral characteristics were used by 31.3% of respondents, and the risk was neglected by 7% of companies (Švecová et al, 2012), the same as in this research. Considering the importance of the identification of the risk in the process of managerial decision making, the dependence between the ways of identifying the risk and the success of investment realised was studied in companies (hypothesis 3). The assumption is that if companies can identify the risks of investment variants, they are subsequently able to make the right decisions, to prepare and to flexibly react in the process of implementation. All this then contributes to the success of the investment realised. To identify the dependence, the χ^2 goodness of fit test was applied. The test was performed using the quantities in the cross table. These were gained from the responses of companies for the question pertaining to the success of investment realised, and to the selection of ways to identify the risk in the process of managerial decision making on investment. At the significance level of 5%, the χ^2 goodness of fit test confirmed the dependence between the ways of identifying the risk and the success of investment realised in companies (the calculated value of Pearson χ^2 was 25.994 while the critical value of χ^2 with 12 degrees of freedom is 21.03). For further studying, the Cramer's V calculation was performed. This indicator was chosen based on the fact that cross tables include both nominal and ordinal variables. The Cramer's V value is 0.209 at the significance level of 0.01. This means that the dependence was identified between the success of investment and the way of identifying the risk. The hypothesis 3 is accepted because using the statistical tests a significant dependence was identified between the way of identifying the risk and the success of investment. Besides the ways of identifying the risk, we also focused on the use of tools of risk analysis in investment projects in companies. Regarding the results of ways of identifying the risk in investment projects, the scenarios are the most frequently used in companies during the risk analysis. This way of risk analysis was picked by almost 36% of all companies (Table 6).

Table 6: Tools of risk analysis used in companies

Risk analysis tools	Number	Percentage
Sensitivity analysis	43	29.3%
Scenarios	52	35.4%
Decision trees	27	18.4%
Monte Carlo simulation	17	11.6%
None	50	34.0%

The second most frequently used way is the sensitivity analysis (29.3%). This is followed by the decision trees (18.4%), and almost 12% of companies use simulation as well. However, an alarming finding is that up to 34% of companies do not use any tools of risk analysis. This means that companies define the risks in investment projects, but then they do not analyse them. This way they also do not identify the impacts that can occur when the current conditions change. To verify the hypothesis 4, which was focused on the relation between the success of investment and the tools of risk analysis, the χ^2 goodness of fit test was performed. At the significance level of 5%, this test identified the dependence between the tools of risk analysis and the success of investment realised in companies. The calculated value of the χ^2 test was 31.549, and it was higher than the critical value of χ^2 with 16 degrees of freedom (26.296). Subsequently, the Cramer's V calculation was performed. Its value was 0.209 at the significance level of 5%, which means that there is a dependence between the success of investment and the way of identifying the risk. Thus, the hypothesis 4 is accepted because the dependence was verified between the way of analysing the risk and the success of investment. The companies should pay more attention to risk analysis tools in the future because Tarczynska-Luniewska (2014), among others, describes the role of analytical tools in the support of the decision-making on investment process.

5. CONSLUSION

The aim of this article was to identify the substantial findings in the appraisal of investment variants in the process of managerial decision making. This article dealt with three basic elements, consisting of appraisal criteria, methods of appraisal of economic efficiency of investment, and the evaluation of risk in the process of decision making on investment. In the process of decision making on investment, companies consider the criteria pertaining to the amount of investment, payback period, and the impacts on the quality of products and processes together with the level of the risk to be the most important. A significant mutual relation was identified between the success of investment and the criteria: company's reputation, impact on the quality of products and processes, and investment's impact on employees. Companies denoting their investment as successful consider just the identified criteria to be important. These criteria are not financial, which means that these companies do not primarily focus on the amount of investment or its payback period but on its benefits. During the appraisal of investment, the companies still mainly use the traditional methods of appraisal, such as The Indicators of Profitability and The Payback Period. Among the dynamic methods of appraisal, the most used ones are The Net Present Value, The Internal Rate of Return and The Index of Profitability. The testing of dependence between the success of investment and methods of appraisal showed that the use of The Net Present Value, The Payback Period and of The Index of Profitability substantially effects the success of investment. Companies should focus on getting known the dynamic methods that can strongly help them during the appraisal of investment variants. The risk in the decision making on investment is most often identified by companies using the verbal characteristics, followed by numeral characteristics and other ways of determining the risk.

This influences the use of tools for risk analysis as well. Companies mostly use scenarios and the sensitivity analysis. More than 30% of companies do not use any tool of risk analysis, which means that even though they identify the possible risk, they do not deal with its impacts on the investment's success. When looking at the dependence between the success of investment and the ways of identifying the risk, the effect of the used methods on the success was revealed. The same applies for the case of identifying the effect of methods of risk analysis on the success. Thus, the companies should focus on the importance of non-financial appraisal criteria in the process of appraisal of investment variants in the managerial decision making, they should use dynamic methods of appraisal such as the NPV and the IRR, and after identifying the risk, they should pay attention to its analysis using some of the tools available.

LITERATURE:

1. Afonso, P., Cunha, J. (2009). Determinants of the use of capital investment appraisal methods: evidence from the field. *The 2009 European Applied Business Research Conference*, Prague.
2. Akalu, M.M. (2001). Reexamining Project Appraisal and Control: developing a focus on wealth creation. *International Journal of Project Management*, Vol. 19, No 7, pp. 375–383.
3. Alkaraan, F., Northcott, D. (2006). Capital investment decision-making: A role for strategic management accounting? A study of practice in large U.K. manufacturing companies. *British Accounting Review*, Vol. 38, No 2, pp.149-173.
4. Bazerman, M.H. (2006). *Judgment in Managerial Decision Making*, 6th Edition, New York: Wiley.
5. Berkovitch, E., Israel, R. (2004). Why the NPV criterion does not maximize NPV. *The Review of Financial Studies*, Vol. 17, No 1, pp. 239–255.
6. Chittenden, F., Derregia, M. (2004). *Capital investment decision-making: some results from studying entrepreneurial businesses*, University of Manchester, Manchester.
7. Donelly, J. H., Gibson, J. L., Ivancevich, J. M. (1997). *Management*, Grada Publishing, Prague.
8. Gibcus, P., Vermeulen, P., De Jong, J. (2009). Strategic decision making in small firms: a taxonomy of small business owners. *International Journal of Entrepreneurship and Small Business*, Vol. 7, No 1, pp. 74–91.
9. Graham, J. R., Harvey, C. R. (2001). The theory and practice of corporate finance: evidence from the field. *Journal of financial economics*, Vol. 60, No 2, pp.187-243.
10. Grubic-Nesic, L., Mitrovic, S., Melovic, B., Milisavljevic, S. (2016). Differences between the state/public and private sectors in organizations in Serbia regarding the functionality of managers' decision making. *Journal for East European Management Studies*, Vol. 21, No 1, pp. 82 – 102.
11. Hunjra, A.I. et al. (2012). Investment Appraisal Techniques and Constraints on Capital Investment. *Actual Problems of Economics*, Vol. 4, No 2, pp. 27-33.
12. Jereb, B., (2017). Mastering Logistics Investment Management. *Transformations in Business & Economics*, Vol. 6, No 1, pp. 100-120.
13. Keast, S., Towler, M. (2009). *Rational Decision-making for Managers*, West Sussex: John Wiley and Sons.
14. Kengatharan, L., Prashanth Diluxshan, C. (2017). Use of Capital Investment Appraisal Practices and Effectiveness of Investment Decisions: A Study on Listed Manufacturing Companies in Sri Lanka. *Asian Journal of Finance & Accounting*, Vol. 9, No 2, pp. 287 – 306.
15. Langley, A., Mintzberg, H., Pitcher, P., Posada, E., Saint-Macary, J. (1995). Opening up decision making: the view from the black stool. *Organization Science*, Vol. 6, No 3, pp. 260-79.

16. Liljeblom, E., Vaihekoski, M. (2004). Investment Evaluation Methods and Required Rate of Return in Finnish Listed Companies. *Finnish Journal of Business Economics*, Vol. 53, No 1, pp. 9-24.
17. Lumby, S., Jone, C. (2001). *Fundamentals of Investment Appraisals*, London: Thomson Learning.
18. Nelson, D.L., Quick, J.C. (2005). *Understanding Organizational Behavior*, Ohio: South Western.
19. Paramasivan, C., Subramanian, T. (2009). *Financial Management*, New Delphi: New Age International Ltd.
20. Pike, R., Neale, B. (2006). *Corporate Finance and Investment: Decisions & Strategies*, Harlow: Pearson Education Limited.
21. Robbins, S. P., Coulter, M. (2012). *Management*, 11th Edition, New Jersey: Pearson Education, Inc.
22. Ross, S. (2006). *Fundamentals of Corporate Finance*, McGraw-Hill Irwin, New York.
23. Rue, L.W., Byars, L.L. (2005). *Management Skills and Application*, McGraw-Hill, New York.
24. Scholleová, H. (2000). *Investment Controlling* [in Czech: Investiční controlling], Prague: Grada Publishing.
25. Shobayo, P. B. (2016). Linear Programming and Investment Appraisal: A Review of Literature. *American Journal of Management Science and Engineering*, Vol. 1, No 2, pp. 61-66.
26. Ryan, P. A., Ryan, G. P. (2002). Capital budgeting practices of the fortune 1000: How have things changed? *Journal of Business and Management*, Vol. 8, No 4.
27. Schuster, P. (2007). Investment Appraisal At Imperfect Capital Markets. *International Business & Economics Research Journal*, Vol. 6, No 9, pp. 21-28.
28. Shakina, E., Molodchik, M., Barajas, A. (2017). Endogenous value creation: managerial decisions on intangibles. *Management Research Review*, Vol. 40, No 4, pp. 410-428.
29. Švecová, L., Scholleová, H., Fotr, J. (2012). Selected aspects of investment decision-making (knowledge from empirical research) [In Czech: Vybrané aspekty investičního rozhodování (Poznatky z empirických výzkumu)]. *Ekonomie & Management*, Vol. 15, No 3, pp.125-141.
30. Tarczynska-Luniewska, M. (2014). Investment strategies – strategic investment, *Transformations in Business & Economics*, Vol. 13, No 2B, pp. 625-636.
31. Wnuk-Pel, T., Petchchedchoo, P., Terdpaopong, K. (2013). Capital Budgeting Practices in Non-manufacturing Companies. *Social Sciences*, Vol. 4, No 82. pp. 1-40.

RHETORICAL NATURE OF SPIRITUALITY IN VOCATIONAL TRAINING OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) PROFESSIONALS

Muhammad Kamran

*Doctoral student, Academic Subunit for Organizational Sociology and Business History
Faculty of Management, University of Warsaw, Poland,
kamran@wz.uw.edu.pl*

ABSTRACT

The key objective of this article is to discuss the rhetorical nature of spirituality in the vocational training of Information and Communication Technology (ICT) professionals. Though the physical and psychological dimensions have been measured comprehensively, the spiritual dimension has been overlooked for many years in vocational training. The biological model of spirituality founded by David Hay and adopted by him also in management has been used in this research article which contains awareness sensing, mystery sensing, and value sensing. The paper has used qualitative methodology and instruments for data collection are biographical indepth interview. The researcher used both rhetorical epistemology and rhetorical analysis to achieve the results. Initial results show the preliminary picture of the rhetorical nature of spirituality in vocational training of ICT professionals as cognitive and emotional phenomenon with inherent axiological component. Recommendation about how spirituality can enrich vocational training of ICT professionals are also formulated.

Keywords: *David Hay's Spiritual Conception, ICT Professionals, Rhetoric Analysis, Spirituality, Vocational Training*

1. INTRODUCTION

Organizations are currently undergoing extensive and permanent changes in response to changes taking place within the dynamic environment in which it operates. Modern organizations are forced to re-examine their current states of existence to ensure organizational effectiveness and competitiveness in this ever-changing external environment (Walt 2007). In response, modern organizations are becoming much flatter and flexible, placing more emphasis on employee empowerment and collaborative employee relationships (Burack, 1999:282). For individuals to embrace these organizational changes and challenges facing them successfully, they need to be focused, fulfilled, productive, creative, happy and motivated. Having these types of employees in the workplace may be the most important factor which will eventually distinguish an organization from its competitors in an increasingly competitive environment. Unfortunately, employees possessing these characteristics are not easily come by in today's organizations. Due to the changing environment employees are feeling stressed, anxious, insecure, demoralized, unfulfilled and fearful, with a need to be spiritually fulfilled (Rutte, 2003). It appears that this sense of frustration and unfulfilled needs motivates people to find meaning in their lives. In order to achieve meaning in life (and therefore in the individual's working life), the introduction of spirituality into the workplace may be a means and source of creating this meaning (Haroutiounian et al. 2000:662-682). Therefore, organizations have to rethink their current approach to work and employees. This requires organizations to institute new systems in order to successfully embrace the changes which can be achieved with the introduction of spirituality to the workplace. In the context of the workplace, spirituality does not necessarily imply that the organization itself should be of a spiritual nature, but merely that the organization should allow and encourage employees to experience spirituality within the working environment.

It is, however, assumed that when the organization is spiritual as well as its employees, value congruence might occur, which may imply even greater organizational outcomes, such as quality, productivity and profitability.

2. LITERATURE REVIEW

2.1. Spirituality

It is important to define the construct of spirituality in order to obtain its practical applicability in the learning environment. The logical starting point of this research is to define the construct of spirituality, which is being investigated. Spirituality is an unclear concept, and people are having difficulty in describing this concept (Dyson, Cobb & Forman, 1997). It is necessary to describe the theory of spirituality to attain its applied implication at workplace. The rationale for initiating this study is the investigation of theory of spirituality. In presently existing literature, there is a lack of recognized conceptual and operational definition of spirituality. Dent, Higgins and Wharff (2005) are also of the same view that spirituality is lacking in theoretical clarity. In view of Kolodinsky et al., (2004), there are quite a few methods and definitions of workplace spirituality have been presented in literature which are mostly inexact. The rationale for conducting the present research is to contribute in the existing knowledge of spirituality processes. To analyze the concept of spirituality thoroughly, the researcher has discussed rhetorical nature of spirituality as rhetoric analysis has been considered a good technique to analyze the contents. The author has used the concept of spirituality described by David Hay which includes awareness sensing, mystery sensing and value sensing as significant dimensions of spiritual understanding (Hay 2001) and are useful to realize the idea of spirituality. David Hay is of the view that spirituality brings trust and truthfulness in an organization.

3. OBJECTIVE OF THE RESEARCH

The main purpose of the study is to explore the answer of what kind of spiritual dimensions exists in vocational training of ICT professionals in Pakistani perspective. The author wants to explain the concept of spirituality by discussing rhetorical nature of spirituality. The study has following three objectives:

1. To explore what kind of spiritual dimensions exists in vocational training of ICT professionals.
2. To explain the concept of spirituality by discussing its rhetorical nature.
3. To explore the linkage between spirituality and vocational training of Information and Communication Technology (ICT) professionals.

4. PROBLEM STATEMENT

The researcher wants to explore the answers of following research questions:

1. What kind of spiritual dimensions exists in vocational training of ICT professionals? (Cognitive problem).
2. How to explain the concept of spirituality by discussing its rhetorical nature.
3. How one can explore the role of spirituality in vocational training of ICT professionals by biographical approach? (Methodological problem).

5. RESEARCH METHODOLOGY

Research methodology changes according to the nature of research. Due to researchers' diverse beliefs about the nature of information and the procedure by which knowledge is gained and authenticated, educational research studies are involved in different research approaches (Robson 2016). The author has used rhetorical analysis to analyze the contents.

5.1. Rhetorical approach

Rhetorical analysis, which is used in the article as the research method is understood (Ochinowski, 2001) as the analysis of content, singled out according to the classical rhetorical findings, with the use of those findings in accordance with the methodology suggested by Billig (1998) for social studies and by McCloskey (2001) for economic texts. It is a strict qualitative approach, having as an objective hermeneutics of the social and cultural reality, and not the testing of hypothesis (Silverman, 2001 and 2005). In methodology, one rhetorically searches for rhetorical patterns in investigated materials, in concordance with the traditional interpretation of humanistic texts. The objectivity of analyses, understood in accordance with the logic of qualitative research, is achieved through the application of schemes of interpretations created by ancient rhetorical thinkers (Billig, 1998) along with complex discussions about results that are characterized by their preliminary character. In this sense the following article, like all works from the rhetorical branch, is in fact an invitation for discussion and the first stage in the presentation of data. This data should be tested and subjected to further verification through a never ending discussion. Based on these discussions one forms postulates of further research etc... (Billig, 1998). Because of the central function of hermeneutics in rhetorical research, positivist criteria of objectivity such as randomness or ratings agreement's tests are not used (McCloskey, 2008). It is also worth mentioning, that the authors of the article share the belief of ancient rhetorical thinkers that "rhetorical patterns" have a universal character (Billig, 1996; McCloskey, 2001, 2008). However, due to cultural differences, there exists dispersion between the use of these patterns and the idea that the use of rhetorical techniques for the analysis of social and cultural reality allows to obtain inter subjective knowledge. However, this matter calls for a more complex discussion that crosses the framework of the presented article. In rhetorical analysis, Zhu and Hildebrandt (2002) discussed three persuasive orientations like ethos, pathos and logos. "Fundamentally ethos can mean the believability of the speaker, the credibility which the speaker brings to the speech situation. The speaker has to create his own credibility; he has to maintain a moral linkage between himself and his content, and should be considered a man of good character(...). Pathos as an artistic proof focuses on using the emotions as a supplement to a speaker's other means of persuasion. This process was simply searching out content exterior to the speaker and arouse emotional feelings in the message receiver(...). Logos originally occurs in philosophy, metaphysics, rhetoric and even religion, referring to the logical, rational, evidential underpinning of a speaker's argument. While the two preceding artistic supports seemingly appear more peripheral, it is the logical and reasonable substance that should be the major part of a communicator's presentation. Logos involves determining the status of a case; ascertaining the facts; testing the evidence as well as constructing arguments. Logos exercises a tremendous influence on western thinking including today's business communication" (Zhu& Hildebrandt, 2002, 92-93).

5.2. Data collection

In this research, the author has collected data by using semi structured detailed interviews. An interview is a "conversation between people in which one person has the role of researcher" (Arksey & Knight, 1999, p. 2). Interviews were categorized into structured, unstructured, or semi-structured interview. In structured interview, only standard information about the respondent is collected and interviewer is strictly required to ask questions which were scheduled in prior (Arksey & Knight, 1999).

5.3. Sampling technique

In this research, purposive sampling has been used. Eight participants were chosen as sample among top-level ICT professionals that belongs to Pakistan having more than 10 years of

experience from different organizations.

5.4. Interview administration

Online Skype interviews were conducted at the convenience of respondent. The time span of each interview was between 90 and 150 minutes. Interviews were recorded on audio. At the end, researcher suggested to share the results of the study and the transcript of their interview to verify.

5.5. Data analysis

For purpose of analysis, transcriptions of interviews were generated and further read thoroughly by three independent researchers repeatedly. To analyze the concept of spirituality thoroughly, the researcher has discussed rhetorical nature of spirituality as rhetoric analysis has been considered a good technique to analyze the contents.

6. RESULTS AND DISCUSSIONS

6.1. Rhetorical analysis of interview

Rhetoric analysis is understood as the analysis of content and formal techniques of influencing the respondents included in the analyzed offers, singled out according to the classical rhetoric findings, with the use of those findings in accordance with the methodology suggested by Billig for social studies and by McCloskey for economic texts. Firstly, author has identified the important rhetorics i.e logos, pathos and ethos. The description of rhetorics used in the analysis is as follows:

6.1.1. Logos:

Faithfulness, Truthfulness, Honest, Reason, Logic, Truth, Arguments, Facts and Theory.

6.1.2. Pathos:

Kindness, Feelings, Emotions, Benevolence, Conscience (moral sense of right and wrong), Charity, Heart, Moral Nature and Mercy

6.1.3. Ethos:

Moral, Ethics, Believability of speaker, Mission, Contribution, Service

6.2. Identifying logos, pathos and ethos

In the current research, author has identified logos, ethos and pathos from all respondents. Some of the important logos, ethos and pathos have been mentioned below.

6.2.1. Logos

In the interviews, the author has analyzed the following logos.

1. “In primary school, I started losing my focus towards studies and that was mainly because of large number of students in class and teacher was unable to concentrate on each individual student. Because of losing focus towards studies, I started reading story books because of which I was sometime scolded by my parents that I was not concentrating on studies. My class position declined because of all that and I was in top 10 student in primary year schooling.”.

Logos: Respondent is presenting a logic behind losing position in class.

2. “In high school, I was shifted to the government school because of some problems in father’s job. There I felt a big shock because teachers used to physically punish student. But

gradually, I overcome this fear and started focusing on my studies and soon I was in top 5 students of class and become monitor of class”.

Logos: Respondent is describing a fact about his high school experience.

3. “I also study story, science fiction and suspense books also. Because of this hobby I was not given enough time to studies and that’s why could not get good marks what I was expecting”

Logos: Respondent is talking about a truth why he couldn’t secure good marks in high school.

4. “I realized that they were strict with me because I used to make so much mistakes and wasnot serious towards my studies. But this has changed in my younger brother and sister, they think kids are kids they will do mistakes because they are young and parents should not scold them or beat them because of their mistakes”.

Logos: Respondent is he explains an argument why his parents were strict with him.

5. “I used to borrow book from library after every 4 days and used to finish 500 pages book in just 4 days. I used to read book whole night till 4 am in the morning. Although, I hardly understood only 10 % of what I used to read from those books but still there were some concepts and terminologies left in my mind”.

Logos: Respondent is present a fact of his interest in reading books.

6. “And I think it’s all over the world that to better understand about computer you should not have computer with you. And what you actually want to do on computer, it should be first of all clear in your mind and on paper only then you are able to do it on computer. My fiction book reading habit was really helpful in my informatics learning. After first semester of master I wanted to be the animator and that was because I had read a lot of fiction stories so I was curious how could I create animated character by using computer logic.

Logos: Respondent is presenting a fact about benefits of book reading.

7. “I believe that source of evil is your mind and your act actually, there is nothing, evil is in your inside”.

Logos: Respondent is presenting his logic with believe that evil is in an individual’s mind.

8. “Whatever you see whatever you read you can actually do that”.

Logos: Respondent is presenting logic/reasons of books and different subjects and their practical aspects.

9. “It was a push from my family from my father and uncle that today I am in this profession and after joining this profession I started thinking that this the best work I can do”.

Logos: Respondent is describing truth about joining IT profession.

10. “Because you have limited senses, you have limited view; you have limited exposure, so that’s why all logic we have created cannot be true so this is spirituality. If you are working in IT department you should be on logic and couldn’t allow illogical things.

Logos: Respondent is clearly talking about logics of having spirituality at workplace.

11. “I had already told you that I didn’t choose this, I was actually forced to do this but now that was good for me. They forced me if I did not do this I may not be able to get good job, I could not get good salary”.

Logos: Respondent is presenting a fact and reasons about taking informatics learning as a profession.

6.2.2. *Pathos*

1. "Overall my life with parents was very good, I was given love and attention so that I groomed myself."
Pathos: He is describing his feeling about parent's love.
2. "I was so frustrated at that time that I started smoking. High school time was very depressed."
Pathos: He is describing his feelings of frustration.
3. "But in the beginning, I started realizing that all these are not good and soon I left all bad habits because I realized that if I complete my degree of BS in computer science. with good grades only then I can get good job in future."
Pathos: He is showing his moral sense of right and wrong (conscience).
4. "But of course, life has changed because these responsibilities have turned out to be very brutal and cruel for me and I think no I am spending my life only to fulfill these commitments"
Pathos: He is describing his feelings of responsibility and commitment.
5. "The only ambition I have is to complete necessities and needs of life."
Pathos: He is describing his feelings.
6. "I think myself as a warrior, a politician a teacher in a university who earns a middle level income. I am a normal human being who is struggling. I don't have any meaning and ambition. I think wealth, degree and money are not the direction of life."
Pathos: He is describing his feelings about his aims in life.
7. "There are few basic values which our society and religion teach us and there are some which we learn by ourselves. The most preferable values are of humanity, like equivalence among men, treat everyone good whether he deserves that or not. I take guidelines from the religion about having basic values".
Pathos: He is describing his feelings about values.
8. "Yes, yes very much. I always remain happy in my life. Although I have faced many disappointment and griefs but I am a happy person."
Pathos: He presents his feelings about his happiness.
9. "If my family is happy they are enjoying their life, then I am happy. If they are in trouble, then I'll be worried."
Pathos: This is his moral nature that he feels happy with his family.
10. "I remain honest and equal to all colleagues. Respectable to boss. I don't put burden on my subordinates, don't bother them a lot, support in their problem, motivate them to study more and encourage them to look for a better job, help them to make their life better."
Ethos and Pathos: „respect“, „honest“, „encourage“ and „motivate“ all these are his ethical values. This is also his moral nature.

11. “Spirituality gives you happiness and satisfaction. An unsatisfied person can never be happy. Spirituality gives you happiness and happiness is the base of satisfaction.”
Pathos: Respondent shows his feeling of happiness during informatics learning.
12. “I prefer to work because it give me satisfaction and happiness. It gives me happiness that I am able to do something.”
Pathos: He explains about his feelings about satisfaction.
13. “When I deliver my lecture successfully, when I teach new things to my students and my students are satisfied with me. When my projects are successful and my work is appreciated. I become happy in small achievements.”
Pathos: he is describing his feeling about joy.

6.2.3. *Ethos*

1. “Sometimes they are very good and sometimes very bad too. It’s good that they were very worried about me, used to pay my fee, used to scold me when I did anything wrong.”
Ethos: He is also describing his belief.
2. “I categorize evil in two types. One is individual evil and the other is collective evil and I think individual evil is less dangerous than having evils in whole society. Religion does not forbid on an individual evil. I understand that evil that is harmful to the whole society is the true form of evil. Drinking alcohol is less sinful than corruption because corruption deteriorates a whole society whereas drinking alcohol is evil which is confined to that one person.”
Ethos: It also has a moral and ethical touch.
3. “I always wanted to practice virtual life and its new dimensions and it, I wanted to learn how the graphics work. I get to see how the real life works in an unrealistic environment”
Ethos: He is describing his desire to learn IT.
4. “I remain honest and equal to all colleagues. Respectable to boss. I don’t put burden on my subordinates, don’t bother them a lot, support in their problem, motivate them to study more and encourage them to look for a better job, help them to make their life better”
Ethos: “respect”, “honest”, “encourage” and “motivate” all these are his ethical values.
5. “I think spirituality is the unseen and amazing connection between man and its creator. It exists in real but nobody can see it. So, a person tries to maintain this connection by doing good or something that is ordered by his Lord.”
Ethos: he presents his feeling about being spiritual and explains how spirituality brings ethics in a person “by doing good that is ordered by Lord”
6. “I work hard, and I do continuous struggle to achieve purpose of my life”
Ethos: its a fact and ethics at the same time to achieve purpose in life.
7. “One should have substances of spirituality in order to learn. One should be humble, and tolerate so many things in order to learn.”
Ethos: In his views humbleness and tolerance are key to learning which presents an ethical touch.
8. “Yes, it does, I always maintain good ethics, I have polite behavior with my colleagues”.

Ethos: he presents ethics in this sentence.

9. “In personal life I practice tolerance, equivalence, and love humanity. But if you talk about spirituality from religious perspective, yes I do follow religious practices in order keep myself satisfied. I follow religious ritual according to my religion. And I follow that very strictly.”

Ethos: he shows ethics in personal life.

6.2.4. Which way of persuasion is the most popular in the analyzed texts?

In the rhetoric analysis of the above mentioned detailed interview, there are many elements and contents with the pathos approach: feeling of happiness and commitment, moral values, moral sense about right and wrong, and emotions. Meanwhile there are also a lot of logos elements: facts, truthfulness and faithfulness. Logos is sometimes intertwined with ethos in the text. However, pathos remains as a dominant approach and a strong persuasion power. In the text of participant G, he is found to contain different feelings about different circumstances, therefore pathos is the most obvious. So after the analyzed texts, it shows that the pathos and logos are very important and is the most popular and effective way of persuasion. So it can be concluded, logos and pathos are the way of persuasion which is the most popular in the analyzed texts.

7. CONCLUSION

In conclusion, it is worth stressing that the applied rhetorical methodology, assumes, that the presented results are meant of further discussion and further verification. There are more so preliminary results rather than results assumed by various authors of research in the positivistic model. With hopes of the authors of this article, the given methodology has allowed to shift attention to the aspects of analyzing spirituality in a rhetorical context that would not otherwise be possible with quantitative research methods. From the vocational training context, spirituality is comparatively new field of discussion. The researcher may not be able to explore all the factors that are of some importance in this field. The present study can be extended to cross cultural comparison so that culture can also be considered while exploring spirituality. This study tries to explore the David Hay's concept of spirituality in vocational training of ICT professionals, which was not taken into consideration for many years. The practical contributions of this research show the relationship of spirituality with vocational training of ICT professional in David Hay's concept of spirituality.

LITERATURE:

1. Alderfer, C. P. (1972). *Existence, relatedness and growth: Human needs in organizational settings*. New York: Free Press.
2. Arksey, H., & Knight, P. T. (1999). *Interviewing for social scientists: An introductory resource with examples*. Sage.
3. Baker, S., Bloom, N., & Davis, S. (2012). *Measuring economic policy uncertainty*. Munich: Munich MPRA Archive.
4. Becker, G. S. (1962). *Investment in human capital: A theoretical analysis*. *Journal of Political Economy*, 70(5), 9–49.
5. Becker, G. S. (1975). *Front matter, human capital: a theoretical and empirical analysis, with special reference to education*. In *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*, Second Edition (pp. 22-0). NBER.
6. Billig, M. (1998). *Rhetoric and the Unconscious*. *Argumentation*, 12(2), 199-216.
7. Burack, E. H. (1999). *Spirituality in the workplace*. *Journal of organizational change management*, 12(4), 280-292

8. Casey, A. (2005). *Enhancing individual and organizational learning: A sociological model*. *Management Learning*, 36(2), 131–147.
9. Cleveland, R. E. (2016). *Spirituality & faith development issues: School-based counseling and student spirituality*. Christopher A. Sink (ed.). Routledge: Taylor & Francis. Source: <https://www.amazon.com/School-Based-Counseling-Student-Spirituality-Perspectives/dp/1138020516> isbn: 9781138020528
10. Cappellen, P. V., Toth-Gauthier, M., Saroglou, V., & Fredrickson, B. L. (2014). *Religion and well-being: The mediating role of positive emotions*. *Journal of Happiness Studies*, 17(2), 485–505.
11. Cornford, I., Athanasou, J., & Pithers, R. (1996). *Career counsellors and the promotion of lifelong learning*. *Australian Journal of Career Development*, 5(2), 43-46.
12. Deaconu, A., & Mocanu, E. M. (2016). *A Comparative study regarding the vocational education and training in tourism in Romania, Bulgaria and Turkey*. *Euromentor Journal*, 7(2), 75.
13. Dempsey, M. (2013). *Impacts of the changing nature of the Vocational Education and Training (VET) system on educators within the VET system in Australia*. PhD thesis, School of Education, Faculty of Education and Arts, Edith Cowan University.
14. Dent, E. B., Higgins, M. E., & Wharff, D. M. (2005). *Spirituality and leadership: An empirical review of definitions, distinctions, and embedded assumptions*. *The Leadership Quarterly*, 16(5), 625-653.
15. Dirkx, J. M. (2013). *Leaning in and leaning back at the same time: Toward a spirituality of work-related learning*. *Advances in Developing Human Resources*, 15(4), 356–369. doi: 10.1177/1523422313498562
16. Edmondson, A. C. (1999). *Psychological safety and learning behavior in work teams*. *Administrative Science Quarterly*, 44(1), 350–383.
17. Frankl, V. E. (1959). *The spiritual dimension in existential analysis and logotherapy*. *Journal of Individual Psychology*, 15(2), 157.
18. Furness, S. (2012). *Religion, beliefs and culturally competent social work practice*. *The Journal of Practice Teaching and Learning*, 5(1), 61-74.
19. Furman, L. D., Benson, P. W., Grimwood, C., & Canda, E. (2004). *Religion and spirituality in social work education and direct practice at the millennium: A survey of UK social workers*. *British Journal of Social Work*, 34(6), 767-792.
20. Giacalone, R.A. & Jurkiewicz, C.L. (2003). *Right from wrong: the influence of spirituality on perceptions of unethical business activities*. In *Journal of Business Ethics*, no. 46(1), pp. 85-97.
21. Guthrie, H., Perkins, K., & Mitchell, J. (2005). *A workforce development framework for VET practitioners 2008-2013*. Perth, Australia: Western Australian Department of Education and Training.
22. Haroutiounian, A., Ghavam, S., Gomez, S. J., Ivshin, E., Phelan, S., Freshman, B., ... & Lindsay, C. (2000). *Learning and being: Outcomes of a class on spirituality in work*. *Journal of Management Education*, 24(5), 662-681.
23. Hartsfield, M. (2003). *The spirit of transformational leadership: Emotions or cognition*. Unpublished manuscript, Regent University, School of Leadership Studies.
24. Hay, D. (2001). *Spirituality versus individualism: The challenge of relational consciousness*. In *Spiritual education: Cultural, religious and social differences*, pp 104-117.
25. Hay, D., & Nye, R. (2006). *Children's spirituality-What we know already*. *The spirit of the child*, 49-62.
26. Herzberg, F. (1966). *Work and the nature of man*. Cleveland, OH: World Publishing Co.

27. Hillier, Y. (2012). *Innovation in teaching and learning in vocational education and training: International perspectives*. Adelaide, Australia: NCVER.
28. Hoffman, N., & Schwartz, R. (2015). *Gold Standard: The Swiss vocational education and training system*. Washington, DC: National Center on Education and the Economy.
29. Kolodinsky, R., Giacalone, R., & Jurkiewicz, C. (2008). *Workplace values and spirituality*. *Journal of Business Ethics*, 81(2), 465–480. doi: 10.1007/s10551-007-9507-0
30. Marzano, R. J. (2003). *What works in schools: Translating research into action*. ASCD.
31. Maslow, A. H. (1954). *Motivation and personality*. New York: Harper & Row.
32. Marsick, V. J., & Watkins, K. E. (2003). *Demonstrating the value of an organization's learning culture: The dimensions of the learning organization questionnaire*. *Advances in Developing Human Resources*, 5(2), 127–132. doi:10.1177/1523422303251341
33. McCloskey, D. N. (2008). *The Cult of Statistical Significance: How the Standard Error Costs*
34. *Us Jobs, Justice, and Lives*. Ann Arbor, University of Michigan Press.
35. Miller, D.W., & Ewest, T. (2013). *The present state of workplace spirituality: A literature review considering context, theory, and measurement/assessment*. *Journal of Religious & Theological Information*, 12(1/2), 29–54
36. Milliman, J., Czaplewski, A. J., & Ferguson, J. (2003). *Workplace spirituality and employee work attitudes: An exploratory empirical assessment*. *Journal of Organizational Change Management*, 16(4), 426-447.
37. Mincer, J. (1974). *Schooling, Experience, and Earnings*. *Human Behavior & Social Institutions* No. 2.
38. Mitchell, J., & Ward, J. (2010). *The JMA analytics model of VET capability development*. Sydney: John Mitchell & Associates.
39. Moore, E. (1934). *A technique for scoring honesty in classroom performance*. *Journal of Educational Sociology*, 8(1), 34-43.
40. Mustafa, U., Abbas, K., & Saeed, A. (2005). *Enhancing vocational training for economic growth in Pakistan*. *The Pakistan Development Review*, 44(4), 567–584.
41. National Centre for Vocational Education Research (2010). *Defining generic skills: At a glance*. Adelaide, Australia: NCVER.
42. Neck, C. P., & Milliman, J. F. (1994). *Thought self-leadership: finding spiritual fulfilment in organizational life*. *Journal of Managerial Psychology*, 9(6), 9-16.
43. Nilsson, A. (2010). *Vocational education and training – an engine for economic growth and a vehicle for social inclusion?* *International Journal of Training and Development* 14:4.
44. Ochowski, T. (2001). *Promising meeting. History, organizational psychology and study of religion*. *Zarządzanie i Edukacja*, 3, 105-116.
45. Pandey, A., Gupta, R. K., & Kumar, P. (2016). *Spiritual climate and its impact on learning in teams in business organizations*. *Global Business Review*, 17(3), 159S-172S.
46. Petchsawang, P., & Duchon, D. (2012). *Workplace spirituality, meditation, and work performance*. *Journal of Management, Spirituality, & Religion*, 9(2), 189–208. doi: 10.1080/14766086.2012.688623
47. Robson, C., & McCartan, K. (2016). *Real world research*. Hoboken: John Wiley & Sons.
48. Rutte, C. G. (2003). *Social loafing in teams*. *International handbook of organizational teamwork and cooperative working*, 361-378.
49. Schultz, T. W. (1961). *Investment in human capital*. *The American economic review*, 51(1), 1-17.
50. Silverman, D. (2001). *Interpreting Qualitative Data. Methods of Analysing Talk, Yext and Interaction*. 2nd edition. Sage Publications: London.
51. Silverman, D. (2005). *Doing Qualitative Research. A Practical Handbook*. 2nd edition. Sage Publications: London.

52. Tisdell, E.J. (2008). *Spirituality and adult learning*. New Directions for Adult and Continuing Education, 119(119), 27–36. doi: 10.1002/ace.303
53. Tilak Jandhyala, B. G. (2002). *Vocational education and training in Asia: The handbook on educational research in the Asia Pacific region*. John P. Keeves and Rye Watanabe (eds.). Dordrecht: Kluwer Academic Publishers.
54. Uota, K. (2012). *The Roles of Religion and Spirituality in Recovery from Mental Illness*. UC Berkeley: Social Welfare. Retrieved from: <http://escholarship.org/uc/item/9tr096r6>
55. Walt, F. V. (2007). *The relationship between spirituality and job satisfaction*. Unpublished doctoral dissertation, University of Pretoria. Pretoria, Gauteng, South Africa.
56. Weber, S. R., & Pargament, K. I. (2014). *The role of religion and spirituality in mental health*. In Current opinion in psychiatry, no. 27(5), pp. 358-363.
57. Wheat, L.M. (1991). *Development of a scale for the measurement of human spirituality*. Doctoral Dissertation. College Park: University of Maryland. L.M. Wheat
58. Wheelahan, L. (2011). *If laissez-faire rules, TAFE suffers*. Campus Review (June). Canberra, Australia.
59. Wright, S. (2016). *Language policy and language planning: From nationalism to globalisation*. Springer.
60. Young, J.S., Cashwell, C.S. & Shcherbakova, J. (2000). *The moderating relationship of spirituality on negative life events and psychological adjustment*. In Counseling & Values, no 45(1), pp. 49-57.
61. Zhu Y. & Hildebrandt, H. H. (2002). *Greek and Chinese classical rhetoric: the root of cultural differences in business and marketing communication*. Asia Pacific Journal of Marketing and Logistics, 15(1/2), 89-114.

THE INFLUENCE OF CONDITIONS OF INTERNATIONAL TRADE ON THE SCOPE OF CUSTOMS CONTROL

Mirosława Laszuk

*Białystok University of Technology, Poland
m.laszuk@pb.edu.pl*

ABSTRACT

The end of the twentieth century was the time of creating a complex system of facilitation of international trade. Progressive liberalisation of international trade as an effect of numerous agreements establishing preferences results in freer trade of both commodities and services. However, new circumstances that occurred as a result of the events of 2001 in the United States required more attention to security. It also applies to international trade in goods. The pursuit of liberalization with simultaneous increase in security influenced the creation of a new paradigm in international trade in goods – "security and facilitation". The abovementioned changes had a significant influence on the model of customs control existing in the European Union. Currently, the main goal of the control is to ensure widely understood security of the Union's market, citizens and environment. Thus, since 2005 new solutions have been regularly introduced into the EU's customs law, and their aim is to increase the level of security of trade in goods, assuming preservation of the possibility to apply facilitation measures at the same time, e.g. the Authorised Economic Operator scheme or simplified customs procedures. The application of customs control based on the risk analysis forced the necessity to introduce legal solutions that aim to ensure the effective risk analysis. The aim of the article is to indicate and assess legal solutions on the level of the EU which adjust customs control to the binding paradigm "security and facilitation". In the light of the abovementioned, the legal-dogmatic method was primarily applied in the process of writing this article.

Keywords: *customs control, facilitation, security*

1. INTRODUCTION

The end of the twentieth century was the time of creating a complex system of international trade facilitation, whose effect is freer trade of both commodities and services. Progressive liberalisation of international trade is on the one hand a result of multilateral cooperation of countries which have attained a comparable level of economic development; and on the other hand, it is a common formalized declaration establishing the rules which the signatories undertake to follow to fulfil the rules of reciprocity – a balance between economic benefits and concessions (R. Oktaba, 2010, p. 51). However, as a result of the events in the United States in 2001 and other terrorist attacks in different parts of the world, a new paradigm of trade appeared – security. It is noticeable that as a result of the Ministerial Conference in Bali in December 2013 not only security, but also facilitation are important for international trade. It is particularly visible in the Trade Facilitation Agreement – TFA. Creating facilitation in trade also includes diminishing the importance of the duty, and consequently diminishing the importance of the fiscal aspect of international trade. In the light of the abovementioned, the aim of the article is to indicate and assess legal solutions on the level of the EU which adjust customs control to the binding paradigm "security and facilitation". The article attempts to answer the question if it is possible to reconcile a complex system of facilitation in international trade with control whose purpose is not only fiscal, but should also endure safety and protection.

2. INTERNATIONAL CONDITIONS OF CUSTOMS CONTROL

Customs control is of significant importance for international trade, because it guarantees that trade in goods is carried out in compliance with the customs law, and ensures the security of

trade. The regulation of customs control in the EU's customs law was significantly influenced by international legislation that reflected tendencies in international trade, namely different kinds of facilitation, and then the security of trade. The Revised Kyoto Convention (The International Convention on the Simplification and Harmonization of Customs Procedures) which came into effect on 23 February 2006 is particularly important for customs control. The fundamental message of the Convention is "that simplification and harmonization of their customs procedures can effectively contribute to the development of international trade and of other international exchanges". It established the basis for all modern customs procedures, and is consistent and complementary with the World Trade Organization's (WTO) agreements. The WTO principles are mainly supposed to establish the fundamental rules concerning trade facilitation, such as simplification, harmonization, transparency, partnership, cooperation and risk management, whereas, the World Customs Organization (WCO) creates norms to ensure their implementation (A. Dauter-Kozłowska, 2013, p. 260). The Kyoto Convention was one of the first international regulations that described customs control in a so detailed manner. The revised Convention introduced new principles of international trade, including transparent and foreseeable procedures for it, as well as a new concept of customs control (H. M. Wolfgang and Ch. Dallimore, 2012, pp. 627-628). Having taken introduced facilitation into consideration, the Convention established a minimum customs control standard necessary to comply with the provisions of the customs law. It pays particular attention to the importance of risk analysis in customs control and points out that control should be conducted in a selective manner by means of techniques of risk management in as wide scope as possible. The scope of conducted control should be proportionate to the level of assessed risk. The major role is attributed to the post-transaction audit. The abovementioned solutions clearly demonstrate that planned controlling is being departed, whereas control based on risk management is chosen, which facilitates international trade. Furthermore, the analyzed Convention points out that another important element of customs control is cooperation with other customs administrations in order to improve control. The WCO emphasizes that an increase in international trade clearly indicated the need to develop mutual cooperation between customs administrations of different countries, not only in scope of their traditional fields of action (control of customs value, classification of commodities, origin of commodities), but mainly to prevent and fight with customs offences. The exchange of information may also be useful in risk management, because transferred information may be a source on which a risk analysis may be based (World Customs Organization, 2000, p. 32). Thus, the Convention emphasizes the necessity to develop agreements on mutual support. The above Convention is extended in the Johannesburg Convention which takes into account new circumstances occurring in international exchange, including the threat of international organized crime, the development of e-business; and which at the same time points out facilitation available for legal businesses thank to new controlling techniques and methods, mainly a risk analysis and information exchange. The Convention introduces new rules of cooperation in scope of administrative support – automatic and advanced information exchange, cross-border cooperation, including joint operational activities, secret observation. Another important element of the Convention was the origin of the Centralized Automatic System of Information (W. Czyżowicz, 2015, p. 5). Another important instrument introduced by the WCO, which also refers to customs control, is the Framework of Standards to Secure and Facilitate Global Trade – SAFE Framework, the document developed in 2005. Nevertheless, it is not binding. As its title says, its aim is to increase the level of security and facilitation in international trade. The instrument introduced a safer system of world trade, and initiated a new approach to complex management of commodities crossing the border. At the same time it acknowledged the importance of closer partnership between customs authorities and businesses. The SAFE Framework introduced provisions concerning the conditions and requirements for AEOs (Authorized Economic

Operators) and customs authorities in this scope. Furthermore, the document extended the purposes of customs control. Customs control is no longer understood in the traditional way as control of commodities which have reached their destination, but it has a wider meaning – control of commodities before reaching their destination. Such activities undertaken within control will contribute to the security and facilitation of international trade. The SAFE Framework caused important changes in the EU's regulations in scope of the customs law. In 2001 the obligation to submit electronic entry summary declarations which include so-called security data was introduced. Declarations are used by customs authorities to conduct an applied risk analysis in scope of protection and security of imported goods before they actually enter the customs territory of the EU. In 2008 the European Union introduced the AEO (Authorised Economic Operator) concept whose aim is mainly to ensure security and facilitation of international trade. On 22 February 2017 the Trade Facilitation Agreement – TFA came into force. It is one of the most important multilateral trade agreements which have been concluded since the WTO was established. Trade facilitation, in accordance with the said agreement, is described as mainly clear, foreseeable and simple procedures of customs clearance which accelerate the flow of commodities through borders. They have a crucial role both in scope of reducing costs and accelerating trade exchange. The agreement is to simplify and define international procedures of import and export, customs formalities, and transit requirements more precisely. It enumerates an array of measures which are supposed to improve the conditions of transporting commodities through borders, and which are inspired by the best world practices (S. Ayral, 2016, p. 3). A lot of attention is also paid to effective cooperation between customs authorities and other relevant entities responsible for facilitation of trade and issues connected with the observation of customs provisions. The implementation of the agreement's provisions will contribute to the improvement of transparency, increase the opportunity to participate in global value chains, and prevent bribery (W. Zysk, 2018, p. 91). The agreement introduced different kinds of facilitation; however, it also pays attention to security, and therefore underlies the importance of a post-clearance audit and activities prior the entry of goods – the requirement to submit an electronic form with information about the commodity. It is worth highlighting that when the TFA was coming into force, the European Union had already implemented most suggested solutions. Undoubtedly, facilitation of international trade introduced in the Trade Facilitation Agreement is a serious challenge for developing countries, especially for the least developed countries where this is a unilateral problem which cannot be solved without any political will and serious financial support (S. Hamanaka, 2014, pp. 15-16). The abovementioned international agreements concluded under the auspices of the two most important international organizations operating in scope of trade, as well as non-binding documents clearly indicate the need to extend simplifications and facilitation of trade between countries or groups of countries in compliance with the internationally specified standards of safety.

3. FACILITATION IN TRADE AND CUSTOMS CONTROL

Supporting liberalization of trade by the WTO and WCO with simultaneous emphasis on maintaining security of this exchange was the direct premise to introduce changes in the EU's customs law. The most important were changes introduced in the Community Customs Code (that was binding at the time) by the regulation as of 2005. The changes introduced by the regulation were maintained, and even developed in the Union Customs Code. The EU's customs code includes a complex system of simplifications (facilitation). In the course of an analysis of the code's provisions, it is visible that the simplifications are arrayed – from simplifications which reduce the duties of the declaring party to a small extent (a simplified customs declaration) to far-reaching solutions offering wide scope of facilitation to the declaring party (e.g. customs self-assessment).

The system of simplifications included in the provisions of the customs law comprises: simplifications in scope of legal solutions – simplified declarations and entries of the declaring parties to the register are referred as to simplified procedures, and simplifications in scope of organizational solutions – centralized customs clearance, customs self-assessment. However, these degrees of simplification entail requirements for the entities which enjoy them. The conditions which must be met are supposed to ensure the security of trade. In this way, the EU's provisions of the customs law combine the possibility to enjoy the simplifications (they meet the WTO's requirements) with the security of trade, which is one of the most important values today. The main assumption of the simplified procedure is the introduction of facilitation for entrepreneurs before they submit customs declarations (declaring a commodity to be subject to the customs procedure). An example of facilitation which has the narrowest scope is an incomplete customs declaration which allows goods to become subject to the customs procedure. A complementary declaration can be submitted at a later stage. This form of a simplified procedure is launched if a commodity is presented at the customs office at the same time. The same solution is also available in the case of a simplified declaration (B. Kosny, 2008, pp. 253-254). The difference between the two abovementioned forms lies in the fact that in the first case it is occasional, in the second case you may use it on a regular basis provided that you are permitted to enjoy the simplified procedure, which entails meeting the requirements described in the law. The furthest simplification among simplified procedures is an entry in the declarant's records. In this case, customs authorities may allow for submitting a customs declaration in the form of an entry in the records kept by an entrepreneur without the necessity to present commodities before them. It means that only an entry in the register entitles a commodity to be subject to transactions. Nevertheless, in the case of the last simplification which ensures minimum customs control that entails the reduction of cost and faster transactions, the permission entails conducting an audit assessing the operations of the entity and taking a decision if an entity should be trusted. Organizational simplifications include centralized clearance, which allows a trader to obtain a permit in one of the EU's member states for all import and export operations in the whole European Union. It allows entrepreneurs to centralize their accountancy and due customs payments for all transactions in one member state which issued the permit, although physical inspection and exemption of goods will occur in a different member state. Such complex simplifications require adequate solutions in the context of security. Thus, only entities which have been granted the AEO status are entitled to use centralized clearance, i.e. entities which are trusted most, which have already guaranteed legitimate trade transactions. Another simplification which is based on considerable trust of customs authorities in relation to entities is self-assessment. A declaring entity has the opportunity to undertake some customs control activities (conducting self-control in permitted scope). In compliance with Article 185 of the Union Customs Code, customs authorities may allow an entrepreneur to meet some customs formalities connected with import or export of a commodity in order to let them assess due customs costs connected with import or export, and conduct control under the customs supervision. It provides with two kinds of authorization: one type concerns customs formalities (calculating due import customs charges), and the second type concerns customs control (conducting control under the customs supervision, observing prohibitions and restrictions specified in the permit). This solution contradicts the idea of control, but it might be described as »another look on customs control«, and at the same time it is a considerable simplification for entities regularly participating in international trade. Having considered the above scope of simplifications, it is visible that the wider scope of simplifications, the smaller scope of control by customs authorities. It results from the fact that the requirements towards the entity which applied for a permit to use such a simplification increase proportionally to the scope of facilitation. In the case of the furthest simplifications – centralized clearance and self-assessment – it is required from an entity to have the status of an

authorized economic entity which guarantees proper import and export of a commodity. Introduced simplifications are beneficial for the entities participating in international trade, because they accelerate it and reduce costs. However, simplifications in international exchange should not be associated with a lack of security of trade. The entities enjoying simplifications should have the Authorised Economic Operator (AEO) status. Introducing the AEO concept ensures security of international trade, and facilitates it at the same time.

4. SOLUTIONS THAT ENSURE SAFETY OF INTERNATIONAL TRADE AND CUSTOMS CONTROL

As it was mentioned before, an increasing number of terrorist attacks caused that more attention is paid to the security of international trade. This assumption became the main reason of introducing the AEO institution. This introduction was significantly influenced by the WCO's Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework), which was an attempt to solve in a practical way the dual problem of the existence of supply chains, i.e. increasing the security and introducing facilitation in international trade at the same time (E. Gwardzińska, 2014, pp. 165-182). Within the AEO institution an entrepreneur may receive one of the three kinds of permits: AEOC (Customs Simplifications) – allowing to enjoy simplifications described in the customs law; AEOS (Security and Safety) which allows to enjoy simplifications in scope of security and protection; AEOF which combines the two previous permits. However, obtaining these permits is connected with meeting a wide array of requirements specified in the law, which is verified in the course of an audit. Passing the audit procedure grants the entity applying for a permit the status a trusted (verified) entity. Thus, the trader is entitled to enjoy the simplifications in the course of customs procedures connected with given commodities, including the scope of conducted customs control. The furthest facilitation may be applied by an authorized entrepreneur in scope of customs simplifications (AEOC). Nevertheless, it must be emphasized that despite having an AEO certificate, which facilitates obtaining a permit to undergo a simplified procedure or other simplifications, and which confirms meeting the requirements, that the authority does not automatically grant the right to enjoy all and any kinds of facilitation “with no limits”. A trader enjoying customs simplifications is privileged when controlling is concerned unless it would threaten the possibility to conduct control or when control is required because of the significant level of danger, or when it results from other EU's provisions of the law. An authorized economic operator as a trusted entity is subject to a lower number of physical inspections (examination of commodities or their samples) and document-based control. A risk analysis whose outcome is the basis for inspection takes the AEO status into account. When an entity has obtained the AEOS permit, it is subject to a lower number of document-based and physical inspections concerning security; whereas if an entity has obtained the AEOC permit, inspections of fiscal threats have narrower scope. There is an exception from the rule of a lower number of inspections – the right to enjoy a lower number of physical and document-based inspections is not exercised when a representative having the AEO status represents a person who does not have this status. The SAFE Framework, including the AEO concept, now provides sound standards on which to base an internationally consistent approach to the identification and recognition of trusted members of the trading community. The establishment of mutual recognition arrangements, upon which the success of the AEO initiative is dependent, is being inhibited, partly by inconsistent interpretation of the AEO criteria but also by the size of the task due to the bilateral nature of negotiations. The adoption of a plurilateral approach to the issue, possibly based on regionally-agreed AEO programs will not only facilitate and simplify mutual recognition negotiations and program administration but will also serve to reduce the regulatory burden of the international trading community (D. Widdowson, 2014, p. 75). Increasing the importance of the security aspect of international trade also caused some changes

in the method of conducting customs control. Mainly, the regulation as of 2005 introduced the rule that customs control shall be based on a risk analysis. The customs code understands risk as probability and consequences of an event resulting from import, export, transit, moving or the final purpose of the commodity travelling between the EU and countries or territories outside the Union, and connected with the presence of non-EU commodities in the EU's customs area, which would obstruct proper application of the EU's or national funds, or would be harmful to the financial interest of the EU and its member states, or would pose a threat to the safety and protection of the European Union and its inhabitants, human health, animals and plants, the environment and consumers. For customs administrations, there is always a risk element in monitoring and facilitating the movement of goods. To ensure compliance with customs laws control measures must be responsible and should be proportionate to the level of assessed risk. The benefits of a comprehensive risk management include: better human resource allocation; increased revenue; improved compliance with laws and regulations; reduced release times and hence lower transaction costs; and improved cooperation between traders and customs (E. V. Drobot and other, 2017, pp. 551-553). A simplified declaration submitted before a commodity enters a customs area or leaves this area is important for the customs control in terms of security. It contains so-called "safety data". The aim of introducing a simplified declaration was to increase the security of the whole European Union, and to ensure better directed customs control by creating a common basis for a risk analysis. The data gathered in the declaration enable customs authorities to carry out a risk analysis for protection and safety reasons before the commodity's entry. The declaration is not a document which regulates the legal status of the commodity, but its aim is to identify the commodity. As it was mentioned before, it shall be mainly used to carry out a risk analysis and determine the threats to the security of import (international trade). It is a temporary instrument allowing for gathering information before a non-EU commodity enters the EU's customs area. Furthermore, the declaration is not a substitute for a customs declaration, but it is preceding.

5. CONSLUSION

The classical customs policy dilemma, the choice between control and facilitation was justified in past, as the catalogue of Customs measures was limited and State demands prevailed over trade needs (T. Michalak, 2014, p. 380). The solutions adopted today both on the international level and the level of the EU give an opportunity to reconcile customs control which should not only satisfy the EU and its member states fiscally, but also widely understood security with the pursuit of liberalization of international trade. It is important that the entities benefitting from the complex system of simplifications resulting from the provisions of the EU's customs law, at the same time guarantee the security of trade. Both abovementioned issues are blended in the concept of the Authorised Economic Operator. However, despite deep trust of customs bodies in the AEO it is essential to monitor the activities of these entities. The solutions and institutions described above which have influence on the scope of customs control may function in a more effective way in the conditions of better cooperation between customs administrations of different countries. Thus, both on the international level and the level of the EU some new solutions should be developed, which will allow for close cooperation of customs administrations, also in scope of customs control. An important issue in scope of escalating facilitation on the one hand and ensuring safety on the other hand is to unify the process of trade with other countries in all EU by harmonization of the rules of information and data exchange. It offers an opportunity to prevent the infringement of the customs law more effectively. Nevertheless, it must be emphasized that despite the obligation to introduce sanctions for the customs law infringement by the member states which results from the provisions of the cutoms code created by the EU, these santions have not been implemented yet which may have a

negative impact on the observation of the customs law, including the provisions which are supposed to ensure security.

LITERATURE:

1. Hamanaka S. (2014), *World Trade Organization Agreement on Trade Facilitation: Assessing the Level of Ambition and Likely Impacts*, Asian Development Bank.
2. R. Oktaba (2010), *Taxes in customs procedures in years 2000-2008*, Warsaw: Warsaw School of Economics .
3. Czyżowicz W. (2015), *Legal, political mechanism and organizational forms of fighting against customs offences in the WCO framework*, Taxation and Customs Law Monitor No. 2/2015, Szczecin.
4. Dauter – Kozłowska (2013), *Freedom of international trade and the World Customs Organization*, [in:] (ed.) C. Mik, M. Jeżewski, *Freedom of international trade in international law*, Publishing house «Scriptum», Cracow – Warsaw.
5. Drobot, E. V., Klevleeva, A. R., Afonin, P. N. & Gamidullaev, S. N. (2017), *Risk Management in Customs Control*, *Ekonomika Regiona [Economy of Region]* No. 13(2), Vyborg, Russian Federation.
6. Gwardzińska E. (2014), *AEO certificates as a guarantor of security of customs services in an international supply chain* [in:] *Contemporary marketing and logistics – global challenges*, K. Pieniak-Lendzion, T. Nowogródzka (editors), Siedlce.
7. Kosny B. (2008), *Customs law*, [in:] M. Wendler, B. Tremml, B. Buecker (editors), *Key Aspects of German Business Law*, Springer-Verlag Berlin Heidelberg.
8. Michalak T. (2014), *Control and facilitation? Customs policy false dilemma. Modern concepts of Customs measures as a response to policy dilemmas*, [in:] (ed.) E. Gwardzińska, A. Werner, J. Wierzbicki, *Customs policy – economics, law and practice*, Warsaw.
9. H. M. Wolfgang and Ch. Dallimore (2012), *The World Customs Organization and its Role in the System of World Trade: An Overview*, [in:] (ed.) C. Herrmann, J.P. Terhechte, *European Yearbook of International Economic Law 2012*, Springer-Verlag Berlin Heidelberg.
10. Ayral Serra (2016), *TBT and Trade Facilitation Agreements: Leveraging linkages to reduce trade costs*, WTO Staff Working Paper, No. ERSD-2016-02, World Trade Organization (WTO), Geneva.
11. Woddowson D. (2014), *AEO: A plurilateral approach to mutual recognition*, *Journal of Contemporary Economic and Business Issues* Vol. 1, Iss. 2, Ss. Cyril and Methodius University in Skopje, Skopje.
12. W. Zysk (2018), *The Trade Facilitation Agreement (TFA) as an opportunity for the export development of fair trade products*, *Studies and Research of the FEM of the SU* No. 53/2 2018, Szczecin.
13. Regulation (EU) (2013). Regulation (EU) of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code, No 952/2013, *OJ L* 269 p. 1–10.
14. Regulation (EU) (2015). Commission delegated regulation (EU) of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code, No 2015/2446, *OJ L* 343 p. 1–557.
15. Regulation (EU) (2015). Commission implementing regulation (EU) of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code, No 2015/2447, *OJ L* 343 p. 558–893.
16. Agreement (2013), Trade Facilitation Agreement – TFA, WT/L/940, Retrieved 15.07.2018 from <https://www.wto.org/>

17. Convention (2003), International Convention on Mutual Administrative Assistance in Customs Matters, Retrieved 15.07.2018 from <http://www.wcoomd.org/>
18. Convention (1974), The International Convention on the Simplification and Harmonization of Customs procedures (Kyoto Convention), Retrieved 20.07.2018 from <http://www.wcoomd.org/>
19. Document (2005), Framework of Standards to Secure and Facilitate Global Trade – SAFE Framework, Retrieved 21.07.2018 from <http://www.wcoomd.org/>

CURRENT TRENDS IN DEVELOPMENT OF PUBLIC SERVICES AND FACILITIES IN MUNICIPALITIES OF THE CZECH REPUBLIC

Dana Linkeschova

*Brno University of Technology, Faculty of Civil Engineering,
Veveří 331/95, 602 00 Brno, Czech Republic
linkeschova.d@fce.vutbr.cz*

Gabriela Kocourkova

*Brno University of Technology, Faculty of Civil Engineering,
Veveří 331/95, 602 00 Brno, Czech Republic
kocourkova.g@fce.vutbr.cz*

Nikol Istencinova

*Brno University of Technology, Faculty of Civil Engineering,
Veveří 331/95, 602 00 Brno, Czech Republic
nikolistencinova@seznam.cz*

Alena Ticha

*Brno University of Technology, Faculty of Civil Engineering,
Veveří 331/95, 602 00 Brno, Czech Republic
Ticha.a@fce.vutbr.cz*

Dagmar Hrabincova

*Brno University of Technology, Faculty of Civil Engineering,
Veveří 331/95, 602 00 Brno, Czech Republic
hrabincova.d@fce.vutbr.cz*

ABSTRACT

Proper functioning of public sphere as well as appropriate provision of public services and infrastructure is among other things essential for well-being of the population. The Czech Republic is one of the leading EU countries in terms of availability and quality of services even in smaller municipalities. Awareness of the arisen problems or deficiencies can increase both the interest in their solution and current possibilities to help municipalities. The article deals with drawing results from evaluation of the research in the area of monitoring public services and facilities of the municipalities in the Czech Republic. A comprehensive questionnaire survey was conducted in the course of 2018 and was focused on the municipalities in the South Moravian Region. The state of the technical infrastructure - electricity, gas, water and sewerage systems, wastewater treatment plants (WWTP), transport, communications and other components, whose state and technical sophistication quality most affect the environment for people living in the municipalities, was researched in detail. The aim of the research was mainly to evaluate, change or correct the information in the database of the South Moravian Region and at the same time to assess some indicators over the six-year period. For example, an increase in the total number of municipalities, a significant increase in the number of municipalities equipped with sewerage systems as well as a more positive response to transport services have been observed. Development of technical infrastructure is rather demanding for municipalities from the financial point of view. Moreover a key role could be played by the region itself, which may be involved in the negotiation about operational programmes. It also has possibilities to mediate contacts between individual municipalities which could subsequently cooperate in the above mentioned areas.

The article raises some practical suggestions and recommendations of measures to be adopted in the monitored field of technical infrastructure.

Keywords: Municipality, technical infrastructure, management, public services

1. INTRODUCTION

For the well-being of the population, there is, among other things, need for proper functioning of public sphere and the adequate provision of public services and infrastructure. The Czech Republic (CR) is characterized by a large settlement fragmentation; it means a large number of small municipalities in the corresponding territory. A large number of small municipalities was caused by the situation in 1990, when both certain municipalities and their parts became independent. The Czech Republic is one of the leading EU countries in the area of availability and quality of services even in smaller municipalities. Complex analysis can draw attention to the arisen problems or deficiencies and thus increase both the interest in their solution and current possibilities to help municipalities for example through financial subsidies. One of the frequent ways of financing municipal development is grant programs (MORD CZ, 2012). Public services in the Czech Republic are provided in addition to private entities also by state institutions including 14 regions and 6,245 municipalities (CZSO, 2017). The existence of large inter-regional differences in the economic, social and environmental areas has led to the elaboration of a methodology which would enable Eurostat and the European Commission's Directorate-General mutual comparison of individual regions. Project "Municipalities in data" deals with the issue of life quality using 29 different indicators for determining the life quality of selected municipalities (Obce v datech, 2018). Brno is the second largest city in the Czech Republic and the centre of South Moravian Region. The South Moravian Region itself is the fourth most populous with 1.17 million inhabitants and the fourth largest region in the Czech Republic with 7.1 thousand km². In terms of the number of municipalities, it occupies the third place with 673 municipalities and 49 cities covering the area of 7 districts (South Moravian region, 2018).

2. METHODOLOGY

There is a large number of municipalities 673 situated in the South Moravian Region, each municipality belongs to a designated municipality with extended powers (MEP), which are 21 in the region. For reasons of clarity and consistency these outputs contain information dealing just with the municipality with extended powers. MEP can be considered as municipalities with the widest scope of the performance of state administration in delegated powers. MEPs were set up in 2003 as a part of the territorial public administration reform. MEPs, for example, perform activities such as population records, social benefits payment, social and legal protection of children, state forest management, hunting and fishing, they issue travel and personal documents, driving licenses, vehicle technical licenses, etc. (South Moravian region, 2018). This year's questionnaire survey (2018) within the South Moravian Region took place for the third time; the first one took place in 2003, the second in 2013. Compared to the previous surveys, the return of questionnaires was not as successful as in the previous surveys where the Department of Regional Development of the Regional Authority of the South Moravian Region was responsible for collecting the data. The current survey was run by the students of BUT, Faculty of Civil Engineering. The survey was conducted via online Survio application electronically, or it was completed in Microsoft Word environment and subsequently filled into the Internet application. Due to the fact that not all municipalities participated in the survey, the following analyses works with the data as presented in the questionnaires. Altogether 326 questionnaires were obtained covering 48.4% of the municipalities of the South Moravian Region.

In Brno, the survey did not take place in the individual city districts and Brno City as a whole did not participate either. In the field of technical infrastructure namely, the situation in Brno and its city districts is quite atypical compared to other areas.

3. TECHNICAL INFRASTRUCTURE

Providing technical infrastructure on the territory with regard to its further development is indispensable for ensuring the constructions and the entire functioning of the corresponding territory. It includes providing engineering networks, among other things, which can be considered to be the arteries of the modern era. These arteries have now enjoyed such use and development that they not only run the household functioning, but globally the whole world. In terms of the life quality, technical infrastructure is related to the environment and the provision of services. It is defined by the Construction Law (Building law, 2006). The technical infrastructure includes transport, energy sector, water and sewerage network, wastewater treatment plants (WWTP), communications and information systems, waste management, environmental services and other infrastructure activities of municipalities. From a certain point of view, these are systems that ensure movement of raw materials, materials, people, energy and information.

3.1. Electric energy in the South Moravian Region municipalities according to MEP

Electricity is the basic kind of energy that is currently needed for the existence and full-value life. Fossil fuels prevail in the production of electricity worldwide. Furthermore, nuclear energy and renewable sources are widely used with water being the most important source. The first of the most important blocks of utility networks, without which life can hardly be imagined, is electrical energy. The questionnaire survey determined whether the current power line capacity is sufficient and whether the technical condition of the power lines and the capacity of the transformer stations was satisfactory. However, the reporting capacity of the analysed data is limited by the fact that only half of the total number of the municipalities answered this question.

Table following on the next page

*Table 1: Electric energy in the South Moravian Region municipalities according to MEP
(own elaboration)*

Name of the MEP	Number of municipalities	Capacity of the power is sufficient		Technical condition of the power is sufficient		Transformer stations is satisfactory	
		n	%	n	%	n	%
Blansko	26	20	76,9	18	69,2	19	73,1
Boskovice	39	37	94,9	34	87,2	35	89,7
Břeclav	18	17	94,4	17	94,4	15	83,3
Bučovice	14	12	85,7	11	78,6	10	75,3
Hodonín	11	8	72,7	9	81,8	11	100
Hustopeče	10	10	100,0	7	70,0	9	90
Ivančice	10	9	90,0	5	50,0	9	90
Kuřim	5	4	80,0	4	80,0	4	80
Kyjov	13	10	76,9	10	76,9	11	84,6
Mikulov	10	9	90,0	8	80,0	8	80
Moravský Krumlov	11	11	100,0	10	90,9	11	100
Pohořelice	5	4	80,0	4	80,0	5	100
Rosice	15	15	100,0	11	73,3	13	86,7
Slavkov u Brna	8	6	75,0	5	62,5	6	75
Šlapanice	25	22	88,0	17	68,0	21	84
Tišnov	37	33	89,2	31	83,8	30	81,1
Veselí nad Moravou	15	13	86,7	13	86,7	15	100
Vyškov	12	11	91,7	10	83,3	10	83,3
Znojmo	34	34	100,0	33	97,1	32	94,1
Židlochovice	8	7	87,5	5	62,5	4	50

Most of the municipalities of the South Moravian Region consider the currently existing electricity supply capacity sufficient. On the other hand, eight municipalities (2.5%) determined it as unsatisfactory. Within all MEPs, MEPs Blansko, Hodonín and Kyjov are the least satisfied. Problems of this kind have been identified only in municipalities with up to 500 inhabitants. In general, less favourable situation can be identified from the statements about the technical condition of the electricity power lines and the technical condition and capacity of the transformer stations. In total 64 municipalities in the South Moravian Region are not satisfied with the technical condition of electricity power lines. In several municipalities the improvement of the technical condition is being prepared or is already undergoing similarly to 48 municipalities that are dissatisfied with the condition and capacity of the transformer stations.

3.2. Sewage systems and wastewater treatment plants in the municipalities of the South Moravian Region according to MEP

Sewage system connected to wastewater treatment plant (WWTP) means a drainage pipeline that drains sewage water from individual properties and enters the wastewater treatment plant. The questionnaire survey focused especially on sewerage system, as the rainwater sewage system is located in every municipality and its parameters are incomparable with sewage system.

Table 2: Sewage systems and WWTP in the municipalities of the South Moravian Region according to MEP (own elaboration)

Name of the MEP	Number of municipalities	Municipalities with sewerage		Municipalities with WWTP	
		n	%	n	%
Blansko	26	17	65,4	16	61,5
Boskovice	39	22	56,4	15	38,5
Břeclav	18	16	88,9	16	88,9
Bučovice	14	8	57,1	7	50,0
Hodonín	11	10	90,9	8	72,7
Hustopeče	10	5	50,0	6	60,0
Ivančice	10	7	70,0	7	70,0
Kuřim	5	5	100,0	5	100,0
Kyjov	13	8	61,5	6	46,2
Mikulov	10	9	90,0	9	90,0
Moravský Krumlov	11	10	90,9	10	90,9
Pohořelice	5	4	80,0	5	100,0
Rosice	15	12	80,0	12	80,0
Slavkov u Brna	8	7	87,5	7	87,5
Šlapanice	25	23	92,0	24	96,0
Tišnov	37	20	54,1	19	51,4
Veselí nad Moravou	15	13	86,7	15	100,0
Vyškov	12	7	58,3	7	58,3
Znojmo	34	31	91,2	31	91,2
Židlochovice	8	7	87,5	8	100,0

Sewerage system is according to the questionnaire survey provided in 258 municipalities. According to the number of completed questionnaires most municipalities connected to the sewerage system are in the MEPs Břeclav, Hodonín, Šlapanice, and Kuřim. On the other side of the spectrum as the worst ones came MEPs Boskovice, Bučovice, Hustopeče and Tišnov. The number of municipalities which are not connected to the sewerage system is 68, i.e. 20.9%. In the size category of municipalities over 1,000 inhabitants, only 6 municipalities do not have individual sewerage system, 3 of which declared mixed sewerage system. One municipality of each is located in MEPs Břeclav, Bučovice, Veselí nad Moravou, Vyškov and Židlochovice, two municipalities with more than 1,000 inhabitants are located in MEP Hustopeče. Compared to the previous research, very different results in the above mentioned municipalities and the MEPs can be seen. The previous research was more successful in the number of returned questionnaires by 30%, however, it determined only 8 municipalities with more than 1,000 inhabitants without sewerage system, so this research has been enriched and completed by new information. A very important indicator concerning the connection of the municipality to the WWTP is its size. The EU requires a mandatory connection to WWTPs from a certain size of the municipality (2,000 inhabitants) since 2010. Failure to comply with this obligation means fines, restrictions on various subsidies, etc. In the framework of the survey no municipality in the size category of over 2,000 inhabitants which is not connected to the WWTP has been identified. Out of the municipalities with 1,000-1,999 inhabitants, 0.9% is not connected to the WWTPs, from municipalities up to 1,000 inhabitants; it is 25.5% of municipalities. Compared to the previous research, which was more successful in the return of the questionnaires by 30%, one new fact has been noticed. The municipality of Lipůvka with 1,300 inhabitants, which is not connected to WWTP, appeared in MEP Blansko. The problem of many municipalities where the wastewater treatment has not yet been introduced has been particularly the complex

technical solutions mostly caused by rugged terrain or inconsistent development, which requires higher financial costs. In rare cases, construction of domestic wastewater treatment plants is possible (South Moravian region, 2012). Great experience with municipal cooperation are also in Israel, for example. The findings suggest that regional cooperation can be an efficient tool in promoting advanced wastewater treatment, and has several advantages: an efficient use of limited resources (financial and land); balancing disparities between municipalities (size, socio-economic features, consciousness and ability of local leaders); and reducing spillover effect (Hophmayer-Tokich, Kliot, 2016).

3.3. Waste management

Waste management is a set of activities aimed at preventing waste generation, waste management and after-care of the site where the waste is permanently stored as well as check-up of these activities. It prevents both the excessive pollution of the landscape and negative effects on the overall ecology. Waste management is the youngest component together with nature protection. Its origin was a reaction to the fact that waste management has become a global civilization problem in recent decades. The questionnaire survey examined the organised collection of waste in individual municipalities according to MEP.

Table 3: Waste management in the municipalities of the South Moravian Region according to MEP (own elaboration)

Name of the MEP	Number of municipalities	Sorted waste collection SWC		Ecological collection sites	
		n	%	n	%
Blansko	26	24	92,3	11	42,3
Boskovice	39	34	87,2	14	35,9
Břeclav	18	18	100,0	18	100,0
Bučovice	14	11	78,6	1	7,1
Hodonín	11	10	90,9	4	36,4
Hustopeče	10	10	100,0	8	80,0
Ivančice	10	10	100,0	3	30,0
Kuřim	5	5	100,0	3	60,0
Kyjov	13	11	84,6	2	15,4
Mikulov	10	10	100,0	4	40,0
Moravský Krumlov	11	7	63,6	0	0,0
Pohořelice	5	5	100,0	1	20,0
Rosice	15	14	93,3	5	33,3
Slavkov u Brna	8	6	75,0	1	12,5
Šlapanice	25	21	84,0	8	32,0
Tišnov	37	32	86,5	5	13,5
Veselí nad Moravou	15	14	93,3	6	40,0
Vyškov	12	10	83,3	1	8,3
Znojmo	34	34	100,0	10	29,4
Židlochovice	8	8	100,0	6	75,0

Altogether, 284 municipalities report that they have introduced a collection of solid municipal waste - **sorted waste collection (SWC)**. 23 municipalities reported that there is no option to sort SWC, which represents only 7.1%. In total, in 7 MEPs, residents of all municipalities have the option of sorted waste collection.

Somewhat less frequent than sorted waste collection, there are ecological collection sites (ECS) in the municipalities - only in 32.8% of municipalities. Altogether, 167 municipalities reported that they did not have ecological collection site and did not fill in open questions for another alternative of collection. Nevertheless, the situation is not so bad, as 52 municipalities stated that they have collecting points in the municipality instead of ecological collection sites, which partly compensates for the ecological collection sites. An integrated regional waste management system operates in the South Moravian Region, which complies with the current requirements of the Waste Act and European legislation. In the future, however, it will need to shift it to higher levels of waste management hierarchy (especially waste production prevention, recycling and waste utilization, including energy recovery use of waste) (South Moravian region, 2012).

3.4. Other aspects of municipal technical infrastructure

In terms of environmental protection, large pollution sources (LPS) have been identified only in 7% of municipalities. The highest share of municipalities with LPS is located in small MEPs, where even small absolute numbers of municipalities generate large relative shares. Industrial companies, agricultural companies and ultimately transport have been reported as the largest sources of pollution. Problems with transport infrastructure for public transport were recorded mostly in MEP Kuřim where 52.5% of municipalities responded that the municipality had a problem with the state of transport infrastructure for public transport. Problematic is also the situation in the MEP Šlapanice (46.3%). The best situation has been detected in MEP Ivančice, where only 10.3% of municipalities had problems, followed by Mikulov (12.4%) and Vyškov (15.6%). Stops and stop shelters are maintained by all municipalities in 10 MEPs of the region. Relatively the least positive answers, however, of high value, have been identified in MEPs Hodonín (76.7%) and Břeclav (77.5%). Large municipalities with over 10,000 inhabitants (95.9% of positive responses) and municipalities with fewer than 199 inhabitants (89.8% of positive responses) are the most satisfied with transport services. The least positive responses were identified in the size category of 5,000-9,999 inhabitants (78.0% of positive responses) and 200-499 inhabitants (84.2% of positive responses). The reason for the low level of satisfaction of municipalities with 5,000-9,999 inhabitants may be the reduction of the number of direct connections to larger regional centres. In the smallest category of municipalities with up to 200 inhabitants, satisfaction is probably due to an increase in the number of connections. The satisfaction of municipalities with transport connections to the regional city is the highest in the MEP Kuřim and MEP Pohořelice, where all answers were positive (100.0% of satisfied municipalities). Significant satisfaction over 90% was also identified in MEPs Blansko, Rosice, Břeclav, Šlapanice, Slavkov u Brna and Ivančice. The relatively worst accessibility to the regional city was identified in MEP Mikulov, where only 64.3% of the municipalities declared their current condition to be satisfactory. The risk and the efficiency of big infrastructure project has been already solved in (Hromádka, Korytářová, Kozumplíková, Bártů, Špiroch, Adlofová, 2015).

3.5. Current needs and challenges of the technical infrastructure

In the field of technical infrastructure networks, a good condition has been identified for the water supply network and electricity and gas supply networks, where no significant problems have been identified. The degree of connection of municipalities to water and gas supply is quite high, the quality of drinking water is good and the electricity network is predominantly in good condition. Partially problematic area is represented by sewerage systems and WWTPs. Although the situation has improved considerably during the past 16 years, for example, for MEPs Mikulov, Bučovice, Znojmo, Břeclav, Šlapanice and Kyjov (thanks to subsidies from European funds, among others), there is still no sewerage system built in about one third of the

municipalities. Projects in the field of technical infrastructure are financially demanding and therefore their support from subsidy sources is crucial. This is the key role of central authorities in setting the content and operational programme rules for the 2020-2026 period. The role of the regions can demonstrate on the one hand in negotiation about the operational programmes, on the other hand they can mediate the contact between municipalities, which could co-operate efficiently in the construction of the sewerage systems and WWTPs. At the municipal level, activities focus mainly on specific implementation steps - designing project documentation or creating a joint project of multiple municipalities, for example in the form of a voluntary union of municipalities. The original idea of the harmonious development has been completed by the idea of the equality of opportunity and creation of common financial funds for financing investment activities in municipalities. The requirement for efficiency in invested funds became a new implemented mechanism (Vaňková, Puchýř, Korytářová, 2016). Transport services are relatively well set in the region, but the least satisfied are municipalities with 5,000-9,999 inhabitants, i.e. municipalities at the level of micro regional centres. The satisfaction of the municipalities with the accessibility to their closest and regional cities depends on their location and Integrated Transport System of the South Moravian Region (ITS SMR) line management. Therefore, for example, municipalities in the vicinity of Brno do not consider its availability as satisfactory. There are also problems with the technical condition of the infrastructure for public transport. Interventions in the transport services of municipalities are realized at the regional level through KORDIS SMR. Municipalities have the opportunity to make comments or suggestions to improve the current situation. The national level intervenes only indirectly in transport services by setting up conditions for the operation of public transport (compensation of transport companies losses, etc.). The level of waste sorting is very high in municipalities, both generally, as well as from the regional point of view (in all parts of the region) and from the size point of view (in all size categories of municipalities). There is insufficient number of ecological collection sites in the region which are mainly located in larger municipalities with more than 5,000 inhabitants. Providing ecological collection sites is a matter of municipalities or organizations set up by them. In the case of small municipalities, it is not efficient to build an ecological collection site in each municipality, but rather a common one for more municipalities. From the point of view of the regions and central authorities, municipalities can be supported by appropriately set subsidy programmes. Regions can also perform the role of mediators of contact between municipalities that could cooperate in building common ecological collection sites.

3.6. Proposal of measures and recommendations leading to improvement in the technical infrastructure condition

Despite the fact that during past six years there has been a slight positive development in the above mentioned points, the following measures are mainly proposed to manage the technical infrastructure condition:

- Completion of technical infrastructure, especially sewerage systems and WWTPs;
- Improving transport services of micro-regional centres;
- Establishment of ecological collection sites.

Opportunities of support to improve technical infrastructure generally lie in the following areas:

- Building and repairs of technical infrastructure facilities;
- Cooperation of entities in the preparation and implementation of projects;
- Negotiations with operators or providers of certain facilities or services about appropriate conditions of the facility operation or services, or about introduction of new services;
- Financial support i.e. targeted subsidies for the construction or operation of the necessary types of facilities or services.

4. CONCLUSIONS

This survey carried out has brought a number of new findings, which have again confirmed that many of the phenomena surveyed are more or less dependent on the natural settlement structure. Belonging to the municipality of higher hierarchical categories remains essentially unchanged. With greater expansion of the Integrated Transport System (ITS) SMR in the whole region, the transport service is often easier than before (even if there are opposite cases). Similarly to the previous survey, it is possible to confirm the considerable dominance of the regional city towards its surroundings, both in commuting to work and in more advanced and much more diverse services. Within the region, on the other hand, there are several spatially smaller regions where in the long run, certain problems accumulate. Here, the main factor is especially peripherality associated with worse transport accessibility and serviceability, as well as high frequency of occurrence of smaller municipalities, and especially in this case, concerning the transport connection extension, only little positive development can be seen from the questionnaire survey. Considering the fact that (on the contrary to the previous survey) it has not yet been able to obtain information from all the municipalities of the region, it reduces to some extent the information value of the study as well as the possibility of its comparison with the previous study. Moreover, the territory of the South Moravian Region after the six-year period is not exactly the same. One municipality joined the region and the total number of municipalities increased to 673 municipalities. Part of the survey focuses on the priorities and barriers of municipal development, which clearly show some facts that should guide the activities of both the region and other regional development players. The region's competencies are limited, but lobbying for the support of some "higher level" activities, creation of a new targeted subsidy programme or sub-programme (e.g. only for one year) or increased support to long-term regions lagging behind should not be a problem for the region. Other findings can also target support activities to the areas where they are most desirable.

ACKNOWLEDGMENT: *This paper has been worked out under the project of the specific research at Brno University of Technology no. FAST-S-18-5195 The importance of voluntary associations of municipalities for the development of the region.*

LITERATURE:

1. Czech statistical office: *Small Lexicon of Municipalities of the Czech Republic – 2017* (CZSO). (2017). Retrieved 4. 09. 2018 from <https://www.czso.cz/csu/czso/small-lexicon-of-municipalities-of-the-czech-republic-2017>.
2. Hophmayer-Tokich, S., Kliot, N. (2016). Inter-municipal cooperation for wastewater treatment: Case studies from Israel. *Journal of Environmental Management* [online]. 0802, 86(3), 554-565 [cit. 2016-10-10]. DOI: 10.1016/j.jenvman.2006.12.015. ISSN 03014797.
3. Hromádka, V., Korytářová, J., Kozumplíková, L., Bártů, D., Špiroch, M. and Adlofová, P. (2015) Risk of Megaprojects *In Transport Infrastructure. In Advances in Civil Engineering and Building Materials IV. Hongkong: Taylor and Francis Group, London, UK, 2015.* p. 223-227. ISBN: 9781138000889.
4. Law no. 183/2006 Coll., building law, (in Czech)
5. Ministry of regional development cz (MORD CZ). (2012). *Programs for the 2014-2020 programming period: European Structural and Investment Funds.* 2012. Retrieved 8. 8. 2018 from <http://dotaceeu.cz/cs/Fondy-EU/2014-2020/Operacni-programy>.
6. Obce v datech: Municipalities in data. (2018). Retrieved 09. 09. 2018 from <https://www.obcevdtech.cz/o-projektu>
7. South Moravian region. (2018). *Basic information about the South Moravian region.* 2018. Retrieved 10. 09. 2018 from <https://www.kr-jihomoravsky.cz/Default.aspx?ID=27204&TypeID=2>

8. South Moravian region. (2012). *Development Strategy 2020*. 2012. Retrieved 4. 8. 2018 from <https://www.kr-jihomoravsky.cz/Default.aspx?ID=961&TypeID=1>
9. Vaňková, L., Puchýř, B. and Korytářová, J. (2016). “Impact of construction activities on GDP in the Czech Republic and its regions”. In *Advances and Trends in Engineering Sciences and Technologies II*. Nizozemí: CRC Press, p. 495-500.

STRATEGIC DECISION MAKING: THE EFFECTS OF BIG DATA

Harvey C Turner

Pearson Business School, United Kingdom

Harvey_Turner@me.com

David Atkinson

Pearson Business School, United Kingdom

David.Atkinson@pearson.com

ABSTRACT

This study aimed to understand the emerging effects big data is having across different business functions as well as how much the insights gathered, from big data sets, are starting to influence business strategy. The literature highlights a lack of understanding around big data, with very little research focusing on big data's applications outside of short term marketing strategies. This research investigated the potential barriers to big data integration within businesses, and sought to understand how these could be removed. In order to achieve an in depth understanding, an interview based approach was used. A wide range of business sources were examined to further understand the gaps identified by previous research. Primary research took the form of in-depth interviews. Respondents were carefully selected based on industry knowledge and experience, working for companies such as Ebiquity PLC, Satalia and Barclays. The interviews were used to compare and contrast the experts' opinions and establish whether the key themes identified in the literature held true in the primary research. This approach enabled real insight to be gathered in order to concisely examine and critique the current literature as well as enabled further themes to be investigated. This investigation found how critical big data is becoming to business success, including understanding an emerging gulf between those who have adopted data big sets and those who have not. It was also understood that, on the whole, knowledge and understanding is lagging far behind benchmarks set by some businesses. The paper concludes by explaining why big data is not influencing business strategy. A focused understanding approach is outlined as the preferred solution to bridge the gulf between the 'haves' and 'have not's'.

Keywords: *Big Data, Business Strategy, Big Data Integration, Business Optimisation*

1. INTRODUCTION

Big Data is a relatively recent term coined to describe large volumes of data that inundate businesses during their day to day operations (SAS, n.d.). Big Data can be used as modern data driven approach to business analysis, when utilised correctly it can enhance business decision making, leading to greater productivity, efficiency and financial results (Schloss, 2018). Many in the business world do not fully understand the application of Big Data neither do they fully understand how to define it. This has led to great divisions across businesses and industries in knowledge, there are the have's and have not's in terms of understanding, there are few businesses that truly understand the power of correlation analysis (Lock, 2012). At the core, Big Data insights are large scale correlations found from patterns held in the mined data. As the size of the data set increases, so too does the power of the insight gained (BBC News, 2017). The applications stretch across all sectors from healthcare to retail. This paper specifically focuses on Big Data's effects on full business strategy, not just independent effects on singular business functions, with the aim to examine whether Big Data analysis is being fully utilised by businesses. Much of the research surrounding Big Data has been into its effects on businesses, and more specifically how Big Data can influence short term marketing strategies. Including the analysis by Xu et al, who coined the fusion knowledge perspective after testing

the effects of traditional marketing analytics against the use of Big Data analytics (Xu, Frankwick and Ramirez, 2015). Further to the apparent imbalance in previous research in terms of the effects Big Data can have, there is a varying concern from many academics about the true relevance of Big Data. Academics Barcos and Selbst in 2016 questioned the true effectiveness of the insights created, as any algorithms used to create the insight will inherit any prejudices the creator(s) held and any prejudices held within the data sets from those who the data was gathered from (Barcos & Selbst, 2016). Hartford in 2014 penned an article asking ‘if we are making a mistake with Big Data’, the article outlined four key promises of those that champion Big Data and examined current business usage and potential. Within the article he examined key flaws in using Big Data to make decisions, using work by Speighalter among others he acknowledges that “there are a lot of small data problems that occur in Big Data, they don’t disappear because you’ve got loads of stuff” (Speighalter, 2014). The article uses a non business example (Google Flu) to highlight the potential flaws in Big Data analysis, driving home the point that its uses revolve around correlation insight not causation, and that often figuring out causation from data sets is nearly impossible. Hartford concluded that the necessary insights for Big Data have not arrived, but they are coming, with the major challenge being the ability to not make the classic statistical errors just on a larger scale (Hartford, 2014).

It is for this reasoning, this paper seeks to understand the effectiveness and application of Big Data in terms of business strategy. The initial reading suggests that many businesses are simply not ready to adopt such tools to deliver better business insights, not just through a poor understanding of the technology involved, and a lack of basic understanding including and inability to accurately define Big Data. ‘Computerweekly’ conducted an online survey to examine the lack of understanding amongst businesses, interestingly, and adding further fuel to the fire that Big Data and marketing are tied at the hip the article states in its opening line “the most interesting point thrown up by the online survey is just how little understanding the marketing efforts around Big Data have managed to generate”. This further illustrates how the applications of Big Data are being siloed into individual business functions, the survey did however reveal that under 20% of those surveyed understood the benefits of Big Data technologies.

With fewer than 10% understanding the storage solutions available, or feeling that consultancies out there are prepared enough to offer credible solutions. While understanding appears to be low, Lock indicates that of those few who have developed an understanding and begun to apply Big Data analysis confidence is high, with near 60% acknowledging that Big Data analysis has solved problems that were too expensive in the past, and 55% stating Big Data analysis had enabled them to come up with new and improved solutions to problems (Lock, 2012). Trevor and Varcoe stated that for a business to have a successful business strategy they must have full ‘enterprise alignment’, which includes resource management, organisational capability understanding and full infrastructure management (Trevor and Varcoe, 2017). Businesses who excel at only selected business functions will be at a much higher risk of failure, with U.S statistics stating that 66% of businesses fail within two years due to poor strategy (Olsen, n.d.). After researching reasons why business strategies fail of the top 10, which include poor understanding of a market and consumers to lacklustre financial management and poor sales, all of them can benefit from Big Data analysis. Examples include: correlating sales against seasonal activity to predict cash flow (finance), or analysing like for like sales to understand which territory to invest in next (Marketing). It therefore becomes of paramount importance for a business to understand how Big Data can be applied across a business to create insights and advantages.

2. RESEARCH OBJECTIVES

The report will seek to establish what Big Data is in terms of a business analysis tool, how it can be used to make strategic decisions, and the relative industry effectiveness through a series of interviews.

1. Critically review the literature on Big Data and the use of Big Data in strategic decision making.
2. To investigate to what extent, and how Big Data is influencing strategic decision making.
3. To understand the implications of using Big Data to influence decision making.
4. Discuss the influence of Big Data on strategic decision making, and make future recommendations for businesses to aid adoption, including recommendations for further research to influence this process.

3. LITERATURE REVIEW

'Big Data' (Mayer-Schönberger & Cukier, 2013) acted as the first deep dive publication into the effects and revolutionary nature of Big Data. As found within the background evaluation of this project, a major 'sell' of Big Data's uses regard its ability to solve small challenges, but it really comes into its own when establishing correlations in large scale data sets. The publication cites Big Data analysis as a major future force in gaining competitive advantages, helping businesses to do what they already do, 'just better'. This is backed up by Gopalkrishnan et al who listed Big Data analysis as the most valuable business asset and tool of the future, the report stated businesses are realising the importance in leveraging their data as a strategic asset (Gopalkrishnan et al, 2012). An MIT management review entitled 'How Big Data is Different' went further than just providing an academic insight, and actually identified how businesses could gain value from Big Data and underlined further the new organisational capabilities it can 'unleash' (Davenport, Bart & Bean, 2012). In further reading to search for the origin of Big Data, the term first appeared in a slide deck in 1998, entitled 'Big Data and the next wave of infrastrass' (Diebold, 2012). From this initial presentation the flood gates began to open, with the first academic publication coming in the same year discussing futuristic mining techniques (Weiss and Indrukya, 1998). However, these early adoptions of the term were very immature in their knowledge, and often had little understanding of the full benefits Big Data analysis could hold. Many academics played with the definition and understanding of Big Data architecture, but it was not until 2012 that the movement gathered real speed, with a specific global KDD conference on how to mine Big Data. The definition of Big Data to those in the industry became more solidified as the three V's (Volume, Variety & Velocity) definition became more widely used (Fayyad, 1997). This 3 V model has since been adapted by many including Fan & Bifet to include variability and value. This three or five V model has acted as the basis for many academics, businesses, health organisations and governments to understand Big Data, and assess where to find value in it. However, few have been able to apply their understanding into measurable results. The IDC reported that 23% of all of the data in existence would be useful if tagged and analysed, but currently only 3% is currently being tagged and analysed (Gantz and Reinsel, 2018), a vast increase in the volume of data being collected has been reported throughout all of the academic literature with Fayyad reporting that Google has more than 1 billion searches a day, Twitter more than 250 million tweets a day and Facebook has more than 800 million updates a day (Fayyad, 1997). This explosion of recordable data runs throughout the literature, with Fan & Bifet acknowledging the new array of data sources including revolutionary sensory data (Fan and Bifet, 2013). This forms the second V of the model, variety, with Katal et al noting one of the major differences between traditional data mining and Big Data mining is the need to develop mining techniques that can deal with 'raw, structured, semi-structured and even unstructured data' (Katal, Wazid and Goudar, 2013).

Velocity concerns the speed at which data is gathered, with Katel et al suggesting many businesses current analysis methods not being able to keep up with the constant inflow of data let alone produce real time insights (which is often where major competitive advantages associated with Big Data are created). Much of the literature suggested that currently there is poor application and understanding of Big Data, with Mayer-Schönberger & Cukier noting the use of Big Data only exists within ‘narrow’ categories (Mayer-Schönberger & Cukier, 2013), Gopalkrishnan et al added to the evidence that currently Big Data applications are almost exclusive to: ‘improvement of customer service, product buying behaviour and promotional offers’ (Gopalkrishnan et al 2012). Through the research the evidence begins to mount that Big Data’s effects are being limited by the short sighted approaches to its usage, McAfee & Brnjolfsson concede that there is little more than reported evidence that Big Data improves business performance, so conducted a study of 330 businesses across many sectors. They found that on average, data driven businesses were 5% more productive and 6% more profitable. Highlighting US retail giant Sears in their research, Sears championed the use of Big Data to drive insightful promotional strategies, further adding to the argument or issue that currently is that Big Data analysis effectively sits in silos, with no roll out across an entire business (McAfee & Brnjolfsson, 2012). It is at this juncture the importance of this research is shown, throughout all the reading it is apparent that Big Data analysis is not being integrated between business functions. Alfusouzan highlights the need for integration in Big Data, stating research by Forrester which claims 80% of the value to be gained from Big Data is found by integration (Alfusouzan, 2015). Business function integration is vital for good strategy delivery (Kunisch, Müller-Stewens and Campbell, 2014), and a business without a good strategy is up to 60% less productive (Richard P. Rumelt, 2012), these two points sit at the heart of the need to research the influence of Big Data over business strategy). After understanding the merits of Big Data, and its business application along with the current literature in relation to strategy and business functions, it becomes important to understand the challenges to businesses that Big Data causes. Firstly, there is still discussion as to the exact relevance of Big Data. Fan & Bifet outlined their key concerns with Big Data, which include: ‘is there a need to distinguish Big Data analysis and regular analysis?’ (Fan and Bifet, 2013) This concern was not shared by other academics, but it is worth noting that Davenport et al suggested Big Data analysis within a business adds another level of IT complexity that few can afford. So will drive a ‘gulf between the companies that have the ability to invest and those that do not’ Davenport, Bart & Bean, 2012). Following the relevance tact, the next challenge revolves around recency over size, they question whether value is not held in the size of the data store, but in the time frame it was captured. Courtney agreed with this analysis, as part of his paper ‘The larging-up of Big Data’ he stated from a small study that most industries would benefit from data streams that ‘focus on recency over size’, but admitted that the number of data streams would have to be ‘significantly larger’ than current data analysis insights to be of value (Courtney, 2012). In many cases the literature suggests that the current Big Data analysis tools are not up to scratch, Hadoop is the most wide spread technological solution, but as Taleb reported as the number of variables grow, the number of fake correlations do too. Leinweber proved this point by showing that the S&P 500 stock index could be directly correlated to butter production in Bangladesh (Leinweber, 2007). On examining the exact techniques used to mine Big Data, academics agree that on the whole many techniques are easy to paralyse, and can’t adapt quickly enough to change. Efron underlined the fragility in such systems, and amongst stating it was often hard enough to gather statistical significance from Big Data he outlined the fragility of Hadoop and MapReduce and without the correct data scientists the systems are almost pointless (Efron, 2017). Davenport et al described the importance of data scientists within businesses, they offered a three point differentiation strategy between business that have experienced success with integrating Big Data into their business, they argue the biggest factor is to make data scientists a core asset of

the business operations (Davenport, Bart & Bean, 2012). In summary, the literature has highlighted a few key issues and themes. The first is the poor understanding of Big Data analysis (Fayyad, 1997, Gopalkrishnan et al, 2012), the second is that most of the current research and application examples occur within a few business functions chiefly marketing (Mayer-Schönberger & Cukier, 2013, McAfee & Brnjolfsson, 2012), following on from a disconnect in understanding and application there was a lot of research as to the actual merits of Big Data (Fan and Bifet, 2013) and then further research in how value is actually obtained from it, in terms of system and actually which businesses have the ability to benefit from it (Courtney, 2012, Davenport, Bart & Bean, 2012, Leinweber, 2007). The summary of the literature review provides three core themes, upon investigating these themes in further reading at the point there became several clues as to the reasoning for the lack of research. The first hypothesis revolves around recency, Big Data is a new concept, so it is only natural that there is a limited amount of research available and therefore a lower level of business adoption. The second major hypothesis is cost, while only some of the research outlined cost, there are a plethora of news articles suggesting a major limitation to Big Data analysis is the cost associated. Finally, the third hypothesis revolves around ethics, it is not something analysed in the literature review because of the direction of study, but there are questions being raised in wider reading that question the effectiveness of data in relation to global law changes chiefly the role of GDPR.

4. FINDINGS/ DISCUSSION/ RECOMMENDATIONS

There were three interviewees:

- An AI/ Data specialist - respondent 1
- Data insight marketing specialist - respondent 2
- A Strategy specialist - respondent 3

Task one of this analysis, in respect to objective 2, is to investigate the extent in which Big Data is affecting strategic decision making. For a business to adopt an approach to a problem it needs to understand the problem and understand the tools it is using to design a solution (Zwilling, 2011). Understanding forms the first key theme in the findings and analysis, the literature review suggested that general understanding is poor throughout businesses and that there is a lack of an ability to accurately define Big Data (Gopalkrishnan et al, 2012, Fan and Bifet, 2013, Fayyad, 1997). The primary research unsurprisingly proved that the respondents had a good base knowledge of what Big Data is:

- Respondent 1: “More data than you can process on a single machine; with business applications on a scale not previously seen”
- Respondent 2: “A generic term used to describe large quantities of data; if analysed correctly, can help deliver value to the processor”.
- Respondent 3: “Breadth and depth; so many more aspects are being measured in our lives; so much more granularity”

This level of understanding widely outstrips a basic level of understanding, but what it does do is create three different interpretations of the most accepted definition (the 5 V model Usama Fayyad). An overarching key issue found in the background analysis and literature review was the poor application of Big Data within a business, perhaps much of this is to do with the inability to effectively define it.

“The most interesting point thrown up by the online survey is just how little understanding the marketing efforts around Big Data have managed to generate” - computerweekly.com

Big Data is a relatively new concept in comparison to business strategy (first coined in 1998) (Diebold, 2012), each respondent agreed how important business strategy is and how vital it is to business success, there was increased symmetry in their answers all listing similar qualities (in bold) to define strategy:

- Respondent 1: “At the core of your business; staying true to the vision, mission and values; constantly adapting”
- Respondent 2: “Very important; continuous process, constantly iterating, reacting and reflecting”
- Respondent 3: “It is the core of a business; at the heart of the business; short planning cycles should be utilised to react to markets”

From the literature, it was claimed that a business with a good strategy is 60% more effective (Richard P. Rumelt, 2012), it is therefore not unreasonable to claim that the ability to accurately define a tool leads to greater productivity and application. This provides evidence that Big Data’s affect on strategic decision making could be being halted by the lack of ability to accurately define it, further evidence suggests that it is at senior levels, and only in specialised roles that there is an understanding of Big Data (Buluswar et al., 2017), which is backed up the the results of the primary research which chose respondents based on criteria that related to their seniority (see methodology section). Scope of application is another major topic to effect the influence on decision making, two themes were drawn out by the literature:

1. There is a lack of examples (McAfee & Brnjolfsson, 2012)
2. Most applications revolve around marketing functions (Gopalkrishnan et al 2012).

Respondent 3 reiterated theme 1: “It would be nicer if there were more examples of Big Data we could draw that openly showed that Big Data has created a strategic advantage”. Respondent 2 also validated theme two in his response to question 8 by highlighting the marketing industry as an industry that stands apart in its adoption rates: “It’s hard not to point at the marketing industry. Consumer goods industries are quite good at this”. The evidence presented in these two interviews, begins to accurately reinforce the literature and answer why there is very little written on the effects of Big Data on strategy, most of the evidence/examples for the use of Big Data are for marketing, so those without the knowledge of the wider range of applications it has only see its applications in that field. A potential reason for the lack of examples could be down to an answer given by respondent 3, when questioned about his involvement with Big Data in business he could not offer many examples of the work he has been involved in: “I cannot go into detail on specifics because I’m under a non-disclosure agreement”. Perhaps when business stop becoming so secretive about their activities with customers data there will be a growth in application, on the 25th of May EU rulings are set to shake up how businesses can use and manage our data (EU GDPR Portal, n.d.), hopefully creating an more transparent environment. Respondent 2 offered the idea that: “GDPR is forcing companies to focus only on the data that matters. This will be good for them”. Respondent 1 was more concise but stated: “it brings many positives in terms of openness”. There seems to be no clear evidence as to the extent of Big Data’s influence on decision making, the analysis above has found that the key issues brought up in the literature review have been validated by the primary research. Gopalkrishnan et al showed the strength of Big Data within marketing, which was further validated by respondent 2 listing marketing as the most important industry/ function that Big Data exists in. Due to the fact that all respondents could not accurately define Big Data, regardless of their level of knowledge, the hypothesis was developed that influence cannot be achieved unless a tool can be more accurately defined, which was built on the idea that Big Data is a modern tool (Only being coined in 1998, Diebold), unlike business strategy which has had years to develop and understood further.

Due to this, the effects of traditional strategy and its influences are much greater with Rumelt stating that well executed strategy can lead to a 60% increase in productivity, with Big Data only increasing productivity by 5% as found in McAfee & Brnjolfsson's study, which provides numerical evidence for the hypothesis above (McAfee & Brnjolfsson, 2012). Following establishing the effects Big Data is having on business strategy, the third objective revolves around the business implications of Big Data. All respondents were asked to what extent they believed that Big Data would effect future business strategy, the aim of this was to start to be able to define and understand how a business will need to prepare in the future:

- Respondent 1: "10- It is the future of decision making"
- Respondent 2: "6 - it's a big part of the future"
- Respondent 3: "If you're looking at big businesses (FTSE 250) it's an 8 or 9"

This shows a reasonable level of agreement between respondents that they believe Big Data will have an implication for future decision making, and further validates the need for this project. Moreover, it fills the gap created by the literature, on the one side you have McAfee & Brnjolfsson, Alfusouzan, Kunisch, Müller-Stewens and Campbell outlining the merits of Big Data, without really digging into how to apply it. On the other side, there is Efron and Davenport et al explaining the business requirements in terms of technology and resources. There exists a gap needing to be bridged between what the merits and requirements mean for future application. The primary research identified some themes for the business implications of Big Data, the major of which is cost. Savitz analysed the business cost of Big Data and developed the following insight: "Big Data offers big business gains, but hidden costs and complexity present barriers that organizations will struggle with." (Savitz, 2012). Efron covered the basic technological tools involved with Big Data which include Hadoop and MapReduce, the same Forbes by Savitz article examined the cost of these individual tools and found they were actually helping to drive the costs of Big Data down as "Hadoop, which parallelizes large data sets across low-cost commodity hardware for easy scale is dramatically reducing the cost of petabyte environments." (Savitz, 2012). While none of the respondents went into detail about specific costs or tools they all did in part make reference to the cost of Big Data:

- Respondent 1: "It's often a question of cost and ability, there are very few business with the right resources to capitalise on the potential gains"
- Respondent 2: "In my experience cost is a large draw back for many"
- Respondent 3: "Working with smaller businesses, I can see no way that they would be able to utilise Big Data to generate insights in the near future because they simply don't have the resources"

Both the primary and secondary research acknowledged that the first implication for a business looking to utilise Big Data, will be the cost of the technology. The second large cost will be in terms of talent acquisition, which Davenport et al outlined in his report about the importance of data scientists. Respondent 1 also acknowledged the need for talent acquisition: "The hard part will be attracting talent". McKinsey Global identified that there would be a global shortage of around 250,000 data scientists by 2024 (Henke et al., 2016), only furthering the current demand and increasing wages. According to Glassdoor the average data scientist in the U.K earns around £113,000 annually, representing these skills come at a premium cost to a business when compared to traditional business roles (Glassdoor.co.uk, 2018). These two examples of technology and HR explicitly define the major cost implication for a business. But what happens if businesses don't embrace Big Data? Respondent 1 was very clear on this he stated that: "Companies that embrace these technologies will be the ones who win, regardless of industry". This raises further questions about the need for Big Data. As seen above, all the respondents and the literature suggests that Big Data insight analysis will at least in some part

be vital to future decision making, but at what point is there a return on investment? Respondent 3 provided a useful opening argument: “I do think it will be a while before it [Big Data] becomes a hygiene factor, rather than a differentiator”. Utilising Herzberg’s model of differentiators v hygiene factors, which suggests that for a business to be competitive it must satisfy all hygiene factors in a market but to be a leader and experience increased success it must differentiate itself somehow. Currently as respondent 1 stated those who differentiate by utilising Big Data “will win” (Herzberg, 1959). It is difficult to establish at what point there is an exact return on investment for Big Data, due in part to the aforementioned secrecy that surround data practises in business. However, analysis by ICAS has found 10 businesses that are using Big Data analytics to gain a competitive advantage through using the tool as a differentiator (O'Neill, 2016). These include: American Express, Amazon, Netflix, BDO, Capital One and Starbucks, each of these businesses are redefining their own markets through the use of Big Data, illustrating the potential implications of using Big Data on decision making. The examples identified by ICAS, provide a basis to cover objective four of this project, the companies listed above have the resources available but also have been focussed in their approaches. This is how they have generated their competitive advantages. This objective is primarily concerned with providing future recommendations for businesses, and outlining where further research would be necessary. Through the work by Savitz, and the themes of HR and cost identified above, this report can identify the major recommendation as:

5. BIG DATA: THE DEVIL IS IN THE DETAIL - APPLYING FOCUSED UNDERSTANDING

The major implications for Big Data as outlined above stem from cost and resource availability. Efron and Davenport et al described the basic requirements for a business to get a foothold on the Big Data ladder, the analysis of Savitz’s work further developed the picture as to what it costs a business financially to begin utilising Big Data. But, simply having the liquid assets to invest in the hardware and people power required is not enough. Respondent 2 identified that “you need to combine it [Big Data] with other things” for it to be the future of decision making. Forbes stated that at the end of 2017, 53% of companies were adopting Big Data analytics, with telecom and finance businesses leading the way (Colombus, 2017), this illustrates a marked increase in adoption rates for businesses, but as McAfee & Brnjolfsson’s found during their cross industry study, Big Data insights were only increasing productivity by 5% and profitability by 6% (McAfee & Brnjolfsson, 2012). This raises many questions as to whether it is currently worth investing in Big Data analytics, when more simplistic, better understood tools such as introducing more integrated business strategies can provide greater returns (up to 60% increases in productivity) (Richard P. Rumelt, 2012). The power of developing integrated strategies was also backed up by the primary research with respondent 1 describing the need for integration as “critical”. It appears there is a need to focus, for two reasons. Firstly to bring the cost of Big Data analysis down and secondly to increase its effectiveness. Respondent 2 highlighted the overall need for focus: “Too many people are obsessed with data and not the decisions that can be made or actions that can be taken off the back of it”. This reports overall recommendation to mitigate the lack of focus is to develop greater understanding. This returns to the original theme of the findings section of this report, that identified a lack of understanding in the literature (Gopalkrishnan et al, 2012, Fan and Bifet, 2013, Fayyad, 1997), and a lack of ability to accurately define Big Data, as proved by the answers generated in the qualitative interviews. It is our belief that through increased understanding, many of the issues discussed that are holding back the influence of Big Data, specifically on strategy will be removed. The increased focus will reduce the costs associated with mining and storing the data as highlighted by Savitz. Respondent 2 referenced focus as an advantage of the upcoming law changes in Europe: “GDPR is forcing companies to focus only on the data that matters. This will be good

for them”. We believe that the increased focus will bridge the gap between the ‘have’s and have not’s’ as defined by respondent 3 and Lock, because with increased understanding, there will be an increase in focus which reduces the resource requirements for smaller businesses and makes the tool more accessible. (Lock, 2012). This concludes the findings and recommendations section of this report, the last action is to define future research. Following on from the recommendation of understanding, the next project we will research in this field will revolve around understanding; how to improve dissemination of knowledge within a business, and assess how to best educate staff on how to apply Big Data and reap the rewards it can offer. In an attempt to increase the figures of productivity and profitability currently found by McAfee and Brynjolfsson. (McAfee and Brynjolfsson, 2012)

LITERATURE:

1. Alfouzan (2015). Big Data In Business. *ISJER*, [online] 6(5), p.1531. Available at: <https://www.ijser.org/researchpaper/Big-Data-In-Business-2015.pdf> [Accessed 29 Apr. 2018].
2. Aronson, J. (1995). *A Pragmatic View of Thematic Analysis / Qualitative Research / Ethnography*. [online] Scribd. Available at: <https://www.scribd.com/document/351813113/A-Pragmatic-View-of-Thematic-Analysis> [Accessed 29 Apr. 2018].
3. BBC News. (2017). *Power of Big Data - BBC News*. [online] Available at: <http://www.bbc.co.uk/news/business-29147254> [Accessed 28 Apr. 2018].
4. Bohnet, I. (2016). *How to Take the Bias Out of Interviews*. [online] Harvard Business Review. Available at: <https://hbr.org/2016/04/how-to-take-the-bias-out-of-interviews> [Accessed 28 Apr. 2018].
5. Braun, V. and Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), pp.77-101.
6. Buluswar, Campisi, Gupta, Karu, Nilson and Sigala (2017). *How companies are using Big Data and analytics*. [online] McKinsey & Company. Available at: <https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/how-companies-are-using-big-data-and-analytics> [Accessed 28 Apr. 2018].
7. Colombus, L. (2017). *53% Of Companies Are Adopting Big Data Analytics*. [online] Forbes. Available at: <https://www.forbes.com/sites/louiscolumbus/2017/12/24/53-of-companies-are-adopting-big-data-analytics/#3fe606de39a1> [Accessed 28 Apr. 2018].
8. Courtney, M. (2012). The larging-up of big data. *Engineering & Technology*, 7(8), p.72.
9. Davenport, T. H., Barth, P., & Bean, R. (2012). How big data is different. *MIT Sloan Management Review*, 54(1), 43-46. Retrieved from <https://search.proquest.com/docview/1124397830?accountid=48126>
10. Debois, S. (n.d.). *9 Advantages and Disadvantages of Questionnaires - Survey Anyplace*. [online] Survey Anyplace. Available at: <https://surveyanyplace.com/questionnaire-pros-and-cons/> [Accessed 28 Apr. 2018].
11. Diebold, F. (2012). A Personal Perspective on the Origin(s) and Development of 'Big Data': The Phenomenon, the Term, and the Discipline, Second Version. *SSRN Electronic Journal*.
12. Edwards, R. and Holland, J. (2013). *What is qualitative interviewing?*. 1st ed. London: Bloomsbury.
13. Efron, B. (2017). *Computer age statistical inference*. New York: Cambridge University Press.
14. EU GDPR Portal. (n.d.). *EU GDPR Information Portal*. [online] Available at: <https://www.eugdpr.org> [Accessed 28 Apr. 2018].
15. Fan, W. and Bifet, A. (2013). Mining big data. *ACM SIGKDD Explorations Newsletter*, 14(2), p.1.

16. Fayyad, U. (1997). Data mining and KDD: Promise and challenges. *Future Generation Computer Systems*, 13(2-3), pp.99-115.
17. Flick, von Kardorff and Steinke (2004). [online] Available at:
https://www.researchgate.net/profile/Stephan_Wolff2/publication/305496229_Wolff_in_Flick_et_a/links/5792046008aec89db77fca3c/Wolff-in-Flick-et-a.pdf#page=268 [Accessed 6 Mar. 2018].
18. Gantz and Reinsel (2018). *THE DIGITAL UNIVERSE IN 2020: Big Data, Bigger Digital Shadows, and Biggest Growth in the Far East*. [online] Available at:
<https://www.emc.com/collateral/analyst-reports/idc-the-digital-universe-in-2020.pdf>
[Accessed 29 Apr. 2018].
19. Glassdoor.co.uk. (2018). *Salary: Data Scientist | Glassdoor.co.uk*. [online] Available at:
https://www.glassdoor.co.uk/Salaries/data-scientist-salary-SRCH_KO0,14.htm?countryRedirect=true [Accessed 28 Apr. 2018].
20. Gopalkrishnan, V., Steier, D., Lewis, H. and Guszcza, J. (2012). Big Data, big business. Proceedings of the 1st International Workshop on Big Data, Streams and Heterogeneous Source Mining Algorithms, Systems, Programming Models and Applications - BigMine '12.
21. Harford (2014). *Big Data: are we making a big mistake?*. [online] Ft.com. Available at:
<https://www.ft.com/content/21a6e7d8-b479-11e3-a09a-00144feabdc0> [Accessed 6 Mar. 2018].
22. Henke, Bughin, Chui, Manyika, Saleh, Wiseman and Sethupathy (2016). *The age of analytics: Competing in a data-driven world*. [online] McKinsey & Company. Available at:
<https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/the-age-of-analytics-competing-in-a-data-driven-world> [Accessed 28 Apr. 2018].
23. Herzberg, F. (1959). *The motivation to work*. New York: Wiley [u.a.].
24. *International Journal of Advertising*, 33(1), pp.181-183.
25. John Walker, S. (2014). Big Data: A Revolution That Will Transform How We Live, Work, and Think.
26. Katal, A., Wazid, M. and Goudar, R. (2013). Big data: Issues, challenges, tools and Good practices. *2013 Sixth International Conference on Contemporary Computing (IC3)*.
27. Leinweber, D. (2007). Stupid Data Miner Tricks. *The Journal of Investing*, 16(1), pp.15-22.
28. Lock, T. (2012). *Lack of understanding inhibits Big Data adoption*. [online] ComputerWeekly.com. Available at:
<https://www.computerweekly.com/opinion/Lack-of-understanding-inhibits-big-data-adoption> [Accessed 28 Apr. 2018].
29. Louise Barriball, K. and While, A. (1994). Collecting data using a semi-structured interview: a discussion paper. *Journal of Advanced Nursing*, 19(2), pp.328-335.
30. Mayer-Schönberger, V. and Cukier, K. (2014). *Big Data*. Boston: Mariner Books.
31. McAfee and Brynjolfsson (2012). *Big Data: The Management Revolution*. [online] Harvard Business Review. Available at:
<https://hbr.org/2012/10/big-data-the-management-revolution> [Accessed 6 Mar. 2018].
32. Olsen, E. (n.d.). *Ten Common Causes of Business Failure*. [online] OnStrategy. Available at: <https://onstrategyhq.com/resources/ten-common-causes-of-business-failure/> [Accessed 28 Apr. 2018].
33. O'Neill, E. (2016). *10 companies using big data*. [online] Icas.com. Available at:
<https://www.icas.com/ca-today-news/10-companies-using-big-data> [Accessed 28 Apr. 2018].
34. Provost, F. and Fawcett, T. (2013). Data Science and its Relationship to Big Data and Data-Driven Decision Making. *Big Data*, 1(1), pp.51-59.

35. S.M.Weiss and N. Indurkha. Predictive data mining: a practical guide. Morgan Kaufmann Publishers Inc., San Francisco, CA, USA, 1998.
36. SAS (n.d.). *What is Big Data and why it matters*. [online] Sas.com. Available at: https://www.sas.com/en_gb/insights/big-data/what-is-big-data.html# [Accessed 6 Mar. 2018].
37. Savitz, E. (2012). *The Big Cost Of Big Data*. [online] Forbes. Available at: <https://www.forbes.com/sites/ciocentral/2012/04/16/the-big-cost-of-big-data/#77373e075a3b> [Accessed 28 Apr. 2018].
38. Schloss, J. (2018). *Three Major Benefits of Big Data / Datameer*. [online] Datameer.com. Available at: <https://www.datameer.com/blog/three-major-benefits-big-data/> [Accessed 28 Apr. 2018].
39. Spiegelhalter (2014). *Spiegelhalter on Big Data*. [online] Causeweb.org. Available at: <https://www.causeweb.org/cause/resources/library/r12646> [Accessed 6 Mar. 2018].
40. Sullivan, D. (2012). *The Top 30 Most Common (and Critical) Interview Problems*. [online] ERE Media. Available at: <https://www.tlnt.com/the-top-30-most-common-and-critical-interview-problems/> [Accessed 28 Apr. 2018].
41. Trevor, J. and Varcoe, B. (2017). *How Aligned Is Your Organization?*. [online] Harvard Business Review. Available at: <https://hbr.org/2017/02/how-aligned-is-your-organization> [Accessed 28 Apr. 2018].
42. Xu, Z., Frankwick, G. and Ramirez, E. (2015). Effects of Big Data analytics and traditional marketing analytics on new product success: A knowledge fusion perspective.
43. Zwilling, M. (2011). *Nine Steps to Effective Business Problem Solving*. [online] Business Insider. Available at: <http://www.businessinsider.com/nine-steps-to-effective-business-problem-solving-2011-7?IR=T> [Accessed 28 Apr. 2018].

FACTORS AFFECTING SALES REVENUES – A COMPARISON OF DAIRY COOPERATIVES FROM ŚWIĘTOKRZYSKIE AND MAŁOPOLSKIE PROVINCES

Izabela Konieczna

The Jan Kochanowski University in Kielce, Poland
irud@interia.pl

ABSTRACT

The aim of the article is an analysis and a comparison of factors, which according to managers of dairy cooperatives from Świętokrzyskie and Małopolskie Provinces, affect sales revenues. Because of the tendency of the representatives of cooperatives to participate in the research, the research had been conducted on a sample of 41% of the dairy cooperatives from Świętokrzyskie and Małopolskie provinces from Poland using the interview questionnaire. Cooperatives' representatives were asked to indicate factors that, in their opinion affect sales revenues. Factors, which were identified by the author were grouped in such areas as a strong brand, the scale of action, the market leadership, activities in a niche market, the production specialization, the extension of the assortment, the time advantage, the concentration on selected activities within the value chain, and costs of running a business. The results of the research show that cooperatives from both provinces differ in indicating factors affecting sales revenues when are taken into account particular factors. However, when are taken into account the groups of factors, the difference is not significant.

Keywords: *Cooperatives, Factors, Sales revenues*

1. INTRODUCTION

Looking at the market, it can be seen that some companies are almost constantly recording sales growth, while others are staying at the same point or are struggling with falling revenues. This situation is influenced by specific factors that enterprises should be able to identify in order to be able to undertake specific actions aimed at increasing sales revenues. As a result, it will allow the company to develop and gain a competitive advantage. The importance of identification of factors affecting sales revenues is evidenced by the fact that factors affecting sales revenues are one of the elements constituting the business model in accordance with the adopted definition: *the business model is a description of the elements constituting the value, both from the perspective of the organization and its customers. It includes identification of the sources of revenues basing on the value chain, and determines the value creation on the basis of an unique combination of resources/ competencies that the organization possesses. The aim of the business model is to obtain such conditions of running the business in order to meet the needs of owners and act in their interest (Konieczna, 2015, p. 31).* Therefore, the aim of the article is an analysis and a comparison of factors, which according to managers of dairy cooperatives from Świętokrzyskie and Małopolskie Provinces, affect sales revenues. The article consists of two main parts. In first part are presented factors identified by the author that can affect sales revenues. The second part contains a research results.

2. FACTORS AFFECTING SALES REVENUES

The most important category of revenues earned by the entity are revenues from the sale of assets and services (Nowak, 2005, p. 114). Sales revenues cover: sales revenues of products (i.e. amounts received or due in respect of the sale of finished products at the producing entities, works and services at entities conducting economic service activity), goods and materials. Sales revenues having impact on financial result are expressed in actual prices of sale – taking into account all discounts, rebates and deductions – without value added tax. (<https://stat.gov.pl>).

Revenues are created when a business provides products or services to a customer in exchange for assets (Dauderis, Annand, 2014, p. 7). According to the author, factors presented in Figure 1 may affect the sales revenues achieved by enterprises.

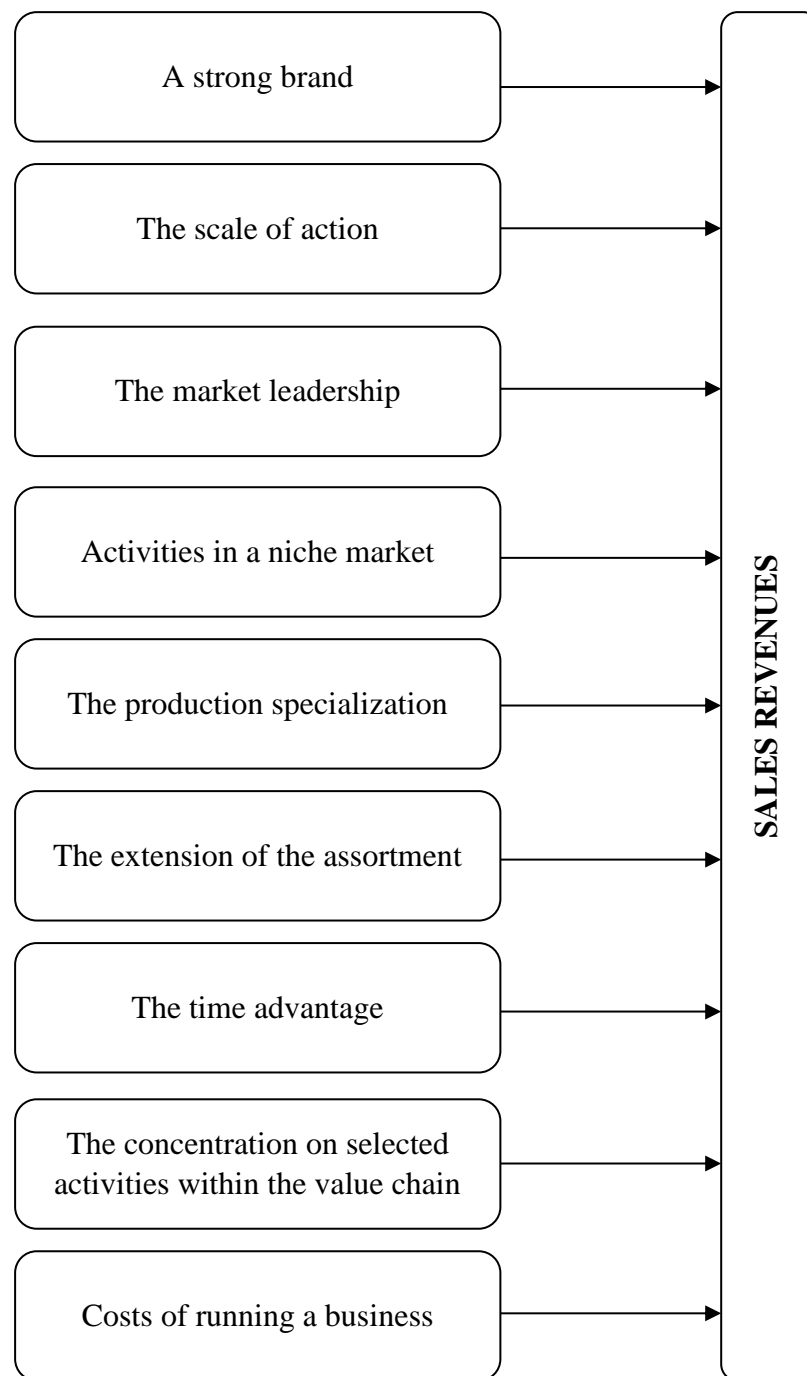


Figure 1: Factors affecting sales revenues (own work on the basis on Konieczna, 2015, p. 274)

2.1. A strong brand

Having a strong brand allows to set higher prices for the company's products and thus increases its revenues and profits. A successful brand achieves a high market share, because customers want to buy and retailers want to stock it, and therefore brands with a high market share are much more profitable (Doyle, 1989, p. 80).

Strong brands powerfully affect consumer experiences (Kay, 2006, p.756). A successful brand is a name, symbol, design, or some combination, which identifies the “product” of a particular organization as having a sustainable differential advantage. Whereas “differential advantage” means that customers have a reason for preferring that brand to competitors’ brands, and “sustainable” means an advantage that is not easily copied by competitors (Doyle, 1989, p. 78). Having a notably “strong” brand is a considerable managerial resource – it can help establish distribution networks, enable brand extensions to aid customer acceptance of new products, and strengthen pricing flexibility (Kay, 2006, p.742).

2.2. The scale of action

According to research carried out by Deutsche Bank Polska, the ability to generate revenues and profits increases along with the scale of operations (Raport, 2016, p. 18). The scale of running a business can be measured by the number of products produced or the number of employees employed (Rokicki, 2013, p. 405). The scale of running the business may also be related to the range of impact, both in relation to the supply markets, constituting the raw material base, as well as markets, on which prepared finished products are offered (Rokicki, 2013, p. 406).

2.3. The market leadership

Enterprises that have achieved a high share of the markets they serve are considerably more profitable than their smaller-share rivals (Buzzell, Gale, Sultan, 1974, p. 97). Test results indicate that market share per se is a source of high profits, regardless of the level of concentration and after controlling for firm size (Rhoades, 1985, p. 343). Therefore, gaining market share can be a means of obtaining profits (Wernerfeld, 1986, p. 67).

2.4. Activities in a niche market

The company is able to achieve higher sales revenues, thanks to good knowledge of the market, which results from the high specialization in product range and ability to satisfy specific customer requirements. The customers in a niche are happy that someone is paying attention to their needs. Although the volume is low in a niche, the margin is high (Kotler, 2003, p. 65). Activities in the niche market can ensure the company not only the maintenance on the market, but also a commercial success (Łużak, 2017, p. 194). The discovery of a very narrow group of customers and matching the features of the offer, so that they are sensitive to it, is a task that can bring profits and show new possibilities of action (Trzmielak, 2003, p. 66).

2.5. The production specialization

The specialization is the involvement of the company in one selected field of activity and focusing its entire potential on it (Borowiecki, Kwieciński, 2001, p. 126). Specialization is associated with specific economic benefits. In the case of a concentration on an activity where the company is highly effective, the total value added is maximized. This is the result of economies of scale (Trocki, 2001, p. 89). Thanks to this, it is possible to develop the company and achieve a higher level of sales.

2.6. The extension of the assortment

The assortment composition determines to a large extent the scope and participation of the company in the market and its profitability (Sobczyk, Celoch, 2013, p. 53). The policy of a wide range of the company increases the scope of selection of the offer for the recipient, which has a positive impact on the sales revenues achieved by the company, it obtains the risk distribution for a larger number of products with diverse sales and profitability.

The wider range allows better use of production capacity, materials and people employed in administration and service (Sobczyk, Celoch, 2013, p. 54).

2.7. The time advantage

Time can be studied in two different aspects. One concerns products and services produced by businesses, and one analyzes the time factors needed to carry out the core business tasks (Oláh, Popp, Antal, 2018, p. 38). The scale of time compression that is possible in most businesses is very significant, because non-value-added time in most processes accounts for at least 95 per cent (Oláh, Popp, Antal, 2018, p. 39). The ways leading companies manage time – in production, in the development and introduction of new products, and in sales and distribution – represent the most powerful new sources of competitive advantage (Stalk, 1988, p. 61), because of the shortening of production and distribution times and the reduction of time-to-market in the introduction of new products (Demartini, Mella, 2011, p. 136). As a result, the company has the opportunity to obtain higher sales revenues.

2.8. The concentration on selected activities within the value chain

Value chain contains fragmented, modularized activities across input-output markets, and describe interconnected industrial processes. It is typically presented as the sequence of: product (service) design, supply with input materials, production, marketing, distribution, post-sales services to consumers, and disposal after use (Todeva, Rakhmatullin, 2016, p. 6). The distribution of benefits within the value chain depends on the ability to capture the most valuable links, which are most often close to its beginning or end, i.e. at the stage of creating a product concept or markets for final products (Krakowski, Podhorecka, 2017, p. R1). This allows to earn higher sales revenues.

2.9. Costs of running a business

Rationalization of costs and avoiding their unjustified bearing translates into the obtained revenues from sales. Common business costs across industries include labor, capital and intermediate inputs such as electricity and transport (Cassells, Duncan, Gao, Tarverdi, 2015, p. 90). Due to time, costs and revenues are usually divided by a certain period. The costs are incurred earlier, somehow towards future revenues (Kowalska, 2014, p. 280). Every business acting rationally tries to minimize its own operating costs. The situation is correct and, above all, it is desirable when revenues are higher than costs (Czupryna-Nowak, 2013, p. 35).

3. ANALYSIS AND RESULTS

Cooperatives' executives were asked to indicate factors affecting sales revenues. Because of the tendency of the representatives of cooperatives to participate in the research, the research had been conducted on a sample of 41% of the dairy cooperatives from Świętokrzyskie and Małopolskie provinces from Poland using the interview questionnaire. Respondents could indicate several factors that were grouped in nine areas i.e. a strong brand, the scale of action, the market leadership, activities in a niche market, the production specialization, the extension of the assortment, the time advantage, the concentration on selected activities within the value chain, and costs of running a business. Interview results are shown in Table 1 and Figure 1.

Table following on the next page

Table 1: Factors affecting sales revenues – research results (compiled by author)

Areas	Factors	Świętokrzyskie Province*	Małopolskie Province*
A strong brand	The company's sales revenues are the result of the brand	33%	50%
	The company achieves revenues from the sale of flagship products	0%	0%
	The company generates revenues from the sale of the offer of the assortment of next products referring to the hit of the market, a strong brand	0%	0%
The scale of action	The company's sales revenues are the result of the benefits of large scale operations	0%	25%
	The company's sales revenues are the result of the scale of transactions	33%	75%
The market leadership	The company's sales revenues are the result of the local leadership	0%	25%
	The company's sales revenues are the result of the large market share	0%	0%
Activities in a niche market	The company achieves sales revenues from offering products tailored to the specific needs of customers, including those offered to individual orders	0%	0%
	The company generates sales revenues from the leadership in a niche market	0%	0%
The production specialization	The company's sales revenues are the result of the specialization of production	67%	50%
The extension of the assortment	The company's sales revenues are the result of the extension of the product range to a group of loyal buyers	67%	75%
The time advantage	The company's sales revenues are the result of the time advantage	67%	25%
The concentration on selected activities within the value chain	The company achieves sales revenues from concentration on selected activities within the value chain	0%	0%
Costs of running a business	The company's sales revenues are the result of the low costs of running a business	0%	0%

** multiple answers*

When analyzing Table 1 and Figure 1, it is clear that:

- sales revenues of 33% of cooperatives from Świętokrzyskie Province and 50% of cooperatives from Małopolskie Province are the result of the brand;
- sales revenues of 25% of cooperatives from Małopolskie Province are the result of the benefits of large scale operations. This factor does not affect sales revenues of cooperatives from Świętokrzyskie Province;
- sales revenues of 33% of cooperatives from Świętokrzyskie Province and 75% of cooperatives from Małopolskie Province are the result of the scale of transactions;

- sales revenues of 25% of cooperatives from Małopolskie Province are the result of the local leadership. This factor does not affect sales revenues of cooperatives from Świętokrzyskie Province;
- sales revenues of 67% of cooperatives from Świętokrzyskie Province and 50% of cooperatives from Małopolskie Province are the result of the specialization of production;
- sales revenues of 67% of cooperatives from Świętokrzyskie Province and 75% of cooperatives from Małopolskie Province are the result of the extension of the product range to a group of loyal buyers;
- sales revenues of 67% of cooperatives from Świętokrzyskie Province and 25% of cooperatives from Małopolskie Province are the result of the time advantage.

Cooperatives from both provinces do not achieve revenues from the sale of flagship products, and from offering products tailored to the specific needs of customers, including those offered to individual orders. They do not generate revenues from the sale of the offer of the assortment of next products referring to the hit of the market, a strong brand, and from the leadership in a niche market. These cooperatives do not achieve sales revenues from concentration on selected activities within the value chain. Their sales revenues are not also the result of the large market share.

Figure following on the next page

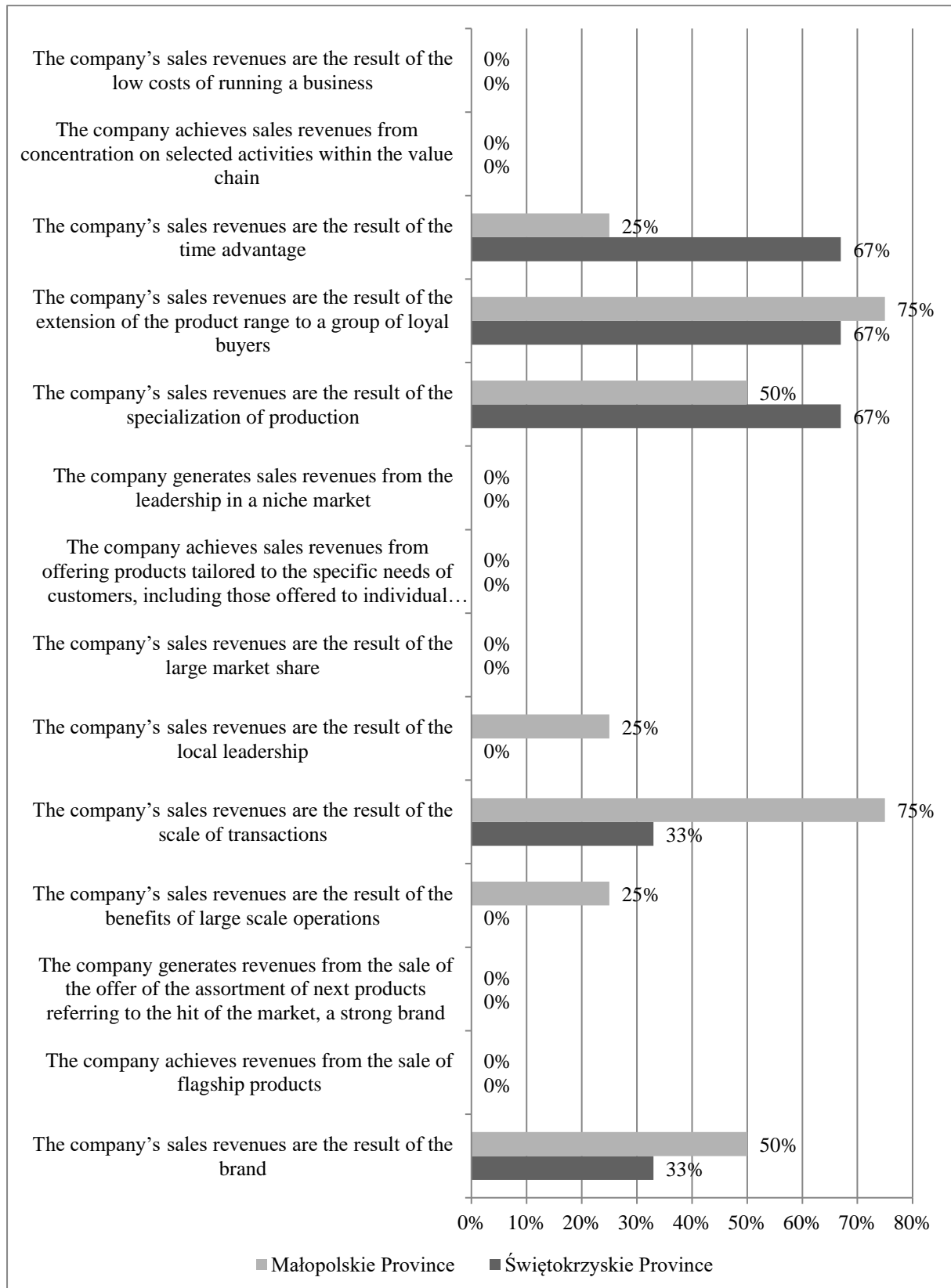


Figure 1: Chart for the data of Table 1 (compiled by author)

Taking into account both provinces separately it is clear that sales revenues of cooperatives from Świętokrzyskie Province are the result of the brand, the scale of transactions, the specialization of production, the extension of the product range to a group of loyal buyers, and

of the time advantage, whereas sales revenues of cooperatives from Małopolskie Province are the result of the brand, the benefits of large scale operations, the scale of transactions, the local leadership, the large market share, the specialization of production, the extension of the product range to a group of loyal buyers, and of the time advantage.

4. CONCLUSION

Enterprises generating sales revenues strive to make their value higher than costs, which guarantees them a profit and thus the possibility of development. However, achieving revenues from sales is conditioned by various factors that cause that customers want to buy products from a specific company or use the services of a selected company. The article analyzes the factors that may affect sales revenues, which are grouped into nine groups. Factors that influence the sales revenues of dairy cooperatives from the Świętokrzyskie and Małopolskie provinces were also identified. There has been also made a comparison of the factors indicated by representatives of cooperatives from these provinces. A summary of the obtained results is presented in Table 2.

Table 2: A comparison of factors affecting sales revenues of dairy cooperatives (compiled by author)

Areas	Świętokrzyskie Province	Małopolskie Province
A strong brand	yes	yes
The scale of action	yes	yes
The market leadership	no	yes
Activities in a niche market	no	no
The production specialization	yes	yes
The extension of the assortment	yes	yes
The time advantage	yes	yes
The concentration on selected activities within the value chain	no	no
Costs of running a business	no	no

As it is seen above there are some factors that affect sales revenues of cooperatives from both provinces. These are a strong brand, the scale of action, the production specialization, the extension of the assortment, and the time advantage. Cooperatives from Małopolskie Province additionally generate sales revenues because of the market leadership. Further research should focus on the identification of factors affecting sales revenues in other provinces. Then it will be possible to generalize the obtained results, which will allow to identify factors that are specific to this industry and organizational and legal form. The next stage should be an extension of research to entities of a different organizational and legal form and for other industries.

LITERATURE:

1. Borowiecki, R., Kwieciński, M. (eds.) (2001). *Zarządzanie zasobami informacji w przedsiębiorstwie. Ku przedsiębiorstwu przyszłości*. Warszawa: Wydawnictwo Naukowo-Techniczne.
2. Buzzell R.D., Gale B.T., Sultan R.G.M. (1975). Market share - a key to profitability. *Harvard Business Review*, (1975, January), pp. 97-106.
3. Cassells, R., Duncan, A., Gao, G., Tarverdi, Y. (2015). The costs of doing business in WA. Pressures and barriers to industry performance. *Focus on Western Australia Report Series*, (July, 2015). Perth: Bankwest Curtin Economics Centre.
4. Czapryna-Nowak, A. (2013). Koszty założenia oraz działalności sklepu internetowego. *Zeszyty Naukowe Politechniki Śląskiej. Seria: Organizacja i Zarządzanie*, (2013, 64), pp. 33-42.
5. Dauderis, H., Annand, D. (2014). *Introduction to Financial Accounting*. Athabasca: Valley Educational Services Ltd.
6. Demartini, C., Mella, P. (2011). Time Competition. The New Strategic Frontier. *iBusiness*, (2011, 3), pp. 136-146.
7. Doyle, P. (1989). Building Successful Brands: The Strategic Options. *Journal of Marketing Management*, (1989, 1), pp. 77-95.
8. Kay, M.J. (2006). Strong Brands and Corporate Brands. *European Journal of Marketing*, (2006, March), pp. 742-760.
9. Konieczna, I. (2015). *Model biznesowy spółdzielni a model biznesowy przedsiębiorstw o innej formie organizacyjno-prawnej. Różnice, odrębność czynników sukcesów*, Warszawa: Difin.
10. Kotler, P. (2003). *Marketing Insights from A to Z*. Hoboken: John Wiley & Sons, Inc.
11. Kowalska, S. (2014). Przychody i koszty elementem zarządzania i wpływu na wynik finansowy. *Zeszyty Naukowe Wyższej Szkoły Humanitas. Zarządzanie*, (2014, 2), pp. 277-287.
12. Krakowski, A., Podhorecka, W. (2017). Wspinaczka po łańcuchu. *Harvard Business Review Polska*, (7-8, 2017), pp. R.1-6.
13. Łuzak, T. (2017). Strategie niszy rynkowej na przykładzie sektora browarów w Polsce. *Studia i Prace Kolegium Zarządzania i Finansów*, (153, 2017), pp. 193-209.
14. Oláh, J., Popp, J., Antal, G. (2018). Time-based competition in the supply chain: the role of the logistics service providers. *SEA – Practical Application of Science*, (2018, 1), pp. 37-46.
15. *Raport: polskie firmy w obliczu wyzwań – plany, rozwój, finansowanie*. (2016). Warszawa. Deutsche Bank Polska.
16. Rhoades, S.A. (1985). Market share as a source of market power: Implications and some evidence. *Journal of Economics and Business*, (1985, December), pp. 343-363.
17. Rokicki, T. (2013). Skala działania a organizacja transportu w przedsiębiorstwach agrobiznesu. *Polityki Europejskie, Finanse i Marketing*, (9, 2013), pp. 405-415.
18. Sobczyk, G., Celoch, A. (2013). Marketing współczesnej organizacji: Zarządzanie produktem. In D. Filar (ed.), *Współczesny marketing. Skuteczna komunikacja i promocja*. Lublin: UMCS.
19. Stalk, Jr., G. (1988). Time – The Next Source of Competitive Advantage. *Harvard Business Review*, (1988, July), pp. 61-68.
20. *Terms used in official statistics. Sales revenues (excluding VAT)*. Retrieved 23.08.2018 from:
<https://stat.gov.pl/en/metainformations/glossary/terms-used-in-official-statistics/398,term.html>.

21. Todeva E., Rakhmatullin R. (2016). *Industry Global Value Chains, Connectivity and Regional Smart Specialisation in Europe. An Overview of Theoretical Approaches and Mapping Methodologies*, JRC Science for Policy Report, Brussels: European Union.
22. Trocki, M. (2001). *Outsourcing*. Warszawa: PWE.
23. Trzmielak, D. (2003). Badanie i kształtowanie niszy rynkowej. *Acta Universitatis Lodzensis. Folia Oeconomica*, (168, 2003), pp. 65-74.
24. Wernerfeld, B. (1986). The relation between market share and profitability. *The Journal of Business Strategy*, (1986, 4), pp. 67-74.

AHP METHOD APPLICATION IN THE CORRELATION ANALYSIS OF KNOWLEDGE MANAGEMENT AND REQUIREMENTS OF ISO 9001:2015

Jelena Jovanovic

*University of Montenegro, Montenegro
sjelena@t-com.me*

Petar Avdalovic

*Mixed Holding “Power Utility of the Republic of Srpska”,
Parent Joint-stock Company Trebinje, Bosnia and Herzegovina
peca_tb@yahoo.com*

Zdravko Krivokapic

*University of Montenegro, Montenegro
zdravkok@ac.me*

Aleksandar Vujovic

*University of Montenegro, Montenegro
aleksv@ac.me*

ABSTRACT

Analytical hierarchical process (AHP) as a systematic method for comparison of alternatives in relation to criteria is included among more familiar and more frequently used methods for multi-criterion decision-making. New version of the standard ISO 9001:2015 has brought the fundamental changes that open the possibility for the achievement of more effective quality management system. One such change is also the introduction of the new requirement of the standard 7.1.6 Knowledge. In previous studies of the authors of this paper, there was determined a correlation between the standard ISO 9001:2015 and practices of knowledge management, by the AHP method application with the purpose to determine the practice that mostly contributes to knowledge management development from the aspect of criteria of the standard ISO 9001.

Keywords: *AHP, ISO 9001:2015, Knowledge management*

1. INTRODUCTION

Knowledge management is a wide multidisciplinary and complex field that is in continuous development and therefore there are different interpretations of its meaning. Although there is no universal definition of knowledge management, it includes the following (Vukasović, 2016):

- Usage of knowledge available from external sources;
- Installation and preservation of knowledge in business processes, products and services;
- Promotion of knowledge growth through organizational culture and motivation of employees;
- Transfer and usage of knowledge throughout the entire organization;
- Evaluation of benefits obtained by application of knowledge and its implementation in the foundation of organization.

Basic components of knowledge management are:

- People. The most important and the most difficult challenge of implementation of knowledge management process is the preparation of organizational culture (values and behaviours);
- Processes. They should be adapted in such a manner to support the employees in creation, sharing and application of knowledge;
- Technology. It should be adapted to people and processes of creation, sharing and application of knowledge.

Knowledge is the subject that has occupied the special place in the new edition of the standard ISO 9001 and thus it is directly related to the following requirements:

- Point 7.16 is especially oriented on the Knowledge of organization. In previous edition of the standard, knowledge is mentioned only in the point 6.2.2. Work environment but due to its significance it has now obtained a separate point.
- Point 7.2 Competence is related to the knowledge of organization but due to expressing the significance of this item it is especially separated, which was not the case in the old version of the standard.
- Point 7.3 Awareness is also related to the knowledge of organization because the organization is required to develop the awareness of individuals in relation to the contribution to the effectiveness of the quality management system, including the benefits from the improved performances, as well as the consequences of disharmony with requirements of knowledge management system.

In the papers (Avdalović, Jovanović, Vujović, Krivokapić, 2017; Jovanović, Krivokapić, Vujović, Avdalović, 2017). there is shown the correlation of the standard ISO 9001:2015 and knowledge management. Through the papers there are determined all the requirements of the standard ISO 9001: 2015, and whose aim is to provide the knowledge, maintain and make available to the extent required. It is determined that correlation between knowledge management and the standard ISO 9001:2015, goes in two directions. This correlation is shown in the Figure 1(Avdalović, Jovanović, Vujović, Krivokapić, 2017)

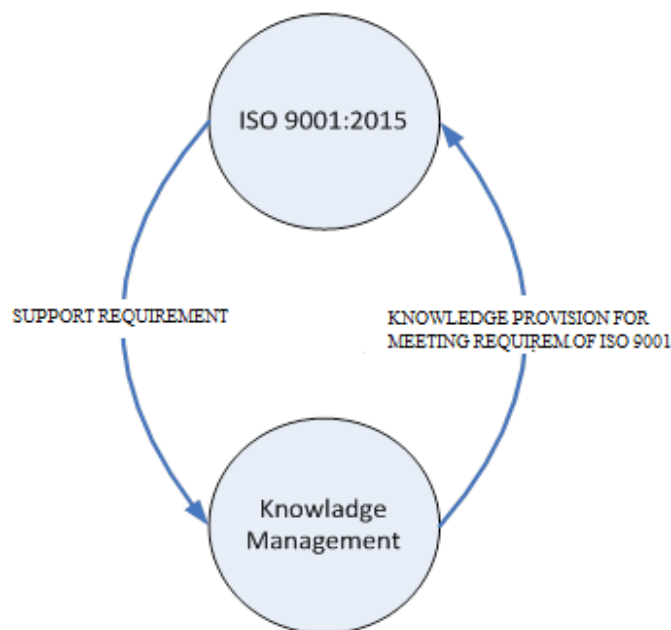


Figure 1. Relation between standards and Knowledge management (Avdalović, Jovanović, Vujović, Krivokapić, 2017)

ISO 9001 is the basis for applying the knowledge management method, through whose further application we achieve quality goals and meet the standard requirements. It is observed that most requirements of the standards, both directly and indirectly have certain requirements in the aspect of knowledge that quality management provides them through its methods of collecting information and new knowledge. On the other hand, meeting the requirements of the standards that in correlation with knowledge management provide a good basis for establishment of effective and efficient knowledge management.

2. CORRELATION BETWEEN STANDARD REQUIREMENTS AND KNOWLEDGE MANAGEMENT PRACTICE

The aim of this paper is to evaluate the strength of correlations between ISO 9001 standard and knowledge management practice, then to position the knowledge revealing, as one of KM practices, in relation to other practices and determined the strength of its impact on meeting the requirements of ISO 9001 standard. Knowledge management has developed and defined different methodological approaches to realization of its goals. Practical implementation of those methods and application of theoretical knowledge, by using appropriate IT services, i.e. a set of user softwares, is defined by the term practice (Gurol, Turer, 2002). For example, practical implementation of the asynchronous communication method is developed with the usage of electronic mail. According to that, revealing the knowledge is a practical realization of multidisciplinary methods that aim at extracting the useful knowledge from the data. Its domain includes the development and application of information services: DataWarehouse, OLAP, Data Mining, Expert Systems and Process Mining. In addition to knowledge revealing, knowledge management also identifies other KM practices that are most frequently used in domestic business organizations (Rivière, Khorramshahgol, 2004). Practices selected and their corresponding services are also defined by the other authors, but they group the services by the function (Jashapara, 2011; Young, 2010). by generation (origination period) (Talisayon, 2013), by support (Young, 2010). Table 1 (Avdalović, Jovanović, Vujović, Krivokapić, 2017) presents the management practices through which we can meet the requirements of ISO 9001 standard. In Table there are mentioned exclusively those requirements of the standard that directly point to the application of knowledge management practice. In accordance with the principle of standard ISO 9001 "Decision-making based on the facts" the determination to perform group evaluation by the application of AHP (Analytical hierarchical process) method due to simplicity in application as well as a wide range of problems for which it was shown that AHP offers satisfactory solutions.

Table following on the next page

Table 1: Correlation between ISO 9001:2015 standard and knowledge management practices

Requirement of stand. ISO 9001	Knowledge management practice Requirements ISO 9001:2015 in teh aspect of knowledge	Professional groups	Synchronous comm.	Cooperative services	Documentation man.	Knowledge engineering	Knowledge revealing	Depo of records on sci.	Electronic learning	Experts locator	Yellow pages	Changes management	Intellectual property
4.1	Organization must monitor and re-examine information on these external and internal issues											•	
4.2	Organization must monitor and re-examine information on those interested parties and their relevant requirements.		•	•							•		
4.4.2	a) to maintain documented information as support to the functioning of their processes				•								
	b) to keep documented information in order to have confidence for the processes to be executed as it is planned.				•								
5.2.2	a) to be available and to be maintained as documented information;	•										•	
	b) to communicate about it, understand it and apply it within an organization;	•										•	
6.2	f) to communicate about them;	•										•	
7.1.5.1	Organization must keep appropriate documented information as a proof of availability of resources for monitoring and measurement, for the appropriate purpose				•								
7.1.5.2	a) must be preserved as a documented information;				•								
7.1.6	Knowledge of organization	•	•	•	•	•	•	•	•	•	•	•	•
7.2	Competence												
7.4	Communication	•	•	•	•						•		
7.5	Documented information				•								
8.1	e) determination and leading of documented information in the scope in which it is required				•								
8.2.3.2	Organization must, as it is applicable, keep the documented information:				•								
8.2.4	When the requirements for products and services are changes, organization must provide for the relevant documented information to be changes and for teh relevant persons to be aware of the changes requirements.				•							•	
8.3.2	j) documented information that are required to show that requirements for projecting and development are met.				•								
8.3.3	b) information that come from previous similar activities of projection and development;				•								
	Organization must keep documented information on input elements of projection and development.				•								
8.3.4	e) to keep the documented information on these activities				•								
8.3.6	Organization must keep documented information:				•								
8.4.1	Organization must keep documented information on these activities and all the measures required that result from evaluation.				•								
8.5.1	e) nomination of competent people, including all the qualifications that are required;									•			
8.5.2	When traceability is a requirement, an organization must manage unique identification of output elements, and it also must keep the documented information that are required to enable traceability.				•								
8.5.3	When the property of teh user or external deliverer is lost, damaged or it is in another way revealed that it is inappropriate for the usage, organization must inform the user of external deliverer about it and keep the documented information on what happened.				•								
8.5.5	e) feedback from the user.	•	•								•		
8.5.6	Organization must keep documented information that describe results of re-examination of changes, persons who approve the change and all the required measures that result from re-examination.				•								•
8.6	Organization must keep the documented information on the release of products and services.				•								
8.7	Management of non-harmonized output elements.	•	•		•			•					
9.1.1	Organization must keep appropriate documented information as a proof on results				•			•					
9.2.2	f) keep the documented information as a proof on application of verification and verification results program.				•			•					
9.3.2	c) information on performances and effectiveness of the quality management system, including the trends;							•				•	
9.3.3	Organization must keep the documented information as a proof on results of re-examination from teh part of management.				•			•				•	
10.1	Organization must keep documented information as a proof:				•			•					

3. AHP (ANALYTICAL HIERARCHICAL PROCESS)

Analytical Hierarchical Process (AHP) is one of the most well-known MCDM methods based on evaluation of hierarchies whose elements consist of goals, criteria, subcriteria and alternatives. The method anticipates the fact that the most complex problem can be decomposed on the hierarchy in the manner that further analysis also includes both qualitative and quantitative aspects of the problems. AHP keeps all the parts of hierarchy in connection, so that it is simple to observe how the change of one factor affects the result. It is a flexible process because it enables to relatively easily find relations between influential factors in case of complex problems with many criteria and alternatives, to recognize their implicit or relative impact and significance in real conditions and determine the dominance of one factor in relation to another and in final rank list of alternatives. In order to obtain input data for comparing the pairs of decision-making elements, it is usually used the scale of comparison 1-9. It is shown in comparative studies that when factors are compared, the comparison scale 1-9 most closely simulates human decision-making. This scale is generally defined in the following manner:

Table 2: Saaty scale

Comparison scale (Saaty)	
$S = \{ \frac{1}{9}, \frac{1}{8}, \frac{1}{7}, \frac{1}{6}, \frac{1}{5}, \frac{1}{4}, \frac{1}{3}, \frac{1}{2}, 1, 2, 3, 4, 5, 6, 7, 8, 9 \}$	
1	Teh same significance
3	Weak dominance
5	Strong dominance
7	Very strong dominance
9	Absolute dominance
2,4,6,8	Intervals used for representation of compromises between evaluations

AHP also enables group decision-making and in that case there are three situations possible:

- Group decision-making;
- Negotiating decision-making;
- Systematic decision-making, which can go towards two different directions, more precisely:
 1. Work with individual judgment (AIJ) where we create new decision-making matrix which is based on individual evaluations from where group priorities will be extracted and
 2. Work with individual priorities (AIP) where group priorities are determined based on individual priorities by using aggregation method.

In this case, problem solving can be executed in two manners. The first one is for AHP to be applied for each group member and finally to perform the synthesis of results and the other implies to firstly perform the synthesis of results and then implement AHP method as in case of individual evaluation. Group synthesis can be with complete or incomplete information. In this paper we will use Expert Choice software program which is entirely adapted to AHP method. Previous experiences in usage of software tools ExpertChoice point out that this is an efficient tool for solving the problem of multi-criteria decision-making. It has the possibility to compare and visualize the analysis of sensitivities that are based on a simple interactive manner of changing the weights of the criteria and alternatives and it simulates all the steps required for implementation of this study.

4. EVALUATION OF KM PRACTICES ACCORDING TO REQUIREMENTS OF ISO 9001

The aim of the study carried out is to determine the strengths of impacts of particular practices of KM to meeting the requirements of the standard ISO 9001:2015. Formulation of models has gone towards previously described methodology where it was chosen that evaluation will be performed by Saaty scale. Making evaluations will be done systemically with individual evaluation, by three evaluators, by previously defined questionnaire. In case of defining the criteria, the attention was paid for all the criteria to result from the requirements of the standard ISO 9001:2015, which in any way refer to information and knowledge as elements of business processes. There are 9 criteria in total defined, and those are:

1. Provides facts
2. Provides knowledge
3. Maintains knowledge level
4. Makes knowledge available
5. Raises the competence level
6. Raises the awareness of personnel
7. Documenting of information
8. To be IT supported
9. Provides communication

In the following level of hierarchy, there are alternatives, i.e. practices of KM selected (Avdaloović, Jovanović, Vujović, Krivokapić, 2017), there are their description, purpose and form given. It was taken into consideration that evaluators will analyze the alternatives from the standpoint of user service. As modern software solutions of KM support often incorporate two and more different KM practices, in this case alternatives, evaluators are suggested to observe the practices according to their purpose, rather than as an integral software solution. As alternatives, we took KM practices given in Table 1. Evaluation of practices was carried out by 3 people who are professionally engaged in these problems. There is applied AHP hierarchical model of decision-making. There was created a model presented in Figure 2.

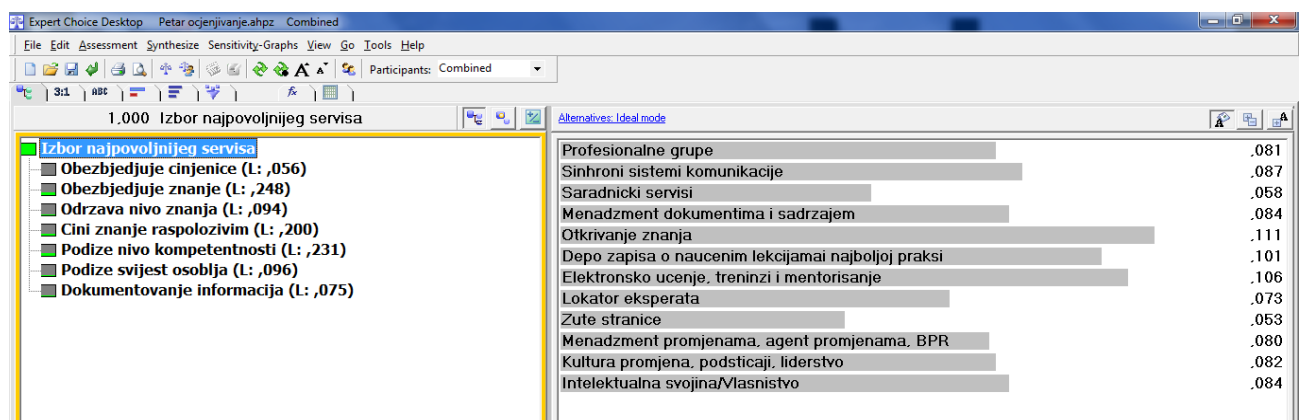


Figure 2: AHP hierarchical model

Respecting the principles of forming AHP models, the defined criteria list was shortened to 7. The criterion of IT support was expelled from further consideration because it is absurd to evaluate the alternatives that are actually the sets of information services. The second criterion that is eliminated is the provision of communication because it is present through all other criteria. Evaluation of criteria in relation to the goal set was carried out based on Saaty scale. Overall results of criteria evaluation by all 3 team members for evaluation are given in Figure 3.

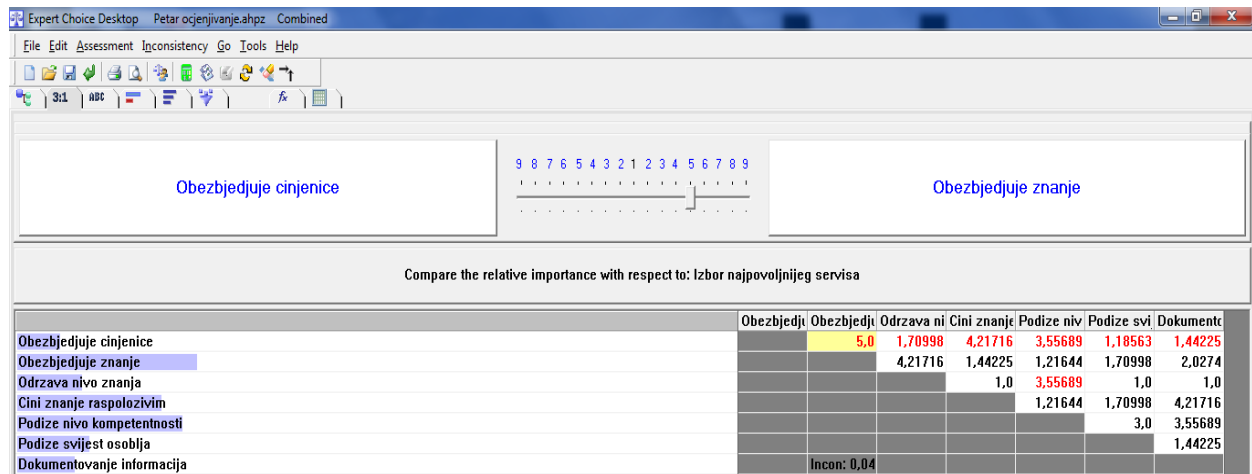


Figure 3: Overall results of criteria evaluation by applying Saaty scale

The most significant criterion for evaluation of alternatives is providing the knowledge, and it is followed by raising competence level, and knowledge availability criterion. When forming the questionnaire for evaluation for each of the criteria there is determined a new domain. Knowledge provision, as a criteria, implies knowledge creation in organization by the employees through the form of organizational learning, formalization of the role of employees in adoption of the crucial and valuable knowledge, then adoption of tacit knowledge, i.e. knowledge in minds of individuals – experts in organization and its conversion into form of explicit knowledge. Raising competence level is achieved through training, tutoring, connections with experts and exchange of competence. Domain of the third criterion is teh evaluation of possibilities of alternative to make formal and informal knowledge available. Availability of formal knowledge is provided through making connections to knowledge visible, harmonization of the style of organization in order to share knowledge and connection of organization members who already share ideas and knowledge. Informal knowledge becomes available through implementation in the practice of organization. Evaluation of alternatives (practices) in relation to defined criteria is implemented based on Data Grid because the number of alternatives is higher than 9. Total results of such evaluation of alternatives are given in Figure 4.

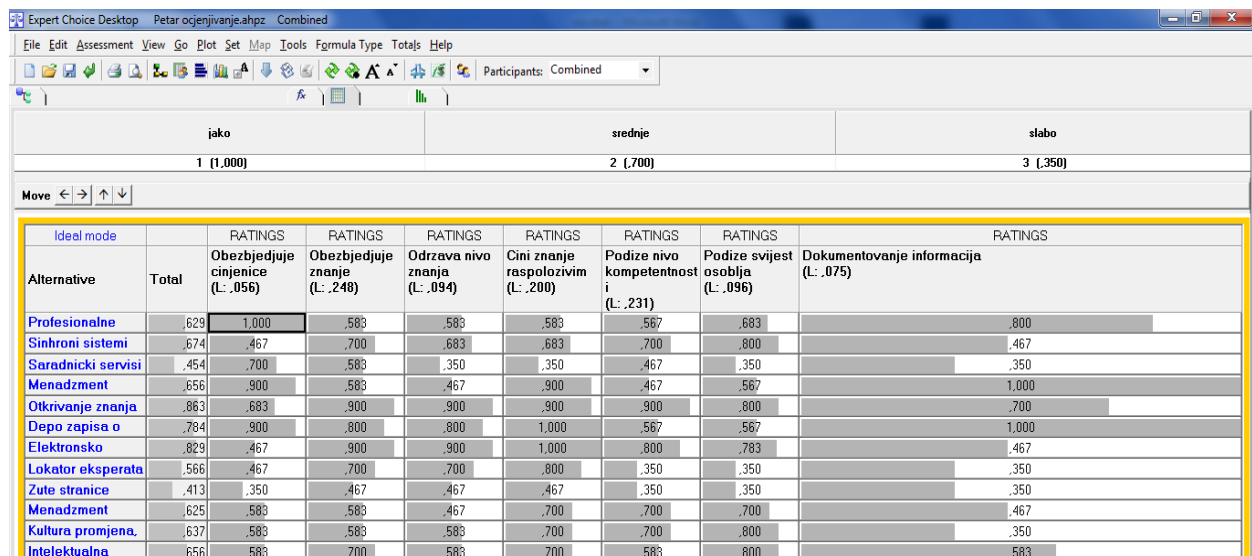


Figure 4: Total results of evaluation of alternatives by the application of Data Grid

By final synthesis of results, we obtain a ranking list of practices as it is shown in Figure 5.

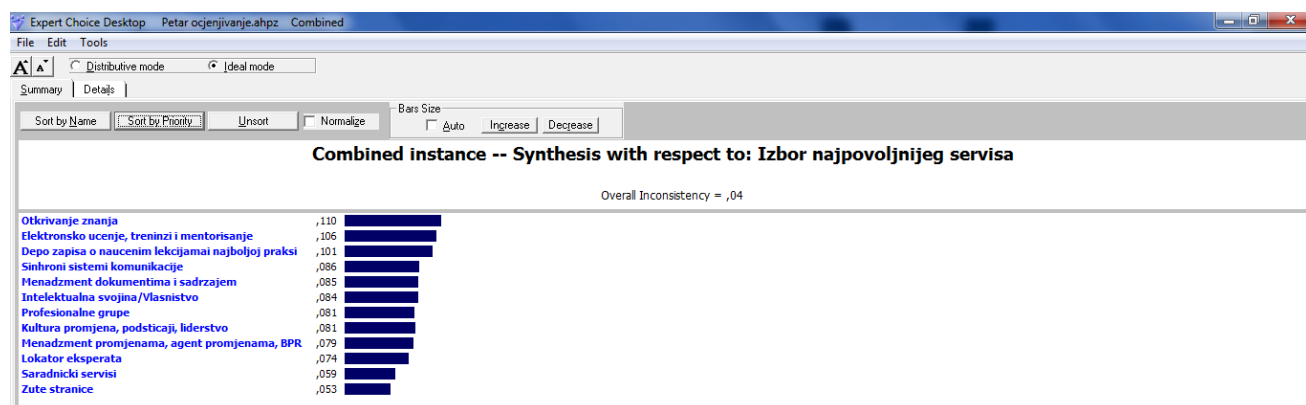


Figure 5: Ranking list of alternatives (KM practice)

Analyzing final ranking list of alternatives, we can conclude that it entirely suits the evaluations of the strength of criteria. According to the ranking list, practice that can largely affect the meeting of standards ISO 9001:2015 refers to knowledge revealing, then there is the practice that supports electronic learning, training and tutoring, and thirdly there are positioned the deposits of recordings on lessons learned and the best practice. If the results of this evaluation would be observed from development and organizational perspective of KM, then the three best ranked results can be classified into the last generation of KM practice (Talisayon, 2013) which performs the expansion of knowledge outside the borders of one organization, creates more efficient groups and communities and has a more dynamic effect on organization through its leading and relying on knowledge.

5. CONCLUSION

In this paper there are presented the process and results of evaluation of knowledge management practices in relation to criteria resulting from the standard ISO 9001. In order to avoid ubiquitous subjectiveness in ranking KM practices, the AHP method is applied, and in order to obtain objective ranking. The best evaluated practices of KM in full scope are relied on new software solutions for KM support. This fact points that the last extension of the standard ISO 9001 through requirements turned to knowledge are followed by development of new IT technologies as well as knowledge management services. New international standard ISO 9001:2015 requires the top management to provide crucial information in order to make decisions based on the facts, which creates the conditions for successful management of the organization. Results of this evaluation show that by applying the first three ranked alternatives we will increase the efficiency of decision-making, i.e. overall quality of the business of an organization. The assumption is that by its integral application we could achieve even better results in achievement of a higher quality level in an organization.

REFERENCES

1. Vukasović, V. G. (2016). *Menadžment znanja*. Available at: <http://www.fm-hn.com/wp-content/uploads/2016/10/Menadzment-znanja.pdf>.
2. Avdalović, P, Jovanović, J, Vujović, A, Krivokapić, Z. (2017). *Menadžment znanjem i standard ISO 9001*. Nedelja kvaliteta 2017, Beograd.
3. Jovanović, J, Krivokapić, Z, Vujović, A, Avdalović, P. (2017). *Correlation between Knowledge management and Standard ISO 9001*. III International scientific-technical conference "Innovations". Varna. Bulgaria.

4. Gurol, Y.D, Turer, T. (2002), *Knowledge Management Technologies and Case Study: Lotus Notes Application*“, The 3rd European Conference on Organizational Knowledge, Learning and Capabilities, Atina, pp.10-20.
5. Ribière, V, M, Khorramshahgol, R. (2004). *Integrating Total Quality Management and Knowledge Management*, Journal of Management Systems, Tom. 1. Vol. XVI. No. 1. pp. 39-54.
6. Jashapara, A. (2011). *Knowledge management an integrated approach*. Essex: Pearson Education Limited.
7. Young, R. (2010). *Knowledge Management Tools and Techniques Manual*, Asian Productivity Organization. Tokyo. 2010.
8. Talisayon, S. (2013). *Knowledge management for the public sector*. Asian Productivity Organization. Tokyo.

EXPANSIVENESS AND RESTRICTIVENESS OF MONETARY AND FISCAL POLICY IN THE EUROZONE IN THE CONTEXT OF THEIR COORDINATION

Joanna Stawska

University of Lodz, Poland
joanna.stawska@uni.lodz.pl

Paulo Reis Mourao

University of Minho, Portugal
paulom@eeg.uminho.pt

ABSTRACT

The originality of the analysis presented in this article is to emphasize the importance of proper conduct of monetary and fiscal policy and their significance in economic processes in the selected countries of the euro area. The aim of the article is to indicate periods of restrictive and expansionary monetary, fiscal and economic policy in the euro area in the context of policy-mix coordination. In the literature on the subject, research on equilibrium in the fiscal and monetary game was conducted, taking into account the priorities of the central bank and the government. Therefore, assuming that the central bank aims to minimize inflation and the government tries to maximize economic growth depending, among other things, on the budget deficit, it was shown in the literature that economic authorities according to the dominant strategies may choose restrictive monetary and expansionary fiscal policies (and vice versa) or both restrictive policies. Hence, this study highlights the context of monetary and fiscal game in relation to the direction (restrictiveness or expansiveness) of both policies. The study covered the years 1999-2017. To achieve the article's objective the following research methods were used: presentation of statistical data and the presentation of the methodology behind the classification of the periods (restrictive/expansionary) and discussion of the results. We note that the character of monetary and fiscal policy plays a significant role in the economies. In the studied period, it was rather the fiscal policy that was the dominant option of economic policy. We note that during the economic slowdown (2001-2002), the financial crisis (2008-2009) and as a consequence - the crisis of public finances in the euro area (2010-2011) dominated the expansionary fiscal policy against the restrictive monetary policy. In turn, in the years 2015-2017, the expansionary monetary policy dominated against the restrictive fiscal policy, which could have a positive impact on GDP growth.

Keywords: *expansiveness, fiscal policy, monetary policy, policy mix, restrictiveness*

1. INTRODUCTION

The core of the coordination of monetary and fiscal policy (policy mix) is based on the combination of both policies to enable to achieve goals related to price stability and economic growth (or full employment). The subject of policy mix has been studied among others by Clarida, Gali, Gertler (2000), Buti (2003), Canzoneri, Cumby, Diba (2006), Flanagan, Uyarra, Laranja (2011), Badarau, Levieuge (2011), Saulo, Rego, Divino (2013) or Cui (2016) who pointed out the benefits of the coordination of both policies. The particular difficulties in coordination of policy mix are faced by the countries belonging to the Eurozone (Carlberg, 2012; Jacquet, Pisani-Ferry, 2012) because of one of important issues - a national fiscal policy influences an average level of inflation in a given country and thus the decisions of fiscal authorities of the member countries may affect the decision of the European Central Bank (due to common monetary policy in the euro area). On the other hand, it should be stressed that in the EU the liberty of national authorities at conducting fiscal policy was limited by the

Maastricht Treaty (Treaty on the Functioning of the European Union, 2007) and Stability and Growth Pact (1997). Both authorities conduct their policies parallel and in result shape economic conditions for the opposite agent. Because of goals aimed at different economic problems, both policies strive for creating fundamentals for maintaining sustainable development – it is mainly done by achieving a price stability (in case of the central bank) and a full employment or high economic growth (in case of the government). For example, the restrictive fiscal policy can contribute to low inflation pressure, and it reveals the pursue of low level of public finance deficit which is favorable to maintain a low level of inflation (many central banks strive to hold inflation at some numerically specified level i.e. the so-called inflation target). On the other hand, at the moment of loosening fiscal policy, the central bank more often decides to tighten the monetary policy i.e. in case of maintaining the contractionary fiscal policy, the central bank often conducts expansionary monetary policy (Bennett, Loayza, 2000). Monetary policy and fiscal policy play therefore an important role in the economy. They also have an impact on a number of economic variables and influence each other. In the face of the recent financial crisis, which turned into a debt crisis, it was observed that fiscal and monetary authorities had been working together to revive economic activity. The aim of the article is to indicate periods of restrictive and expansionary monetary, fiscal and economic policy in the euro area in the context of policy-mix coordination. The article verifies the hypothesis that in the analysed period economic authorities in the euro area sought to coordinate monetary and fiscal policy in order to stabilize the economy. The structure of the paper is as follows. Section One presents the findings of a review of studies on the coordination of policy mix and the directions of monetary and fiscal policies in the economies. In Section Two the expansiveness and restrictiveness of monetary and fiscal policies in euro area were introduced. The last section presents the conclusions.

2. LITERATURE REVIEW

According to J. Skrzypczynska (2012), the core of the coordination of monetary and fiscal policy (policy mix) is based on the combination of both policies to enable to achieve goals related to price stability and economic growth and employment. P. Jacquet, J. Pisani-Ferry emphasize the importance of coordination of monetary and fiscal policies exemplifying the Eurozone. They claim that in reality a national fiscal policy and structural policy influence an average level of inflation in a given country and thus the decisions of fiscal authorities of the member states may affect the decision of a central bank related to common monetary policy in the euro area (Jacquet, Pisani-Ferry, 2001). Hence, it seems that desirable coordination of fiscal and monetary policy is not easily achievable in the process of pursuing financial stability (Skrzypczynska, 2012). The coordination of central bank and government activities is definitely connected with the consistent application of instruments of monetary and fiscal policy so that assumed objectives could be met. According to that approach a notion of coordination was formulated by W. Nordhaus who claimed that coordinated macroeconomic policy is observed when central banks' interest rates adjust appropriately so that effects of fiscal policy can be neutralized (Nordhaus, 1994). Keynesians presented the impact of fiscal and monetary policy on the economy using a simple IS-LM model. The expansiveness or restrictiveness of both policies was expressed in this model through the appropriate shift of curves. The flat LM curve and steep IS are the assumptions of the Keynesian orthodox approach - in this variant fiscal policy was more effective. In turn, preference for the expansive fiscal policy was related to the departure from the classical theory of public finance - identified with the classicist principle of balanced budget supported by economists. Keynesians believed that the expansive fiscal policy and frequently connected budget deficit allowed to counteract short-term declines in economic activity and additional expenses through multiplier effects contribute to employment and product growth (Snowdon, Vane, Wynarczyk (1996), 105-106; Kiedrowska, Marszałek (2003), pp. 73-

74). In the euro area policy-mix is based on the common monetary policy for all members of the Monetary and Economic Union (EMU) and national fiscal policies. Here, we should refer to the results of analyses conducted by C. Badarau and G. Leveuge who concentrated on studies of policy-mix suitable to the monetary union in a context of financial heterogeneity. Using dynamic, stochastic general equilibrium model (DSGE), they came to several conclusions. First of all, they have ascertained that centralized monetary policy was more advantageous for the monetary union than alternative national monetary policies. Also, they have found that national budget policies can mitigate cyclical divergences. Nevertheless, the analysis of various cases of policy-mix shows the certain advantage of the common budget and it allows better stability of price divergence in the EMU (Badarau, Leveuge, 2011). In the case when the economic authorities are unwilling to cooperate with each other, the Nash equation generates higher levels of inflation and lower levels of production compared with the best solution achievable under the given circumstances (but still not optimal, because of the disturbances caused by the fiscal policy). The reason for this is a mismatch between the central bank seeking to reduce production and inflation below levels set by the government and the government pursuing a fiscal policy increasing inflation and production above levels defined by the central bank. This is a case of an inflationary fiscal policy partly offset by the monetary policy (Dixit, Lambertini, 2003). For many economists, coordinated monetary policy and fiscal policy are one of the best policy mix options. Analysis of the models based on game theory indicates that the coordination of these policies would be beneficial for the economy. The harmonization of these two policies limits sources of conflict, leads to the minimization of costs of maintaining price stability and contributes to the greater stability of the financial system. The use of these models allows to observe problems arising from the conflict of monetary and fiscal authorities. A lack of such coordination was criticized, for instance, by Nordhaus (1994). The IS-LM analysis shows that the combinations of economic policies are less important than the total level of aggregate demand that can be influenced by a fiscal policy, a monetary policy and a combination thereof. Many studies attribute the significant role of the central bank, for example, the US Federal Reserve in maintaining macroeconomic stability in the country to the insufficient flexibility of a fiscal policy as a stabilization tool. In the neo-Keynesian models a fiscal policy is assumed to produce a demand shock that should be offset by the monetary authorities (Kuttner, 2002). Relevant conclusions in the context of this research were also presented by I. Woroniecka-Leciejewicz (2015) indicating that under the influence of changes in the central bank and government priorities, the optimal fiscal and monetary responses change and as a result the Nash equilibrium shifts (equilibrium as a choice of policy mix). When the fiscal authorities plan a higher growth rate, the optimal budgetary response becomes more expansive. Additionally, a change in the priorities of the monetary authorities like permitting a higher level of inflation, causes a shift in the optimum monetary strategies resulting in more expansive monetary policy. Woroniecka-Leciejewicz (2011) conducted an analysis of the balance of monetary and fiscal game and the impact of the monetary and fiscal authorities' priorities on the balance. Depending on the assumptions regarding the conditions of the economic situation, it was noticed that independent monetary and fiscal authorities usually strive either to choose restrictive monetary and expansive budgetary policies or vice versa, or to choose both restrictive policies. In the context of expansiveness or restrictiveness of fiscal, monetary or economic policy B. Kopeć (2015) examined whether the impact of a specific policy translated into the macroeconomic situation. The analysis comprised determination of a dominant option of economic policy understood in such a way that within business cycles a level of interest rate or budget deficit was changing more extensively. In order to set a dominant option of economic policy the author used a pendulum model, in which economic policy was perceived as a synthetic indicator of effects of fiscal and monetary policy. Monetary policy was determined as a standardized indicator of a level of long-term interest rate, whereas fiscal policy as a standardized indicator

of a budget deficit level. As a result, it was observed that what is of crucial importance in the course of economic policy is business cycle and its phase in which the economy is. Summing up the discussion on the impact of monetary and fiscal policy restrictiveness/expansiveness on the economy it must be added that policy mix has a particular sense in the extraordinary conditions such as the financial crisis. Fiscal and monetary policies have influence on macroeconomic stability. The analysis of the interactions between monetary and fiscal authorities in the euro area shows that the financial crisis caused the ECB to cooperate with governments of euro-area countries. The lack of appropriate policy mix is not beneficial for economies. That is why this issue is so essential and should not be marginalized by authorities (Stawska, 2017).

3. THE EXPANSIVENESS AND RESTRICTIVENESS OF MONETARY AND FISCAL POLICIES IN EURO AREA

The presented study was based on the method used by Czyżewski and Kułyk (2010) as well as by other authors and inter alia by B. Kopeć (2015). The area of studies concerns variations of different options of economic policy (divided into monetary and fiscal policy) between 1999-2017 in the euro area. As an instrument of monetary policy (conducted by the central bank) the study used a nominal long-term interest rate whereas as an instrument of fiscal policy (conducted by the government) the deficit of the General Government sector in relation to GDP was applied. For monetary policy a standardized ratio of long-term interest rate was calculated and for fiscal policy a standardized ratio of the GG deficit in relation to GDP. In order to determine standardized ratios an arithmetic mean and standard deviations for both, an interest rate and a budget deficit were calculated. In case when the standardized long-term interest rate ratio is positive, then we can talk about the restrictive nature of monetary policy (as interest rates have risen) and when it is negative then monetary policy is expansive (interest rates have decreased in relation to the previous period). However, when the standardized budget deficit ratio is positive then the government pursued an expansionary fiscal policy (because the deficit has increased) and when the ratio is negative - the government maintains a restrictive fiscal policy (because the deficit has decreased compared to the previous period). While setting a direction of economic policy the resultant of options used in monetary and fiscal policy was applied. It was assumed that the business cycle lasts 3 years. The choice of the 3-year cycle in this article was based on Kitchin's short business cycles lasting 3-4 years or 2-4 years (and more accurate Kitchin's studies indicate on average 3.9 years of the business cycle) (Piech, 2001-2002). Hence, due to the high frequency of changes on the financial markets in recent decades, it was decided to use the three-year business cycle in the study. Table 1 presents the results concerning the direction of fiscal policy in the Eurozone between 1999-2017. In the euro area countries, fiscal policy is subject to the competence of national authorities and the effects of their actions affect other countries in the euro area and the EU having an impact on their macroeconomic situation (Skiba, 2010). The Eurozone countries, however, do not have complete freedom to conduct their national fiscal policies. It was already stipulated under the EU Treaty that are restrictions imposed on countries joining the EU concerning the conduct of fiscal policy in the form of fiscal rules so that they cannot exceed the maximum amount of public debt and budget deficit representing respectively 60% of GDP and 3% of GDP. Further principles are included in the Stability and Growth Pact obligating the euro area countries to implement the appropriate budgetary targets in the form of balancing or achieving a surplus in the medium term (ECB Monthly Bulletin, March 2011, p.77). In the period between 2000-2002 the governments of the countries in the Eurozone conducted expansionary fiscal policy with the GG deficit ratios not exceeding the reference value from Maastricht i.e. 3% of GDP. This deficit started to grow slightly until in 2003 it reached 3.2%, but in response to such a situation in the euro area a restrictive fiscal policy (2003-2005) was applied.

Due to the decreasing GG deficit between 2006-2008, an expansionary fiscal policy was applied. The expansionary direction of fiscal policy was continued also in the period between 2009-2011, however, it was a period of significant increase in GG deficits in the euro area, which in 2009-2010 amounted to 6.3% and 6.2% of GDP, respectively. There were many factors that contributed to this situation. First and foremost, it was the financial crisis and, consequently, the fiscal crisis that mainly comprised Greece, Italy, Spain, Ireland and Portugal. The continuous increase in expenditure in relation to budget revenues and the financing of current liabilities from the sale of sovereign bonds translated into a failure to meet the fiscal criteria included in the Treaty on the functioning the European Union (Wróblewski, 2012, p. 3). Too expansive fiscal policy in the euro area countries contributed to measures aimed at a more coordinated and reinforced fiscal policy. So in 2010, the European Commission introduced changes to the Stability and Growth Pact aimed at tightening the budgetary discipline of member countries. Under the so-called the “Sixpack” - one of the acts introduced the idea of the European Semester, which consists in the annual analysis by the European Commission of all national plans regarding the budget, macroeconomic and structural reforms. Then, after carrying out work at the EU level, the Commission provides recommendations to the governments of the EU countries for a period of 12-18 months. In addition, in line with the concept of the European Semester, the EU's objectives under the Europe 2020 Strategy (Regulation of the European Parliament and of the Council (EU) No 1175/2011) should be better reflected in national strategies. In addition, in March 2012 (the Treaty entered into force in January 2013), an international agreement was concluded by 25 of the EU Member States, including all euro area countries, the so-called fiscal pact - which was supposed to enforce maintaining budget balance, greater control of the EU Council and the European Commission on the state of public finances of member countries and better coordination of economic policy (Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, 2012).

Table following on the next page

Table 1: Direction of fiscal policy in the euro area between 2000-2017 (source: the Eurostat database. Retrieved 22.08.2018 from:

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_10dd_edpt1&lang=en

Years	GG budget deficit in [%]	Annual relative change in deficit	Standardized ratio of change in deficit	Fiscal policy in specific years	Restrictiveness/Expansioniveness of fiscal policy
1999	-1,5	-	-		
2000	-0,5	-0,66667	-0,90022	0,674940389	expansionary
2001	-2,0	3	2,799441		
2002	-2,7	0,35	0,125597		
2003	-3,2	0,185185	-0,0407	-0,231133369	restrictive
2004	-3,0	-0,0625	-0,29061		
2005	-2,6	-0,13333	-0,36209		
2006	-1,5	-0,42308	-0,65444	0,171488699	expansionary
2007	-0,7	-0,53333	-0,76568		
2008	-2,2	2,142857	1,934586		
2009	-6,3	1,863636	1,652853	0,285416593	expansionary
2010	-6,2	-0,01587	-0,24357		
2011	-4,2	-0,32258	-0,55304		
2012	-3,7	-0,11905	-0,34767	- 0,387277564	restrictive
2013	-3,0	-0,18919	-0,41844		
2014	-2,5	-0,16667	-0,39572		
2015	-2,0	-0,2	-0,42935	-0,513434748	restrictive
2016	-1,5	-0,25	-0,4798		
2017	-0,9	-0,4	-0,63115		

In the context of the public finance crisis and introduced rules and regulations, in order to limit the GG deficit in the euro area, it was decided to conduct a restrictive fiscal policy between 2012-2017. In 2017, the GG deficit was 0.9% of GDP. The European Central Bank is responsible for conducting monetary policy in the euro area. Therefore, while creating monetary policy in the euro area the ECB affects inflation in the member countries. The ECB pursues its basic goal of maintaining a stable price level while subordinating the main directions of monetary policy, such as money supply, interest rate or exchange rate. The basic goal of the ECB is defined in art. 105 (1) of the Treaty: »The main objective of the European System of Central Banks [...] is to maintain price stability«. The ECB may also take measures supporting economic policies of the euro area countries only if it does not disturb the ECB's basic objective, i.e. price stability (Skrzypczyńska, 2012, p. 290). Table 2 presents the results concerning the direction of monetary policy in the Eurozone between 1999-2017. In the years 2000-2002, the ECB conducted a restrictive monetary policy which could have been driven by dynamic economic growth in 2000 (3.4%), average inflation (2.4% in 2000) exceeding the inflation target (2% and below) and the growth rate of M3 (5.5%) remained above the reference value (4.5%) throughout the year 2000. In 2000, the ECB raised the main interest rate - from the level of 3% to 4.75%. In 2001, as a result of the economic slowdown (real GDP growth in the euro area in 2001 amounted to 1.4% and in 2002 0.8%) uncertainty in financial markets and falling HICP inflation (2.4% in 2001 and 2.2 % in 2002) the ECB lowered its main refinancing

operations rate from 4.75% at the beginning of 2001 to 2.75% at the end of 2002 (Annual Reports, ECB, 2001,2002,2003). That is why the subsequent years, i.e. 2003-2005, were the period of expansive monetary policy in relation to monetary policy in the earlier 3-year period. Main refinancing operations rates in the euro area were reduced from 2.75% at the beginning of 2003 to 2.00% at the end of 2003 - the long-term interest rates in the euro area were also falling along with the decrease in basic interest rates. At the beginning of 2004 the HICP inflation rate fell to the level below 2%. The annual growth rate of M3 was steadily decreasing since the summer of 2003, falling to 5.3% - but in the second half of 2004 it reached the level of 6.4%, which was largely stimulated by low interest rates. Real GDP in 2003-2005 remained at a relatively low level in 2003 (0.7%), in 2004 (1.8%) and in 2005 (1.4%) (Annual Reports, ECB, 2004 , 2005,2006).

Table 2: Direction of monetary policy in euro area between 2000 - 2017 (source: the Eurostat database. Retrieved 22.08.2018 from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=irt_lt_mcby_a)

Years	Nominal long-term interest rate [%]	Annual relative change in long-term interest rate	Standardized ratio of change in interest rate	Monetary policy in specific years	Restrictiveness/Expansiveness of monetary policy
1999	4,628	-	-		
2000	5,429	0,173028	1,25272	0,451605	restrictive
2001	4,997	-0,079662	-0,11591		
2002	4,907	-0,018012	0,218003		
2003	4,139	-0,156420	-0,53164		
2004	4,117	-0,005436	0,286118	-0,28365	expansionary
2005	3,417	-0,170040	-0,60542		
2006	3,838	0,123415	0,984001		
2007	4,323	0,126357	0,999937		
2008	4,308	-0,003662	0,295724	0,759887	restrictive
2009	3,820	-0,113175	-0,29742		
2010	3,622	-0,051920	0,034351		
2011	4,388	0,211459	1,460867		
2012	3,893	-0,112821	-0,2955	-0,87976	expansionary
2013	2,992	-0,231428	-0,9379		
2014	2,041	-0,317827	-1,40586		
2015	1,206	-0,409147	-1,90047		
2016	0,858	-0,288182	-1,2453	-0,44735	expansionary
2017	1,094	0,274757	1,803706		

In the period between 2006-2008 and 2009-2011, the ECB's monetary policy measured by the nominal long-term interest rate was restrictive. The real GDP growth rate increased in 2006. 2.8%, however, already in 2008 there was a deterioration of the economic situation, especially after the tensions in the financial markets after the collapse of Lehman Brothers. The average annual HICP inflation increased from 2.2% in 2006 to 3.3% in 2008. Main refinancing operations rate in 2006 increased to 3.5% and in 2007 up to 4%. Annual long-term interest rate in the euro area in 2008 remained at 4.308%. Despite the decline in key interest rates in the euro area in 2009-2011 - the long-term interest rate fluctuated from 3.820% in 2009 up to 4.388% in 2011, which as a result determined the restrictive nature of monetary policy in 2009-2011. From 2012 to 2017 we can talk about the expansive nature of monetary policy in the euro area. The long-term interest rate fell from 3.893% in 2012. up to 1.094% in 2017. Main refinancing operations rates dropped from 1% in 2012 up to 0% in 2016. and this level was maintained unchanged in 2017.

Based on standardized ratios of fiscal and monetary policy table 3 presents differences between these policies and thereby indicates an option of economic policy in the euro area. A negative value of difference suggests the expansionary economic policy and a positive value suggests the restrictive one. We note that in 2000-2002 and in the years 2003-2005, i.e. at the beginning of the analyzed period, economic policy in the euro area was restrictive, which may mean that in 2000-2002, the restrictive direction of monetary policy had a greater impact on economic policy, while 2003-2005 - restrictive direction of fiscal policy. In 2006-2011, an expansive economic policy prevailed, the direction of which could be dominated by the expansive fiscal policy (these years include the time to counteract the financial crisis and its consequences in the economies of the euro area).

Table 3: Direction of economic policy in the euro area between 2000 - 2017 (source: Own elaboration)

Years	Fiscal policy	Monetary policy	Economic policy	Expansiveness/ restrictiveness of economic policy
2000-2002	0,67494 (expansionary)	0,451605 (restrictive)	0,223336	restrictive
2003-2005	-0,23113 (restrictive)	-0,283648 (expansionary)	0,052514	restrictive
2006-2008	0,171489 (expansionary)	0,759887 (restrictive)	-0,5884	expansionary
2009-2011	0,285417 (expansionary)	0,399266 (restrictive)	-0,11385	expansionary
2012-2014	-0,38728 (restrictive)	-0,879756 (expansionary)	0,492479	restrictive
2015-2017	-0,51343 (restrictive)	-0,447354 (expansionary)	-0,06608	expansionary

In 2012-2014, the restrictive nature of economic policy prevailed which could have been rooted in restrictive fiscal policy in the euro area countries related to the public finance crisis. In turn, the years 2015-2017 are the time of expansive economic policy, which could be largely influenced by the expansionary monetary policy. This period is characterized by low interest rates, unconventional methods of monetary policy, deflation and low economic growth in the euro area. In summary, in the discussed period fiscal policy could have a more dominant influence on economic policy. It must be also emphasized that in some periods the policies cancelled each other, which means that when one of them was of restrictive nature, the other one showed expansiveness.

4. CONCLUSION

Taking into account the results of research on the equilibrium in the policy-mix presented in the literature indicating that the economic authorities according to the dominant strategies may choose restrictive monetary and expansionary fiscal policies (and vice versa) or both restrictive policies - we note in this article that during the economic slowdown (2001-2002), the financial crisis (2008-2009) and as a consequence - the crisis of public finances in the euro area (2010-

2011) the expansionary fiscal policy and the restrictive monetary policy were applied. In turn, in the years 2015-2017, the expansionary monetary policy and the restrictive fiscal policy were introduced. Thus, during the period under consideration in the euro area, a restrictive monetary policy was chosen in the case of expansive fiscal policy, and vice versa in the case of restrictive fiscal policy, an expansive monetary policy was chosen. The above results and the analysis of dependencies in the euro area economy allow for a positive verification of the research hypothesis that economic authorities in the euro area have sought to coordinate monetary and fiscal policy in order to stabilize the economy. However, there are numerous factors distorting the coordination of monetary and fiscal policy and thereby, influencing the effectiveness of economic policy. Factors that have impact on effects of policy mix on the economy include, for instance, diverse objectives and preferences of economic authorities, delays in implementation of fiscal and monetary policy as well as internal and external economic impulses such as financial crises. In addition, there is a complex system of economic and political integration in the euro area countries, including the asymmetry of budget cycles or political cycles and associated election opportunism. Further work on this topic could include the following elements: discussion of the robustness of these results using Markov-Switching models; observation of differences of the identified periods in the accumulation of assets, like Treasury Bonds, deposits, or the observation the concentration/proximity of electoral moments in each identified period.

ACKNOWLEDGEMENT: *The study was financed from the funds of the National Science Centre Poland in the period between 2018-2021 – the research project called The coordination of the monetary and fiscal policies in the studies of the monetary - fiscal interactions based on the game theory - the case of the European Union countries, contract number: UMO-2017/26/D/HS4/00954.*

LITERATURE:

1. Badarau C., Leveuge G. (2001). Which policy-mix to mitigate the effects of financial heterogeneity in a monetary union?, *LAREFI Working Paper*, No. CR11-EFI/09, 2011, pp. 2 – 3.
2. Bennett H., Loayza N. (2000). Policy biases when the monetary and fiscal authorities have different objectives, *Central Bank of Chile Working Papers*, 66.
3. Buti M. (2003). *Monetary and Fiscal Policies in EMU: Interactions and Coordination*, Cambridge.
4. Canzoneri M.B., Cumby R. E., Diba B.T. (2006). How Do Monetary and Fiscal Policy Interact in the European Monetary Union?, NBER, The MIT Press, September.
5. Carlberg M. (2012). *Unemployment and Inflation in Economic Crisis*, Springer, pp. 1-283.
6. Clarida R., Galí J., Gertler M. (2000). Monetary Policy Rules and Macroeconomic Stability: Evidence and Some Theory, *Quarterly Journal of Economics*.
7. Cui W. (2016). Monetary –fiscal interactions with endogenous liquidity frictions, *European Economic Review*, Vol. 87, pp. 1 -25.
8. Czyżewski A., Kułyk P. (2010). Relacje między otoczeniem makroekonomicznym a rolnictwem w krajach wysoko rozwiniętych w Polsce w latach 1991-2008, (Relations between the macroeconomic environment and agriculture in highly developed countries in Poland in 1991-2008), *Economist* 2010/2, pp. 189-212.
9. Dixit A., Lambertini L. (2003). *Interactions of Commitment and Discretion in Monetary and Fiscal Policies*, Princeton University.
10. Flanagan K., Uyarra E., Laranja M. (2011). Reconceptualising the ‘policy mix’ for innovation, [in:] www.imf.org (access on 10.08.2018).

11. Jacquet P., Pisani-Ferry J. (2001). Economic policy co-ordination in the euro-zone. What has been achieved?, What should be done?, :*Sussex European Institute Working Paper*, 40/2001, p.7.
12. Jacquet P., Pisani-Ferry J. (2012). *Fiscal Discipline and Policy Coordination in the Eurozone: Assessment and Proposal*, [in] L. Paganetto *The Political Economy of the European Constitution*, Ashgate Publishing.
13. Kiedrowska M., Marszałek P. (2003). Polityka pieniężna i fiskalna w teoriach Makroekonomicznych (Monetary and fiscal policy in macroeconomic theories), *Ruch Prawniczy, Ekonomiczny i Socjologiczny*, Vol. LXV- issue 1, pp. 105-106.
14. Kopeć B. (2015). Identyfikacja opcji polityki gospodarczej i ich związku z inflacją i bezrobociem (Identification of economic policy options and their relation to inflation and unemployment), *Progress in Economic Sciences*, No. 2, 2015, pp. 28-34.
15. Kuttner, K. N. (2002). The Monetary – Fiscal Policy mix: perspectives from the U. S., *Bank and Credit*, No. 11 -12.
16. Nordhaus W. (1994). Policy Games: Coordination and Independence in Monetary and Fiscal Policies, *Brooking Paper on Economic Activity*, No.2, 194 p.
17. Monthly Bulletin – March 2011, ECB 2011, p.77;
<http://www.ecb.int/pub/pdf/other/10thanniversaryoftheecbmb200806pl.pdf>.
18. Piech K. (2001-2002). Rodzaje cykli gospodarczych (Types of economic cycles), *Polityka gospodarcza*, No. 5-6, 2001-2002, pp. 262-267.
19. Regulation of the European Parliament and of the Council (EU) No 1175/2011 (16.11.2011)
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:306:0012:0024:PL:PDF>
20. Saulo H., Rego L.C., Divino J.A. (2013). Fiscal and monetary policy interactions: a game theory approach, *Annals of Operations Research*, Vol. 206, Issue 1, pp. 341 – 366.
21. Skiba L. (2010). *Polityka fiskalna w unii walutowej (Fiscal policy in the monetary union)* [in]: *Mechanizmy funkcjonowania strefy euro* (Mechanisms of the functioning of the euro area), ed. P. Kowalewski, G. Tchorek, J. Górski, Warsaw; NBP.
22. Skrzypczyńska J. (2012). Koordynacja polityki fiskalnej i pieniężnej strefy euro w obliczu kryzysu finansowego (Coordination of the fiscal and monetary policy of the euro area in the face of the financial crisis), *Rocznik Integracji Europejskiej*, No. 6, p.289.
23. Snowdon B., Vane H., Wynarczyk P. (1996). *Współczesne nurty teorii makroekonomii (Contemporary trends in the theory of macroeconomics)*, Warsaw, PWN, p. 105-106.
24. Stawska, J., (2017). *The phenomenon of low interest rates in the context of monetary and fiscal interaction (policy mix)*, International Multidisciplinary Scientific Conference on Social Science & Arts 2017, Book 1: Modern Science, Economics & Tourism, Vol. IV, Bulgaria 2017, pp. 777 – 784.
25. Treaty on the Functioning of the European Union, 2007.
26. Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, 2012.
27. Woroniecka – Leciejewicz, I. (2011). Analiza policy-mix z uwzględnieniem interakcji decyzyjnych między bankiem centralnym a rządem i ich priorytetów (Policy mix analysis taking into account the decision-making interactions between the central bank and the government and their priorities). *Zeszyty Naukowe Wydziału Informatycznych Technik Zarządzania Wyższej Szkoły Informatyki Stosowanej Zarządzania. Współczesne Problemy Zarządzania*, No. 1.

28. Woroniecka – Leciejewicz, I. (2015). Wpływ instrumentów policy-mix na gospodarkę – ujęcie modelowe (The influence of policy-mix instruments on the economy – a modeling approach). *Współczesne Problemy Zarządzania. Zeszyty Naukowe Wydziału Informatycznych Technik Zarządzania Wyższej Szkoły Informatyki Stosowanej i Zarządzania*, No. 1/2015.
29. Wróblewski Ł. (2012). Kryzys Unii Gospodarczej i Walutowej – przyczyny i dotychczasowe rozwiązania (Crisis of the Economic and Monetary Union - causes and current solutions), *Biuletyn Instytutu Zachodniego im. Zygmunta Wojciechowskiego*, No. 74, Poznań.

RULES OF INDIVIDUAL OWNER BEHAVIOR IN FAMILY-OWNED BUSINESS

Katalin Darabos

*Doctoral School of Regional Sciences and Business Administration
Széchenyi University, Győr, Hungary
darabos.katalin@sze.hu*

Zoltan Baracska

*Doctoral School of Regional Sciences and Business Administration
Széchenyi University, Győr, Hungary
baracska.zoltan@sze.hu*

ABSTRACT

In this paper we like to solve problem to recognize the mind-set of the owner during succession in family businesses. It is typical non-linear process, when small change (owner succession) result in unpredictable effect. Our problem propositions are: (1) "The past is not a land to return to in a simple politics of memory. It has become a synchronic warehouse of cultural scenarios." (Appadurai, 1990, p. 4). and (2) we can used Richard Thaler's misbehaving to describe the behavior of the owner in that original decision when the succession is decided. This phenomenon we want to integrate into our conceptual framework. The belief in the sanctity of private property and ownership could only enter the values systems through narratives, and as such, it fits the concept of "nostalgia without memory." Data analysed and presented to support the premise that family business owners' control over their company can be affected by becoming joint-stock companies. The expectations during succession in family businesses are not prefixed but are constantly formed on the go as they sense the decision situations and possible paths.

Keywords: *misbehaving, narrative, nostalgia, ownership shift*

1. INTRODUCTION

When analysing an economic and social landscape, family businesses represent a prevalent and prominent form of enterprise. The importance of the sector is inevitable: conservatively between 65-80% of the global economy is constituted by business enterprises that are owned or managed by families (Dreux, 1990.). A large part of the Hungarian economy relies on the successful small businesses. According to CSO (Central Statistical Office) data, 70% of the entire SME sector is currently a family business. Given that statistical research has been carried out to date on the topic of generation change, most of these businesses will face the generational change over the next five years. The proportion of family firms in the United Kingdom and in the European Union is estimated to be 75% and 85%, respectively. In the United States, approximately 50% of the gross national product is generated by family businesses (Harvey, 1994). During the literature review we have found that there are several articles on the topic of succession in the recent years, but it seems like the »fuss« is slowing down. By taking a new approach and widening the problem space towards social narratives and cultural anthropology we can however bring new insights into the study of succession in family businesses. Our new insights suggest a new frame. This is a new conceptual model based on owners "original decision". We would like to point out that chaotic process starts with misbehaving. Our finding urges to change the traditional question. The question of future research should be the type of the owner's cognitive pattern. According to the idea of homo economicus people are totally (infinitely) rational. They make choices by optimizing: choosing the best action based on the available information, their preferences and their calculation of costs and benefits – they are the

perfect calculators. In this case all the solutions are considered, and they are compared according to each and every feature. It is not hard to see why this behavior is impossible: simple technical issues, there are too many solutions to find all of them; identification of some of the attributes would require knowledge that is not yet acquired; if all the decision alternatives and attributes have been identified there is still the task to gather data about each and every alternative, considering each and every attribute; and there is also a time-limit. From a theological perspective, it is extremely unlikely that humans can ever be in control—after all, we never created the earth, the sun, the plants and animals, or the universe. March and Simon (1993: 157) examined the limitations of rationality; and they show that the above-mentioned limitations on the number of attributes and alternatives are direct consequences of cognitive and organizational limits. Simon distinguished the programmed from the non-programmed decisions. Programmed decisions are those that frequently occur thus one can have elaborated procedures how to handle them; these could literally be programmed. The non-programmed decision is a novel situation what one meets for the first time thus there cannot be any elaborated procedures available; such situations need tailored procedures, they can certainly not be programmed. We have already discussed the unknown mind-set of the successor in our paper presented during IFKAD 2018. During those proceedings we have demonstrated one of the result of our research, namely that with logical connections a pattern can be drawn to describe the demeanour of this behavior. According to Steven Pinker: “The typical imperative from biology is not "Thou shalt...," but "If ... then ... else.” We have also described the mind-set of family business owner decision with logical rules. Our aim – after two years of research already made on this field – is to describe this problem are better. Since in Middle Eastern Europe the succession theme is just becoming urgent – due to historical reasons the first generation will take over in the next five years – we have been focusing on this area. Our propositions of the problem solutions are based on understanding the unpredictable effect of succession and cultural background of expectations.

2. ORIGINAL DECISION OF SUCCESSION

The programmed and the non-programmed decisions are non-existing extremities (black and white) of a continuum (greyscale) in which the real-life decisions can be found. As a further development of this conception the decisions can be described using three corner stones (Figure 1):

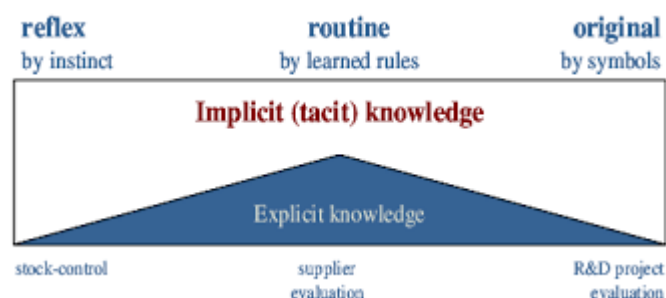


Figure 1: Decision types

Reflex Decisions: We were interested whether there are thinking processes underlying every decision. We have observed that there are habitual activities that we do without thinking, as by instinct only; a private example could be buying a cigarette, and business examples are paying the salaries or controlling the stock. **Routine Decisions:** There are decisions taken by managers following some set of rules, of which rules they have explicit knowledge. A private example could be buying a car (not the first one, of course), and business examples are to decide about the type of the framework contract we want with a customer or a supplier.

The knowledge used in these decisions comes from the experience we got by taking similar decisions and we are aware of the decision aspects (attributes) and of the rules between the values of these attributes. Routine decision is the closest real-life resemblance of programmed decisions but it they are not the same. Although routine decisions incorporate a vast amount of attributes and rules, the importance of individual remains in focus. Sometimes we may need a new logical rule between the values of the attributes or consider some new attributes or ignore some of the old ones. Original Decisions: There is a first time for every decision – these we call the original decisions. Succession decision is one of the best examples on an original decision. In these situations, de we come the closest to the nonprogrammed decisions, although, they are not the same as we always know something even about the novel situation. This decision type has an additional feature: there are no well defied attributes, they are defined using symbols and metaphors. Excellence is up to original decisions while spending time to take reflex decisions has negative effects on competitiveness. Defining rules for routine decisions facilitates delegation of decisions. Disorder, unintended consequences of actions, and turbulence followed by calmer periods are part of the everyday experience of individuals in organizations as a consequence of the many small interactions among individuals and organizations. Chaos theory help capturing the dynamism and unpredictability. The scientific definition of chaos comes from mathematics and physics: chaos is an aperiodic, unpredictable behaviour arising in a system extremely sensitive to variations in initial conditions, exhibited by phenomenon such as turbulent flow, long range weather patterns or road traffic. The unpredictable behaviour is believed to come from the fact that variations in initial conditions are unpredictable only because science has not developed to the level to determine it. Chaos can be defined as unpredictability of specific behaviour within a predictable general structure of behaviour. In order to be able to identify systems as chaotic or not we have to be able to define distinguishing characteristics. Chaos theory examines nonlinear dynamic systems where relationships between time-dependent variables are nonlinear. It is easy to see that organizations are dynamic systems governed by nonlinear relationships. When there is simultaneous influence on counteracting forces deterministic chaos can be found. Since traditional and conventional management approaches are linear in essence, much of the existing management approaches are reversed by chaos theory. Chaos theory establishes that there is that spark of creativity and change in the realm beyond linear thinking. Computers and algorithms usually are programmed to deal with linear models, or stochastic ones. To draw an example: in the weather forecast programs if the computer model suggested something unexpected i.e. a tsunami, then the programmer simply overrode the equations and made changes to the program so that it would predict the expected outcome. Applying fractals are preparing AI to help understand non-linear systems as well. The main problem to be solved with original decisions is that there is no tradition to rely on. This is the first experience and there is no chance to validate a theory – neither in favour nor against it, or if it is the same here than on the other side of the Earth.

3. THE SOURCE OF OWNER'S EXPECTATIONS

The expectations during succession in family businesses are not prefixed but are constantly formed on the go as they sense the decision situations and possible paths. We assumed cultural dimensions values determine the owners expectations. Arjun Appadurai's phrase "nostalgia without memory", referring to one the cultural dimensions of globalization, relates a postmodern, commodity sensibility based on nostalgia for a "complex transnational construction of imaginary landscapes." (Appadurai, 1990, p.4). He is concerned with the cultural flows that move between and across national boundaries in a newly globalized world and comments on the possibility of "nostalgia without memory." This places the Jamesonian mode of nostalgia, understood as a form of pastiche, in a culture of world image systems. Appadurai suggests that "The past is not a land to return to in a simple politics of memory.

It has become a synchronic warehouse of cultural scenarios." (Appadurai, 1990, p. 4). This is the phrase we want to integrate into our conceptual framework. Do we have to grapple with nostalgia, as a special form of pastiche and imitation? We could just acknowledge it and leave it at that. If culture is a set of values here and now, then where do these values originate from? The biggest problem would be denying such a thing exists, because everything that forms our values are experiences from our memory. In this part of Europe, family business owners are in their first generation. It emerged as a form of business at the end of the 1990's. The moment of inception could be illustrated with a story. There was a conference where the presenter held up a piece of paper in front of 140 participants and asked them what they thought it was. Nobody answered. It was one of the shares that my grandfather had owned and that had failed between the two world wars. The point was to understand that these papers either bring something or they don't, which means that owning such a paper is good for some and not for others. Well, this is one of those things that could not be in the memory of the family business owners who were starting out at the end of the nineties. The belief in the sanctity of private property and ownership could only enter the values systems through narratives, and as such, it fits the concept of "nostalgia without memory." The "global village" has been created, and it is now time to bring it in harmony with the "local" one. We desire to live in a place where life is balanced and happy, where one finds their place, where there is plenty of time and energy for rest and leisure next to work. Perhaps we are seeking a "glocal citizen" on the edge of the local, where we are not closed off from the events of the world, we are not left behind or miss out in areas where we don't want to be different from other "local villages", but can still retain what is important for us to be unique and to hold onto our identity and values. Many have come to believe that the Internet bore out the "glocal" citizen at the edge of the local village. Others hold that the era of television marks the connection of people to the global world. Perhaps even the radio had already brought about "being there" without physically being there. We can all be the citizens of the global village, but perhaps not all of us can "be there". The connection to the global village perhaps truly started with the 1960 Olympic Games in Rome, which was broadcast around the world. So which village might we belong to? The millions watching the Olympics on the screen, or the local supporters at the pub? And who am "I" in this question? Based on the work of Nobel-laureate economist Paul Krugman, we cannot all belong to a single local village, no matter how big it is. And we cannot live in the global village either, because then we will only be visitors in the local one. However, if we use the world wide web well, we can become citizens of the global village while still living in a local village. This is neither global, nor local, but the "glocal citizen", living on the edge of the local. Nevertheless, as Arjun Appadurai pointed out, there is an obstacle to this; we do not know how to diffuse the tension between cultural homogenization and cultural heterogenization. The big question is, where are values born? "Decision Making 5.0 accepts that the expectations of a decision maker in the Global Village are not prefixed, but are constantly formed on the go as they sense the decision situations and possible paths." (Velencei, Baracska, 2016). Values born in a local village become knowable to other local village citizens elsewhere through connection to the global village. However, this does not mean that their domain of validity is also global. It is impossible for all family business owners in their respective local villages to interpret the narratives spreading on the internet in the same way. In order to create locally functioning conceptual models, it is not enough to have access to global knowledge; there must also be a milieu where they understand the core of family business. Perhaps the watching of the global world and the tradition of local learning will create a milieu where it is not mandatory to imitate big business. While Friedman (Friedman, 2005) acknowledges the advantages of globalization, he often uses the term "glocal citizen" to emphasize the importance of keeping local traditions and values. Laxity allows for the free flow of knowledge within local spaces and between them. This resists control and intervention.

Confucius said, that if the ruler himself is behaving virtuously, then he need not command; all things will go on their path. If he himself is not virtuous, then commands are in vain; no one will follow them. Global citizens, if they go far enough, but not too far, from the local, can get to know, as a good neighbour would, the “then-and-there” ruling values. There is, however, an uncomfortable and cruel question lurking here: can I protect my own place? Loyalty is easily just a pile of light-hearted promises, which is missing the dignity of the servant. It is unlikely that someone can be a good servant of one's own place if they are always cooing over others'. “In knowledge refreshing – which is not the same as educating – the rigid curriculum and formal learning are replaced by cross-functional content that can satisfy curiosity and thus, informal learning can occur. Today, the digital culture is having a profound effect on the world just like the disruptive technologies of previous eras and new solutions often have an impact on each other as well as on human behavior. The development of the internet is advanced not only by the technological innovations but also the evolving imagination and desires of millions which give again new momentum to the technological innovations.” (Velencei, Szeghegyi & Szoboszlai, 2014, p. 244).

4. CONSLUSION

In perfect world of Econs, there is a lot of misbehaving which leads to the economic models that are based on bad predictions. There are many cases when Humans do make good decisions within real-life constraints. Just think about firefighters, critical care nurses and chess masters. They are all forced to act immediately and quickly without realizing why. The owner's mind-set during succession can be characterized as an original decision which result in unpredictable effect. Thaler's view of Econs and Humans are linked with Kahneman's view of analytical thinking. Kahneman said, »Thinking is to humans as swimming is to cats; they can do it but they'd prefer not to«. If the inexperienced person would wait until they became experienced, they would never become so, for they would forego the process of gaining experience. Experience is not the reason for cognition, but its product. What we have found during our research on the topic of the individual owner behavior in family-owned businesses that analytical thinking can not be at help, and that leaves us with misbehaving. We suggest not to rely on stochastic relations or analytics rather researchers should understand that this is a »now and there« situation where original decisions are made. We would like to extend our research further since we have found that in this kind of situations trust coming from a time spent working together is an inevitable element. We would like to analyse and understand the nature of trust in our next step.

LITERATURE:

1. Appadurai, A. (1990). Disjunctive and Difference in the Global Cultural Economy. *Public Culture*, 2(2), pp. 295-310.
2. Ariely, D. (2008). *Predictably irrational* (p. 20). New York: HarperCollins.
3. Arieu A. (2010). The legacy of family firms, *Management Herald* No., p. 88
4. Ariely, D., & Jones, S. (2013). The upside of irrationality. *CNIB*.
5. Ariely, D. (2016). *Payoff: The hidden logic that shapes our motivations*. Simon and Schuster.
6. Ariely, D., & Haefeli, W. (2015). *Irrationally Yours*. Harper Audio.
7. Astrachan, J. H. – Klein, S. B. – Smyrniotis, K. X. (2002): The F-PEC Scale of family influence: A proposal for solving the family business definition problem, *Family Business Review*, vol. XV., no.1., 45-58.
8. Banaszak, M., Dziecielski, M., Nijkamp, P., & Ratajczak, W. (2015). Self-Organisation in Spatial Systems—From Fractal Chaos to Regular Patterns and Vice Versa. *PloS one*, 10(9)

9. Birley, S., Ng, D.W.N., & Godfrey, A. (1999). The family and the business. *Long Range Planning*, 32(6), 598-608.
10. Burnes, B. (2005). Complexity theories and organizational change. *International Journal of Management Reviews*, 7(2), 73-90.
11. Chrisman, J. J. – Chua, J. H. – Litz, R. (2003): A unified system perspective of family firm performance: an extension and integration, *Journal of Business Venturing* [18] 2003 467-472.
12. Chrisman, J. J. – Chua, J. H. – Steier, L. P. (2003): An introduction to theories of family business, *Journal of Business Venturing*, 18, 441- 448.
13. Chrisman, J. J., Chua, J. H., & Steier, L. (2005). sources and consequences of distinctive familiness: an introduction. *Entrepreneurship Theory and Practice*, May, 237-247.
14. Churchill, N. C., & Hatten, K. J. (1987). Non-market-based transfers of wealth and power: a research framework for family businesses. *American Journal of Small Business*, 11 (3), 51-64.
15. Cole, P.M. (2000): Understanding family business relationships: Preserving the family in the business, *The Family Journal*; 8; 351.
16. Danes, S. M. – Olson, P. D. (2003): Women's role involvement in family businesses, business tensions, and business success, *Family Business Review*, vol. XVI., no.1., 53-68.
17. Day, R.H. (1983): The Emergence of Chaos from Classical Economic Growth, *Quarterly Journal of Economic*, 98, 201-213
18. Doherty, N., & Delener, N. (2001). Chaos theory: Marketing & management implications. *Journal of Marketing Theory and Practice*, 9(4), 66-75.
19. Dunn, B. (1995). Success themes in Scottish family enterprises. *Family Business Review*, 8(1), 17–28.
20. Dreux, D. R. (1990). Financing family business: Alternatives to selling out or going public. *Family Business Review*, 3(3), 225–243. Amended 1992, *Family Business Review*, 5(1), 111–112.
21. Easterby-Smith, M., & Malina, D. (1999). Cross-cultural collaborative research: Toward reflexivity. *Academy of Management Journal*, 42(1), 76-86.
22. Friedman T. (2005) *The World Is Flat: A Brief History of the Twenty-first Century*
23. Gleick, J. (2011). *Chaos: Making a new science*. Open Road Media.
24. Handler, W. C. (1992). The succession experience of the next generation. *Family Business Review*, 5(3), 283-307.
25. Harvey, M., & Evans, R. E. (1994). Family business and multiple levels of conflict. *Family Business Review*, 7(4), 331–348.
26. Horton, T. J. (2006). Competition or monopoly? The implications of complexity science, chaos theory, and evolutionary biology for antitrust and competition policy. *The Antitrust Bulletin*, 51(1), 195-214.
27. Ibrahim, A. B., Soufani, K., & Lam., J. (2001). A Study of succession in a Family Firm. *Family Business Review*, 16(3), 245-258.
28. Jayamohan, P., McKelvie, A., & Moss, T. W. (2017). Blame You, Blame Me: Exploring Attribution Differences and Impact in Family and Nonfamily Firms. *Family Business Review*, 30(3), 284-308.
29. Jarsulic, M. (1993). Recent development in business cycle theory, *Review of Political Economy*, 5(3), 344-364
30. Jones, D., & Culliney, J. (1999). The fractal self and the organization of nature: The Daoist sage and chaos theory. *Zygon®*, 34(4), 643-654.
31. Kahneman, D., & Egan, P. (2011). *Thinking, fast and slow* (Vol. 1). New York: Farrar, Straus and Giroux.

32. Kessler, G.C. (2002). Why the leadership bench never gets deeper: Ten insights about executive talent development. *Human Resource Planning*, 25, 32-44.
33. Kets de Vries, M.E.R. (1993). The dynamics of family controlled firms. *Organizational Dynamics*, 21, 59-71.
34. Levy, D. (1994). Chaos theory and strategy: theory, applications, and managerial implications. *Strategic Management Journal*, 15, 167-178.
35. Longenecker, J. G., & Schoen, J. E. (1978). Management succession in the family business. *Journal of Small Business Management*, July, 209-220.
36. McCarthy, L. D. (2014). Chaos Theory: Towards an alternative perspective of African American leadership, organization, and community systems. *Journal of Alternative Perspectives in the Social Sciences*, 6(2), 122-155.
37. O'Connor, E.S. (1999). Order from chaos: Applications of narrative theories and methods to organizational research. Paper presented at the Academy of Management Conference, Chicago, August 1999.
38. Pascale, R. T., M. Millemann, and L. Gioja. *Surfing the Edge of Chaos: The Laws of Nature and the New Laws of Business*, Crown Business, Random House, NY, 2000
39. Simon, H. A. (1960). The new science of management decision.
40. Stacey, R. (1995). The Science of Complexity: An Alternative Perspective for Strategic Change. *Strategic Management Journal*, 16, 477-495.
41. Thaler, R. H., & Ganser, L. J. (2015). *Misbehaving: The making of behavioral economics* (p. 358). New York, NY: WW Norton.
42. Thaler, R. H., Sunstein, C. R., & Pavillet, M. F. (1999). *Nudge*.
43. Thietart, RA & Forgues B. (1995) *Chaos Theory and Organization - Organization Science*, Jan 1995, Vol. 6, Issue 1
44. Velencei J. (2017). Validating a course description: unknown customer expectations In: L Gómez Chova, A López Martínez, I Candel Torres (szerk.) *ICERI 2017 Proceedings*. pp. 1221-1224. , Sevilla, Spain, (IATED)
45. Velencei, J., Baracskai, Z. (2016). Decision Maker in the Global Village: thinking together. In A. Bencsik (Ed.), *Knowledge Management Initiatives and Strategies in Small and Medium Enterprises* (pp. 25-41). Hershey, Pennsylvania: IGI Global.
46. Velencei, J., Szeghegyi, Á., Szoboszlai, V. (2014). Informal Post-Experiential Learning. *Acta Polytechnica Hungarica*, 11(4), pp. 241-252.
47. Von Schlippe, A., & Frank, H. (2013). The theory of social systems as a framework for understanding family businesses. *Family Relations*, 62(3), 384-398.
48. Zedeck, S. (1992). Introduction: Exploring the domain of work and family concerns. In S. Zedeck (Ed.), *Work, families, and organizations*. San Francisco, CA: Jossey-Bass.

ANALYSIS OF LIFE SATISFACTION DEGREE IN RUSSIA AND EUROPEAN COUNTRIES

Maria Volkova

*Central Economics and Mathematics Institute of Russian Academy of Sciences, Moscow,
Russia*

frauwwulf@gmail.com

Zlatko Nedelko

University of Maribor, Faculty of Economics and Business, Maribor, Slovenia

zlatko.nedelko@um.si

ABSTRACT

The article presents the results of the comparative analysis of life satisfaction of population of Russia and the European countries for two databases: RLMS, Russian Longitudinal Monitoring Survey (2016) and Eurobarometer (2016). Improving the quality of life of population is one of the most important tasks facing interstate, state, regional and municipal government. Moreover, for an adequate solution of the existing problems, it is necessary to identify both objective (from the position of the authorities of different levels) and subjective determinants of quality of life recorded by individuals. In the article degree of life satisfaction is used as an indicator of subjective quality of life. To determine the list of variables affecting the degree of life satisfaction, and, consequently, the quality of life, gamma (γ) Goodman-Kraskel criterion between the considered features was used. Taking into account the fact that all the variables in databases are ordinal, the analysis of contingency tables was carried out for it. Integral indicators were constructed to reduce the dimension of the study population and to eliminate multicollinearity in the model PCA for selected features was used. This indicators were after re-linearization used as independent variables in ordinal regression. For Russian respondents integral assessments of financial situation, work, health status, as well as a factor variable describing the opportunities to improve their lives are significant. Significant variables for respondents in European countries: factor variable that combines estimates of the quality of life in the country of residence, financial situation of the family, work, difficulties with the payment of debts, as well as integral (factor) variable of the respondent's opinion weight within the country and abroad. Besides that, similarities and differences in the sphere life satisfaction was got in social-demographic portraits of individuals.

Keywords: EUROBAROMETER, Life Satisfaction, PCA, Quality of Life, RLMS

1. INTRODUCTION

Quality of life is a unique synthetic category that synthesizes different spheres of life. Assessing the state and changes in the conditions and quality of life of the population, as well as life satisfaction is paid much attention in the last few decades. The main thesis put forward in this research – "life Satisfaction is due to a greater degree of satisfaction with the quality of life and material well-being."

1.1. Method

Research tools:

- analysis of contingency tables;
- factor analysis (principal component analysis);
- ordered regression models [Verbik, 2008].

The study is based on analysis of data from RLMS and EUROBAROMETER database.

The reason for the variables inclusion in the list of regressors was entering the value of γ -criterion for a pair of variables, one of which-the resulting (life satisfaction), in one of two intervals in accordance with the semantic load of the explanatory variable: $-1 \leq \gamma \leq -0.3$ or $0.3 \leq \gamma \leq 1$. From the whole range of variables available in the two databases, we selected those that had the best connection with the resulting indicator (degree of life satisfaction). Integral indicators, which were then included in the regression equation, were formed in frames of PCA [Volkova, 2013].

2. THE CASE OF THE RUSSIAN RESPONDENTS

RLMS (full sample), 24 wave, sample size – 18 430 people. Three integral indicators (II) are obtained. In brackets next to the variables inside the indicators – weight coefficients

$$w_j^{(l)} = \frac{c_j^{(l)}}{\sum_{j=1}^k c_j^{(l)}}, l=1,2,3, \text{ calculated on the basis of load matrices values } c_j^{(l)} \text{ for each case,}$$

where j is the number of the variable inside l -th II.

Integral indicator "Job", ($l=1$), 69.8% of variance. The indicator consists of four variables with gradations from 1 (complete satisfaction) to 5 (complete dissatisfaction):

- J_Sat – How satisfied are you with your job overall? ($w_1^{(2)} = 0.105$)
- J_Cond_Sat – How satisfied are you with your working conditions? ($w_2^{(1)} = 0.203$)
- Sat_Sal – How satisfied are you with your salary? ($w_3^{(1)} = 0.309$)
- Sat_Gr – How satisfied are you with your professional growth possibilities? ($w_4^{(1)} = 0.294$)

The respondents are most satisfied with their job and working conditions. The assessment of wage satisfaction is less positive. All variables have a strong pairwise correlation. Maximal value $\gamma_{(Y\partial_pa\delta, Y\partial_yc\pi_pa\delta)} = 0,887$, minimal ($\gamma_{(Y\partial_yc\pi_pa\delta \text{ и } Y\partial_zn)} = 0,619$).

Integral indicator "Material Wellbeing", ($l=2$), 53,15% of variance. The indicator consists of four variables with gradations from 1 (highest quality) to 5 (lowest quality). The variable Stage_Wealth is measured in a 9-point scale, where 1 is the highest level, 9 is the lowest level.

Change_fin_sit – How has the financial situation of your family changed over the past 12 months? ($w_1^{(2)} = 0.105$)

Fut_Change_fin_sit – In 12 months you and your family will live better or worse than today? ($w_2^{(2)} = 0.106$)

Stage_Wealth – Ladder "Wealth-poverty". At what stage are you personally? ($w_3^{(2)} = 0.423$)

Sat_MatWB – How satisfied are you with your current financial situation? ($w_4^{(2)} = 0.211$)

Coop_rich_poor – In Your opinion, is cooperation between rich and poor possible? ($w_5^{(2)} = 0.154$)

Respondents are more likely to make negative assessments of the current financial situation. The retrospective assessment of the financial situation and the forecast of material well-being for the next year are more positive and interconnected.

Integral indicator "Life Conditions", ($l = 3$), 66,1% of variance. The indicator consists of four variables with gradations from 1 (all possibilities) to 5 (there are no possibilities at all).

Imp_Liv_cond – Do you have an opportunity to improve your living conditions? ($w_1^{(3)} = 0.153$)

Keep_mon – Do you have the ability to save money for large purchases? ($w_2^{(3)} = 0.454$)

Vacation – Do you have the opportunity to spend a family vacation abroad? ($w_3^{(3)} = 0.393$)

In addition to the calculated integral indicators, the model also includes the variable Health - "How satisfied are you with your health now?" (1 – completely satisfied, 5 – completely not satisfied). Because the dependent variable Life_satisfaction ("How satisfied are You with your life overall?") is an ordinal variable, it is necessary that the explanatory variables are also ordinal. The calculation of latent variables has changed the structure of the data. Using the method proposed in [Satarov], percentiles for q were determined for the considered integral variables = 10, 35, 65, 90%. The signs in the estimation of ordinal regression coefficients are interpreted as follows: positive coefficients act as categories lower in meaning, and Vice versa – for negative ones. In our case, the lowest category (1) of the dependent variable demonstrates its highest quality (table 1) [Volkova, 2017].

Table 1: The results of ordinal regression (logit model), RLMS

Pseudo $R^2 = 0,289$							
Gradations of explanatory variables	Estimate	St. error	Wald	d.f.	Sig.	95% confidence interval	
						Lower Bound	Higher Bound
[Health =1]	-2,452	0,648	14,322	1	0,000	-3,722	-1,182
[Health =2]	-1,937	0,616	9,888	1	0,002	-3,144	-0,730
[Health =3]	-1,635	0,615	7,062	1	0,008	-2,840	-0,429
[Health =4]	-1,146	0,628	3,329	1	0,068	-2,378	0,085
[Health =5]	0	.	.	0	.	.	.
[Job =1,00]	-1,654	0,123	182,244	1	0,000	-1,894	-1,414
[Job =2,00]	-1,261	0,099	161,278	1	0,000	-1,456	-1,067
[Job =3,00]	-0,976	0,098	98,435	1	0,000	-1,169	-0,783
[Job =4,00]	-0,596	0,092	41,668	1	0,000	-0,778	-0,415
[Job =5,00]	0	.	.	0	.	.	.
[Material Wellbeing =1,00]	-3,062	0,135	517,927	1	0,000	-3,326	-2,798
[Material Wellbeing =2,00]	-2,395	0,109	486,745	1	0,000	-2,607	-2,182
[Material Wellbeing =3,00]	-1,860	0,105	315,280	1	0,000	-2,065	-1,655
[Material Wellbeing =4,00]	-1,196	0,101	139,476	1	0,000	-1,394	-0,997
[Material Wellbeing =5,00]	0	.	.	0	.	.	.
[Life conditions =1,00]	-0,477	0,076	39,749	1	0,000	-0,625	-0,328
[Life conditions =2,00]	0	.	.	0	.	.	.

Note: Dependent variable-life Satisfaction measured on a scale from 1 (fully satisfied) to 5 (fully dissatisfied)

The probability of transition from lower to higher gradations of the dependent variable (and, consequently, the growth of life satisfaction) is most strongly influenced by the integral satisfaction with the material wellbeing.

Excellent health improves life satisfaction more than job satisfaction. The least impact on increasing life satisfaction makes the availability of opportunities to improve life.

3. THE CASE OF EUROPEAN RESPONDENTS.

EUROBAROMETER database, sample size 32 868 people. Most of the variables contained in the Eurobarometer database are aimed to measure attitude of respondents to various processes within the EU (politics, demography, security, migration). However, we have selected a number of features that were then included in the life satisfaction analysis model. All selected variables were divided into two groups: assessment of the current situation (in addition - difficulties with payment of debts) and taking into account the opinion of the Respondent, according to the analysis of the values of γ -criterion. Similar to the previous case (RLMS data), the weight

coefficient is given in parentheses next to each j -th variable
$$\nu_j^{(l)} = \frac{c_j^{(l)}}{\sum_{j=1}^k c_j^{(l)}}, l = 1, 2, 3.$$

Integral indicator "Estimate", ($l = 1$), 63,2% of variance. In the composition – three variables (Work, Finance, QoL_country) with gradations from 1 (highest quality) to 4 (lowest quality). Variable Debt difficulties measured at the 3-point scale, where 1 – no, 2 – sometimes, 3 – almost always.

Work – assessment of work and working conditions ($\nu_1^{(1)} = 0.325$)

Finance – assessment of the financial situation in the household ($\nu_2^{(1)} = 0.257$)

QoL_country – assessment of quality of life in the Respondent's country of residence ($\nu_3^{(1)} = 0.263$)

Debt difficulties – difficulties with debt payment ($\nu_4^{(1)} = 0.155$)

Integral indicator «Opinion», ($l = 2$), 84,4% of variance. Includes variables measured on a scale from 1 (strongly agree) to 4 (strongly disagree).

Opinion_EU – taking into account the Respondent's opinion within the EU ($\nu_1^{(2)} = 0.511$)

Opinion_country – taking into account the Respondent's opinion within the country ($\nu_2^{(2)} = 0.489$)

The obtained variables Estimate and Opinion were converted to ordinal scales by scheme, similar to that applied to the Russian data. The interpretation of factors for Eurobarometer data is exactly the same as for RLMS data – the lower the factor value, the higher the quality. The results of the regression analysis obtained by constructing the ordinal regression are presented in table 2.

Table following on the next page

Table 2: The results of ordinal regression (logit model), EUROBAROMETER

Pseudo $R^2 = 0,401$							
Gradations of explanatory variables	Estimate	St. error	Wald	d.f.	Sig.	95% confidence interval	
						Lower bound	Higher bound
[Situation_1=1,00]	-5,243	0,068	5993,567	1	0,000	-5,376	-5,111
[Situation_1=2,00]	-3,969	0,056	4997,207	1	0,000	-4,079	-3,859
[Situation_1=3,00]	-3,148	0,054	3384,466	1	0,000	-3,254	-3,042
[Situation_1=4,00]	-1,758	0,048	1360,482	1	0,000	-1,851	-1,665
[Situation_1=5,00]	0	.	.	0	.	.	.
[Opinion_1=1,00]	-0,453	0,031	213,478	1	0,000	-0,514	-0,392
[Opinion_1=2,00]	-0,146	0,037	15,348	1	0,000	-0,219	-0,073
[Opinion_1=3,00]	0	.	.	0	.	.	.

Note: Dependent variable-life Satisfaction measured on a scale from 1 (fully satisfied) to 5 (fully dissatisfied)

Taking into account the Respondent's opinion affects the resulting variable to a less then the situation assessment. In the best conditions (the quality of all factors is maximum or close to that) the probability that life satisfaction will be full or almost full is high. However, for the European respondents are characterized by a more positive assessment. If the initial variables are distributed "positively, but with a negative bias", so only a part of them has gradations below the average, the final probabilities are also shifted further from the first gradation of the dependent variable. And, finally, the situation, that can be called " All (almost) poorly!". Respondents - in rather difficult conditions: low satisfaction with financial situation, extremely low job satisfaction, complete lack of conditions for improving life, very poor health (for Russian citizens). In this case, 74% of the expected answers refer to the last, fifth gradation of the dependent variable. The assessment of the current situation is low, the opinion of respondent does not play any significant role (for Europeans). All this leads to a shift in the final gradation towards the negative. However, European respondents are in a more advantageous position, the estimates are shifted to the center. This, in our opinion, is due to the fact that for Russians material well-being plays a greater role in assessing the quality of life than for the inhabitants of Europe.

4. CONCLUSION

Either Russians or Europeans are concerned about the material well-being, work and financial opportunities of the family. These same factors have the greatest impact on life satisfaction. At the same time, for Russians, the first place is satisfaction with the financial situation (in particular, self – determination on the "wealth – poverty" ladder), followed by an assessment of health status. And only then – assessment of work and working conditions. The least impact on life satisfaction is the ability to make money savings. This is due, among other things, to the low level of material security. Residents of European countries are more concerned about comprehensive evaluation of the conditions and quality of life and less the basis of their opinion inside the country and abroad.

ACKNOWLEDGEMENT: Russian Science Foundation, Project 17-18-01080.

LITERATURE:

1. Satarov G.A., Blagoveshchenskij Yu.N. Statisticheskoe sravnenie Rossii i drugikh stran. URL: komitetgi.ru/projects/70/.
2. Verbik M. A guide to modern econometrics. John Wiley and Sons. 2008. 472 p.

3. Volkova Maria. Revelation of Factors of Life Satisfaction in Russia and Europe // Social policy and sociology. №5, 2017. P. 5-16.
4. Volkova Maria. Comparison of objectivistic and subjectivist approaches to measurement of synthetic la-tent categories of Quality of Life of the population: results of the empirical analysis of Russian data // Applied econometrics. 2010. № 3 (19). P. 62–90.

ECONOMIC PERFORMANCE ESTIMATION OF THE VISEGRAD GROUP COUNTRIES

Maria Bartekova

*University of Economics in Bratislava, Faculty of Business Management, Slovakia
maya.bartekova@gmail.com*

Ludomir Slahor

*Comenius University in Bratislava, Faculty of Management, Slovakia
ludomir.slahor@fm.uniba.sk*

ABSTRACT

The purpose of this paper is to estimate a gap model of the Visegrad Group including core macroeconomic variables as aggregate demand, aggregate supply, interest rates, exchange rates and unemployment, further enriched by a fiscal block for Slovakia. This model takes a form of global projection model, since incorporating mutual linkages between the economies and also their most important trading partner, aggregated eurozone. Gap models are based on a small number of linear behavioural equations capturing macroeconomic fundamentals and underlying stochastic processes pinning down the long-run trend values. Although proposed in mostly linear form and not properly derived from micro-foundations as standard dynamic stochastic general equilibrium models, combination of relatively simple structure together with plausible impulse responses makes the model suitable for policy analysis. The model was estimated with Bayesian techniques, which provide a very efficient way of imposing restrictions to produce both plausible dynamics and sensible forecasting properties. In addition, since the trading partners of Slovakia are modelled endogenously, we can capture spillovers between the countries and their final impact on the Slovak economy. Enrichment for the fiscal block makes the model applicable also for fiscal policy purposes. Spillovers between the economies are captured by three macroeconomic channels: impact of the external demand on the domestic output, impact of the exchange rates via relative competitiveness and import prices and correlation of the interbank risk premia. On the other hand, government deficit and debt are affecting the economy via fiscal impulse, government bond premium and trend real appreciation. The shock to the level of potential output has little effect on the output gap or interest rates, but it does lead to some decline in inflation, probably because of the cross correlation between the error term in the equation for the level of potential output and that in the inflation equation.

Keywords: *Forecasting, Gap model, Regional Development, Slovak economy*

1. INTRODUCTION

From the perspective of domestic research, we should mention the model by Gavura and Reľovský (2005) operating as the open economy gap model based on a small number of behavioural equations and exogenous external environment. In contrast to our solution, the authors applied the method of pre-filtration to distinguish between trend and cyclical variables. Since we focus on the entire region of the Visegrad Group, we propose more complex look on the development of the Slovak economy, while the fiscal block extension is especially important due to the absence of the domestic monetary policy. Next, we should mention the DSGE model by Zeman and Senaj (2009) and the model by Múčka and Horváth (2015) exploring a fiscal policy impact on the Slovak economy.

2. ECONOMIC PERFORMANCE OF THE VISEGRAD GROUP COUNTRIES

While economic convergence is typically measured using relative GDP per capita, it is also useful to look at the evolution of measures of national income and consumption (Rentková, Panevski, 2017). This is particularly important for countries with a significant stock of FDI such as the Czech Republic and Slovakia, in which FDI-related dividend payments abroad and other earnings outflows can drive a wedge between GDP and GNI, with the latter providing a more accurate picture of national income available for domestic economic activities. However, it is instructive to also consider alternative measures of economic activity and spending. Besides GDP, the concept of Actual Individual Consumption (AIC) can also shed light on the evolution of the welfare and living standards of households, but it suffers from the drawback of excluding investment activity and cannot account for productivity gains – two factors of central importance in driving convergence (Carabenciov et al., 2013). Given the importance of adjusting nominal variables for relative price level changes, we employ Eurostat estimates of purchasing power standards (PPS). The PPS is an artificial currency unit which adjusts for price level differences using purchasing power parities. In the case of the Czech Republic and Slovakia, the choice of national income aggregate can significantly impact the assessment of economic convergence. For example, a comparison based on GDP suggests that the Czech Republic reached a (PPS-adjusted) GDP per capita level of nearly 90% of the EU-28 average in 2016. However, on a GNI per capita basis this ratio falls to around 80%. Furthermore, while the GDP-based measure suggests swift Czech convergence during the pre-crisis period, the GNI equivalent shows a more muted trend. A comparison of the Czech Republic and Slovakia based on GDP per capita also suggests a somewhat larger gap between the two countries in 2016 than one based on GNI per capita. By contrast, a comparison based on AIC per capita arguably suggests a broadly similar standard of living – or at least of consumption – in Slovakia as in the Czech Republic. Economic growth of Hungary is projected to remain strong but to slow somewhat in 2019 as capacity constraints bite. Real wage gains and employment increases will support private consumption, while investment will be stimulated by private firms and the disbursement of EU structural funds. Exports will benefit from robust external demand and new capacity expansion, although gains in market share will slow. Wage increases resulting from tighter labour market conditions will raise inflation, which is projected to exceed the central bank's 3% target in early 2019. Fiscal and monetary policies in Hungary are expansionary. In 2018, there have been tax reductions alongside widespread spending increases. Statutory minimum wages have also been raised sharply, with further increases scheduled. Prudent policies are needed to prevent overheating. Furthermore, with strong economic growth, a faster reduction of the budget deficit would allow the government to finance higher future age-related spending. The progress in catching up of the most advanced is correctly understood as one of the criteria for a successful economic policy of “catching-up countries.” However, it is not just about getting to the same performance level. The catching-up of most advanced (so-called “real convergence” expressed as a convergence in the level of GDP per capita) should not be a self-proclaimed process. It is rather expected that catching up of performance will be accompanied with convergence in other socio-economic parameters that determine the living standards of the population. Over the last 25 years Polish economy doubled in size, as measured in terms of real GDP. In terms of GDP per capita (at PPP), Poland narrowed the gap by nearly half, moving from 32 to 60 percent of the Western European average (EU-15). Annual GDP growth between 1991 to 2008 was an impressive 4.6 percent (Lyziak, 2016). The growth continued thereafter, as Poland was the only country in the European Union to avoid recession during the financial crisis. Today Poland is the eight-largest economy in the European Union in real GDP terms and can look back with pride on an impressive history of growth over more than two decades (Figure 1). As moved from 60 to 70 percent of the EU-15 level (in terms of PPP), reaching the levels of countries such as Portugal or Cyprus (Eurostat, 2018a).

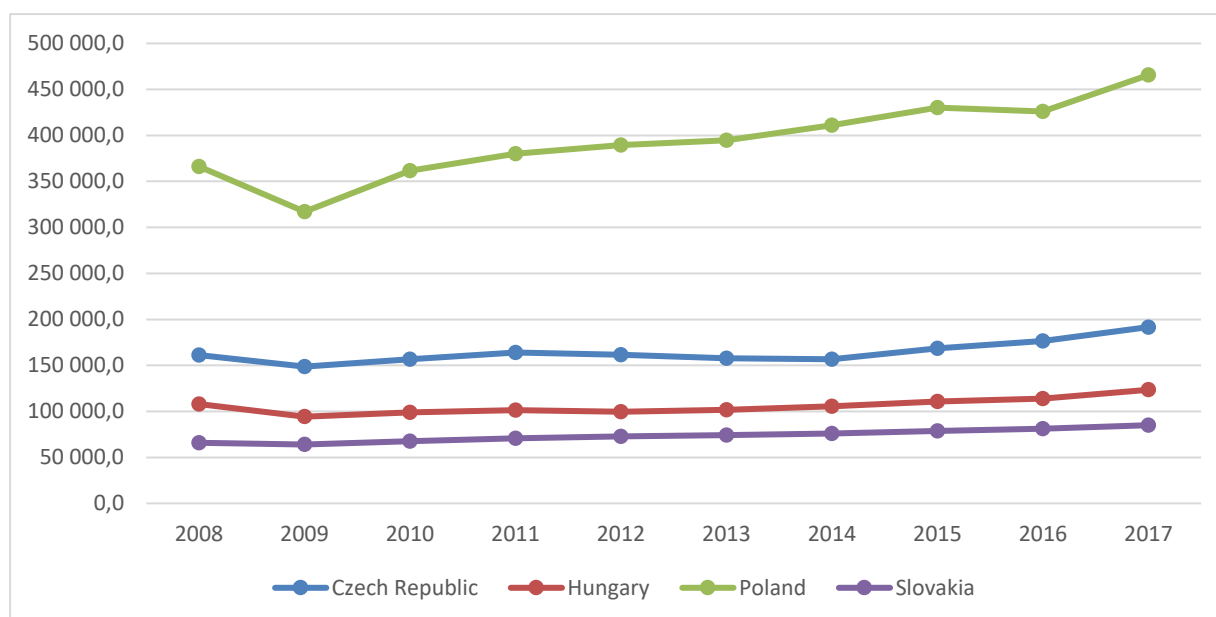


Figure 1: GDP of the Visegrad group countries in million euro (Eurostat, 2018a)

Alternatively, Poland could seek to accelerate development, to become the fastest-growing European Union economy for the next decade. By this second, aspirational scenario, Poland would achieve even greater prosperity, with GDP growth above 4 percent annually between 2015 and 2025. The advance would put Polish per capita GDP (PPP) in 2025 at 85 percent of the projected EU-15 average (PPP). Such growth would allow Poland to attain levels not only of Portugal and Cyprus, but also of Spain, Slovenia, or even Italy. Poland would become a globally competitive advanced economy and a significant exporter of goods and services.

3. METHODOLOGY

Visegrad economies are operating as small open economies affecting each other via two channels. The first one is an effect of exchange rate gap differentials on real economy via changes in real output and inflation rate, capturing the currency depreciation pressure on country competitiveness and higher import prices (Vašíček, 2011). The second channel is a direct effect of foreign output gaps weighted by mutual export volumes, affecting the domestic output via pressures of foreign demand. Furthermore, the eurozone operates as a closed economy, due to its relative size with the respect to the Visegrad Group, thus affecting the other countries in the model but not vice versa. In addition to the standard effects via output and exchange rate, the eurozone is also affecting the Visegrad Group via interbank risk premium, since a deviation of the eurozone risk premium puts a pressure on the risk premia of related economies. We estimate the model parameters using the Bayesian interface that provides a compromise between the standard estimation and the calibration of the model parameters. The reason is that the standard estimation applied on short data sample usually provides results that are inconsistent with the macroeconomic fundamentals, often estimating effects that are opposite to the standard macroeconomic views. This is especially problematic when these models are applied for policy simulations. On the other hand, calibrated models have no support in data and often reflect nothing more than the modellers' judgement.

4. RESULTS AND DISCUSSION

Each economy is characterized by five behavioural equations capturing output, unemployment, inflation rates, interest rates and exchange rates. Money markets interact via trend exchange rates based on simple random walk processes, while the steady-state inflation rates operate as the constant inflation targets (Inštitút menovej politiky, 2018).

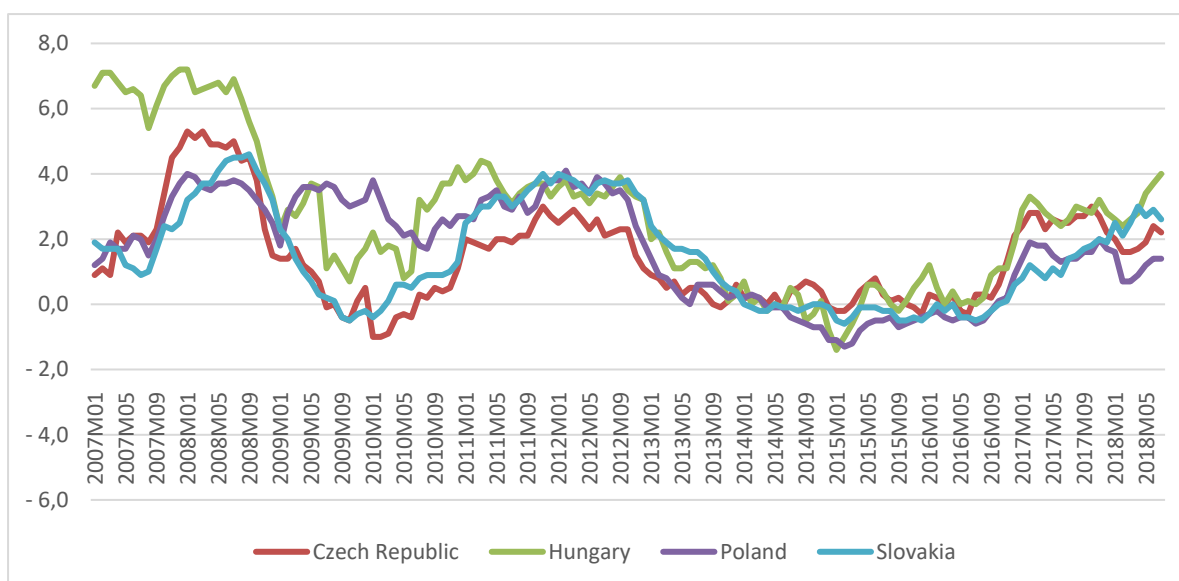


Figure 2: HICP - rate of change (base year = 2015)(Eurostat, 2018c)

Monetary policy shock leads to the decline in the inflation rate and the output gap, increase in the real interest rates and nominal as well as real appreciation (Figure 2). On the other hand, shock to the interbank premium leads to the decline in the policy rate and nominal as well as real depreciation. Shocks to the policy rate and interbank premium for Slovakia refer to their euro area counterparts. Both of them lead to the increase in the government deficit and debt to compensate the output loss, thus pushing the potential exchange rate towards depreciation (Figure 3).

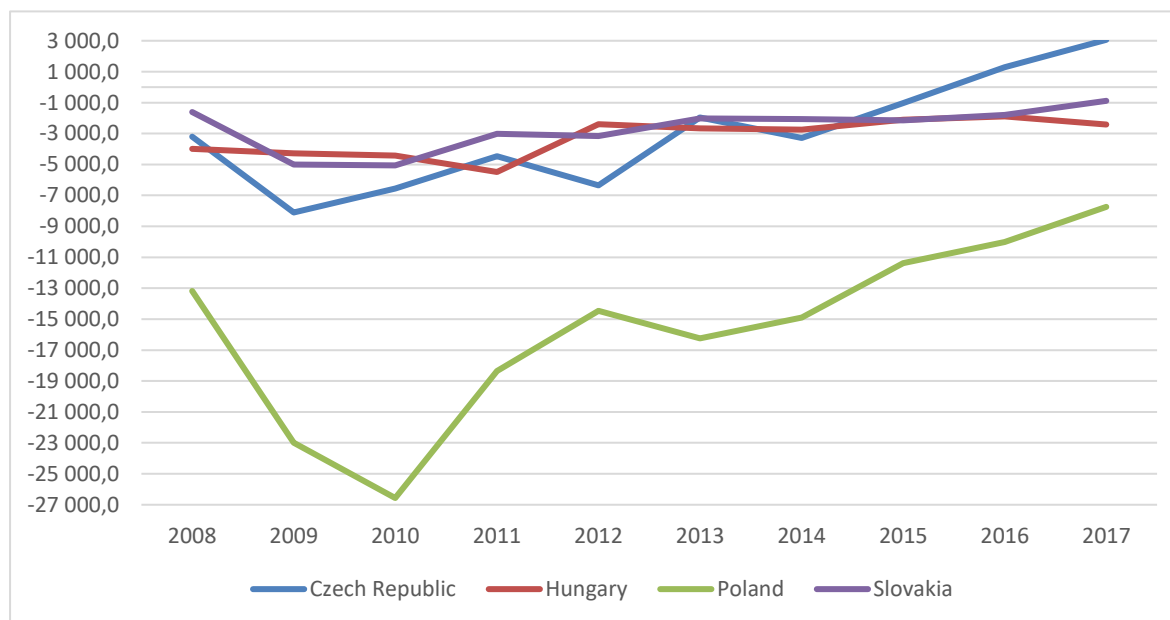


Figure 3: Government deficit/surplus, debt and associated data (Eurostat, 2018b)

Table 1 shows stochastic parameters that are calibrated to further advance the structural interpretation of historical data, while taking into account the historical data evidence as well as the structure and particularities of the model economies. For example, shocks to the potential exchange rate growth are based on the degree of historical convergence, while the potential level shocks cover the volatility in the historical data. Again, key stochastic parameters of the euro area are calibrated according to the New-Keynesian model of closed economy.

Table 1: Stochastic model parameters (own calculations)

Country	Prior Mean	Prior St. Dev.	Posterior Mode	Posterior Mean	Posterior St. Dev.
Monetary policy pass-through					
Czech Rep.	0.1750	0.02	0.1803	0.1816	0.0188
Hungary	0.1750	0.02	0.1656	0.1669	0.0182
Poland	0.1750	0.02	0.1381	0.1399	0.0150
Slovakia	0.1750	0.02	0.1549	0.1578	0.0174
Fiscal policy pass-through					
Slovakia	0.2000	0.05	0.1944	0.2033	0.0457
Marginal costs pass-through					
Czech Rep.	0.1250	0.01	0.1049	0.1064	0.0084
Hungary	0.1250	0.01	0.1141	0.1143	0.0088
Poland	0.1250	0.01	0.0992	0.0999	0.0076
Slovakia	0.1250	0.01	0.0630	0.0643	0.0084
Inflation gap reactivity					
Czech Rep.	3.0000	0.1	2.9431	2.9503	0.0977
Hungary	3.0000	0.1	2.9825	2.9835	0.0976
Poland	3.0000	0.1	2.9183	2.9179	0.0947
Output gap reactivity					
Czech Rep.	0.2000	0.05	0.1866	0.1975	0.0482
Hungary	0.2000	0.05	0.1749	0.1865	0.0450
Poland	0.2000	0.05	0.1551	0.1656	0.0406
Automatic stabilizers					
Slovakia	0.5000	0.05	0.3601	0.3640	0.0338
Debt to government deficit					
Slovakia	0.2000	0.02	0.2188	0.2200	0.0212
Debt to government bonds					
Slovakia	0.2000	0.01	0.1166	0.1172	0.0053
Output gap shocks					
Czech Rep.	0.6000	0.05	0.6229	0.6270	0.0398
Hungary	0.8000	0.05	0.8473	0.8547	0.0484
Poland	0.6000	0.05	0.6435	0.6503	0.0437
Slovakia	1.0000	0.05	1.0938	1.0963	0.0474
Core inflation shocks					
Czech Rep.	0.6000	0.05	0.6040	0.6098	0.0443
Hungary	0.8000	0.05	0.7823	0.7883	0.0461
Poland	0.4000	0.05	0.3853	0.3948	0.0442
Slovakia	0.8000	0.05	0.9727	0.9779	0.0625
Policy rate shocks					
Czech Rep.	0.8000	0.1	0.6482	0.6599	0.0664
Hungary	1.0000	0.1	0.8448	0.8573	0.0695
Poland	0.8000	0.1	0.7099	0.7219	0.0697
Overall deficit shocks					
Slovakia	1.0000	0.1	0.8680	0.8789	0.0654

We distinguish between four basic groups of model parameters. First, steady-state parameters determining the long-run convergence of model variables (Andrle, Garcia-Satlos and Ho, 2014). These parameters are usually calibrated as sample averages from data. Second, structural parameters capturing the model development throughout the business cycles and corresponding

policy reactivity. These are mostly the parameters entering the behavioural equations. Third, trend parameters determining the development and convergence of potential variables, and finally, stochastic parameters describing the behaviour of model shocks. Since we exclude the cross-correlations of the model shocks, these parameters capture only their standard deviations. Finally, we propose the unconditional forecast from the third quarter of 2017 to the last quarter of 2020 starting from the estimated historical values, while the latter captures the pre-set path for the target debt according to the Ministry of Finance (see Figure 4 to Figure 6).

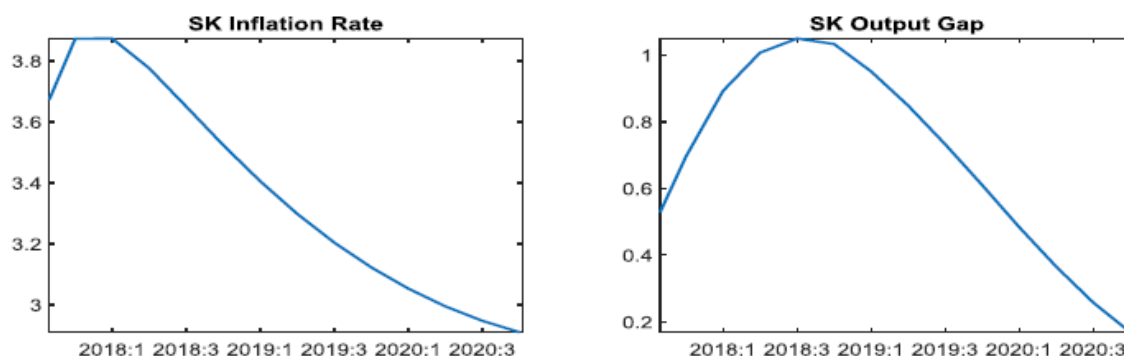


Figure 4: Unconditional forecast of inflation rate and output gap in Slovakia (own calculations)

However, due to the absence of the exchange rate appreciation against the euro area, real exchange rate of Slovakia effectively depreciates. After initial increase of the structural deficit based on the forward-looking inflation pressure, we observe the decline in the government deficit as well as the government debt.

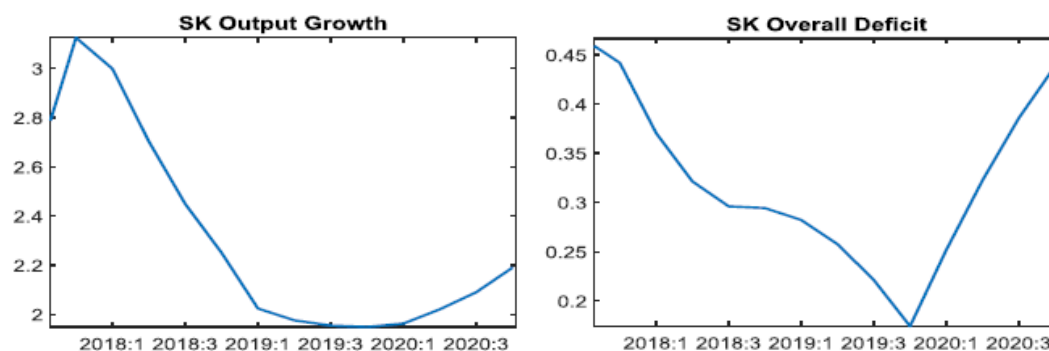


Figure 5: Unconditional forecast of output growth and overall deficit in Slovakia (own calculations)

Consistently with the target government debt, we define the sustainable structural deficit, which is adjusted by the expected nominal output growth over the next year, thus approximating the government policy one year ahead. Actual structural deficit then fluctuates around the sustainable one in order to meet the target. Rising output gap is then followed by the automatic stabilizers and thus leads to the decline in the government deficit as well as the government debt (Figure 5). Latter is further reduced through the nominal output growth.

Figure following on the next page

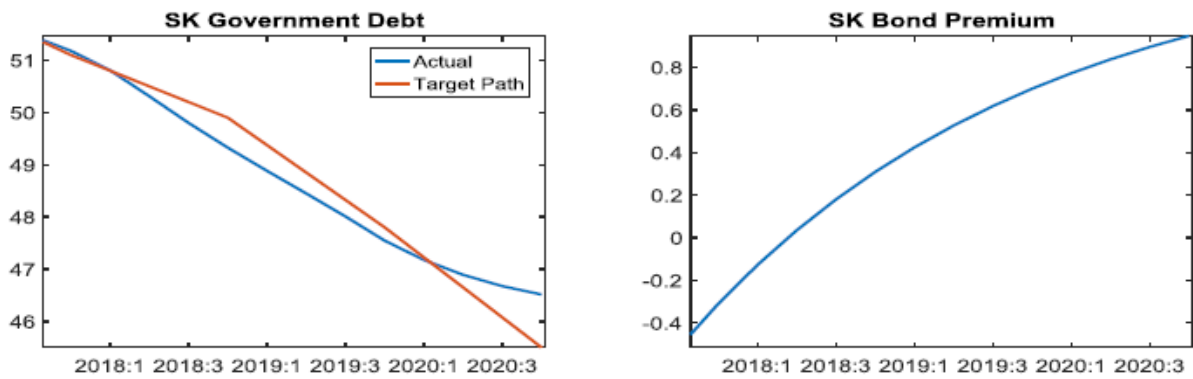


Figure 6: Unconditional forecast of government debt and bond premium in Slovakia (own calculations)

While lowering the output gap, output growth and structural deficit via the fiscal impulse channel in Slovakia, we decline also the government debt (blue line) in order to meet the target (red line), through the decline in the government deficit, and the risk premium on government bonds that declines by approximately half percentage point at the end of the forecast period (Figure 6). We should also mention that we underestimate the future output growth, since not incorporating the one-off investment effects of Volkswagen and Jaguar.

5. CONSLUSION

We proposed the medium-scale economic performance estimation of the Visegrad Group, based on the behavioural equations for output gap, unemployment gap, inflation rates, interest rates and exchange rates, together with the underlying stochastic processes, that was further extended with the fiscal block for Slovakia. In addition, we approximated the term structure of interest rates by incorporating the yields on ten-years government bonds. Government deficit and debt are affecting the economy via fiscal impulse, government bond premium and trend real appreciation. Overall government deficit then fluctuates around the structural one, depending on a cyclical position of the economy and according to a deviation of government debt from its target one year ahead. The former reflects the impact of automatic stabilizers on government budget whereas the latter follows the policy reactivity approximating the government policy one year ahead. Finally, fiscal impulse is determined by a quarterly change in the structural deficit, shock to the overall deficit and a quarterly change in the target debt, evaluating the impact of fiscal consolidation. We should also mention that we underestimate the future output growth, since not incorporating the one-off investment effects of Volkswagen and Jaguar. A comparison of the Czech Republic and Slovakia based on GDP per capita also suggests a somewhat larger gap between the two countries in 2016 than one based on GNI per capita. By contrast, a comparison based on AIC per capita arguably suggests a broadly similar standard of living – or at least of consumption – in Slovakia as in the Czech Republic. Poland could seek to accelerate development, to become the fastest-growing European Union economy for the next decade. By this second, aspirational scenario, Poland would achieve even greater prosperity, with GDP growth above 4 percent annually between 2015 and 2025.

LITERATURE:

1. Andrieu, M., Garcia-Saltos, R., Ho, G. (2014). *A Model-Based Analysis of Spillovers: The Case of Poland and the Euro Area* (Working paper No. 14/186). Washington, D.C.: International Monetary Fund.
2. Carabenciov, I., Freedman, Ch., Garcia-Saltos, R., Laxton, D., Kamenik, O., Manchev, P. (2013). *GPM6 – The Global Projection Model With 6 Regions* (Working paper). Washington, D.C.: International Monetary Fund.

3. Lyziak, T. (2016). *Do inflation expectations matter in a stylised New Keynesian model? The case of Poland* (Working paper). Warsaw: Narodowy Bank Polski.
4. Múčka, Z., Horváth, M. (2015). *Fiscal Policy Matters A New DSGE Model for Slovakia* (Discussion paper). Bratislava: Council for Budget Responsibility.
5. Vašíček, B. (2011). Inflation Dynamics and the New Keynesian Phillips Curve in Four Central European Countries. In: *Emerging Markets Finance and Trade*, Vol. 47, No. 5, p. 71-100.
6. Zeman, J., Senaj, M. (2009). *DSGE model – Slovakia* (Working paper). Bratislava: National Bank of Slovakia.
7. Eurostat. (2018a). *GDP and main components (output, expenditure and income)*. Retrieved 02.09.2018 from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_10dd_edpt1&lang=en.
8. Eurostat. (2018b). *Government deficit/surplus, debt and associated data*. Retrieved 02.09.2018 from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_10dd_edpt1&lang=en.
9. Eurostat. (2018c). *HICP (2015 = 100) - monthly data (monthly rate of change)*. Retrieved 02.09.2018 from <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>.
10. Inštitút finančnej politiky. (2018). *Gap model of the Visegrad Group* (Working Paper). Bratislava: Inštitút finančnej politiky.
11. Rentková, K., Panevski, D. (2017). *The financial sector and economic development*. In: *Vision 2020: sustainable economic development, innovation management, and global growth*. p. 4004-4017. Norristown: IBIMA.

GROSS DOMESTIC PRODUCT OR GROSS NATIONAL HAPPINESS – WHICH IS THE BETTER ALTERNATIVE FOR ECONOMIC MEASUREMENT?

Maria Marikina

Department of Economics, University of National and World Economy, Bulgaria
mmarikina@unwe.eu

ABSTRACT

The object of the analysis will be the measurement of the economy, and the subject is the essence and dynamics of Gross Domestic Product (GDP) and Gross National Happiness (GNH). The thesis we will defend is that today GNH is the more appropriate indicator for measuring of the national economies. The main and most popular macroeconomic indicator of the national accounts system in the world is GDP. GDP is accepted standard for measuring and managing the size of an economy. It is based on simple accounting and can be calculated using output, expenditure, or income figures. By all three methods, the goal is to measure the final result of the economic activity of each economy. The idea of GDP today, however, can be criticized. This basic measure has a number of constraints, and the question is whether there is an alternative to it? It is sought in the balance between material well-being, spiritual, emotional and cultural needs of individuals and society. Such an alternative is GNH - an indicator that measures the collective happiness and well-being of a population. GNH is distinguishable from GDP by valuing collective happiness as the goal of governance, by emphasizing harmony with nature and traditional values as expressed in several areas of happiness such as psychological well-being, health, time use, education, cultural diversity and resilience, good governance and others and pillars of GNH as sustainable and equitable socio-economic development, environmental conservation, preservation and promotion of culture, good governance. The tasks of this research are related firstly to the presentation of GDP and GNH in their essence and secondly, to finding the advantages and disadvantages of using GDP and GNH as main measures in the economy.

Keywords: *Gross Domestic Product, Economic Well-Being, Gross National Happiness, Economic measuring*

1. THE GDP IDEA

The main and most popular macroeconomic world indicator is the (GDP). The modern concept of the gross domestic product (GDP) was developed by the economist Simon Kuznets in 1934. Since then, and especially after the Bretton Woods agreements, GDP was adopted as the standard in measuring domestic economy and can be calculated using the production method, the value method, and the end use method. In all three methods the goal is to measure the end result from economic activity of every economy. Thus, it provides governments with effective tool for managing the key levers of economy, and also serves as means to make comparative assessments of economies and conclusions whether they show growth or shrinkage. However, GDP does not measure everything. First of all, this macroeconomic indicator neglects the connection between economic growth and income inequality. Growth is not always a good indicator for prosperity, although Kuznets' initial idea is that "any claim to significance [National Income] such a total would have would lie in its presumptive usefulness as an appraisal of the contribution of economic activity to the welfare of the country's inhabitants, present and future".¹

¹ Ackerman F., Kiron D., Goodwin N., Harris S., Gallagher G.(1997). *Human Wellbeing and Economic Goals*, Island Press, USA, p. 373

Following this logic, the criticism is focused on the observation that although in the last decade GDP increases on average for most developed markets, the actual wages are going down, since the larger part of profits of a larger economy rewards capital and not labour. Income and inequality, poverty, economic safety, health, etc. are not measured. Furthermore, GDP ignores transaction and social costs. There is no assessment on environmental impact and the damage thereof due to the production of goods and services. And more importantly, although the GDP growth is accepted as advancement, as progress, it was never intended to measure welfare or happiness. The question arises whether the GDP model takes all factors into consideration when assessing the economy. As a result of these flaws, there are more and more debates over the years discussing which and what should the key macroeconomic indicator be.

2. GDP DEBATES AND THE NEED FOR AN ALTERNATIVE

Actually, debates started way back in time, yet they are again topical today due to the fact that the economy should be measured in the best way possible, considering the fact that economic activity, social welfare and sustainable development are three different things. They, however, should be included in a way that is most suitable for economic assessment. One of the first attempts in debating belongs to William Petty in 1665, who made an income and expenditure assessment in England and Wales. Later on, his analyses were followed by various approaches during the 18th and 19th c. During the 1930s, partly as a response to the politicians' search for a better economic indicator, the modern approach to national income was formed. The most important issue then concerned the goal of the key economic indicator – whether it should measure social welfare or just the level of economic activity? Simon Kuznets – the chief architect of GDP advocates for the former but the needs of the wartime production then shifted the focus onto the measure of economic activity – the GDP. The idea among economists that GDP does not measure society's welfare is present, yet in practice, the GDP growth or economic growth is used as “litmus for the health of the economy”, both in economic research and in the broad public debate during policy implementation. In this regard, isn't it strange that the juxtaposition between welfare and economic growth measurements is demonstrated several times over the post WWII years? James Tobin and William Nordhaus state in 1972 that maximizing the growth of GNP (Gross National Product – back then more commonly used than GDP) is not a suitable goal for the economic policy. They asked the key question “*Is Growth Obsolete?*”² Instead, they propose a new indicator or „Measure of Economic Welfare (MEW)“.² The idea is for GDP to also include production that does not receive market assessment, as well as concealed income, and also to reflect the price of leisure. The point is for welfare and quality of life to be measured by using social indicators which are not only quantitative but also qualitative and which reflect key aspects of the state of society – health, mortality, leisure, social micro environment, degree of environmental pollution, etc. Later on other economists suggest alternative routes for economic measurement; such as in the case of Herman Daly and John Cobb who founded in 1989 the so called Genuine Progress Indicator (GPI).³ It proposes the Gross Domestic Product (GDP) to be replaced or amended. GPI works in a way so that it reports more comprehensively the nation's welfare in its part regarding the size of the country's economy and includes ecological and social factors that GDP does not take into account. GPI separates the notion of social progress from the notion of economic growth, whereas the GPI growth and others thereof is lower than the GDP growth. Since the 1990s to date, a series of alternative measures have been proposed, all of which aim to propose ways to measure the economy to help overcome the shortage of factors for the positive contribution to welfare,

² Nordhaus W., Tobin J. (1973) *Is Growth Obsolete?* Chapter pages in book: (p. 509 - 564), <http://www.nber.org/chapters/c3621>, In *The Measurement of Economic and Social Performance* Milton Moss, ed. Volume Publisher: NBER, 1973 <http://www.nber.org/books/moss73-1>

³ Herman D., Cobb J. Cobb (1989). *For the Common Good: Redirecting the Economy Toward Community, the Environment, and a Sustainable Future*, Boston: Beacon Press

which GDP lacks. Here it is worth mentioning the Index of Economic Well-Being (IEWB), created by the economists at the Centre for the Study of Living Standards; the Index of Social Health (ISH) implemented by the scientists at Fordham University; the Index of Life Style (ILS), introduced by the Fraser Institute. In this regard, there are new measures that also allow for conducting comparative studies on the economies, such as the Human Development Index (HDI), developed at the UN Development Program, the Quality of Life Index (QOL), developed by Ed Diner at the University of Illinois, the Index for Social Progress (ISP), proposed by Richard Estes from the University of Pennsylvania, etc. For the most part, however, all these new alternatives created in the discussion process and the search for the best economic measure as an alternative to GDP have their flaws. They blur the conceptual difference between economic activity and welfare; furthermore, to a large extent they include implicit weighing of various aspects of well-being. There are certain compromises in the group of indicators and you could place rather freely own weights to various sub indicators when assessing progress, and therefore it is impossible to be measured. For these reasons a large part of the indicators are more suitable as possible means for monitoring social welfare. The indicator debates are also associated with sustainability. It is well-known that it contributes to social welfare and that combining sustainability indicators in an index together with indicators for current economic activity and welfare impede the understanding of current and future economic consumption. GDP has another flaw – it does not distinguish the aggregate measurement between current consumption and future investment. Then how can sustainability be measured without making broad assumptions about the future and what will the economic growth be? The sustainability idea suggests that economic growth, social cohesion and environmental protection should develop simultaneously to complement each other. Sustainable development is defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." ⁴ The serious problem facing such measure is to create a statistical system that contains the various topics and indicators concerning economic, social, environmental and institutional issues, related to sustainable development and chosen based on the selection criteria related to social significance, data quality, validity, etc.

3. THE GROSS NATIONAL HAPPINESS (GNH) ALTERNATIVE

As a result of the raging discussions and criticism about GDP and the search for an alternative, the issues have gone beyond the academic circles and state governments, while international organizations have started proposing various options for measures. Actually, during the World Summit held in Dubai in 2017, this issue was discussed in depth. It is encouraging that several countries have started taking into consideration the previous concerns regarding GDP. In 2011 the Kingdom of Bhutan introduced indicators for gross national happiness. In 2012 Japan conducted its first "Quality of Life" research and has already established a commission with the Ministry of Councils to measure well-being. Attempts for including happiness and welfare are a fact; they have been implemented into some educational systems of several countries: in 2013 the Republic of Korea established a policy of "happy education for all", while Singapore integrated the social and emotional education as part of the curriculum on character and citizenship in 2013. Great Britain has established and has been operating a "Well-Being Centre", providing statistical data and assessments serving the government in implementing actual political resolutions. The European Bank for Reconstruction and Development (EBRD) has already conducted three international studies to assess the degree of life satisfaction in 34 countries, etc. Bhutan is a good example how to measure happiness as an alternative to GDP. Through subjective research the government measures four indicators for national well-being: fair social and economic development, cultural preservation, environmental protection and good management.

⁴ <https://www.iisd.org/topic/sustainable-development>

These stems encompass what the country understands as happiness: living standard, healthcare, education, environment, management, mental well-being, use of time, cultural sustainability and community vitality. Other countries follow the same methodology. This alternative is GNH – a holistic measure for the quality of life, which includes moral and psychological values unlike GDP. As a term GNH was proposed in 1972 in Bhutan by the king at that time - Jigme Singye Wangchuck; the phrase initially defined the obligation to build an economy that would service the culture of Bhutan, based on Buddhist spiritual values instead of the western ones which focus on material development. In principle, the GNH measure is meant to be sensitive to politics and change in time as a response to public action. Its indicators try to directly reflect public priorities and values. There is an attempt to manage sustainability or react upon deterioration of social, cultural and environmental achievements, whether they are a direct political goal or not. Currently, when choosing indicators, they strive to do that carefully and in such a way that they would remain relevant for future periods as well. The areas which this indicator encompasses are 9, with various volume of criteria, so they total up to 33. See figure 1:

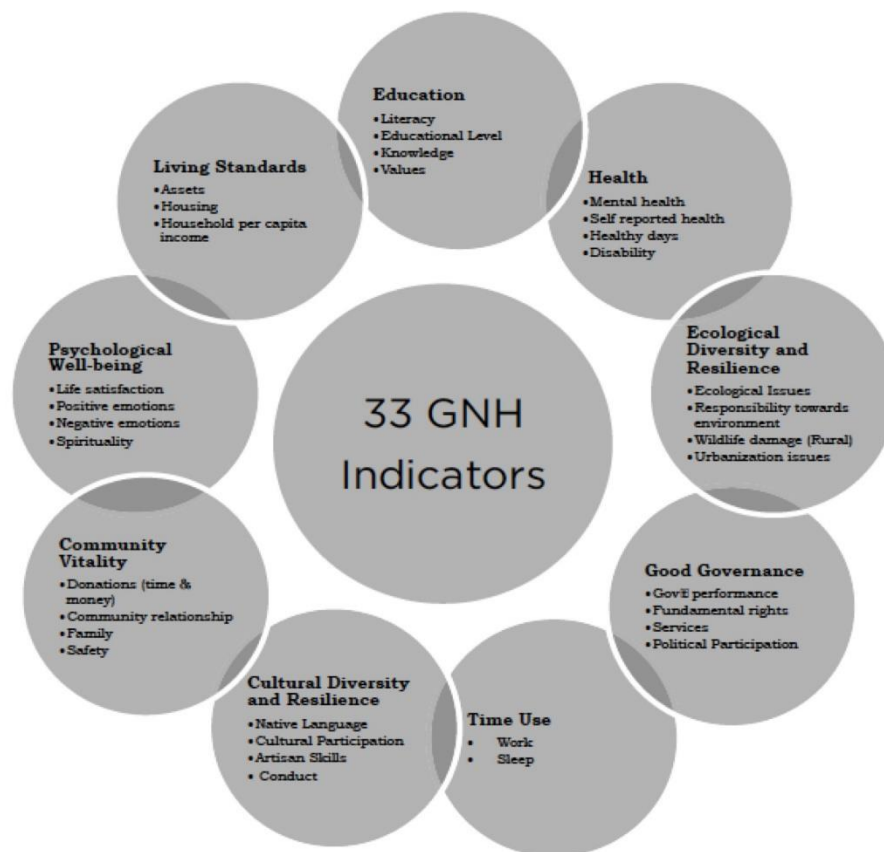


Figure : GNH Indicators (Daga G., 2014, p.19)

The most important question is whether GNH can serve as a practical tool for economic measurement and help leaders and statesmen, business and society in implementing policies and programs. The answer should be sought in what advantages GNH brings as a measure. A similar idea is perfectly systemized in the Gaurav Daga study and several significant advantages of GNH have been ascertained, along with possible weaknesses, comparisons and further opportunities to research this measure. (Daga G. 2014)

1. Setting an alternative framework of development;
2. Allocating resources in accordance with the need of people;
3. Providing indicators for sectors to guide development;
4. Usage of GNH screening tools;
5. Measuring people's happiness and well-being;
6. Measuring progress over time;
7. Sustainable Development;
8. GNH is not only an outcome indicator but also a process indicator.

The surprise with this measure is that it does not especially relate to income, wealth and material goods. What GDP lacks in its essence, namely well-being, is present here. The key determinant of happiness is the quality of human relationships: people who grow up surrounded by friends and family and maintain solid and enriched relationships with other people, lead a happier life. It is proven that maintaining such relationships also helps people live longer. Or to put it briefly, the essence is that economic policies should pursue new, more ambitious goals connected not only to individual income and the country's productivity, but also with life satisfaction and happiness. Since happiness is a subjective emotional state, we can measure the extent to which socioeconomic environment and cultural variables make people happy. In that respect, GNH is an appropriate measure for reporting social welfare. Critically speaking, however, it should be noted that GNH depends on various subjective welfare assessments and in that sense, the governments of individual countries can define it in any way they want. For instance, Deirdre McCloskey criticizes such measurement as not particularly scientific, stating that "recording the percentage of people saying they are happy will show you... how people use words", making an analogy that society cannot "define physics asking people whether it is a warm, hot or cold day"⁵. Kubiszewski, I.; Costanza, R.; Franco, C. find other potential problems in such measurement. They believe that since there is such a broad range of indicators and issue areas with subjective measurements based on studies, citizens may underestimate or overestimate the reporting of some of the aspects.⁶ Other critics claim that international comparison of well-being would be difficult to achieve by using GNH, since each country may define its own GNH measure at its own discretion, therefore in time comparisons would not be adequate. It should also be noted, however, that this indicator, implemented in Bhutan, does not primarily aim to compare but to increase gross happiness.

4. CONCLUSION

In conclusion it should be noted that in the world economy, countries face a great challenge in the name of the ultimate goal – improving their quality of life, sustainability, justice and overall welfare growth. And we cannot speak of well-being if we cannot ensure environmental sustainability, if the cultural development and quality cohabitation is not maintained. The challenge actually lies in measuring all that. The GDP successor or the alternative thereof should be a new set of indicators integrating modern knowledge how economics, ecology, psychology and sociology contribute jointly to ascertaining and measuring sustainable welfare and development. We are in a new stage of socioeconomic development where economic growth is one of the many other goals of economic policy, and societies are looking for a new direction for the world economy. Productivity increase and innovations over the past decades have not necessarily transformed into more welfare for all; competitiveness turned out to be at the expense of income inequality, therefore growth is not related to justice and life satisfaction.

⁵ Measurement and Meaning in Economics: The Essential Deirdre McCloskey (1999) (edited by Stephen Ziliak) ISBN 978-1852788186

⁶ Kubiszewski, Ida; Costanza, Robert; Franco, Carol et al (2013) Beyond GDP: Measuring and achieving global genuine progress, Analysis, Ecological Economics 93, pp. 57–68, Elsevier. URL - http://www.uvm.edu/giee/pubpdfs/Kubiszewski_2013_Ecological_Economics.pdf

Nevertheless, although we know what the new function of governments should be, it is still not clear how to manage such a goal. The key indicator for measuring the economy and society should be the happiness of the people; behind it, however, the material factor is still significant. „ However, we still need to find what the value drivers of happiness are: how does policy allow people to develop healthy relationships? How should education encourage positive thinking and collaboration? How can governments manage life satisfaction when it depends on cultural and environmental factors? Measuring is one thing; managing is another.“⁷

LITERATURE:

1. Adler M. and Posner E. (2008) *Happiness Research and Cost-Benefit Analysis*. The Journal of Legal Studies. 37(S2). pp. 5263–5291
2. Ackerman F., Kiron D., Goodwin N., Harris S., Gallagher G.(1997). *Human Wellbeing and Economic Goals*, Island Press, USA, p. 373
3. Bris A. (2017). *GDP is dead. Long live 'happiness'* IMD Professor Arturo Bris on the new objectives of economic policy, av. at: <https://www.imd.org/publications/opinions/gdp-is-dead.-long-live-happiness/>
4. Daga G.(2014). *Towards a New Development Paradigm: Critical Analysis of Gross National Happiness*, University of Cambridge, p. 38-40
5. Herman D., Cobb J.Cobb (1989). *For the Common Good: Redirecting the Economy Toward Community, the Environment, and a Sustainable Future*, Boston: Beacon Press
6. Kubiszewski I., Costanza R., Franco C.et all (2013). *Beyond GDP: Measuring and achieving global genuine progress*, Analysis, Ecological Economics 93, pp.57–68, Elsevier. URL: http://www.uvm.edu/giee/pubpdfs/Kubiszewski_2013_Ecological_Economics.pdf
7. Ricard M. (2003) *Happiness—A Guide to Developing Life's Most Important Skill*. UK: Atlantic Books.
8. Wilkinson R. and Pickett K. (2009) *The Spirit Level—Why Equality is Better for Everyone*. UK: Penguin Books.

⁷Bris A. (2017). *GDP is dead. Long live 'happiness'* IMD Professor Arturo Bris on the new objectives of economic policy, av. at: <https://www.imd.org/publications/opinions/gdp-is-dead.-long-live-happiness/>

SPATIAL ECONOMETRIC ANALYSIS OF CRIME: EVIDENCE FROM NUTS 3 REGIONS OF V4 COUNTRIES

Michaela Chocholata

University of Economics in Bratislava, Slovakia
michaela.chocholata@euba.sk

ABSTRACT

This paper deals with the spatial analysis of crime in 2016 across the 113 NUTS 3 (Nomenclature of Units for Territorial Statistics) regions of the Czech Republic, Hungary, Poland and Slovakia (known as the V4, i.e. Visegrad 4, countries). The analysis is based on a total number of crimes per 1000 persons and includes conduction of an exploratory spatial data analysis (ESDA) and spatial econometric modelling. Both the box plot and box map of the distribution of the crime are presented. To investigate the spatial effects, the global Moran's I statistic together with the Moran scatterplot were employed. The presence of statistically significant positive spatial autocorrelation (based on queen case contiguity weight matrix) was confirmed. The local indicators of spatial association (LISA) were used to identify the local clusters. Since the statistically significant high-high clusters were confirmed for the 7 Hungarian regions, the low-low clusters occur across the 18 regions of the Czech Republic, Poland and Slovakia. The spatial outliers are represented by 2 Polish regions. Finally, the spatial econometric models were employed to assess the impact of location as well as of some economic and demographic indicators (GDP per capita, rate of employed persons and population density) on crimes in concrete region.

Keywords: *Crime, Regions, Spatial econometric analysis, V4 countries*

1. INTRODUCTION

The increasing development of spatial data analysis and spatial econometric modelling has encouraged researchers from different areas (criminology, economy, psychology and sociology) to deal with place-based theories of crime as well as with analysis of some socio-economic crime determinants. As pointed out by Messner et al. (1999), Anselin et al. (2000) and Ratcliffe (2010), the pioneering work in research on crime and place was presented by social ecologists in France during the middle of the 19th century followed by some studies of the Chicago School in the early 20th century. Nowadays it exists a broad range of studies analysing crime from different points of view using different approaches. Becker (1968) provided the economic analysis of crime and punishment based on costs of crime to society in order to determine optimal policies to combat illegal behaviour. The central role of place in crime determination was stressed by the routine activity theory (Cohen and Felson, 1979), by the rational choice theory (Cornish and Clarke, 1986), and crime pattern theory (Brantingham and Brantingham, 1993). These theories strongly confirm that crime is not randomly distributed over space (Anselin et al., 2000 and Ratcliffe, 2010) and thus their findings can have the potential policy implications exploiting the advantage of the Tobler's first rule of geography, that "Everything is related to everything else, but near things are more related than distant things" (Tobler 1970: 234). During the recent years, the significant software improvements¹ and popularization in the area of spatial modelling has led to publication of plenty studies dealing with identification of spatial patterns in crime based on use of exploratory spatial data analysis (ESDA) as well as on estimation of spatial econometric models (for a detailed survey see e.g., Anselin et al., 2000, Lee et al., 2009 and Ratcliffe, 2010). Messner et al. (1999), Almeida et al. (2003) and Penchev (2014) analysed and identified spatial patterns of crime

¹ GeoDa, R, SAS, MatLab, etc.

across different regions based on the ESDA techniques. Cracolici and Uberti (2008) dealt with the analysis of the geographical distribution of crime in Italian provinces by estimating of various cross-sectional spatial econometric models. Lee et al. (2009) used a mixed geographically weighted regression (GWR) approach in the analysis of determinants of crime incidence in Korea, Delbecq et al. (2013) studied the crime in Chicago using spatial panel econometrics. The aim of this paper is to explore the spatial patterns of crime and to estimate the appropriate econometric models of crime (both non-spatial and spatial) for the cross-sectional data of 113 NUTS 3 regions of the Visegrad 4 (V4) countries². The analysis is based on a total number of crimes per 1000 persons with consideration of following determinants of crime: GDP per capita (defined at current market prices in PPS³), rate of employed persons and population density. Regarding the spatial econometric modelling, the paper deals with the impact of above mentioned determinants on crime as well as with the assessment of potential spatial spillovers among neighbouring regions. The paper is organised as follows: after introduction in section 1, section 2 deals with the methodology, section 3 describes data and the empirical results and section 4 contains concluding remarks and suggestions for further research.

2. METHODOLOGY

In order to assess the impact of location on number of crimes in a concrete region it is useful to start with the data visualisation based on graphs and maps and to conduct the ESDA detecting the presence of spatial dependence, patterns of spatial clusters and spatial outliers. Furthermore, ESDA includes testing for the presence of spatial autocorrelation⁴ both on the global and local level. While the global statistics (given as a single value for the whole data set) measure the global spatial autocorrelation, i.e. how strong the spatial association is across neighbouring regions, its local versions enable to assess the spatial autocorrelation for one concrete region. The LISA (Local Indicators of Spatial Association) presented by Anselin (1995) can be used to determine the existence of local spatial clusters. There are various types of these statistics available (Moran's *I*, Geary C, Getis-Ord), in the empirical part we will use the global and local Moran's *I* statistics⁵ and present the Moran scatterplot capturing both the measures. To analyse the spatial interactions among analysed set of regions it is necessary to specify an appropriate spatial weight matrix **W** of dimension ($n \times n$), where n is the number of regions in the data set. There are various possibilities how to specify the spatial weights, literature usually distinguishes two types of spatial weights: contiguity-based weights and distance-based weights. The contiguity matrix **W** is usually a binary one made up of ones for contiguous neighbours and zero for all others. Since there are various possibilities how to define the contiguous neighbours, the most common is to use the analogy as in the game of chess – the rook case, the bishop case and the queen case (for more information see e.g. Furková, 2016). By convention the diagonal elements of the matrix **W** are set to zero. Another approach is to use the distance-based weight matrix **W** based on distances between regions or travel time between regions. It is useful to bear in mind that the specification of the weight matrix **W** should not to strictly follow some mechanical rules, but to consider neighbours in context of the practical problem being analysed (Getis, 2010, Viton, 2010).

² The Czech and Slovak Federative Republic (CSFR), Hungary and Poland created in 1991 in Visegrad a group – Visegrad group. Since the dissolution of the CSFR in 1993, the group has had four members – the Czech Republic, Slovakia, Poland and Hungary, which are often denoted as V4 countries.

³ Purchasing Power Standard

⁴ Spatial autocorrelation is something more complicated than temporal autocorrelation. Since in case of temporal autocorrelation the dependence is always in one direction, i.e. what happens at one time can be influenced only by what has happened in the past. In case of spatial autocorrelation there is dependence in all directions, i.e. what happens at any point in time can be influenced by both the past and the future (Viton, 2010; Spurná, 2008).

⁵ Mathematical formulas can be found e.g. in Getis (2010).

The empirical analyses are usually provided with the use of an appropriate software which enables also to create a spatial weight matrix (usually its row-standardized form). The impact of various determinants of crime on number of crimes in a concrete region can be analysed by estimation of econometric models. In general, literature distinguishes two approaches to estimation: classical approach (specific-to-general approach) and Hendry's approach (general-to-specific approach). In line with Florax et al. (2003), who proved that the classical approach outperforms the Hendry's approach and provides for better inference, we will follow the classical specific-to-general approach. As the first step it follows the estimation of the classic linear regression model by the ordinary least squares (OLS) method, i.e.

$$crime_i = \beta_0 + \beta_1 gdp_i + \beta_2 emp_i + \beta_3 dens_i + u_i \quad (1)$$

where the dependent variable (*crime*) is a function of explanatory variables (*gdp* – GDP per capita, *emp* – rate of employed persons and *dens* – population density), β_0 , β_1 , β_2 and β_3 are unknown parameters and u_i represents an error term.

It follows testing for the presence of the spatial autocorrelation among the regression residuals by calculation of the spatial diagnostic test statistics (e.g. the Moran's *I*). In case that the presence of the spatial autocorrelation is confirmed, the Lagrange Multiplier (LM) tests can be used in order to decide whether a spatial autoregressive (SAR) or a spatial error (SEM) model of spatial dependence is the most appropriate. If both statistics are significant, robust modifications of these statistics should be used (Anselin and Florax, 1995). Both SAR and SEM models can be estimated by the maximum likelihood method (ML) – for more details see e.g. Fischer and Wang (2011). Next, we present only the formulation of the SAR model because the SEM model will not be used in the empirical part of this paper. Model SAR is also known as a spatial lag model, the main feature of which is that the dependent variable (*crime*) depends on the values of this variable in the neighbouring regions. The extension of the linear model (1) to the SAR model can be written as follows:

$$crime_i = \beta_0 + \beta_1 gdp_i + \beta_2 emp_i + \beta_3 dens_i + \rho \sum_{j=1}^n w_{ij} crime_j + u_i \quad (2)$$

where ρ is the spatial autoregressive parameter, w_{ij} are the elements of matrix **W** describing the structure and intensity of spatial effects and all other terms were previously defined.

Besides the SAR and SEM models, very popular is the use of the spatial Durbin model (SDM) which is the SAR model augmented with the spatial lags of the explanatory variables. Similarly, as SAR and SEM models, also SDM model can be estimated based on ML method. In general, the SDM model occupies an interesting position in the spatial econometric literature, since it is possible to derivate from it many other models (see e.g. LeSage and Pace, 2009; Fischer and Wang, 2011). The formulation of the SDM model including the spatial lags of both dependent and explanatory variables is as follows:

$$crime_i = \beta_0 + \beta_1 gdp_i + \beta_2 emp_i + \beta_3 dens_i + \rho \sum_{j=1}^n w_{ij} crime_j + \gamma_1 \sum_{j=1}^n w_{ij} gdp_j + \gamma_2 \sum_{j=1}^n w_{ij} emp_j + \gamma_3 \sum_{j=1}^n w_{ij} dens_j + u_i \quad (3)$$

where parameters γ_1 , γ_2 and γ_3 measure the impact of explanatory variables from neighbouring regions on the dependent variable.

3. DATA AND EMPIRICAL RESULTS

The analysis in this paper is based on a total number of crimes per 1000 persons in 2016 across regions of V4 countries (Czech Republic, Hungary, Poland and Slovakia). However, it was quite problematic to gain the data, since the Eurostat database (General and Regional Statistics) contains only historical data (2008-2010) for crimes recorded by the police. The data for analysis – number of registered crimes in 2016 – were retrieved from different sources: Police of the Czech Republic (<http://www.policie.cz/docDetail.aspx?docid=22346473&docType=ART>), Hungarian Central Statistical Office (https://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_zji001b.html), Statistical Yearbook of the Regions - Poland 2017 (<https://stat.gov.pl/en/topics/statistical-yearbooks/statistical-yearbooks/statistical-yearbook-of-the-regions-poland-2017,4,12.html>) and from the DATAcube. database of the Statistical Office of the Slovak Republic (http://datacube.statistics.sk/#!/view/sk/VBD_SK_WIN/sk3003rr/Kriminalita%20pod%C4%BEa%20z%C3%A1kladn%C3%BDch%20skup%C3%ADn%20tretn%C3%BDch%20%C4%8Dinov%20%5Bsk3003rr%5D). To calculate the total number of crimes per 1000 persons in concrete regions, the total number of crimes was divided by the Eurostat data on average annual population to calculate regional GDP data (thousand persons) by NUTS 3 regions in 2015⁶ (<http://ec.europa.eu/eurostat/web/rural-development/data/database>). Furthermore, the crime determinants used in our analysis – GDP per capita defined at PPS for 2015, employed persons (in thousand persons) in 2015⁷ and population density (inhabitants per km²) in 2016 were retrieved from the Eurostat (<http://ec.europa.eu/eurostat/web/rural-development/data/database>). The Visegrad group is formed from 4 countries and contains 114 NUTS 3 regions (14 Czech regions, 20 Hungarian regions, 72 Polish regions and 8 Slovak regions). With regard to the data from a Hungarian region Zala giving 26 593 registered crimes in 2016 in comparison to 6 222 registered crimes in 2015, we decided to exclude this region from analysis and to provide the research for a reduced set of 113 NUTS 3 regions. The spatial analysis was carried out in software GeoDa (<https://geodacenter.asu.edu/software/downloads>). The shapefile (.shp) for the European regions with regard to NUTS 2013 classification was downloaded from the web page of Eurostat (<http://ec.europa.eu/eurostat/web/gisco/geodata/reference-data/administrative-units-statistical-units>) and adequately modified in GeoDa. Figure 1 illustrates both the box plot and box map for the total number of crimes per 1000 persons in 2016 (denoted as *cri16obyv*) across individual NUTS 3 regions of V4 countries in order to visualise the unequally distribution of crimes over space with considerable differences across regions inside the analysed countries. Especially high concentration of criminality was detected in 4 regions - in Prague region (44.68 crimes per thousand persons), Budapest (37.75) and Pest (37.44) regions and the city of Wroclaw (36.27) while the mean value was about 19.24 crimes per thousand persons. Since no lower outliers were detected, the lowest criminality was detected across 7 out of 8 Slovak regions, 3 Czech regions and 18 Polish regions.

Figure following on the next page

⁶ Since the data for 2016 were not available for Polish regions, we used the data for 2015.

⁷ In order to be included into the analysis this variable was transformed to an employment rate which was calculated as a ratio of employed persons to the average annual population to calculate regional GDP data (both in 2015).

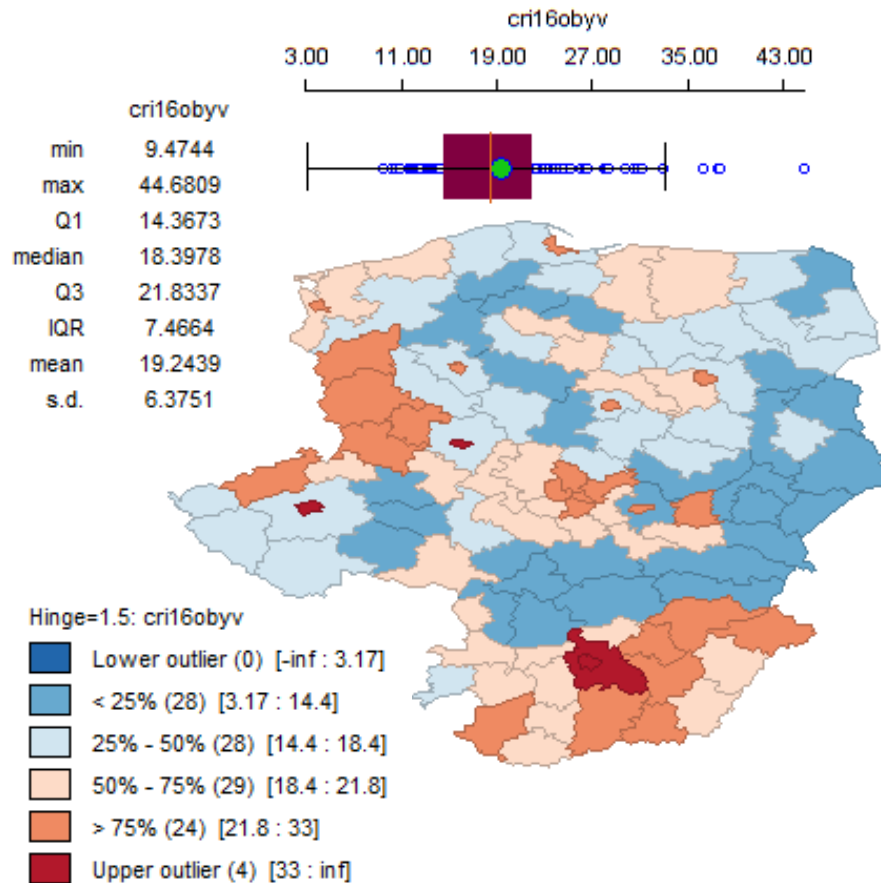


Figure 1: Box plot and box map of the crime per 1000 persons (source: own calculation in GeoDa)

Figure 1 shows that the regions with similar number of crimes tend to be located together. However, the box map does not give any information about statistical significance/insignificance of clustering. In order to investigate if location affects the number of crimes, we have to test for spatial autocorrelation. The spatial neighbourhood was based on the queen case definition of spatial weights (two regions are considered as neighbours if they share any part of a common border). To find out how strong is the spatial association among neighbouring regions we used the global Moran's I statistic and to identify the statistically significant clusters the local Moran's I was employed. Figure 2 contains the Moran scatterplot and LISA cluster map for the number of crimes per 1000 persons in 2016. Moran scatterplot enables to identify regions with positive spatial autocorrelation (high-high – hot spots, low-low – cold spots) and negative spatial autocorrelation (i.e. spatial outliers of high-low and low-high type). The value of the global Moran's I , 0.2950, is larger than the expected value $E(I) = -1/(n-1) = -1/112 = -0.0089$ which indicates the positive spatial autocorrelation (Fischer and Wang, 2011). The LISA statistic, the local Moran's I , enables to assess the impact of individual region to the magnitude of the calculated global Moran's I . The corresponding LISA cluster map shows only regions with statistically significant (significance level 0.05) local Moran's I statistic colour coded by the type of spatial autocorrelation. Regions with high-high and low-low relationships, i.e. hot spots and cold spots, indicate the similar crime rate as their neighbours, while regions with the low-high and high-low relationships, i.e. spatial outliers, indicate different crime rates in comparison to their neighbouring regions. As it can be seen in Figure 2, there are 7 Hungarian regions representing the hot spots and 18 cold spots regions situated in the Czech Republic, Poland and Slovakia.

The analysis revealed 2 spatial outliers in Poland (1 of low-high type and 1 of high-low type) indicating dissimilar crime rates as their neighbours.

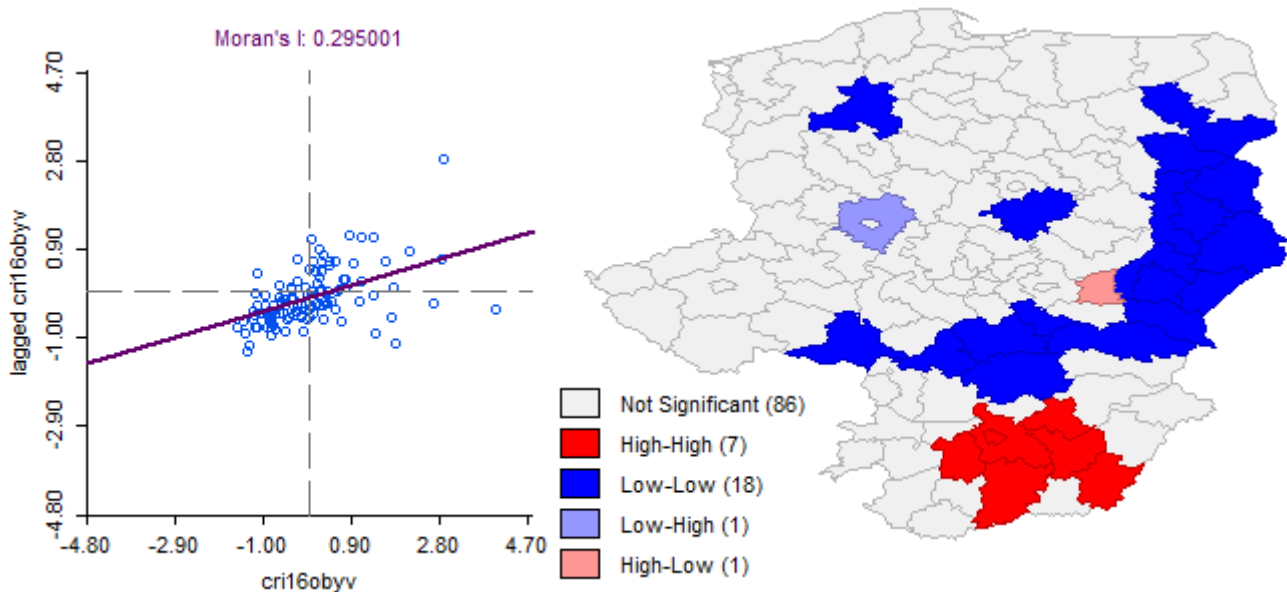


Figure 2: Moran's scatter plot and LISA cluster map of the crime per 1000 persons (source: own calculation in GeoDa)

The second part of the empirical analysis is devoted to the estimation of spatial econometric models which are employed to assess the impact of location as well as of some crime determinants (GDP per capita, rate of employed persons and population density⁸) on a crime rate in a concrete region. The variable GDP per capita as a measure for income is expected to have a negative impact on crime. Similarly, with the rising rate of employed persons we will expect the downward trend in the number of crimes. Regarding the population density, areas with higher concentration of inhabitants are supposed to be more attractive for committing a crime due to high anonymity. Following the classical specific-to-general approach, the analysis starts with estimation of model (1) via OLS method. Estimation results are in Table 1 (Column 1 – Linear model). Although all the estimated parameters were statistically significant, the diagnostic statistics – Moran's I applied on regression residuals and the LM tests indicated that we can clearly reject the null hypothesis of non-spatial dependence. The LM specification tests led to the estimation of SAR model (2). The estimation results of SAR model (based on application of the ML method) are in Table 1 (Column 2 – SAR). All the estimated parameters were statistically significant and concerning the employment rate and population density the estimated parameters have expected signs. However, in case of GDP per capita the estimated sign is positive. This result is in line with Cero and Meloni (2000) who based on Becker's model proved a strong socio-economic effect on the crime rate in Argentina (unemployment rate and income inequality with positive effect on crime rate), as well as with explanations of Fajnzylber et al. (2002). Furthermore, the statistical significance of spatial parameter ρ confirms the significant positive spatial autocorrelation, i.e. presence of spatial effects across neighbouring regions. The crime rates in neighbouring regions can affect the crime rate of a region under study. The statistical adequacy (no remaining spatial autocorrelation) of the SAR model was proved by the value of the LR statistics. The necessity to incorporate the spatial component into econometric analysis was also clearly confirmed.

⁸ Box-maps of these indicators are available from the author upon request.

In order to investigate the spatial spillovers among regions generated by the explanatory variables, we considered their spatial lags and estimated model (3) without the term $\rho \sum_{j=1}^n w_{ij} crime_i$ with the use of OLS (Column 3 – Linear model). Concerning the statistical significance of parameters γ_1 , γ_2 and γ_3 it was proved that only employment rates in neighbouring regions can affect the crime rate of a region under study. However, it is necessary to mention that this interpretation is not adequate since the diagnostic test results clearly confirm the necessity of spatial lag specification. In the next step, the SDM model (3) was estimated (for estimation results see Table 1: Column 4 – SDM). Since the parameters of the spatially lagged explanatory variables were not statistically significant, we will not pay attention to these estimation results.

Table 1: Estimation results of spatial econometric models (source: own calculations)

Model	Linear model	SAR	Linear model	SDM
Method	OLS	ML	OLS	ML
β_0	23.5324***	13.3160***	28.6269***	16.1862***
β_1	0.0003**	0.0002**	0.0002	0.0002**
β_2	-27.5776***	-21.0377***	-12.9909	-18.3455*
β_3	0.0062***	0.0054***	0.0051***	0.0050***
ρ	-	0.4573***	-	0.4527***
γ_1	-	-	0.0002	-8.76.10 ⁻⁶
γ_2	-	-	-33.1343*	-9.5126
γ_3	-	-	0.0023	-0.0009
Diagnostic test results				
Moran's I (error)	5.7279***	-	5.4915***	-
LM (lag)	29.7193***	-	25.4100***	-
Robust LM (lag)	2.0179	-	1.6274	-
LM (err)	27.8316***	-	24.3529***	-
Robust LM (err)	0.1301	-	0.5703	-
LR test	-	21.5092***	-	18.5397***

*Note: Symbols ***, **, * denote statistical significance at 1%, 5% and 10% level of significance, respectively.*

4. CONCLUSION

This paper was focused on the spatial analysis of crime in 2016 across the 113 NUTS 3 of V4 countries. The analysis of crime rates based on ESDA instruments clearly confirmed the significant positive spatial autocorrelation and revealed the statistically significant clusters of hot spots (7 Hungarian regions), cold spots (18 regions of the Czech Republic, Poland and Slovakia) and spatial outliers corresponding to 2 Polish regions. Thereafter follows the estimation of models with consideration of space. Overall, the estimation results imply that the crime rate is determined not only by the economic and demographic indicators (GDP per capita, rate of employed persons and population density) of the analysed region, but also essentially by the number of crimes in neighbouring regions. The inclusion of a spatially lagged crime variable should also be inevitably part of the econometric model in order to avoid misleading conclusions. Furthermore, the results imply that the higher GDP per capita and higher population density lead to increasing crime rates. On the other hand, the increasing rate of employed persons indicates the decline of crimes. However, one of the limitations of our paper (because of data unavailability) is the investigation of the total number of crimes.

For further research it would be interesting to distinguish the different types of crime (murders, thefts, etc.) and to provide the analysis for the regions of all the EU countries. To analyse impact of another socio-economic and demographic indicators on the crime rates builds another challenge for the future research.

ACKNOWLEDGEMENT: *This work was supported by the Grant Agency of Slovak Republic – VEGA grant No. 1/0248/17 "Analysis of Regional Disparities in the EU based on Spatial Econometric Approaches".*

LITERATURE:

1. Almeida, E.S., Haddad, E.A. and Hewings, G.J.D et al. (2003). *The spatial pattern of crime in Minas Gerais: an exploratory analysis*. Retrieved 01.07.2018 from http://www.usp.br/nereus/wp-content/uploads/TDNereus_22_03.pdf.
2. Anselin, L. (1995). Local Indicators of Spatial Association – LISA. *Geographical Analysis*, 27(2), pp. 93-115.
3. Anselin, L., Cohen, J., Cook, D., Gorr, W. and Tita, G. (2000). Spatial Analyses of Crime, *Criminal Justice*, 4, pp. 213-262.
4. Anselin, L. and Florax, R. (1995). *New directions in spatial econometrics*. Berlin, Heidelberg and New York: Springer.
5. Becker, G. S. (1968). Crime and Punishment: An Economic Approach. *Journal of Political Economy*, 76, pp. 169-217.
6. Brantingham, P.L., and Brantingham, P.J. (1993). Environment, routine, and situation: Toward a pattern theory of crime. *Routine activity and rational choice: Advances in criminological theory*, 5, pp. 259-294.
7. Cero, M.A. and Meloni, O. (2000). Determinants of the crime rate in Argentina during the 90's. *Estudios de Economia*, 27, pp. 297-311.
8. Cohen, L. E. and Felson, M. (1979). Social change and crime rate trends: A routine activity approach. *American Sociological Review*, 44, pp. 588-605.
9. Cornish, L.E., and Clarke, R.V. (1986). *The reasoning criminal: Rational choice perspectives on offending*. New York: Springer-Verlag.
10. Cracolici, M.F. and Uberti, T.E. (2008). *Geographical distribution of crime in Italian provinces: a spatial econometric analysis*. Retrieved 01.07.2018 from <https://link.springer.com/content/pdf/10.1007%2Fs10037-008-0031-1.pdf>.
11. Delbecq, B., Guillian, R. and Legros, D. (2013). *Analysis of crime in Chicago: new perspectives to an old question using spatial panel econometrics*. Retrieved 01.07.2018 from http://www.rri.wvu.edu/wp-content/uploads/2013/07/Fullpaper_5.B.1.pdf.
12. Fajnzylber, P., Lederman, D. and Loayza, N. (2002). Inequality and violent crime. *Journal of Law and Economics*, 45, pp. 1-40.
13. Fischer, M.M. and Wang, J. (2011). *Spatial Data Analysis. Models, Methods and Techniques*. Heidelberg Dordrecht London New York: Springer.
14. Florax, R.J.G.M., Folmer, H. and Rey, S.J. (2003). Specification Searches in Spatial Econometrics: the Relevance of Hendry's Methodology. *Regional Science and Urban Economics*, 33, pp. 557-579.
15. Furková, A. (2016). Spatial pattern of innovative activity in the EU regions: exploratory spatial data analysis and spatial econometric approach. In: O. Gomes and H. Martins (eds.), *Advances in applied business research: the L.A.B.S. initiative*, New York: Nova Science Publishers, pp. 159-186.
16. Getis, A. (2010). Spatial Autocorrelation. In: M. Fischer and A. Getis (eds.), *Handbook of Applied Spatial Analysis. Software Tools, Methods and Applications*, Berlin Heidelberg: Springer-Verlag, pp. 255-278.

17. Lee, S. W., Kang, D.W. and Kimet, M.Y. (2009). *Determinants of Crime Incidence in Korea: A Mixed GWR Approach*. Retrieved 01.07.2018 from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.564.2500&rep=rep1&type=pdf>
18. LeSage, J. P. and Pace, R. K. (2009). *Introduction to spatial econometrics*. Boca Raton, London, New York: Chapman & Hall/CRC.
19. Messner, S.F., Anselin L., Baller, R.D., Hawkins, D.F., Deane, G. and Tolnay, S.E. (1999). The spatial patterning of county homicide rates: an application of exploratory spatial data analysis. *Journal of Quantitative Criminology*, 15(4), pp. 423-450.
20. Penchev, G.G. (2014). Exploring economic and spatial dependencies of crime rates in Europe at the NUTS-3 level. *Acta Universitas Lodziensis Folia Oeconomica*, 5(307), pp. 97-111.
21. Ratcliffe, J. (2010). Crime Mapping: Spatial and Temporal Challenges. In: A.R. Piquero and D. Weisburd (eds.), *Handbook of Quantitative Criminology, Handbook of Quantitative Criminology*, New York: Springer-Verlag, pp. 5-24.
22. Spurná, P. (2008). Prostorová autokorelace – všudypřítomný jev při analýze prostorových dat? (Spatial Autocorrelation – A Pervasive Phenomenon in the Analysis of Spatial Data?) *Sociologický časopis/Czech Sociological Review*, 44(4), pp. 767-787.
23. Tobler, W. (1970). A computer movie simulating urban growth in the Detroit region. *Economic Geography*, 46(2), pp. 234-240.
24. Viton, P. A. (2010). Notes on Spatial Econometric Models. Retrieved 04.12.2014 from <http://facweb.knowlton.ohio-state.edu/pvton/courses2/crp8703/spatial.pdf>.
25. Police of the Czech Republic, Retrieved 27.06.2018 from <http://www.policie.cz/docDetail.aspx?docid=22346473&docType=ART>
26. Hungarian Central Statistical Office, Retrieved 27.06.2018 from https://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_zji001b.html
27. Statistical Yearbook of the Regions - Poland 2017, Retrieved 27.06.2018 from <https://stat.gov.pl/en/topics/statistical-yearbooks/statistical-yearbooks/statistical-yearbook-of-the-regions-poland-2017,4,12.html>
28. Statistical Office of the Slovak Republic, DATAcube. Database, Retrieved 27.06.2018 from http://datacube.statistics.sk/#!/view/sk/VBD_SK_WIN/sk3003rr/Kriminalita%20pod%C4%BEa%20z%C3%A1kladn%C3%BDch%20skup%C3%ADn%20trestn%C3%BDch%20%C4%8Dinov%20%5Bsk3003rr%5D
29. Eurostat, Retrieved 20.06.2018 from <http://ec.europa.eu/eurostat/web/rural-development/data/database>
30. Geodacenter, Retrieved 20.06.2018 from <https://geodacenter.asu.edu/software/downloads>
31. Eurostat, Retrieved 20.06.2018 from <http://ec.europa.eu/eurostat/web/gisco/geodata/reference-data/administrative-units-statistical-units>

AN ASSESSMENT OF FINANCIAL LIQUIDITY MANAGEMENT IN THE CAR TRANSPORT COMPANIES

Grzegorz Zimon

*Rzeszow University of Technology, Poland,
gzimon@prz.edu.pl*

Robert Walasek

*University of Lodz, Faculty of Management, Department of Logistic, Poland
robert.walasek@uni.lodz.pl*

ABSTRACT

Transport is an area that strongly drives the economy of every state. In the situation when the costs of transport services increase, immediately there is a growth in prices in all industries and branches of the economy. Therefore, it has a key meaning in the prices of products, goods, or services provided by private or state companies. Management of a company providing transport services is very complicated because the price of fuel, road tolls and various types of fees related to environmental protection issues are the most important elements affecting the level of costs in this type of units. These are the costs the managers do not have a great impact on but they constitute a very large share in the structure of costs incurred, they can be described as external costs. In a situation where external costs are a large share in the cost structure, a policy of managing financial liquidity should be carried out very carefully. The aim of the article is to present a strategy for managing financial liquidity for selected Polish car transport companies.

Keywords: road transport, financial liquidity component, costs

1. INTRODUCTION

Transport companies are the basic element that links the manufacturers with the recipients, and then the recipients with individual customers. Every business, both large and small, is directly preceded by transport activities, for example delivering materials for production in plants, delivering medicines to pharmacies, delivering goods to commercial companies. The increase of operating costs of road, sea, rail and air transport companies has a significant influence on the level of prices of the services offered or products, materials or goods sold. Due to manufacture, products and production scrap are created and again the need arises to make use of transport companies' services. Therefore, transport companies have a significant influence on the level of prices on the market. They are also a crucial element that influences the competitiveness of particular enterprises. Individual recipients and enterprises are interested in the fastest delivery possible, preferably right to the door. Here we can talk about the beginning of establishing an enterprise management strategy, about which transport form one should choose and what quantity to order. In turn, transport companies within particular transport branches start to compete for the contractor. For that end, they offer services of higher and higher quality and they are forced to use price to compete for the offered service. To make the price attractive, they often use the cost reduction policy. Unfortunately, the majority of costs are costs defined as external costs and the managers have no influence over them. The costs that can be reduced are, first of all, personnel costs and costs of fleet vehicles management as well as indirect costs, that is overheads. A significant value in cost structure is represented by unavoidable costs that can also be defined as irreversible costs. These are costs that cannot be avoided and have no influence on the current decisions being made (Shim. Siegel, 2009, p.243). For this type of expenses as well as for expenses directly associated with transport the company needs to have funds.

Their lack means the loss of financial liquidity which can make the service impossible to render or postpone it in time. Delays in transport industry entail fines and loss of reputation. To avoid such situations, it is important to control the available funds. The aim of this paper is to analyse the financial liquidity management strategy in selected road transport companies. The analysis was carried out on the basis of 5 Polish transport companies. The research period covers the year 2016.

2. FINANCIAL LIQUIDITY

Financial liquidity management is the key to success on the market. Each entity needs to have cash to carry out ongoing business activity. Lack of cash means stoppage of production, sales or services. In case of small and micro companies, especially those in services sector, quite often the owners or directors try to save the enterprise using their own means and suspending business operations. Such an approach is justified if the lack of cash blocks implementation of a service that will immediately result in cash inflow. Yet, this is a temporary solution, that causes certain disruptions and inconsistencies in financial records. Financial liquidity can be defined as the ability of timely settlement of current liabilities. A wider definition states that financial liquidity (or current solvency) is an ability of an enterprise to settle current liabilities, meaning to settle them within 12 months from the balance sheet date (Wędzki, 2006, p.246).

The general ratio of financial liquidity is calculated as the ratio of current assets to short-time liabilities (Higgins, 2012, p.174). If the financial liquidity ratio exceeds 2.0, we can talk about overliquidity, while in case of ratio below 1.2 we are dealing with lack of liquidity (Kowalczyk, Kusak, 2006, p.117). A more demanding measure for financial liquidity is the quick ratio that is based on assets that can easily be transformed into cash. The value of this ratio should be at the level from 1.0 to 1.2 (Gabrusewicz, 2005, p.266). In general, carrying out business activity and purchase of goods, materials or services is based on trade credit rules. Yet, in case of road transport companies, especially small and micro-companies, there are many fees that are being settled with the use of cash. This puts these entities in a difficult position as compared with entities that for several dozen days can make use of trade credits. In case of transport companies, regular control of expenses and revenues is crucial. A very useful tool that would reduce the most important cost positions (fuel) and would improve the level of financial liquidity in case of road transport companies would be the use of group purchasing organisations (GPOs). Operating within such organisation reduces costs and makes it possible to gain advantage over competition (Driedonks, Gevers, van Weele, 2010, pp:109-117; Nollet., Beaulieu, 2005, pp.1-17). The authors in their research list the reduction of purchased products' prices (Tella, Virolainen 2005, pp.161-168) and improvement of financial liquidity (Zimon, 2018, pp. 87-104) as the most important benefits related to functioning in GPOs.

3. FINANCIAL SITUATION ASSESSMENT IN SELECTED ENTERPRISES

In general, in the analysed industry, the majority of enterprises are micro companies or sole proprietorships. It was difficult to find enterprises of similar level or revenue and operating in the same area of rendered services, thus the analysis covers only five Polish road transport companies. The financial data were obtained from financial statements of 2016. In the group of analysed enterprises there were four small companies with the revenue from sales amounting to PLN 13-15 million. One of the analysed entities is the market leader with annual revenues amounting to PLN 300-350 million. The first element that was analysed concerned the costs structure. Table 1 below presents the share of particular costs by type in general costs.

Table following on the next page

Table 1: The share of particular costs by type in general costs (%).

Type of costs	Company 1	Company 2	Company 3	Company 4	Leader 5
Amortisation and depreciation	0,01	0,10	0,13	0,00	0,06
Materials and energy consumption	0,35	0,30	0,35	0,07	0,26
External services	0,24	0,26	0,34	0,82	0,53
Taxes and charges	0,13	0,04	0,01	0,01	0,01
Remunerations	0,10	0,11	0,06	0,02	0,05
Social securities and other benefits	0,02	0,02	0,01	0,00	0,01
Other costs classified by their nature	0,13	0,17	0,10	0,07	0,04
Value of goods and materials sold	0,00	0,00	0,00	0,00	0,04

Source: own study

When assessing small companies, what can be noticed is a significant share of the remaining costs by type. They often exceed remuneration. This group of costs is composed of business travel costs, vehicle insurance, vehicle flat fees, advertising and representation costs. These are costs items for which current resources are needed, for example insurance costs, delegations and flat fees can be defined as irreversible costs. A strategic costs item in road transport companies is the cost of fuel consumption. Apart from remuneration, this cost is the most important cost item for road transport companies (Hyland, Mahmassami, Mjahed, 2016, pp. 294-315). In the analysed enterprises no. 1, 2, 3, it comprises 30% of costs in general. To be competitive, transport companies must use group purchases, which would definitely decrease the costs of fuel consumption and improve the financial security. In order to carry out the analysis of financial liquidity management, selected indicators of financial analysis were used. The indicators informing about the current assets structure were used and selected financial indicators were selected. Table 2 below presents the individual results.

Table 2: Selected indicators of financial situation assessment of the analysed enterprises

Indicator	Company 1	Company 2	Company 3	Company 4	Leader 5
Current ratio	3.2	2.6	2.6	1.2	1.1
Quick ratio	3.0	2.6	2.1	1.2	1.0
Share of receivables in current assets (%)	74	36	67	95	96
Share of cash in current assets (%)	26	63	32	5	3
Receivables turnover ratio in days	21	45	63	113	103
Liabilities turnover ratio in days	22	47	37	103	98
Return on sales (%)	12	3	10	1	2

Source: own study

When analysing the results from Table 2 it can be seen, that the enterprises use two basic strategies: a conservative and an aggressive one. In case of conservative strategy, it is used by small enterprises (enterprises no. 1, 2 and 3).

In such entities, the enterprises must at all times have some cash reserve funds to complete a service in emergency situations. In the analysed enterprises, the current ratio is at the level of more than 2.5. It is a very high score. In the current assets structure, in all analysed enterprises there are receivables and short-term investments. In service companies, inventories occur rarely, they constitute an insignificant percentage. In small enterprises we can observe a high share of short-term investments in current assets. These enterprises must have cash at bank or at hand to effectively operate on the market. Due to the lack of inventories, the quick ratios have similar results to the results of current ratio. These results must be assessed as very good. In these entities, receivables turnover ratio in days must be lower than liabilities turnover ratio in days and the managers try to achieve such a result. In case of majority of analysed companies, the liabilities towards suppliers are settled faster than the inflow of receivables from recipients takes place, but the differences are not significant. The managers should attempt to shorten the receivables income time, which would improve their financial situation further. Small enterprises that use the conservative strategy for financial liquidity management are characterized by higher sales profitability as compared with enterprises that aggressively manage their financial liquidity. Aggressive strategy of financial liquidity management is carried out by one small enterprise (enterprise no. 4) and by the market leader. Both entities are characterized by low profitability of sales, in both of them in the current assets structure there are almost only receivables. The share of cash is small. The enterprises have low results in terms of current ratio. The quick ratio is high, which indicates safe policy of liquidity management. Yet, the lack of the most liquid current assets, meaning short-term investments, a similar level of receivables from recipients and of short-term liabilities as well as similar results of their turnover translate into low financial liquidity.

4. CONCLUSION

Financial liquidity is a difficult area of finances management as it covers the management of four components: short-term receivables, inventories, short-term investments and short-term liabilities. A selection of appropriate strategy of financial liquidity management makes it possible to avoid situations that lead to production stoppage or suspension of goods, materials or services sale. Moreover, maintaining financial liquidity makes it possible to maintain trustworthiness among contractors, to make use of additional discounts or to reduce the level of use of bank credits. To put it simply, it hugely influences the effectiveness of management and financial results of the enterprise. In case of small service companies that deal in transport, it is worth to apply a conservative strategy. It makes it possible to maintain financial liquidity and achieve beneficial financial results. In such enterprises, one must have free funds available at all times. In turn, for large enterprises, that are market leaders, using aggressive financial liquidity management strategy is less risky than when it is used by small enterprises. Large enterprises have significant amounts of assets, the share of short-term investments in current assets is small. In terms of value, however, this is an amount that makes it possible to carry out the activity. In small enterprises the aggressive strategy is dangerous in the long run. Low share of short-term investments in current assets does not guarantee safe functioning, as when assessed in terms of value, the funds are small. The funds may run out in case of payment backlogs. In case of small enterprises, it is necessary to make use of organisations referred to as group purchasing organisations. Group purchasing in the area of, for example, fuel would definitely optimise the level of costs. The management of the enterprise, when selecting a financial liquidity management strategy should select such a management policy that will allow them to maintain such a level of funds that will make it possible to settle current liabilities. Even if creating such a strategy will incur additional costs, it is worth bearing them for the enterprise to operate smoothly on the market.

Apart from financial benefits, financial liquidity improves the position of the enterprise on a given market. Entities that settle current liabilities on time are positively perceived by the contractors as strong and reliable enterprises.

LITERATURE:

1. Driedonks, B.A., Gevers, J.M.P, van Weele, A.J. (2010). *Managing sourcing team effectiveness: The need for a team perspective In purchasing organizations*, Journal of Purchasing & Supply management 16(2010), pp. 109-117.
2. Gabrusewicz, W.,(2005). *Analiza finansowa*, PWE, Warszawa.
3. Higgins, R.C. (2012). *Analysis for financial management*. New York: McGraw-Hill
4. Hyland, F.M., Mahmassami, H.S., Mjahed, L.B, (2016). *Analytical models of rail transportation service in the grain supply chain: Deconstructing the operational and economic advantages of shuttle train service*, Transportation Research Part E: Logistics and Transportation Review, Volume 93, pp. 294-315.
5. Kowalczyk, J. Kusak, A. (2006). *Decyzje finansowe firmy. Metody analizy*. C.H. Beck, 2006.
6. Nollet, J., Beaulieu M. (2005). *Should an organization join a purchasing group? Supply Chain Management*. 10(1).pp.11-17.
7. Shim, J.K, Siegel J.G., (2009). *Modern Cost Management & Analysis*, Barrons Business Library, New York
8. Tella E., Virolainen V.M. (2005). *Motives behind purchasing consortia*. International Journal of Production Economics.pp.161-168.
9. Wędzki, D., (2006). *Analiza finansowa sprawozdania finansowego według polskiego prawa bilansowego*. Wolters Kluwer, Kraków.
10. Zimon, G. (2018), *Influence of group purchasing organizations on financial situation of Polish SMEs*, Oeconomia Copernicana, Volume 9, Issue 1, March 2018. pp.87-104.

MANAGEMENT IN THE DEVELOPMENT OF TOURISM IN THE NORTH-EAST OF MACEDONIA

Nako Tashkov

*Faculty of Tourism and Business Logistics, University "Goce Delcev" - Shtip, Macedonia
nako.taskov@ugd.edu.mk*

Julijana Sazdova

*Faculty of Tourism and Business Logistics, University "Goce Delcev" - Shtip, Macedonia
julijana.sazdova@yahoo.com*

Elizabeta Mitreva

*Faculty of Tourism and Business Logistics, University "Goce Delcev" - Shtip, Macedonia
elizabeta.mitreva@ugd.edu.mk*

ABSTRACT

In this paper we make an analysis of the companies that work in the hotel and catering industry in the north-east of Macedonia. The results from the research have shown that the companies need to constantly work on the advancement of the business processes by developing the Total Quality Management (TQM) philosophy, in order to both satisfy the wishes and the needs of the clients and to gain profit. The use of different tools and techniques in the marketing activities should help the companies to strengthen the brand and to enlarge the number of tourists and clients.

Keywords: *Employees, Instruments of tourism, Quality, Performances of the business processes, Tourism development*

1. INTRODUCTION

The basic aim of the management is to conduct the economy. Factors that influence the development of the tourism and the catering facilities is the management of the employees and their inclusion in the functions for deciding and developing the business processes. The manager has to provide an efficient and profitable working of the tourism and catering companies, and to take care of the company's reputation. The management has to coordinate the different activities regardless of the type or the size of the company. Also the management is responsible for the business activities of the company, the maintenance of the high standards of food, services, health and security in the hospitality companies. We believe that the research in this paper will help us improve our knowledge on the role of the management for tourism development, the participation of the employees in the manager teams and the process of making decisions, the different instruments that influence the animation and the development of the catering and the tourism by the employees.

2. LITERATURE REVIEW

If the companies for hotel and catering services want to strengthen their brand and enlarge the number of tourist and clients, they need to implement the personnel component in managing the satisfaction of the client and all of the interested parties (Mitreva & Filiposki, 2012). The character of the work itself in the tourism and the catering industry puts the employees in front of very high requests in relation to the business culture, the various types of professional knowledge and the communication and the manager skills as well (Mitreva & Prodanovska, 2013). The overall compatibility of the team in a certain hospitality and tourism company needs to be coordinated by the management (Prodanovska & Mitreva, 2012). If we use an IT term, the material part of the hospitality and tourism offer can be compared to a solid component of

the IT system, which is the hardware; while the personnel resources can be compared to an active component of the IT system, which is the software (Mitrevva et al., 2015). However, the computer cannot function by using solely the hardware or the software. Inside the modern hotel industry there are developing more and more various types of intern marketing, which means marketing of the employees. This contemporary approach means different practices oriented toward improving the satisfaction of the employees, and at the same time the satisfaction of the guests. Although the management policy is very important, the quality of the hospitality and tourism services depend on the staff in the catering facility. In the hospitality industry, the services are the basis for competitiveness, and the hotels that provide the best service are on the top for business success. Beside the numerous technological and technical developments (which speed the process of providing a certain service), the guests still prefer the traditional hospitality (Whiting, 1994; Willcocks & Smith, 1995). The creators of the business policy and the business practice as well, give more and more importance to the methods that are not mathematical or statistic, but can be critical such as the following: organizational culture, motivation, personnel policy, leadership, teamwork, innovations and entrepreneurship (Mitrevva, et. al.2016a; Mitrevva, et.al.2016b). One of the largest problems in the tourism and hospitality industry is the lack of system for tests and errors, and that results in very anxious clients when an error occurs while using the services (Sohal, Abed & Keller, 1990). Most of the guests consider it as a personnel offense and react emotionally when solving the issue. The hospitality staff face an enormous challenge while controlling the quality, as a result of the characteristics of the tourism and hospitality industry as an industry with a high intensive work (Ranganathan & Dhaliwal, 2001).

3. METHODS IN THE RESEARCH

In order to study the role and the importance of the management in the development of tourism, we have done an analysis of the current situation through a research conducted among the employees of the hospitality facilities in the municipalities in the north-east Macedonia. The methodological instrument used for data collection was a questionnaire. The research was conducted from July to August in 2017 with the participation of 100 employees from hospitality facilities in different municipalities. The results from the questionnaire are presented below on graphs and are followed by an additional theoretical interpretation. In the data processing, we have made a combination of certain research methods. The method used in this research are the statistic method, the method of synthesis and the questionnaire method. The application of these methods is a derivation of the popularity of the subject of the research itself, and the sole aim is to process and analyses certain segments and make conclusions concerning the main subject of the research. The aim is to note the role and the importance of the management in the process of tourism development that is used in the organizations.

4. ANALYSES OF THE RESULTS

In the research, we have interviewed hundred employees in the hospitality companies in the municipalities in the north-east of Macedonia from which 61 were males and 39 females as shown on picture 1. It can be noted from the Figure 1 that most of the male employees are from Shtip and the least are from Kocani, while most of the female employees are from Sv.Nikole and the least are from Probistip.

Figure following on the next page

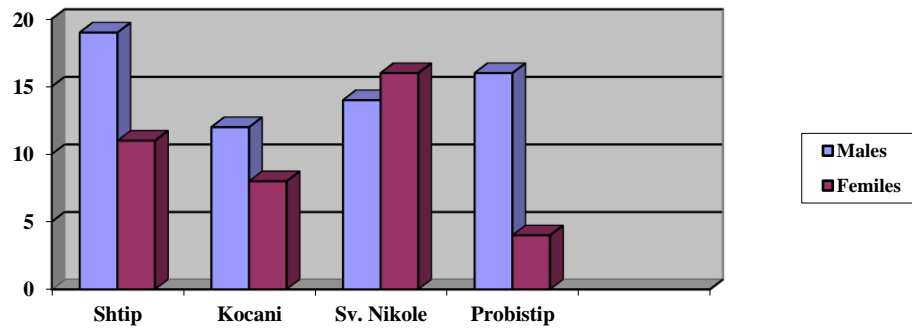


Figure 1: Sex structure of the respondents

The analysis on the age structure has shown that most of the respondents are aged 25 – 35, and most of the respondents at that age are from Shtip, while the least group with that age is from Sv. Nikole. The municipality of Sv. Nikole is characteristic for most respondents aged above 55, while the municipality of Probistip is characteristic for the smallest number of respondents aged 18 – 25 (shown on Figure 2).

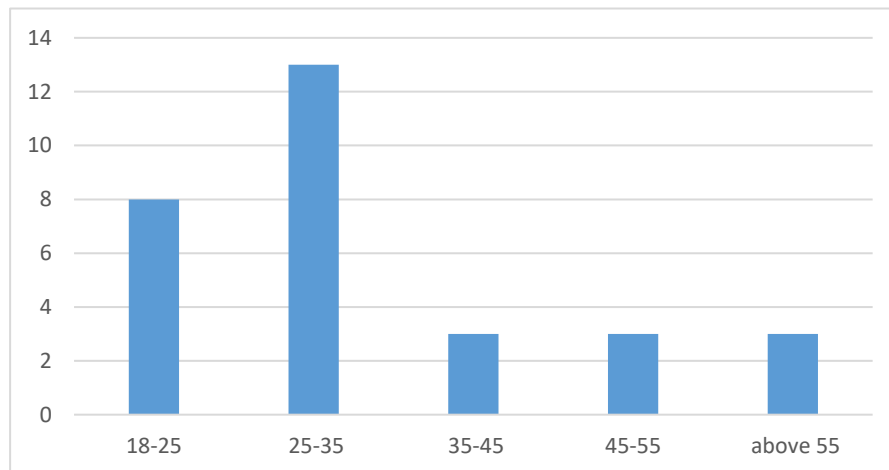


Figure 2: Age structure of the respondents

According to the research conducted on the educational structure of the employees, it can be concluded that most of them have a Secondary Education. The distribution of the results classified in accordance to the municipalities is shown on Figure 3. Most of them that have a Secondary education are from Sv. Nikole and the least are from Shtip. The highest number of respondents with a Secondary hospitality education are from Shtip, while none of the respondents from Kocani and Probistip have that adequate education. Also the most respondents with higher education are based in Shtip, while in Kocani and Probistip there aren't any. Finally the most respondents with Higher education in hospitality and tourism were interviewed in Probistip, and the least were in Kocani.

Figure following on the next page

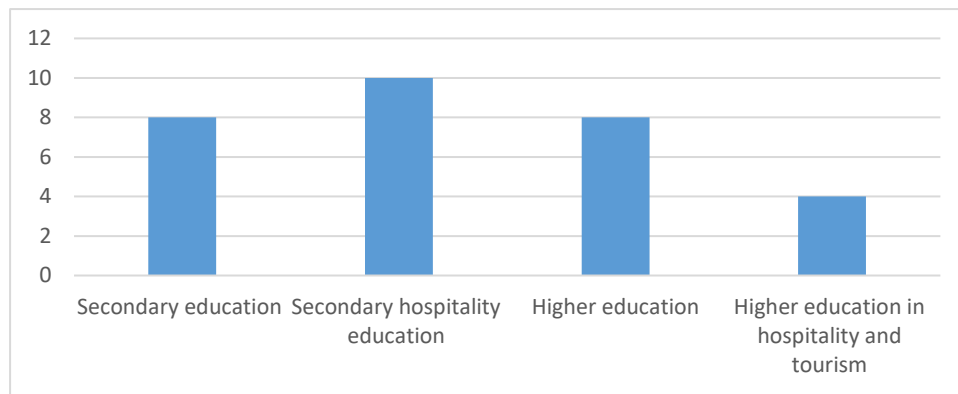


Figure 3: Level of education of the respondents

According to the participation of the employees in the manager teams and the process of decision making, the highest number of positive responses were gathered from the respondents in the municipality of Shtip and the smallest number of positive responses came from Probistip. In relation to the overall number of respondents, 59% have given negative responses in relation to their participation in the decision making of the managers which leads us to the conclusion that the respondents are not part of the manager team excluding the municipality of Probistip, where we have positive responses. The opinion of the employees if the level of the manager's responsibility is a business philosophy of the organization, they have a universal positive response as shown on Figure 4.

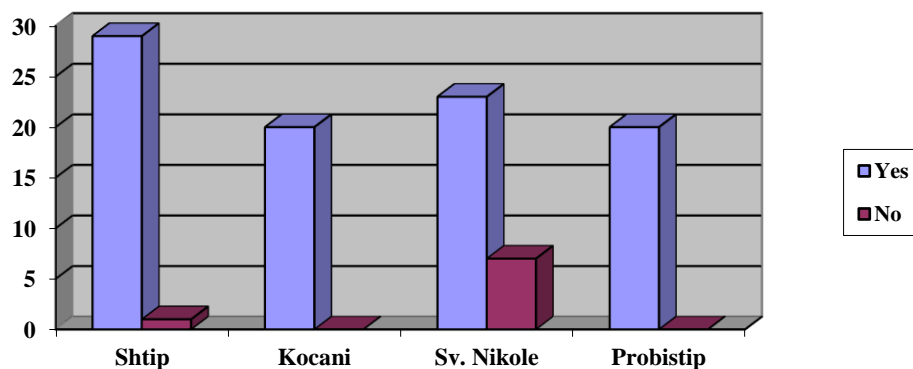


Figure 4: Level of manager's responsibility

The responses of the employees on the functions that are used the most by the management in the development of the hospitality and tourism in their organization are shown on Figure 5. The respondents have stated that the most applied is the controlling as a manager's function that is related to the determination of the norms, the measurement of the results and the assessment of quality. Only few respondents have stated that motivational factors are used toward the employees as a way to realize the expected results. Three respondents have not given a response to this question, while seven respondents have given identical responses and believe that all of the listed manager functions are used for the development of the hospitality and tourism in their organization.

Figure following on the next page

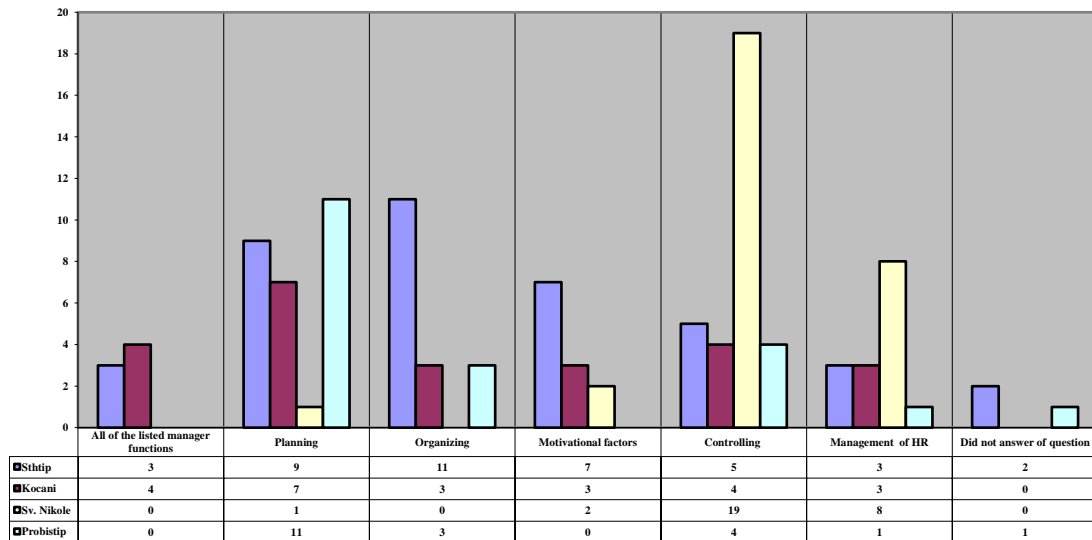


Figure 5: Manager functions are used for the development of the hospitality and tourism in your organization

The responses to the question on which factors influence the development of tourism in Macedonia are the following: the largest influence is from the economic factors and the institutional factors; then the psychological and irrational factors and the natural and anthropogenic factors as well, shown on Figure 6. Very small number of respondents have stated the technical and social factors. This questionnaire shows us that the employees of the organizations in Sv. Nikole believe that the most influential factor on the Macedonian tourism development has an institutional character. One respondent believes that all factors influence the Macedonian tourism development.

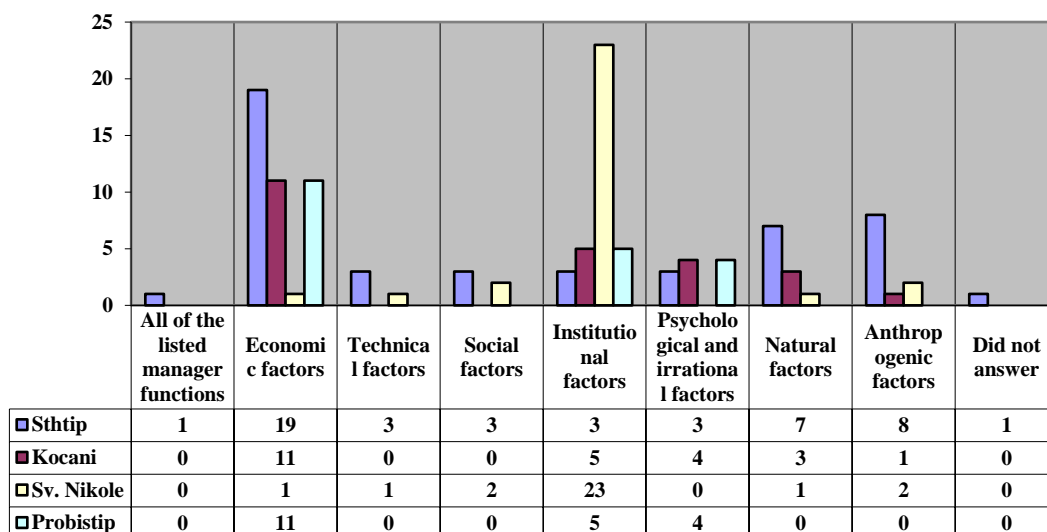


Figure 6: Factors that influence the Macedonian tourism development

The opinions on the employees in relation to the application of different forms of animation, which consequently influence the development of hospitality and tourism, is that their application has a significant influence, but none of the respondents have listed the forms of animation that they use most (Figure 7).

Two respondents have stated that they use commercials, but that is not part of animation, it is from the segment of organization's promotion.

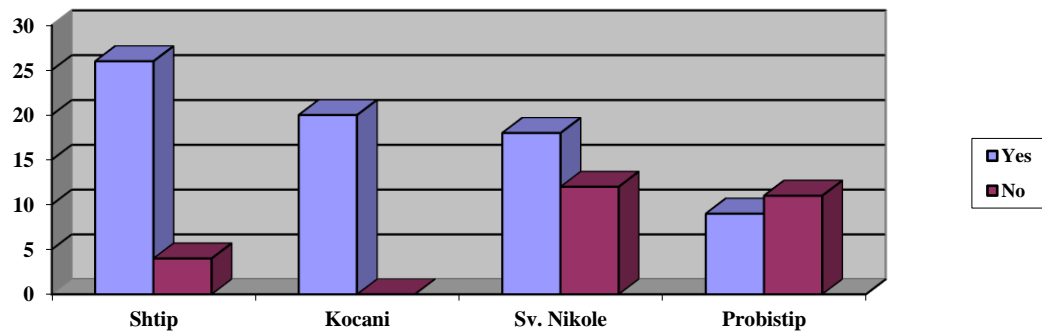


Figure 7: Does the application of different forms of animation influence the development of hospitality and tourism in Macedonia?

5. CONSLUSION

It can be concluded from this paper that in the hospitality and tourism industry the quality of the services should be the strategic aim of the company, and the management has to work on its constant development. The management should especially work on the active participation of the employees in the processes of decision-making. It should also provide additional training and workshops for the employees to be able to successfully learn to use the contemporary tools and techniques; and this will also have an overall positive influence over the development of the hospitality and tourism industry. It can be concluded that the quality of the services in the hospitality and tourism industry is a strategic aim of the company and the adoption of the TQM (Total Quality Management) philosophy is the key for success. The practice around the world and in our country as well has shown that a large number of companies have adopted this concept in a very simple way. This means that the company cannot survive on the market without conducting a quality control in all the phases in the process, also without the application of the ISO standards and a complete devotion of the management and the employees. The standardization is a way of working that provides quality. As an imperative in our paper is the importance of the development of the hospitality and tourism industry that is based on the quality of the services. These imperatives create the new class of tourism managers and professionals in this industry that contributes to the improvement of the quality of the services and the satisfaction of the users; it also creates profitable relations in the way to success.

LITERATURE:

1. Mitreva, E. & Prodanovska V. (2013). *The Management Teams are a Unique Business Potential that can Initiate Identify and Manage Change within the Organization*. In: Applied Social Sciences: Administration and Management. Cambridge Scholars Publishing, Newcastle upon Tyne, UK, pp. 57-65.
2. Mitreva, E., Taskov, N., Sazdova, J., Gjeorgieva, I. & Gjorshevski, H. (2015). The Need for Implementation of Integrated Management Systems (IMS) in Macedonian Companies. *Calitatea - acces la succes (Quality - Access to Success)*, 16(147). pp. 62-65.
3. Mitreva, E., Cvetkovik, D., Filiposki, O., Metodijeski, D., & Gjorshevski, H. (2016a). Implementation of the methodology for flawless operation at a frozen food company in the Republic of Macedonia. *Calitatea-acces la succes (Quality-Access to Success)*, 17(153), 92-98.

4. Mitreva, E., Cvetkovik, D., Filiposki, O., Taskov, N., & Gjorshevski, H. (2016b). The Effects of Total Quality Management Practices on Performance within a Company for Frozen Food in the Republic of Macedonia. *Tem Journal*, 5(3), 339-346.
5. Mitreva, E. & Filiposki, O. (2012). Proposal methodology of the subsystem - internal standardization as part of TQM system. *International Journal for Quality Research*, 6 (3). pp. 251-258. ISSN 1800 – 6450.
6. Prodanovska, V. & Mitreva, E., (2012). Incorporation, authorization and encouragement of the employees in order to improve the quality of the educational process. *In: Two decades of academic teaching*, 18-19 June; Timisoara.
7. Ranganathan, C., & Dhaliwal, J. S. (2001). A survey of business process reengineering practices in Singapore. *Information & Management*, 39(2), 125-134.
8. Sohal, S. A., Abed, H. M. & Keller, Z. A. (1990). Quality assurance: Status, structure and activities in manufacturing sector in the United Kingdom, *Quality Forum*, 16(1). pp. 38-49.
9. Willcocks, L., & Smith, G. (1995). IT-enabled business process reengineering: organizational and human resource dimensions. *The Journal of Strategic Information Systems*, 4(3), 279-301.
10. Whiting, J. T. (1994). Reengineering the corporation: a historical perspective and critique. *INDUSTRIAL MANAGEMENT-CHICAGO THEN ATLANTA-*, 36, 14-14.

SOCIO-ECONOMIC IMPACTS OF TRANSPORT INFRASTRUCTURE PROJECTS ON REGIONAL DEVELOPMENT

Jana Korytarova

*Brno University of Technology, Czech Republic
korytarova.j@fce.vutbr.cz*

Michaela Rudolecka

*Brno University of Technology, Czech Republic
rudolecka.m@fce.vutbr.cz*

Vit Hromadka

*Brno University of Technology, Czech Republic
hromadka.v@fce.vutbr.cz*

ABSTRACT

The paper focuses on the socio-economic impacts of transport infrastructure projects of diverse significance (highways, roads) with different investors. The authors have been dealing in the long run with economic efficiency of large scale infrastructure projects in the Czech Republic in both methodological and factual terms. Investor of the large scale infrastructure projects (highways) is Road and Highway Directorate. Large amount of funds are also spent on regional level within individual regions of the Czech Republic on investment activities related to lower level roads without which the territory and the backbone networks could not function properly. Investors of middle and small infrastructure projects are municipalities. The research activities aimed at creating methodological procedures for socio-economic assessment of transport infrastructure projects at these two different levels. Projects selected for implementation must always take into account a Pareto optimum, respecting the 3E principles and be beneficial for the development of the territory. The research focuses on finding common and distinct sub-processes within the methodological approaches for assessing the socio-economic efficiency of the projects and their impact on regional development. The examined variables are particularly investment costs and socio-economic benefits related in particular to reducing operating costs, travel time and negative externalities. The analysis has been carried out on two data sets, 47 Czech large scale infrastructure projects and 18 small/middle size infrastructure projects implemented in the South Moravian Region. The output is the evaluation of the socio-economic impact of the new/reconstructed transport infrastructure projects on the investigated territory.

Keywords: *Regional development, socio-economic impact, transport infrastructure project*

1. INTRODUCTION

Transport infrastructure is one of major factors of regional development, as it provides connection between people and economic entities in the area, thus allowing territorial division of labour and contributing to socio-economic development (RDS, 2006). Transport infrastructure constructions are, according to the Building Act (Act 183/2006 Coll.), constructions of roads, railways, waterways, airports and related facilities. The authors of this article have long been involved in monitoring the economic efficiency of road projects. The research is focused on projects of the main and global TEN-T network segments (large-scale transport infrastructure – LSTI projects), where the investor is the state organization of the Road and Motorway Directorate (RMD) and, at present, also the regional projects (small/middle transport infrastructure – SMTI projects), which are funded by the regional budgets. For this activity, they have set up their own contribution organization the Road Administration and Maintenance.

As the assets in this area are relatively large in the Czech Republic and the budgets do not possess all the necessary means for the construction and reconstruction of roads, also international subsidy funds, in particular the EU Structural Funds are significantly involved in their funding through national operational programmes. In the case of major projects, they are for example, OP Transport, at the regional level, the Regional Operational Programmes (ROP) were used in the programming period 2007-2013. In the current programming EU period 2014-2020, the funds for these projects are mainly drawn from the Integrated Regional Operational Programme (IROP). Transport infrastructure projects are very important for the development of the regions of the Czech Republic, they have a significant impact on the daily life of the inhabitants and business entities (travel time) and others on further investment activity in the area (e.g. transport connections of industrial zones) and thus the competitiveness of the country. According to (Saidi, Shahbaz, Akhtar, 2018), transport infrastructure has also a positive effect on economic growth via attracting foreign direct investment inflows. Transport infrastructure projects are highly demanding on investments, so it is clear that only those that bring the most significant societal impacts, comply with Pareto optimum and respect 3E (effectiveness, efficiency, economic) principles at the same time, can be selected with the limited budget of investors managing public finances. The relevant outputs, including these parameters for decision making process are met by the CBA method, which is most often used for the economic evaluation of transport infrastructure projects in the Czech Republic. The current research is based on its output. The paper is structured as follows: Firstly, review of the research literature dealing with the issue of relationship of transport infrastructure projects and regional development has been presented. Then, methodology employed in the research has been explained. Consequently, results have been presented, discussed and compared with other studies where applicable. Finally, at the end of the paper, the main findings and outline of future research directions have been proposed.

2. RESEARCH BACKGROUND

Regional development (RDS, 2006) represents the growth of the socio-economic and environmental potential and competitiveness of the regions, leading to raising the living standards and quality of life of their inhabitants. In this respect, it represents a dynamic and balanced development of the regional structure of the corresponding territorial unit and its parts (regions, micro regions) and removal or mitigation of regional disparities. Developing transport infrastructure has been a natural part of such development. The observed importance of transportation is not surprising due to its large contribution to most countries' gross domestic product, its consumption of goods and services, its role as employment generator, and the revenue it brings to local, state and federal governments. Transportation infrastructure expenditures can lead to greater productivity and increases in economic output due to reduction in transportation costs, improvements in access to markets and raw materials, reduction in travel time, congestion reductions and many other benefits. These benefits can potentially allow countries to improve their comparative economic advantages (Agbelie, 2014). Enabling and increasing mobility of people and goods are intimately connected with economic growth and transportation thus provides the backbone of the welfare state (Pettersson, 2013). Mobility creates benefits for individuals, businesses, municipalities, and regional players, e.g. increases supply of jobs and freedom of choice regarding the place of living, increases supply of sufficiently skilled labour and decreases vulnerability to structural changes affecting local and regional economies (Pettersson, 2013). In urban areas, the quality of road infrastructure directly influences the citizens' quality of life (Hanak et al., 2014), such as the residents' health, safety, economic opportunities, and conditions for work and leisure. The same opinion appears in (Li, Liu, Peng, 2018) which state that the development of transport infrastructure supports the growth of the regional economy and vice versa, the economic growth supports the development

of the transport infrastructure. Also (Rokicki, Stępnia, 2018) state in their study that the development of the road network in Poland has led to an unprecedented improvement in accessibility; however, they draw attention to the fact that the regional impact is uneven. Similar opinion also appears in (Jiang et al, 2017), who confirm that transportation investments in the corresponding region and surrounding regions have statistically significant impact on the economic growth. However, the magnitude of the impact differs at the national and regional levels. It is clear from the scientific research that one of the important measurable parameters of the relationship between the development of transport infrastructure and the development of regions are the savings in travel time of road and motorway users. (Elshahawany et al., 2016) assess the macroeconomic impact of the planned Development Corridor on national and regional economies applying an interregional CGE (computable general equilibrium) model for Egypt. They found out that while all of the regions improve their accessibility (as measured in travel time savings) the impact on regional GDP growth rate varies. On average, the most positive impact (both in the long and short run) is found in regions with the largest accessibility improvement.

3. METHODOLOGY AND RESULTS

The above-mentioned scientific literature research points to one important variable in the relationship between the regional development and the development of transport infrastructure, which is travel time. Traffic network users' travel time savings represent one of the variables that have been modelled to determine the cost-effectiveness of projects. These calculations are performed using the Cost Benefit Analysis (CBA) using the NPV indicator, which compares the societal benefits to the cost of the projects. NPV is calculated as follows:

$$NPV_{(m-n)} = \sum_{y=1}^Y \frac{NCF_{y(m-n)}}{(1+r)^{(y-1)}}$$

Where:

NCF	Net Cash Flow
m	NCF of transport infrastructure with project (investment variant)
n	NCF of transport infrastructure without project (zero variant)
Y	Evaluation period
y	Year of evaluation (y = 0, 1, 2, 3 ...)

NCF_{LSTI} projects are calculated according to following formula (1).

$$NCF_{LSTI} = TTC + TOC + AC + ExoC - TAC \quad (1)$$

And NCF_{SMTI} projects are calculated according to formula (2).

$$NCF_{SMTI} = TTC + TOC + AC - TAC \quad (2)$$

Where:

TTC	Travel Time Costs
TOC	Travel and Operating Costs
AC	Accidents Costs
ExoC	Exogenous Costs
TAC	Total Agency Costs

The basic items of the calculation formulas, which are the basis for the NPV calculation, are presented in Table 1.

Table 1: Relevant items of the calculating formula (Source: Own processing using data from the Czech methodology rules)

Large scale transport infrastructure projects / Methodology RMD	Small/middle transport infrastructure projects / Methodology ROP/IROP
Total Agency Costs	
Cost of construction and reconstruction	Cost of construction and reconstruction
Cost of maintenance and repairs of transport routes	Cost of maintenance and repairs of transport routes
Travel and Operating Costs	
Fuel	Vehicle wear
Lubricants	
Tire wear	
Repair and maintenance of vehicles	
Other expenses (trucks - crew wages, insurance, depreciation, overhead)	
Travel Time Costs	
Valuation of transport time of passengers	Valuation of transport time of passengers
Time value of transport of goods	
Traffic Accidents Costs	
Loss caused by traffic accidents	Loss caused by traffic accidents
Exogenous costs	
Loss from traffic noise	
Loss from motor vehicle exhaust gases	

Table 1 clearly shows that methodological approaches differ by the list of sub-items. A more detailed analysis suggests that even the content of items may be different. The item "Cost of construction and reconstruction" includes, in the case of LSTI projects, total investment costs which include in addition to construction costs, the cost of project documentation, purchase costs of land intended for development, technical assistance and supervision during construction. Construction costs account for an average of 92% of the investment costs in the researched sample. For SMTI projects, only cost of construction and reconstruction are considered as "Cost of construction and reconstruction". Beside Total agency costs, transport infrastructure projects should generate benefits that are generated by cost savings in other items of calculation formulas. These are created as a difference of CF between the zero option (without project) and the investment option (with project) variants. In this area, it clearly shows that LSTI projects' methodological background is more detailed including more items. The researched sample consists of projects for construction of new roads or for reconstruction and modernization of already existing roads. In addition to straight sections, they often include bridge objects, interchanges or tunnels. Based on the research sample of 47 LSTI projects and 18 regional transport infrastructure projects which were realized in the South Moravian Region, it was found out that the biggest share of the benefits of the projects is created by the above-mentioned savings in travel time. Previous research of the same authors has shown that travel time savings account for nearly 76% of the total benefit of LSTI projects, while cost savings from decrease in traffic accidents only account for about 5% (Korytářová, Papežíková, 2015) and exogenous cost savings represent about 5% of the total benefit (Korytářová, Rudolecká, Zácpal, 2017). CBA analysis of regional projects shows a significant share of travel time savings of 80% in the researched sample.

Detailed similar studies aimed at reducing exogenous costs also monitoring the cost side, are only performed at LSTI projects. Even though SMTI project documentation contains also noise studies, these benefits have not been included in the economic evaluation so far, as is the case with monitoring of exhalations.

4. CONCLUSION

Based on the above stated data, it is clear that transport infrastructure projects which demonstrate overall social efficiency mainly thanks to significant savings in user travel time are being implemented in the Czech Republic. Their influence on regional development is generally obvious, and these conclusions have been also supported by literary research of the outputs of other research teams. Shares of benefits of "travel time savings" on the overall benefits of transport infrastructure projects are quite similar comparing national and regional levels. Further research will be focused on the determination of the intensity of impact of transport infrastructure projects on regional development using macroeconomic indicators, where the authors expect slightly different outputs at both levels.

ACKNOWLEDGEMENT: *This paper has been worked out under the project no. LO1408 "AdMaS UP - Advanced Materials, Structures and Technologies", supported by Ministry of Education, Youth and Sports under the "National Sustainability Programme I" and under the project of the specific research at Brno University of Technology no. FAST-18-5584 – Analysis of technical and economic characteristics of construction projects.*

LITERATURE:

1. Agbelie, B. R. D. K. (2014). *An empirical analysis of three econometric frameworks for evaluating economic impacts of transportation infrastructure expenditures across countries*. Transport Policy, 35, 304-310. doi:10.1016/j.tranpol.2014.06.009
2. Arbués, P., Baños, J. F. and Mayor, M. (2015). *The spatial productivity of transportation infrastructure*. Transportation Research Part A: Policy and Practice, 75, 166-177 doi:10.1016/j.tra.2015.03.010
3. Bacier, S., Prus, B. (2018). *Infrastructure development and its influence on agricultural land and regional sustainable development*. Ecological Informatics, 44, 82-93. doi:10.1016/j.ecoinf.2018.02.001
4. Elshahawany, D., Haddad, E. and Lahr, M. (2016). *Accessibility, Transportation Cost and Regional Growth: A Case Study for Egypt*. (Economic Research Forum Working Paper No. 1049).
5. Hanak, T. Marović, I. and Pavlović, S. (2014) *Preliminary identification of residential environment assessment indicators for sustainable modelling of urban areas*, International Journal for Engineering Modelling, vol. 27, no. 1-2, 61–68
6. Korytářová, J., Papežíková, P. (2015) *Assessment of Large- Scale Projects Based on CBA*. Procedia Computer Science, 2015, 64, 736-743. ISSN: 1877- 0509.
7. Pettersson, F. (2013). From words to action: Concepts, framings of problems and knowledge production practices in regional transport infrastructure planning in Sweden. *Transport Policy*, 29, 13-22. doi:10.1016/j.tranpol.2013.03.001
8. Rokicki, B., Stępnia, M. (2018). *Major transport infrastructure investment and regional economic development – an accessibility-based approach*. Journal of Transport Geography, 72, 36-49 doi:10.1016/j.jtrangeo.2018.08.010
9. Jiang, X., He, X., Zhang, L., Qin, H. and Shao, F. (2017). *Multimodal transportation infrastructure investment and regional economic development: A structural equation modeling empirical analysis in China from 1986 to 2011*. Transport Policy, 54, 43-52. doi:10.1016/j.tranpol.2016.11.004

10. Korytárová, J., Rudolecká, M. and ZACPAL, J. (2017). *Effect of Negative Externality Elimination on Transport Infrastructure Project Assessment*. Sofia, Bulharsko: International Multidisciplinary Scientific GeoConference SGEM, 2017. s. 521-527. ISBN: 978-619-7408-28-7. ISSN: 1314-2704.
11. Li, H., Liu, Y. and Peng, K. (2018). *Characterizing the relationship between road infrastructure and local economy using structural equation modeling*. Transport Policy, 61, 17-25. . doi:10.1016/j.tranpol.2017.10.002
12. Li, T., Yang, W., Zhang, H. and Cao, X. (2016). *Evaluating the impact of transport investment on the efficiency of regional integrated transport systems in china*. Transport Policy, 45, 66-76. doi:10.1016/j.tranpol.2015.09.005
13. Saidi, S., Shahbaz, M. and Akhtar, P. (2018). *The long-run relationships between transport energy consumption, transport infrastructure, and economic growth in MENA countries*. Transportation Research Part A: Policy and Practice, 111, 78-95. doi:10.1016/j.tra.2018.03.013
14. Regional Development Strategy 2007 – 2013 (RDS, 2006) Retrieved from https://www.mmr.cz/getmedia/cb4aeb8d-36dc-4a3f-80e4-349edfd99f47/070808_Regionaldevelopmentstrategy_aj.pdf
15. Act 183/2006 Coll., on town and country planning and building code (Building Act), 2006 Retrieved from http://www.ur.cz/images/uzemnirozvoj/stavebnirad/183_2006_EN.pdf

INVESTIGATING THE EFFECTS AN ACQUISITION HAS ON BRAND EQUITY

Patrick D. Morrison

*Pearson Business School, United Kingdom
paddymorrison@gmx.co.uk*

David Atkinson

*Pearson Business School, United Kingdom
david.atkinson@pearson.com*

ABSTRACT

This study aimed to understand the impact and effects acquisition events have on an organisation's brand equity. The literature highlighted a lack of pertinent research into the effects company acquisitions have on consumer-based brand equity (CBBE), especially what impact and consequences there may be on a brand that is acquired by another. This report investigated the overall acquisition process and proceeding effects the process had on an organisation's CBBE. In order to achieve an in depth understanding, a case study approach was used. Here Rapha Racing Limited (RRL), a UK based up market manufacturer of cycling clothing and accessories for road riders, was explored. RRL was cited as it had recently experienced a £200 million acquisition by two heirs of the Walmart family. Primary research within the case took the form of surveying RRL consumers, interviewing RRL employees and a senior professional, who has been involved in numerous, high value company acquisitions. This multiple perspective approach allowed an insight into how RRL managed their brand throughout the acquisition and whether RRL managed to match, misjudge or exceed consumer brand expectations. This report found how RRL steadied the ship through a clear internal communication strategy with complete transparency between leadership and staff. However, it was found that RRL failed to apply the principle of transparency in their communications with consumers. The paper concludes that careful consideration of the acquiring party, protection of current business culture and systems as well as transparency with existing customers are vital components in controlling an organisation's brand equity with an acquisition event.

Keywords: *Acquisitions, Consumer-based Brand Equity, Rapha Racing Limited*

1. INTRODUCTION

This report aimed to understand the effects on companies that have been acquired, in specific relation to their brand identity, a primary building block of brand equity (Keller 2001). The need to create a strong brand in order to differentiate one's company continues to be a topic of great interest especially as the number of start-ups rise (Bounds 2017). The report emphasises start-ups because it's become easy to set up a business, for as little as £12, the need for differentiation has risen and therefore the importance of branding as a mode to achieve differentiation (Shikati 2017). Creating a strong brand is a laborious step by step process achieved by creating strong performance connotations with customers, leading to brand resonance and the belief that customers will get a strong product or service in return for their custom (Keller 2001, Aaker 2012). Acquisitions effect a large number of companies, there were on average 2.2 acquisitions, valued at over £1 million, involving UK businesses, per day in 2017 (Ons.gov.uk, 2018) with one in three employees undergoing an acquisition during their working life (Hubbard, 1999). This highlights this's a pertinent subject effecting a large number of businesses and their consumers.

An example of the negative affect acquisitions can have on brand identity and equity was seen when Camden Town Brewery (CTB), a small-scale craft brewer with independent values, was acquired by AB InBev. CTB saw a backlash by suppliers and consumers, stakeholders claimed the company sacrificed their independent values, a cornerstone of their brand identity, and because of this their brand equity by selling to a multinational company and becoming ‘sell outs’¹ (Davies 2015, Roderick et al., 2017). When Goose Island was bought by AB InBev it saw a similar backlash to CTB. They were placed on ‘The Cut Off’ that names and shames craft beer ‘imposters’ owned by large corporate firms (Desrosiers, 2018). This compounds the effects acquisitions can have on companies, particularly ones with engaged consumers. A real challenge for companies during an acquisition is to keep their core values, installing confidence in customers that it will not change due to being acquired (Olenski, 2016). Further, issues that might effect branding are often put on the back burner during acquisitions as the focus is placed on financial targets which is often be a costly mistake (Golden, D. 2018). With success in this area come suiters wishing to capitalise on the opportunity of owning a company with a strong brand. This desire to acquire aligns with a similar interest in selling - numerous business owners start with the goal of enabling their companies to be acquired (Haden 2015). This desire to acquire, be acquired and to then maintain and grow the strong brand equity that makes the acquired companies so attractive to investors is an area of importance to investigate. When two companies come together many things collide, working cultures, visions, missions, workforces, systems or strategies. Due to over optimistic expectations, companies can rush, without taking the proper post integration precautions leading to, in the worst cases, the failure of the acquisition (Madininos et al., 2009 Šević 1999). While there has been research investigating the effect on financial returns (Madininos et al 2009, Holtstöm 2000) research into the effects on branding is limited (Olenski 2016). It’s important therefore for research to understand how acquisitions effect brand equity in order to aid companies react and mitigate potential risks that can result in the wake of an acquisition. Without dedicated research large numbers of UK companies involved in acquisitions lack a clear reference point to ease what Mr Iain Ferguson, a senior figure at RRL, called one of the biggest worries you can have in a business, the wake that follows acquisition. This report will investigate the reaction of consumers in order to understand the effect of acquisition downstream in the supply chain. Utilising the resources available to the report it will investigate the recent acquisition by RZC Investments of Rapha Racing LTD. This provides a pertinent case study. Rapha provide the perfect case study due their intense customer focus. Rapha are the proprietors of the worlds finest cycling apparel, founded by Simon Mottram in 2004 in the UK with a mission to make cycling the worlds most popular sport. This emphasis on high quality is in stark contrast to Walmart associations of RZC Investments making this acquisition pertinent to this report.

2. RESEARCH OBJECTIVES

1. To critically review the theory/literature surrounding Branding and the relationship to acquisitions
2. To explore the effects and impacts the loss of majority shareholding has on brand equity in a company
3. To identify how consumers, react when their favourite brands are involved in acquisitions
4. To discuss implications of acquisitions on brand equity and make recommendations to businesses.

¹ This is a phrase used by multiple staff at a local beer house who had recently took CTB off their taps after the acquisition.

3. LITERATURE REVIEW

The report began by researching branding to gain an overview of the literature. Brand equity is a term frequently used in the associated literature (Datta et al 2017, Davcik 2013, Keller 2001, Aaker 1996). The most applicable definition is ‘a differential preference and response to marketing effort that a product obtains because of its brand identification’ (Datta et al 2017, Keller 1998). This report found that brand equity broke into two broad paths 1) Consumer Based Brand Equity (CBBE) and 2) Sales Based Brand Equity (SBBE) The former based on what consumers think and feel about a brand and the latter based on share in the marketplace and sales (Datta et al 2017). Research into CBBE highlighted a number of theories and roadmaps to achieving ultimate Brand Equity. Keller’s Customer-Based Brand Equity Pyramid (Keller 2001), Aaker’s Brand Equity Ten (Aakar 1996), Millwards Brand Dynamics Model (Millwardbrown.com, 2018) and Young and Rubicans Brand Asset Valuator (Yr.com, 2018) are all major theories surrounding brand equity. These theories articulate how consumers feel about brands utilising consumers surveys. Although they bare different names, brand resonance, Keller argues, is a shared pinnacle quality among the Brand Equity models, simply taking different names. The idea that brand equity takes time to build seems to be a commonly held principle in marketing theory (Datta et al 2017). A critique of these models is that they fail to discuss the impact that two companies with differing brand identities coming together can have on Brand Equity. This illuminated an exciting opportunity for new research. When two companies come together two Brand Equity models collide, this report’s hypothesis is that this coming together affects at least one, if not both models in a process that will be called Brand Equity Dialectics, visualised in Fig. 1.

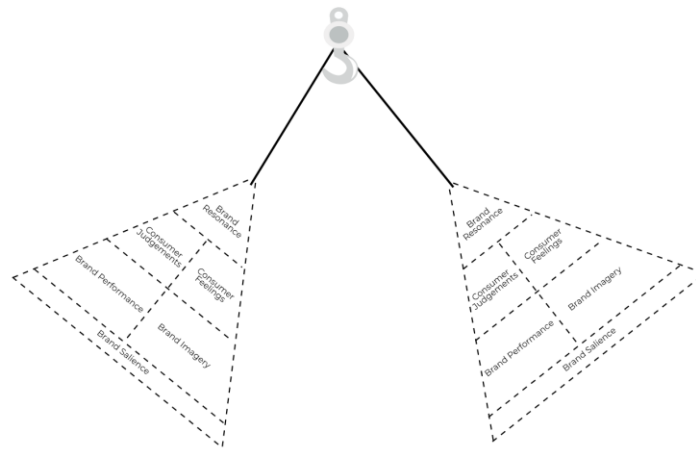


Figure 1: Brand Equity Dialectics

Further compounding the need for research in this area is that the importance of brand resonance is only growing as we enter a digital age where consumers have more access to information, consumers are highly attuned to events involving their favourite brands (Labrecque et al 2013, Perkins et al, 2014). The goal of CBBE is to have loyal and active consumers who have decided to have a close personal connection to a brand (Keller, 2001). When a large event, such as an acquisition takes place, consumers take a keen interest in these events as it affects them on a personal level. It’s therefore important that acquisitions are managed intensely in-order to maintain the brand equity a company has taken many years to grow and to maintain a close personal connection with customers (Olenski 2016). Literature on the effect of acquisitions has generally looked at the SBBE branch as a basis to judge their effects (Maditinos et al 2009, Holtstöm 2000) as aquisitions are often instigated for financial/market gains (Motis 2007).

This focus on financial returns in literature has been mirrored by the actions of businesses who often leave brand equity as an afterthought with financial and operational matters take priority (Kumar et al 2004, Homburg et al 2005, Jaju et al 2006, Lambkin 2010, Olenski 2016). Furthermore, current literature focuses on countries outside the UK indicating room for an investigation to take place in the context of a UK business (Rashid et al 2017, Voesenek 2015, Mboroto 2013). This report has identified RRL as a pertinent company to investigate. RRL are a customer centric 'experience brand' that have made growing their community of cyclists, the Rapha Cycling Club, a key business objective adhering to the pinnacle of CBBE models in having engaged and committed customers (brand resonance). This attitude toward engaging with customers at a community level makes them the perfect business to investigate and the recent acquisition of majority shareholding by RZC Investments will allow this report to offer a fresh insight into how the CBBE model reacts to the coming together of two companies. The literature on post-merger behavior comes from multiple disciplines. Economists look at company similarity and the structure of companies (Andrade et al, Kaplin 2006). Authors with a managerial/operational background focus on the speed of integration after a merger with a focus on employees and structure (Hitt et al 1998, Krishnan et al 2007) Research from a marketing perspective is limited and generally looks at the deployment of marketing resources (Capron et al 1999, Homburg et al 2005) Lambkin and Muzellec (2010) argue that, in general, the 'brand equity transfer' process sees the acquirer transfer its strong brand equity onto the smaller acquired brand. This doesn't apply to RRL who have seen very little obvious equity transfer from RZC suggesting room for investigation to take place to understand why this's the case. This report wants to understand why and how RRL have evaded what literature can currently explain. Looking at the current situation with the rise of startups and the placement of branding at the forefront of all their activities literature fails to appreciate acquisitions in this context. Specifically, in the context of the UK rarely touched upon on in literature. Rapha represents a case study that can help fill this chasm in literature with research into a UK, customer centric brand, involved in an acquisition.

4. CONCEPTUAL FRAMEWORK

Based on the current literature this report believes that customers will be aware of the fact their favourite brands are being acquired as they are loyal and interact with their brands. This interest will be met with many questions about how an acquisition will affect the future of their brand, is the acquiring company a good fit, and what will this mean for the future goals and strategy of the company? Consumers will look for answers to these questions, however, as their brands meander the complexities and challenges that an acquisition poses and as they set priorities such as ensuring a smooth strategic transition the communicating to consumers of what is happening will be either hurried or forgotten about. This lack of communication means a company loses control over the releasing of news of an acquisition and therefore the company can have only a limited influence on how the acquisition is voiced to their consumers. This ultimately means that consumers will formulate opinions about the acquisition through other sources of information, formulating untrue or unwanted associations in the eyes of the brand.

5. METHODOLOGY

The nature of this report's objectives saw the need to identify and understand the opinions of the employees of a customer centric company that has been acquired, the customers of this company and a professional who has operated within a large company that have acquired companies in order to gain an holistic overview of the subject. This report specifically noted a lack of literature in the context of UK businesses - investigating a UK company was therefore important. Interviewing professionals who have been involved with acquisitions allows this report to investigate how separate brand equities interact when they come together, an area that

has limited research specifically in relation to CBBE (Keller, 2001). The ability to interview professionals within a customer centric 'experience brand', RRL, was vital in order to research the effect of acquisitions on CBBE and to understand the effect of acquisitions on the brand equities of companies involved, a frequent occurrence involving over 800 UK business a year (transactions valued over £1 million) (Ons.gov.uk, 2018). This report conducted a semi-structured interview these are flexible while targeting the specific dimensions of the research and allowing a respondent to shed new light on it (Galletta 2012). This report had one chance to interview our interviewee, a semi-structured interview allowed for greater exploration than other techniques through a focused and conversational interaction (Conradin et al 2010, Cohen 2008) allowing this report to achieve research objective 2 (RO2). The interview was face to face allowing flexibility and the ability to probe for explorations to questions (Marshall 2016). It was important to interview someone within RRL who had been there before and after the acquisition, who was open to being interviewed and who could offer an insight into multiple business functions within the business to gain a strong, holistic overview, of the effect of the acquisition on brand equity within the company, an area that was identified in this report's literature review as lacking. This report interviewed the Head of People and Culture Mr Iain Ferguson as he fitted these criteria and would help answer RO2 and provide his opinion on RO3 allowing this report to understand any differences between these opinions and the actual feelings of consumers which ultimately will aid answering RO4. This report conducted a survey to look at RO3 and to see how it relates to RO2. Specifically this report wants to understand the consumer view on acquisitions an area with very little associated research (Kumar et al 2004, Homburg et al 2005, Jaju et al 2006, Lambkin 2010, Olenski 2016). Literature highlighted that consumers are highly attuned to events involving their favourite brands (Labrecque et al 2013, Perkins et al, 2014) suggesting consumers will be open to answering questions on their favourite brands specifically brands have active and loyal consumers (Keller 2001). This made a survey an appropriate way to gain data looking to highlight comparisons between consumer and company views. The questions were created to allow for a comparable questionnaire to be sent to consumers in order to understand and compare the opinions of a brand and their consumers (RO3) and to investigate if there are any expectation gaps that may aid answering RO4. The interview was recorded using a mobile phone and was transcribed by the interviewer allowing the inclusion of any observations made during the interview such as hesitancy to provide extra context to the interview. Transcribing can take a long time, and this should be budgeted into any plans to allow the proper dissemination of resources. It is important to not only be clear about what research a report is undertaking but also provide a clear description of analysis methods (Braun et al., 2006; Malterud, 2001; Thorne, 2000). Thematic analysis is vehicle for finding and analysing themes from a data set (Nowell et al, 2017) The broad nature of this analysis means it can be applied in a meaningful way to a number of studies (Braun & Clarke, 2006; King, 2004). This is appropriate for the qualitative nature of this report's findings concerned with opinions and emotions. When interviewing this report utilised probes in order to steer the conversation back to premeditated questions and focus on the interviewee's opinion. The interview took place at RRL's head office, the interviewer dressed in an appropriate manner, spoke politely and engaged in informal chatting before recording to help make the interview feel natural with the aim to gain more authentic, thoughtful responses and aid the quality of research (Ziniel 2011) A survey was a useful method to utilise as it allows a report to gain information from a large sample and highlights opinions that may be difficult to measure using observational techniques (Priscilla 2005). A survey allowed this report to highlight any gaps between consumers and companies helping to understand RO1 and RO3 while informing this reports recommendations RO4. A survey allowed this report to utilise thematic analysis by creating comparable datasets. The survey tested the principle that companies with strong brand equity have active and engaged consumers by leaving a section for expansion and personal

thoughts - the responses in this section would allow the respondents to talk, without restriction, about areas of interest to them, providing an insight into how interactive they are with the brand (Keller, 2001). A survey aligned with the resources available to this report - gathering the same number of people for a focus group, for example, would have been difficult in the time available. A survey allowed access to a large number of people with a high level of control over the dissemination. The survey was placed on specialised cycling forums and to Rapha consumers the author knew personally. It was important to inform and ask the forum operator for permission. This action helped get the survey on the correct site and gave it credibility with the backing of the forum owner. This aided this report in gaining 32 responses reaching the minimum of 30 samples needed to create validity (Lani, 2018). Conducting these two methods allowed us to investigate RRL helping this report fill the chasm in literature within a UK, customers centric brand, involved in an acquisition. To aid formulating recommendations, RO4, this report conducted a semi-structured interview with a former professional who has operated within a number of large companies who have acquired other companies. This was in order to judge how much importance is placed on brand equity when a company is looking to acquire a company to reemphasise the original opportunity that stated that strong brand equity makes a company appealing to investors. Further in order to articulate a valid and pertinent response to RO4 it is important to learn from the experiences of a professional who has had hands on experience of acquisitions both successful and unsuccessful. This report utilised the primary interview with Mr Ferguson and the survey of RRL consumers in order to understand the gaps between the two parties to identify, through thematic analysis, key themes. The secondary interview aimed to draw on the experiences of an experienced professional who has operated within a number of large companies who have acquired companies in order to articulate a credible response to RO4 and to help explain the findings from the primary interview and survey. One issue faced was pinning down professionals to conduct interviews with. Mr Ferguson was hugely helpful in allowing an interview to take place. With greater time and resources the ability to interview a number of employees at RRL and apply thematic analysis to standardised questions would offer a real insight into RRL's strategy. Further the ability to join the cycling club that RRL operate would have allowed access to very passionate RRL consumers however this requires a joining fee to gain access which was out of line with the resources available. Finally, the busy nature of professionals makes it difficult to have in-depth and uninterrupted conversation and often short answers have to suffice - with a longer time frame and the ability to book in a longer period of time to interview and talk to certain professionals this would allow for more in-depth data collection however the flexible and expansive nature of semi-structured interviews disparaged these concerns somewhat.

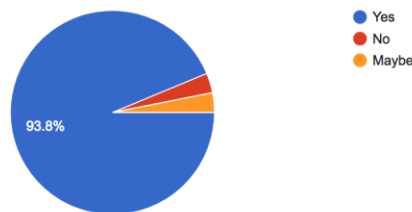
6. FINDINGS AND DISCUSSIONS

The interviews with Mr Iain Ferguson of RRL who has been at the company before and after their acquisition (Interviewee 1) and a former director involved in P&G's acquisition of Clairol and Gillette and Heinz's acquisition of HP Foods (Interviewee 2) shed light on the effect that acquisitions can have on brand equity helping to answer RO2. Interviewee 2 stated that acquiring companies place a large impetus on brand equity: "These businesses saw brand equity as the cornerstone of future financial success" However went on to say: "Financial targets are always paramount, but wherever possible we were leveraging brand equity to do this. In some cases, however financial or strategic decisions impacted negatively on equity (e.g. cutting investment in marketing to hit targets)". This aligns with current literature that states brand equity is often pushed to the back of the queue of objectives when completing an acquisition. Operations associated with brand equity are easy to sacrifice when the bottom line takes on more importance to shareholders as Interviewee 2 adheres to above. (Kumar et al 2004, Homburg et al 2005, Jaju et al 2006, Lambkin 2010, Olenski 2016).

Ironically this ease by which companies push brand equities importance backward can inherently disparage the financial success of companies involved in acquisitions as Interview 2 discussed: “Company A had strong equity but small scale, especially against other elements of the acquirer’s portfolio. It didn’t get the strategic or financial focus it had enjoyed as part of its parent company and so performed less well”. The inability to place importance on brand equity effects the bottom line by aiding the failure of acquisitions a topic discussed by Maditinos et al 2009 and Šević 1999. CTB and their loss of suppliers due to their acquisition by AB InBev highlights again the impact a poor handling of brand equity can have aiding this report answering of RO2. Compounding by Mr Golden writing for CEO world stating: “Focusing on the implications of how the merger or acquisition will affect the brand is less tangible, and therefore often put on the back burner or just plain neglected. Ultimately, that can be a costly mistake.” The reports survey highlighted this theme - 93.8% of survey respondents stated they had bought Rapha goods however only 81.3% would continue to after the acquisition (**Fig, 2**). This compounds the evidence suggesting that acquisitions effect brand equity and therefore the bottom line as a result helping this report investigate **RO2** and reemphasises the need for research in this area.

Do you purchase Rapha goods?

32 responses



After the acquisition will you continue to purchase Rapha goods?

32 responses

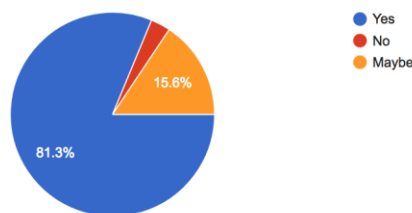


Figure 2: The reports survey

This isn’t to say that acquiring companies don’t understand and appreciate the importance of brand equity, in fact, it forms a large reason why companies acquire companies with interviewee 2 stating “Acquirers are concerned not to lose key capabilities that have made the brands they acquired successful”. This includes brand equity that, as discussed in the background of this report with Keller, is a step by step process taking time and that companies spend a large amount of resources building with Interviewee 2 agreeing: “Building brand equity is a highly time consuming and expensive process” A respondent to this reports survey adhering to the fact

brand equity is appealing to acquiring companies stating: “The reason that they (RRL) were bought was because they are a very successful business so why would any radical changes be made to something which was working well”. The second point shone light on RO3 - trying to understand how an acquisition affects consumers. The survey conducted revealed a number of broad opinions held by consumers suggesting that there isn’t one cohesive opinion on this subject with one respondent stating: “I wouldn’t expect to see changes in the brand direction straight away so I’m still waiting to see what happens.”. While another states: “As a Rapha customer the change in ownership is concerning for the future direction and identity of the brand.”. The fact a third of respondents took the time to write about the acquisition, in the open-ended question placed at the end of the survey, articulates what Keller and other authors mean when discussing an active and loyal consumer base - a product of a strong brand equity. The disparity in opinions makes it difficult to draw conclusions on how the merger effected consumer (RO3) however this last response aforementioned adheres to 53.1% of respondents who stated that the Walmart association is in some way damaging to Rapha (Fig. 3).

RZC are owned by the Grandsons of the Walmart founders - do you think this association is damaging to an high end company such as Rapha

32 responses

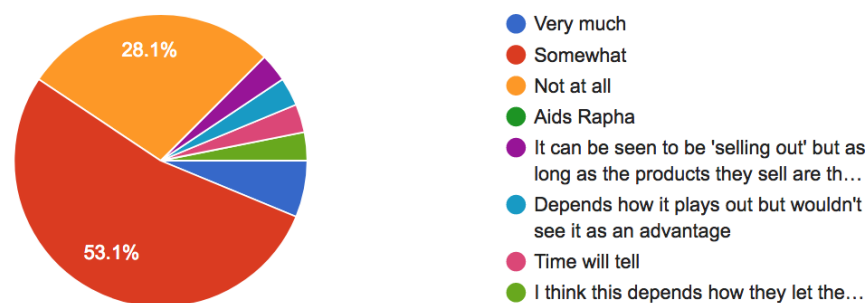


Figure 3: Walmart association damaging Rapha

This is a clear contradiction to Mr Ferguson who stated, when asked if the Walmart association will effect Rapha’s brand image: “No is the answer. I don’t think so - I believe they are too far removed for people to start associating Rapha with... you aren’t going to start seeing Rapha in Walmart.” Mr Ferguson discussed how the owners of RZC had come in and answered a series of questions about the Walmart associations and had settled the nerves of employees by stating they don’t believe Rapha will be appearing in Walmart. Mr Ferguson discussed the transparency shown by the leadership team throughout every stage of the acquisition: “it was a well organised, well-orchestrated... they stayed very transparent throughout the whole thing” and how this was “very good at reassuring the staff”. This shines light on a theme within the research that can begin to answer RO4. That is the concept of transparency - as Mr Ferguson stated the RRL leadership team were very transparent with staff helping to calm nerves, however Mr Ferguson stated: “there was the same if not more care put in to make sure our customers knew

what was going on”. The survey states that 50% of respondents did not feel RRL were clear with their communication of the acquisition (Fig, 4).

Do you feel Rapha were clear with their communication of the news of the acquisition?

32 responses

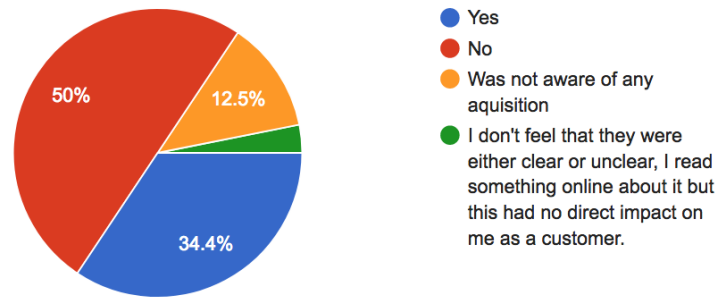


Figure 4: Rapha were clear with their communication of the news of the acquisition

This suggests a gap between what RRL feel they had done and what customers have seen. When googling ‘Rapha acquisition’ there’s only one official Rapha webpage on the first page of results. Indeed, Mr Ferguson states: “With a brand that is pretty high profile, like Rapha, there are obviously a lot of rumours going around in the press”. This suggests that Rapha didn’t have control over the dissemination of news about the acquisition or it simply took a backseat to more pressing internal issues and priorities associated with acquisitions a theme discussed heavily by Lambkin 2010, Olenski 2016 and Golden 2018. This culmination of factors goes a long way to aiding this report understand the effect acquisitions have on brand equity. There’s coherence between literature and this reports primary research to suggest confidently that brand equity related activities commonly take a backseat during the transition period of acquisition. Utilising the insights from interviewee 1 and the success of RRL to manage the acquisition internally this report can formulate a grouping of the findings, to aid answering R04, into a single theme that can be called:

6.1. Brand Equity Dialectics: The need for Transparency and Respect

Dialectics can be described as the coming together of two forces and a resulting synthesis (Hitchens 2010). This is an appropriate way to describe the effect of acquisitions on brand equity. This process has been previously described in literature as the ‘brand equity transfer process’ (Lambkin 2010) however this was articulated on the basis of transferring brand equity from the acquirer to the acquired and did not fit this reports investigation in RRL where the company being acquired had a stronger brand equity than its acquirers. A common theme within this report’s primary research was that of respect between both companies coming together and more specifically over the strategy and brand equities in place. Interviewee 2 states when discussing successful acquisitions: “The Gillette and Herbal Essences brands, both acquired by P&G, were successfully integrated and grown by respecting the brand equities which had made them successful and attractive.” Mr Ferguson states something similar when discussing the near future of RRL: “Same ambition just more possibilities - nothing has changed its business at usual - no-one has had to leave, and nothing has changed fundamentally - that’s because the strategy that was in place before (the acquisition) is still in place today. They loved it (RRL culture), they really liked it. And I think they bought in to everything”. This common thread of respect between the two parties aids the formulation of this report’s recommendations, R04.

The necessity of short-term respect for the strategy and brand equities currently in place at the acquired company, Interviewee 2 stating: “Autonomy was more significant in the early days following acquisition... acquirers want to learn more about what makes them (acquired companies) work. Over time, they become more integrated” Survey respondents adhered to this importance for autonomy and respect for the acquired company by the majority agreeing it was important that Simon Mottram stayed on as CEO. Mr Ferguson went further to say: “The company is Simon. For me personally it was massive it, was a huge sign of confidence”. Finally, transparency - Mr Fergusons focused on the importance of transparency with employees. This report believes that this transparency should be emanated to consumers. By companies being more transparent with customers it would allow for ownership of the event and would help rid the rumours Mr Ferguson discussed and that saw such damage to the likes of CTB and Goose Island. If RRL take control of the communication of the acquisition to consumers, they can push the positive effects this acquisition will have and help to disparege the worries consumers have about the acquisition. Specifically, for RRL the connotations of Walmart that clearly have no impact on employees at RRL, yet consumers seem to disagree. Further research would be into the effectiveness a Respect and Transparency approach might have on future mergers and acquisitions involving customer centric brands as a way to aid the protection and growth of brand equity. Increasing the scope of research to encompass more companies so that more weight can be placed on the findings would be hugely beneficial.

LITERATURE:

1. Aaker, David A. (2012), “Win the Brand Relevance Battle and Then Build Competitor Barriers,” *California Management Review*, 54 (2), 43–57.
2. Andrade, G., Mitchell, M., et al. (2001). New evidence and perspectives on mergers. *Journal of Economic Perspectives*, 15(2), 103–120.
3. Bahadir, S. C., Bharadwaj, S. G., & Srivastava, R. K. (2008) Financial value of brands in mergers and acquisitions: Is value in the eye of the beholder? *Journal of Marketing*,
4. Bounds, A. (2017). *Number of UK start-ups rises to new record*. [online] Ft.com. Available at: <https://www.ft.com/content/cb56d86c-88d6-11e7-afd2-74b8ecd34d3b>
5. Braun, V. and Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), pp.77-101.
6. Capron, L., & Hulland, J. (1999). Redeployment of brands, sales forces, and general marketing management expertise following horizontal acquisitions: A resource-based view. *Journal of Marketing*, 63(2), 41–54.
7. Datta, H., Ailawadi, K. and van Heerde, H. (2017). How Well Does Consumer-Based Brand Equity Align with Sales-Based Brand Equity and Marketing-Mix Response?. *Journal of Marketing*, 81(3), pp.1-20.
8. Davcik, S. N. (2013). An empirical investigation of brand equity: drivers and their consequences. *British Food Journal*, 115(9), pp.1342-1360.
9. Davies, R. (2015). *Camden Town Brewery sold to world's biggest drinks company*. [online] the Guardian. Available at: <https://www.theguardian.com/business/2015/dec/21/camden-town-brewery-sold-inbev-worlds-biggest-drinks-company>
10. Desrosiers, G. (2018). *The Cut Off -- List Of Impostor Craft Beer Brands / Brew Studs*. [online] Brew Studs. Available at: <http://wearebrewstuds.com/craft-beer-cut-off/>
11. Golden, D. (2018). *Brand: The neglected asset in mergers and acquisitions*. [online] Siegel+Gale: Brand Consulting, Experience, Strategy, and Design. Available at: <http://www.siegelgale.com/brand-the-neglected-asset-in-mergers-and-acquisitions/> [Accessed 30 Apr. 2018].

12. Hitchens, C. (2010). *Christopher Hitchens - Interviewed by Jennifer Byrne [2010]*. [online] YouTube. Available at: <https://www.youtube.com/watch?v=1uocFsLoX50>
13. Holtström, J. (2000). Effects on customers' and suppliers' due to mergers and acquisitions.
14. Homburg, Christian, & Bucerius, Matthias (2005). A marketing perspective on mergers and acquisitions: How marketing integration affects postmerger performance. *Journal of Marketing*, 69(1), 95–113.
15. Jaju, A., Joiner, C., et al. (2006). Consumer evaluations of corporate brand redeployments. *Journal of the Academy of Marketing Science*, 34(2), 206–215.
16. Kaplan, S. (2006). Mergers and acquisitions: A financial economics perspective. January: US Antitrust Commission Economist's Roundtable on Merger Enforcement.
17. Keller, S. and Conradin, K. (2010). Semi-Structured Interviews | SSWM. [online] Sswm.info. Available at: <https://www.sswm.info/planning-and-programming/decision-making/gathering-ideas/semi-structured-interviews>
18. Keller, Kevin Lane (2001), “Building Customer-Based Brand Equity: A Blueprint for Creating Strong Brands,” Report No. 01-107, Marketing Science Institute.
19. Krishnan, H. A., Hitt, M. A., & Park, D. (2007). Acquisition premiums, subsequent workforce reductions and post-acquisition performance. *Journal of Management Studies*, 44(5), 709–732.
20. Kumar, S., & Blomqvist, K. Hansted (2004). Mergers and acquisitions: Making brand equity a key factor in M&A decision-making. *Strategy & Leadership*, 32(2), 20–27.
21. Lambkin, M. and Muzellec, L. (2010). Leveraging brand equity in business-to-business mergers and acquisitions. *Industrial Marketing Management*, 39(8), pp.1234-1239.
22. Labrecque, L., vor dem Esche, J., Mathwick, C., Novak, T. and Hofacker, C. (2013). Consumer Power: Evolution in the Digital Age. *Journal of Interactive Marketing*, 27(4), pp.257-269.
23. Lani, J. (2018). *Sample Size Formula - Statistics Solutions*. [online] Statistics Solutions. Available at: <https://www.statisticssolutions.com/sample-size-formula/> [Accessed 28 Apr. 2018].
24. Maditinos, D., Theriou, N. and Demetriades, E. (2009). The Effect of Mergers and Acquisitions on the Performance of Companies – The Greek Case of Ioniki-Laiki Bank and Pisteos Bank. pp.111-130.
25. Marshall, C. (2016). [online] Available at: <https://www.linkedin.com/pulse/face-to-face-interviews-advantages-disadvantages-charlie-marshall/>
26. Mboroto, S. (2013). The Effect of Mergers and Acquisitions On The Financial Performance Of Petroleum Firms In Kenya
27. Motis, J. (2007). Mergers and Acquisitions Motives.
28. Nowell, L., Norris, J., White, D. and Moules, N. (2017). Thematic Analysis. *International Journal of Qualitative Methods*, 16(1), p.160940691773384.
29. Patton, M.Q. (1990.) *Qualitative evaluation and research methods*. Newbury Park, California: Sage.
30. Perkins, B. and Fenech, C. (2014). [online] Www2.deloitte.com. Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/consumer-business/consumer-review-8-the-growing-power-of-consumers.pdf>
31. Priscilla, A. (2005). *Fundamentals of Survey Research Methodology*.
32. Olenski, S. (2016). *How Acquisitions Affect Customer Experience And Branding*. [online] Forbes.com. Available at: <https://www.forbes.com/sites/steveolenski/2016/12/08/how-acquisitions-affect-customer-experience-and-branding/#22bf7a611a7f>

33. Ons.gov.uk. (2018). Mergers and acquisitions - Office for National Statistics. [online] Available at:
<https://www.ons.gov.uk/businessindustryandtrade/changetobusiness/mergersandacquisitions>
34. Rashid, A. and Naeem, N. (2017). Effects of mergers on corporate performance: An empirical evaluation using OLS and the empirical Bayesian methods. *Borsa Istanbul Review*, 17(1), pp.10-24.
35. Roderick, L., Ritson, M., Vizard, S., Woollen, P., Inglethorpe, A., Reporters, M., Hammett, E., Reporters, M., Joy, S.,. (2017). *Camden Town Brewery on why it must 'transcend' its craft beer tag*. [online] Marketing Week. Available at:
<https://www.marketingweek.com/2017/09/07/camden-town-brewery-first-tv-campaign/>
[Accessed 30 Apr. 2018].
36. Saunders, M., Lewis, P. and Thornhill, A. (2015). Research methods for business students.
37. Shikati, C. (2017). *Importance of branding for your startup – What it Takes – Medium*. [online] Medium. Available at:
<https://medium.com/w-i-t/importance-of-branding-for-your-startup-e4ff63ddf1b5>
38. Voesenek, A. (2015). The effects of mergers and acquisitions on firm performance.
39. Weller, L. and Livingston, R. (1988). Effect of Color of Questionnaire on Emotional Responses. *The Journal of General Psychology*, 115(4), pp.433-440.
40. Yr.com. (2018). *Y&R - Global Ad Agency - BAV Group - Global Strategic Consultancy*. [online] Available at: <https://www.yr.com/bav>
41. Ziniel, S. (2011). *Avoiding Bias in the Research Interview*. [online] Childrenshospital.org. Available at:
<http://www.childrenshospital.org/~media/Research%20and%20Innovation/Clinical%20Research%20Center/Clinical%20Research%20Center%20Education%20Core/Avoiding%20Bias%20in%20the%20Research%20Interview.ashx>

THE IMPACT OF IFRS 9 ON LOAN IMPAIRMENTS IN CROATIAN BANKS

Sanja Broz Tominac

Faculty of Economics and Business Zagreb, Croatia
sbroz@efzg.hr

Vesna Vasicek

Faculty of Economics and Business Zagreb, Croatia
vvasicek@efzg.hr

ABSTRACT

This paper explores the impact of application of new International financial reporting standard 9 Financial Instruments on loan impairments in Croatian banks. The impairment requirements in the new standard are based on expected credit loss model and replace the International accounting standard 39 Financial instruments: Recognition and measurement incurred loss model. The change in regard to the IAS 39 is the new classification and measurement model based on the business model of the entity (at the portfolio level) and the characteristics of the contracted cash flow by individual financial asset. Credit loss represents the difference between all discounted contracted inflows payable to entities under the contract, and all discounted cash inflows that the entity is expecting. A new model relies on entities being able to make robust estimates of expected credit losses at the point at which there is a significant increase in credit risk. For this purpose, banks will need to decide how "significant increase" and "default" will be defined in the context of the instruments (loans) they hold. The paper explores what are the main challenges in the field of data availability, impairment model, criteria for the allocation and macroeconomic factors when implementing the new standard in banks. The new model of impairment is likely to have a significant impact on the systems and processes of banks due to its extensive new requirements for data and calculations.

Keywords: banks, IFRS 9, impairment, loans, loss model

1. INTRODUCTION

In July 2014, the IASB issued the International Financial Reporting Standard 9 - Financial Instruments (IFRS 9), approved by the European Commission in the Directive No. 2067/2016, which introduces the term "Expected Credit Loss" (ECL) for Recognition and Measurement. The IFRS 9 (Lex Europa 2016) has been in force since 1st of January 2018, and has replaced the International Accounting Standard 39 (Financial Instruments: Recognition and Measurement). Although this standard applies on both financial and non-financial institutions, for the needs of this paper the emphasis is on banks as financial institutions, while for insurance companies it is worth the delay of first application until 2021. The new standard has brought a lot of complexity to it. It includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The objective of the IFRS 9 is to establish financial reporting principles on financial assets and liabilities to present important and useful information to the users of financial statements in order to estimate the amount, time, and uncertainty of the entity's future cash flows. A new standard for banks can contribute to improving credit risk management, increasing transparency regarding asset quality and credit risk, and reducing procyclicality through more timely recognition of credit losses (Frykström and Jieying 2018). Some authors introduce the new standard as a regulatory "tsunami" (Leman 2015).

2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS IN BANKS

The IFRS 9 states how banks should classify and measure financial assets and financial liabilities for periods after January 1, 2018. The bank recognizes a financial asset or financial liability in its statement of financial position if, and only if it becomes the party to the contractual provisions of the instrument. At the first recognition, the bank classifies financial assets as assets that are subsequently measured at (Lex Europa 2016):

- a) amortized cost
- b) fair value through other comprehensive income
- c) fair value through profit or loss.

In addition to satisfying the business model criteria according to which the financial asset is held for collection, it must pass and check the contracted cash flow. If the payments for a particular financial instrument consist of principal payments and interest on the unpaid principal, then it is classified at amortized cost. If the financial instrument is held for the purpose of collecting and selling that passes the above-mentioned verification (so-called solely payments of principal and interest, SPPI), it is classified as a fair value category through other comprehensive income. In the last category, at fair value through profit and loss, derivatives, and equity securities as well as those securities held by the bank for trading purposes will be included. The reason for this is that payments based on these instruments do not consist solely of principal payments and interest on unpaid principal. This classification is based on (Lex Europa 2016):

- a) business model test and
- b) cash flow characteristics test.

The business model is one of two main determinants that affect the classification and measurement of financial assets. The business model is subordinated to the management level of financial assets to achieve a particular business objective and does not depend on the management intentions of the individual instrument. There are several models of financial asset management:

- A business model whose purpose is to hold a financial asset for the purpose of collecting contracted cash flows. This means that a financial asset is held to maturity or that the sale is not planned or will be in the future.
- A business model designed to hold financial assets for the purpose of collecting contracted cash flows and for sale. This means that an entity holds financial assets for the purpose of achieving two goals: collecting contractual cash flows and selling financial assets related to day-to-day liquidity management, maintaining the portfolio's yield, adjusting the maturity of assets and related liabilities.
- Other business models whose purpose is to hold a financial asset for trading and by which a group of financial assets is managed at fair value. In this model, the business objective leads to active buying and selling of financial assets, whereby the entity primarily focuses on the fair value data used to assess asset performance and decision making (IFRS 9, B.4.1.1. – B.4.4.3.)

The concept of a business model is defined by the standard in the first place as its adaptation to business mode. For example, if a bank holds a certain asset for longer or maturity then more useful information on the amount of amortized cost, and vice versa, if the bank plans to sell the asset then more relevant information on its fair value. In essence, if a financial asset is a simple debt instrument such as a loan, the business model's objective in which it is held is the collection of contractual cash flows without the sale of assets and these cash flows represent only payments of principal and interest then the financial asset should be categorized into financial

assets by amortized cost. The first-time financial impact of the IFRS 9 arises mainly from the obligation to redefine the value of financial assets in the portfolio, to allocate the portion of the performing portfolio to the second level, which will be discussed in the next chapter, to include future parameters arising from future macroeconomic scenarios in the calculation of expected losses and the need for the reclassification of individual financial assets in the portfolio on the basis of the business model and contractual features of the associated cash flows. Initial measurement of assets is at fair value at the acquisition date, plus transaction costs for all classes of assets except for financial assets at fair value through profit or loss. Transaction costs for this category of financial asset are charged for the expense of the period. Transaction costs may only include costs directly attributable to the purchase or sale of financial assets such as banking services, brokerage fees, auditing costs and the like. Subsequent measurement is possible by:

- a) amortized cost and
- b) fair value.

Fair value is the price that would have been realized by selling an item of property or paid for the transfer of an obligation in a fair transaction between the market participants at the measurement date (IFRS 13 2011). The fair value determination is carried out in accordance with the fair value hierarchy established in IFRS 13 Fair value measurement. The amortized cost of a financial asset or financial liability is the amount at which, upon initial recognition, a financial asset or financial liability is measured, less principal repayments, increased or decreased by cumulative depreciation using the effective interest rate method, all differences between the initial amount and the amount at maturity, and in the case of financial assets adjusted for all impairment provisions (IFRS 9, Appendix A). The amortized cost is applied for subsequent measurement of financial assets at amortized cost, while the value of the offsetting amounts are subsequently measured at fair value through other comprehensive income and financial assets at fair value through profit or loss. A test of impairment is required for financial assets at amortized cost and for debt instruments classified as financial assets at fair value through other comprehensive income. Impairment of items of financial assets at amortized cost and fair value in other comprehensive income is recognized in the income statement. The IFRS 9 prescribes the application of the expected credit loss model, which results in a more differentiated recognition of losses in relation to the model of credit loss incurred under the IAS 39. Examples of impairment of financial assets include delays in repayment of principal or interest payment, the disappearance of an active market for financial assets, problems of issuers in the form of reorganization, pre-crisis or bankruptcy.

3. EXPECTED LOSS IMPAIRMENT MODEL OF LOANS

In the previous standard that introduced the term "incurred loss", it required banks to recognize credit losses only when the loss occurred - a backward-looking framework (Frykströmand and Jieying 2018), which was exposed to criticism. This approach implied that the credit loss recognition is too small and too slow, considerably as the greatest weakness of the IAS 39. The IFRS 9 and the concept of expected credit loss (ECL) require banks to recognize the expected credit loss at all times, taking into account past events, current state and future macroeconomic forecasts conditions (forward-looking). All this is necessary to update the amount of expected loan losses recognized at each reporting date in order to reflect changes in credit risk (BIS 2017). In short, this is an approach that looks ahead of the previous standard, and the result should be the recognition of timely credit losses. Since the banks are the biggest loan providers they have the most impact on the new rules of impairment. They approve loans to individuals and legal entities and are exposed to the credit risk of the borrower. If the borrower is unable to repay the loan and the fair value of the underlying instrument is below the carrying amount then the banks will face actual credit losses.

With the aim of reducing credit risk (Broz Tominac 2018), banks are forced to set aside the amount to absorb any expected losses on their lending. This amount is included in the balance sheet under the provision loss position that is revised at each reporting date. Increase or decrease in loss reserves in the balance sheet is called a loss provision. Any adjustment to the loss provisions in line with the increase or decrease of the provision reflects on the profit or loss statement as affecting the income and capital of the bank. More specifically, the increase in provisions negatively affects earnings and capital, thus affecting regulatory capital. The concept of expected credit losses means that if the credit quality of financial assets improves the recognized provision is reverted. The main change made by the IFRS 9 is that the credit losses are recognized on the basis of estimated expected loan losses, taking into account even a wider range of macroeconomic indicators such as unemployment rates, real estate prices, interest rates and the like. Therefore, the bank has to reflect the changes in the credit risk of the financial instrument on every reporting date in relation to the initial recognition and update the loss provision. Expected credit losses must reflect the time value of money as well as all real and reliable information. If this were to be implied by the Croatian banks, then it would have been just as prediction as what would happen in the future. The expected credit loss framework applies to those assets that are subject to impairment in accordance with the IFRS 9 including lease receivables, loan commitments and financial guarantee contracts. Since the focus of this paper are bank loans, below are introduced three levels for the recognition of impairment on individual or group basis in accordance with the IFRS 9 (BIS 2017):

a) 1. stage (performing)

The expected credit loss resulting from default events that are possible within the next 12 months are recognized when credit is contracted or purchased. Also, the loss allowance was established. At the later reporting dates, the 12-month ECL is applied to the existing loans without a significant increase in the credit risk of initial recognition. Interest income is calculated on the gross amount of credit without deducting expected credit loss. When determining whether there has been a significant increase in credit risk from initial recognition, the bank assesses the change as it reviews the risk of default through the expected lifetime of the loan, which means a change in default probability versus expected loan loss.

b) 2. stage (under-performing)

If the loan credit risk has increased significantly from the initial recognition and is not considered low, the expected credit loss is recognized over the lifetime, whereby the interest income is calculated as well as at the first stage. Significant part of the financial asset disclosed under the "Financial assets past due but not impaired" in the financial statements of banks will suddenly fall to the second stage using the IFRS 9 (Novotny-Farkas 2016).

c) 3. stage (impaired)

If the loan credit risk rises to the point of credit-impaired, the interest income is calculated on the basis of the amortized cost of the loan, which means that the gross amount is reduced by the loss allowance.

Moving assets such as loans from the first to the second stage (or even the third), are caused by a significant increase in credit risk once the property is originated.

Figure following on then ext page

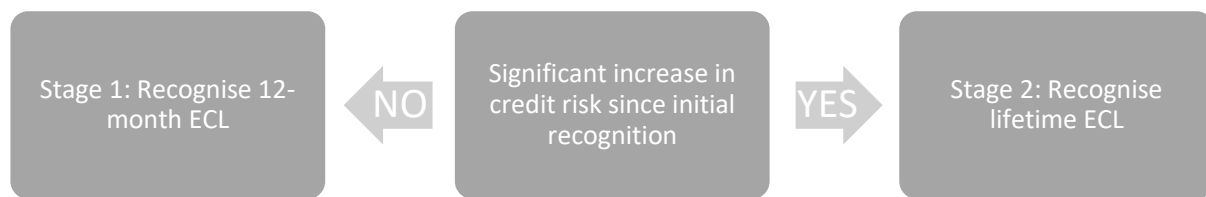


Figure 1: The impact of significant increase in credit risk on stages (authors)

What ‘‘a significant increase in credit risk’’ exactly means is not defined by the new standard. The definition of this concept is left to the bank. Provisions are much bigger in the second than in the first stage because the horizon in the expected value calculation is longer. When the asset moves to another stage due to significant deterioration, the carried loss provisions significantly increase at the time of the transition. This is also the main difference between the provisions recognized under the IFRS 9 and IAS 39. Moving assets from the second to the third stage is caused by the default event under the IFRS 9. This is in fact the same as the recognition of losses under the IAS 39. IFRS 9 does not define the default as it requires banks to define default in a manner consistent with the internal credit risk management but does not exceed 90 days from maturity. It is very important for banks to manage the risks they are exposed to, particularly the credit risk, which allows them to timely anticipate any significant changes in the portfolio in order to allocate appropriate levels of provisioning loss.

4. CHALLENGES AND EFFECTS OF NEW IMPAIRMENT MODEL IN CROATIAN BANKS

The initial application of the IFRS 9 to Croatian banks resulted in losses of HRK 1.4 billion (recorded directly in equity, with the largest amount related to the increase in impairment and provisions (Croatian National Bank 2018). With a view to aligning with the IFRS 9, the Croatian National Bank has adapted the by-laws and the Decision on Classification of Exposure to Risk Groups and the Method for Determining Credit Losses (Official Gazette 114/17, Odluka o klasifikaciji izloženosti u rizične skupine i načinu utvrđivanja kreditnih gubitaka)). Moving to the model of expected credit losses from the occurred loss model requires banks to forecast macroeconomic conditions and their inclusion in risky parameters of the ECL model, thus making the implementation process very complex and having a significant impact on key areas of bank operations. The forward - looking approach mentioned above requires significant efforts in modeling and judgments of management how macroeconomic conditions affect the amount of reservations. Management judgments are closely related to modeling credit risk by using internal ratings-based approaches to calculate regulatory capital. Consequently, the IFRS 9 requires banks to disclose modeling methods for expected credit losses, which are judgments and assumptions used by management, which provides useful information on the asset quality of the asset and its associated credit risk. As a consequence, these are very difficult to compare with other banks. For an overview of the situation in Croatian banks, it was necessary to compare the disclosures for 2017 as the year when the IAS 39 was valid and for the first and second quarters (where available) 2018 in accordance with the IFRS 9 with an emphasis on the expected loss of credit. The observed banks and most other banks in Croatia had the activities of selling partly recoverable or fully irrecoverable loans on the secondary market with a view to reducing non-performing receivables in their portfolios in the previous year. Such claims would burden their billing systems and business results in the long run, and their sales reduced the share of bad loans and increased the ratio of bad credit coverage to the reserve.

The positive effect of loan sales is reflected in the increased dynamics of loss reduction caused by the materialization of credit risk. The new rules related to the classification and measurement of financial instruments, including the new impairment concept apply to the existing situation in the business books. This implies that the application of the new IFRS 9 standard had a one-off effect on the capital of banks with the date of January 1, 2018. A sample of six banks was taken for the conducted analysis as they earned the largest gross profit for the Croatian National Bank in the first quarter of 2018. These banks cover over 80% of the total assets of all banks in the Republic of Croatia, out of 23 banks (as of September 14, 2018, <https://www.hnb.hr/temporary-functions/service/credit-credit>). Quarterly reports of banks published on their websites were observed. However, two banks have not yet published quarterly reports on their websites, therefore, the remaining four banks entered the analysis. The mentioned banks and other ones that made profits in the mentioned period, can thank the decrease in the net value adjustment and value adjustment since the effect of one of the largest domestic companies that caused bank fall last year has disappeared. The effect that banks found and reflected in equity as a rule by reducing retained earnings, was a loss. However, although the overall effect of applying the IFRS 9 is unfavorable to some banks, they have shown a positive impact. The negative effect is primarily reflected in the additional impairment of the balance sheet exposure in debtors subject to the calculation of expected credit losses. The most significant impact was the calculation of expected credit losses on household loans in the portfolio at amortized cost. Impairment has risen due to the second stage at which it is the financial assets of banks that shows a significant increase in credit risk, but the status of default has not yet occurred. However, this stage is the carrier of the most significant increase in impairment. Expected loss for financial assets classified into this level is calculated for the entire duration of a particular instrument. This is significantly more than the 12-month expected first-rate credit losses. Furthermore, re-measurement of financial assets at fair value through profit and loss account also has adversely affected the application of IFRS 9. In regards to the difference between the effects on retained earnings and the effects on equity capitalized by banks in their business books as of January 1, 2018, these mainly relate to the impairment of financial assets that are carried at fair value through other comprehensive income. The aforementioned impairment has a neutral effect on the total equity in the balance sheet as it is recorded through retained earnings and other comprehensive income, i.e. both positions are stated as equity in the balance sheet. With the highlighted most significant negative effects it is also necessary to mention positive effects that are primarily reflected in the transfer of net interest income off the balance sheet that were accounted for in the off-balance sheet (off interest rates) by the end of 2017, and could only be recognized in the income statement after the payment. This has been changed by introducing and applying a new standard, thus now the interest income is also calculated on those loans at the third stage.

5. CONCLUSION

The effect of adopting a new standard was not negligible, but the Croatian banking system absorbed this loss without difficulty. If the portfolios are analyzed on an economic basis according to IAS 39 I and IFRS 9, it can be concluded that the re-classification of financial instruments has not led to significant changes. Most of the assets remain in the portfolio measured at amortized cost, while the smallest part is made up of financial assets that are at fair value through profit or loss. The IFRS 9 did not lead to the reduction of regulatory capital in Croatian banks. This has contributed to the fact that from the beginning of 2018, the banks could include unrealized gains from measuring assets at fair value in their regulatory capital, until then they were excluded. Furthermore, as regulatory capital would not be abruptly reduced by banks in the European Union, it is possible to have a transition period of five years for gradual inclusion of the new standard regulatory capital.

However, most banks did not use this option as the Croatian banking system was highly capitalized. Concerning the impact of the IFRS 9, they differ between individual banks depending on their size and the credit risk management model. In this analysis, banks that were included are big banks. In the long term, the IFRS 9 should improve credit risk management in banks, as well as internal processes of price determination, reduce procyclicality through recognition of timely credit losses and a higher level of transparency. All of this will help improve financial stability in general.

LITERATURE:

1. Biakowska, E. (2018). ECL models: A deeper dive – Real-time IFRS 9. Keeping you up to date on how banks are implementing the new standard. Retrieved 09.09.2018 from <https://home.kpmg.com/xx/en/home/insights/2018/03/real-time-ifrs9-financial-instruments-expected-credit-loss-ecl-model.html>
2. BIS (2017). IFRS 9 and expected loss provisioning – Executive Summary. Retrieved 31.08.2018 from <https://www.bis.org/fsi/fsisummaries/ifrs9.htm>
3. Broz Tominac, S. (2018). Challenges of Application of IFRS 9 in Insurance Companies in the Republic of Croatia. 31st IBIMA Conference 25-26 April 2018, Milan, Italy.
4. Frykström, N., Jieying, L. (2018). IFRS 9 – the new accounting standard for credit loss recognition. *Economic Commentaries*, No. 3
5. Hrvatska narodna banka (2018). Bilten o bankama, Nr. 31. Retrieved 17.09.2018 from <https://www.hnb.hr/documents/20182/2561265/hbilten-o-bankama-31.pdf/88d38df4-d5f2-46a4-85b1-140d1e7710a7>
6. Leman, E. (2015). Implementing the IFRS 9's Expected Loss Impairment Model: Challenges and Opportunities. *Moody's analytics risk perspectives - Risk data management*, Vol. V. Retrieved 30.08.2018 from <https://www.moodyanalytics.com/risk-perspectives-magazine/risk-data-management/regulatory-spotlight/implementing-the-ifrs-9-expected-loss-impairment-model>
7. Lex Europa (2012). IFRS 13 Fair value measurement. Retrieved 04.09.2018 from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32012R1255>
8. Lex Europa (2016). IFRS 9 Financial instruments. Retrieved 05.09.2018 from <http://eur-lex.europa.eu/legal-content/HR/TXT/PDF/?uri=CELEX:32016R2067&from=EN>
9. Narodne novine (2017). Odluka o klasifikaciji izloženosti u rizične skupine i načinu utvrđivanja kreditnih gubitaka, *Narodne novine d.d.*, Zagreb, 114/17.
10. Novotny-Farkas, Z. (2016). The Interaction of the IFRS 9 Expected Loss Approach with Supervisory Rules and Implications for Financial Stability. *Accounting in Europe*. Vol. 13, 2, p. 197-227.

INCOME DISTRIBUTION DETERMINANTS AND INEQUALITY IN CROATIA

Sasa Stjepanovic

*Juraj Dobrila University of Pula
Faculty of Economics and Tourism “Dr. Mijo Mirković”
Preradovića 1/1, 52 100 Pula, Croatia
sstjepan@unipu.hr*

ABSTRACT

This paper presents the determinants of income distribution and their inequality in Croatia. The aim of this paper is to identify all variables affecting income distribution and inequality in Croatia. Looking at the data from 2001 to today, we come to the conclusion about the possible impact of social transfers, inflation, wages, government consumption and other variables on income distribution. In this paper, we will specifically focus on the calculation of inequality in the distribution of income based on the basic indicators for the calculation of inequality such as the Gini coefficient and other measures. Today, we can talk about the influence of the state on income distribution, the impact of education, regional influences, and other impacts, but we can't quantify individual impacts. There is no calculation that would show us the importance of an individual impact or its quantifiable effect. It is precisely the basis of this paper, where it tries to show the effect of certain variables, as well as their importance in order. The issue that goes through this paper is very important because it seeks to determine the determinants of income distribution and on the basis of this determinants, it estimates why inequality in income distribution occurs and how this inequality can affect other aspects of the economy. Based on this paper, one can get an answer on how and whether inequality in the distribution of income affects the creation of an economic crisis. This paper is a continuation of the research conducted in Croatia on the topic of inequality in the distribution of income. However, these papers have looked at the individual effects on income distribution, such as the influence of the state, the level of education etc. Unlike previous works, this paper tries to evaluate all possible impacts on inequality in income distribution and also to show their mutual influence and classify their importance.

Keywords: *Gini coefficient, Income distribution, Inequality*

1. INTRODUCTION

Inequality of income is one of today's major problems affecting modern economics. From inequality of income distribution comes to the inequality of wealth between individuals. From this inequality there are many problems related to the modern economy. One of the problems is the disappearance of the middle class, only very rich or very poor individuals remain. In this paper, we study which variables have the greatest impact on income inequality, ie which variables have no effect. Although, according to the theory, certain variables must have a strong impact on the distribution of income, Croatia shows that these variables have no effect. In addition to the influence of individual variables, we have computed different coefficients such as Theil-T, Theil-L and Theil-S coefficient, Gini coefficient, Plato and Hoover coefficient, and Theil-T and Theil-L Redundancy. In addition, the Lorenz curve for the Republic of Croatia was developed in the observed period.

2. LITERATURE REVIEW

By studying the literature regarding the basic determinants of inequality and income distribution, we come to the conclusion that very little has been written on this topic in Croatia. There are several authors dealing with the topic mentioned, however the dates of the research

refer to the year 2000 and earlier. After 2000, there are no recent researches related to this issue. Authors like Nestić (2002) are concerned with studying economic inequality in Croatia. He studied economic inequality in Croatia in the period from 1973 to 1998. The results of his work were obtained on the basis of data from household consumption surveys for the given period. The results of his work show a decrease in inequality in income distribution, which is completely different from the perception of the public. The same author in 2005 publishes the article "The distribution of income in Croatia: What do the data from the Household Consumption Survey show us?". In this paper, the author deals with the study of the characteristics of income distribution in Croatia for the period 1998-2002, based on the survey data on household consumption. The results of this paper show a slight increase in inequality in the given period, as a result of a non-linear increase in pensions. In 1999, the same author deals with the issue of income distribution and economic growth. This paper gives an overview of basic theoretical and empirical insights on the effects of income distribution on economic growth and the application of such insights into the analysis of income redistribution policy in Croatia. The conclusion of this paper is that for a stable economic growth in the long run, it is best to guide the policy of avoiding unnecessary inequality in the way that the poorer and more vulnerable sections of the population increase the opportunities for success by providing additional health care, quality education, a fair legal system and access assurance financial markets and a satisfactory level of public services. Within a short period of time, well-targeted social transfer programs, an adequate network of social security, and increased public sector efficiency could help. Apart from watching consumption of households and their analysis, other authors are engaged in studying the impact of education on income distribution. Thus, Bejaković (2010) is engaged in studying the distribution of income with regard to education levels. The results of the research showed that young people behave very rationally, that is, they seek those occupations and educational levels that allow them easier employment and higher incomes. In the rest of the survey, statistical data on income distribution in the OECD countries are presented. Cini and others (2011), in their work, are examining the problem of income distribution and poverty analysis of the Republic of Croatia. This paper deals with issues of inequality in the distribution of income and wealth, with particular reference to sources of income inequality as well as the problem of poverty and the way of combating poverty. Unlike authors in Croatia, there are many authors in the world who write about income inequality and its determinants. Authors Galor and Zeira (1993) deal with macroeconomics and income distribution. This paper explores the theoretical link between income distribution and macroeconomics, through investment in human capital. The main interest in this paper is how income and wealth distribution are related to long-run macroeconomic issues, such as economic growth and sectorial adjustment. It is shown that the distribution of wealth can significantly affect aggregate economic activity both in short and in the long run. Afonso and others (2008), studying the determinants of income distribution and efficiency of public spending. In that paper they examine the impact of public spending, education, and institutions on income distribution in advance economies. They also assess the efficiency of public spending in redistributing income by using Data Envelopment Analysis non parametric approach. They find that public policies significantly affect income distribution, notably via social spending, and indirectly via high quality education/human capital, and via sound economic institutions. Okidi and others (2004), wrote a paper entitled "Understanding the determinants of income inequality in Uganda". This paper is interesting because Uganda in last period of ten years experienced gradual and sustained economic growth and poverty reduction. The benefits of growth, however, are not being distributed equally. This study provides insights into deeper understanding of the determinants of income inequality in Uganda. Decompositions by subgroups revealed that household characteristics are influential components of overall inequality, a finding also supported by the results based on the regression analysis.

Perdiz and others (2010) wrote about World's Growth and Inequalities. This paper focuses on the relevance of the choice of a measure (or meaning) of inequality. The prediction that can be deduced from this paper about growth and inequality relationship is that although, in the short term, economic growth may be accompanied by the simultaneous rise of some aspects of inequality and fall of other ones; in long term, economic growth will hardly cause a robust rise in inequality, because inequality has reached historical heights. Wan and others (2006), wrote about inequality –growth nexus in the short and long run: Empirical evidence from China. This paper argues that the conventional approach of data averaging is problematic for exploring the growth-inequality nexus. It introduces the polynomial inverse lag framework so that the impacts of inequality on investment, education, and ultimately on growth can be measured at precisely defined time lags. Kookshin (1997) wrote about trends in and determinants of income distribution in Korea. This paper shows that, contrary to the official statistics, the size distribution of income in Korea has not improved steadily since the late 1970s but deteriorated worst than ever in the late 1980s. It argues that the high rise of real estate price, which causes prevalent sense of relative deprivation, is also a major root of worsened income distribution in the 1980s. Alejos (2003) observe contribution of the determinants of income inequality in Guatemala. This paper decomposes income inequality in Guatemala in factors related to human capital, ethnic and gender discrimination, the occupational structure, and non-labour income. The empirical results show a significant variation in the contribution between the determinants at a national level, and those of each socio-economic group in which the sample is divided. It is found that the most heterogeneous group is that of agriculture and livestock workers. Nonetheless, the role of education as one of the main determinants of income inequality is persistent across the sample. Income inequality and economic growth: enhancing or retarding impact is a theme that is studied by Mekenbayeva and others (2011). The aim of this paper was to study the relationship between income inequality and economic growth in developed and developing countries and make comparisons between them. The analysis is performed by using panel data model for nine countries for 1980-2009 time period. As an indicators of income inequality Gini index is considered and real GDP per capita is used for exhibiting economic progress in the countries under study. Odedokun and others (2001) worked on determinants of income inequality and its effects on economic growth, evidence from African countries. The paper empirically investigates, in the context of African countries, the determinants of income distribution and inequality, the effect of inequality on economic growth and the channels through which inequality affects growth. Campana and others (2006) have written a book on the general distribution of income, which looks very notion of income distribution, its role and impact on economic growth and other determinants of income distribution. Another book called *Modeling Income Distributions and Lorenz Curves* by Chotikapanich (2006), Is a collection of papers, that gives great contributions to the study of personal income distribution and inequality measures. Roine and others (2009) wrote about long-run determinants of inequality. This paper studies determinants of income inequality using a newly assembled of 16 countries over the twentieth century. The results show that periods of high economic growth disproportionately increases the top percentile income share at the expense of the rest of the top decile. Gobbin and others (2004) worked on income inequality data in growth empirics: from cross-sections to time series. As in any other field of applied macro-economic or econometric research, researchers who study income inequality have need to look for suitable data. Although most researches just draw on some ready-made dataset, finding reliable data is not that straightforward and can even be very troublesome. This paper highlights some of the pitfalls in the use of inequality data.

3. DATA

Data used in this paper were collected from the Canback global income distribution database. C-GIDD is the world's most comprehensive and detailed database for GDP and income distribution data. The dataset covers 210 countries, 692 subdivisions (states, provinces, etc.) and 1020 major cities from 1997 to 2017. The variables used in this paper are the number of individuals with household consumption in constant purchasing power parity (\$ PPP) number of households with household consumption in constant 2005 purchasing power parity (\$ PPP). The following graphs show these two variables and their values from 2001 to 2017.

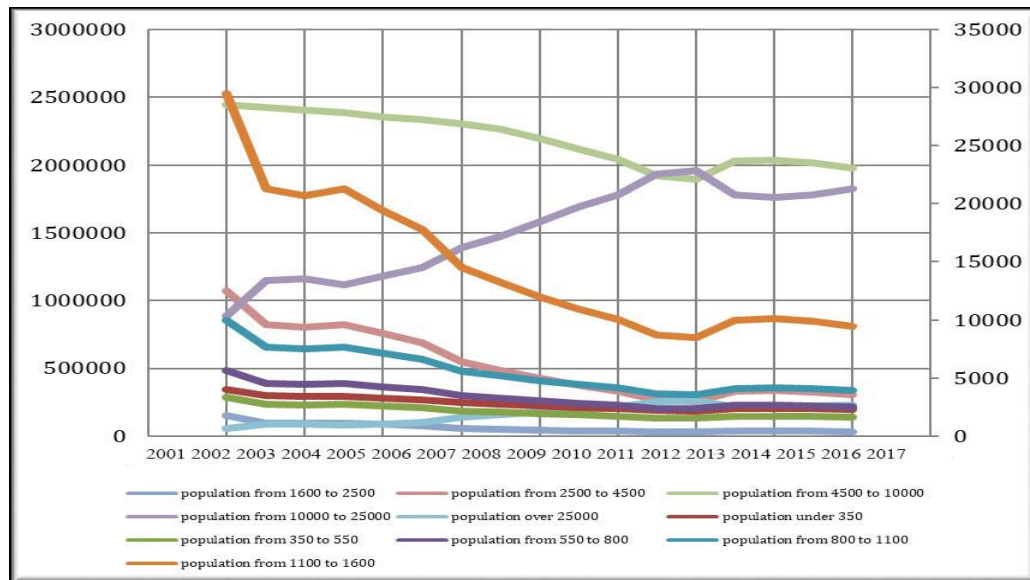


Figure 1: Individuals with household consumption in constant 2005 PPP
(Source: Canback global income distribution database)

From the above graph we can notice that the majority of the population is within the range of 4500 to 10000 \$ PPP and within the range of \$ 10000 to \$ 25,000 PPP. We can also see that all classes tend to decline from 2001 to 2010, only the pop_10000 to 25,000 class has a tendency of growth. This tells us that there has been a big change in the structure of spending of individuals who slowly grew and moved to that class through the observed years.

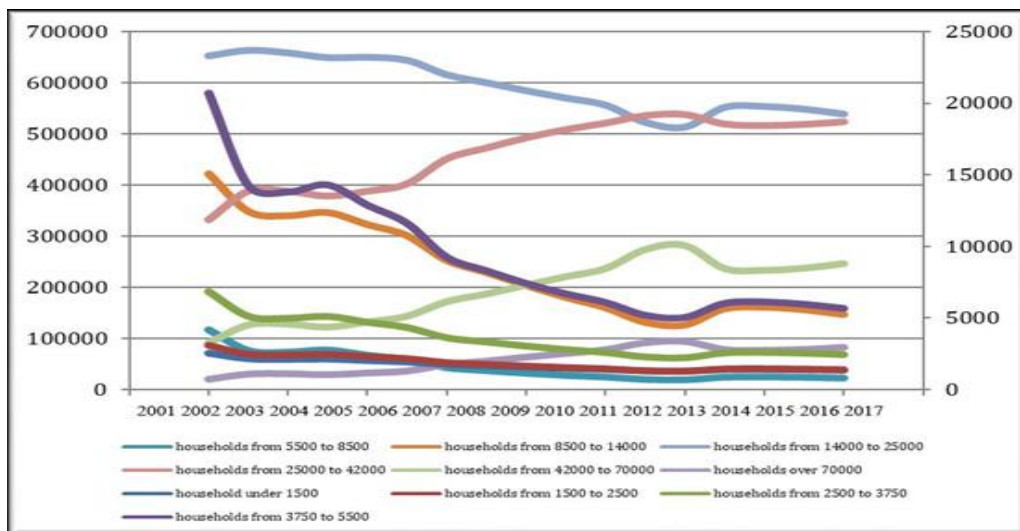


Figure 2: Households with household consumption in constant 2005 PPP
(Source: Canback global income distribution database)

In Figure 2 we can see that the movement of households by individual classes equals the movement of individuals as shown in the previous graph. It follows that the largest number of households in which the largest number of households falls is that of \$ 14,000 to \$ 25,000 PPP. After that it is followed by a class of \$ 25,000 to \$ 42,000 PPP. We can also observe that the trend is the same as in households and households, and this is why large numbers of households move to a higher grade throughout the observed years. Therefore, the class of \$ 25,000 to \$ 42,000 PPP has a certain growth over a number of years. Although we are writing about income inequality in this paper, the data that we take are individuals and households with household consumption expressed in purchasing power parity in dollars with constant 2005 year. The reason for applying this data to the calculation of social inequality is precisely that there is a large number of negative opinions of scientists about the use of income data as a measure of inequality. We believe that individual income data is not relevant to the calculation of inequality or is not the best measure. More accurate and reliable, and with this we can get measurable results on social inequality if we use spending data. The income statement does not tell us whether this income is sufficient to settle life obligations, but merely represents the figure, while consumption talks about the direct need for a specific income and thus represents a better measure of social inequality. The variables we use to show the equations in the following chapters are as follows:

- A_i : "people" (amount of individuals in group_i of a society), $A_{total} = \sum_{i=1..N}(A_i)$
- E_i : "wealth" (total wealth owned by that group_i of a society), $E_{total} = \sum_{i=1..N}(E_i)$
- N : amount of groups (quantiles, percentiles) in the society
- $Z_{...}$: inequality measure for society (unified group, all groups)
- $R_{...}$: redundancy (maximum entropy of society less actual entropy of society)

The above data will calculate certain parameters that show income inequality in Croatia. Some of the parameters to be calculated are Theil-T, Theil-L and Theil-S coefficient, Gini coefficient, Plato and Hoover coefficient, and the Theil-T and Theil-L Redundancy will also be presented. In addition to these coefficients, Symetric Redundancy and Inequality Issues will be calculated. After that, a comparison of the obtained coefficients or indicators of inequality with some of the more important economic variables of the observed country will be presented. Entropic inequality measures like Theil's entropy actually are not entropies. They are redundancies. The redundancy of a system at a given time is the difference between its maximum entropy (e.g. Theil: $\ln(A_{total}/E_{total})$) and its present entropy (e.g. Theil: $\sum_{i=1..N}(E_i * \ln(A_i/E_i))/E_{total}$) at that time. In a system a certain amount of transformations is possible. The sum of transformations, which already have occurred, cannot be reversed without help from outside. Entropy is a measure that tell us how many transformations have already occurred in that system. The redundancy serves as a measure that tell us how many transformation opportunities are still available. If completely equal distribution in a system leads to maximum entropy of that system and if low entropy of that system is caused by high distributional inequality, then achieving equal distribution means that the distribution process is saturated. In that case a relative equality measure can be defined using the term e^{-R} , where R is the redundancy (the remaining distribution possibility) of the system and e is Euler's constant. As for the relative inequality, $Z=1-e^{-R}$ applies.

The equation for the Theil-T redundancy has the following form:

$$R_{Theil} = -\ln(1 - Z_{Atkinson}) = -\ln(Z_{MacRae})$$

$$\geq \ln\left(\frac{A_{total}}{E_{total}}\right) - \sum_{i=1..n}(E_i * \ln\left(\frac{A_i}{E_i}\right))/E_{total} \quad (1)$$

The following equations that we show is the Theil-L redundancy:

$$R_{liehT} = -\ln(1 - Z_{nosinktA}) \geq \ln\left(\frac{E_{total}}{A_{total}}\right) - \sum_{i=1...N}(A_i * \ln\left(\frac{E_i}{A_i}\right))/A_{total} \quad (2)$$

And recent equation related to Theil coefficients are shown in the following form:

$$R_{sym} = -\ln(1 - Z_{sym}) = 2 * Z_{Plato} * \operatorname{artanh}(Z_{Plato}) = \frac{R_{Theil(E/A)} + R_{Theil(A/E)}}{2} = (R_{Theil} + R_{liehT})/2 \geq \sum_{i=1...N}(\ln\left(\frac{E_i}{A_i}\right) * \left(\frac{E_i}{E_{total}} - \frac{A_i}{A_{total}}\right))/2 \quad (3)$$

The Gini coefficient is a quantitative indicator of the degree of inequality in income levels. The value of the Gini coefficient is in the range from 0 to 1. If the value is closer to zero, than we have an equal distribution of income, and if the value of the coefficient is close to one, we have an unequal distribution of income. The equation for the Gini coefficient is displayed in the following format:

$$Z_{Gini} \geq 1 - \sum_{i=1...N}((2 * \sum_{k=1...i}(E_k) - E_i) * A_i)/(E_{total} * A_{total}) \quad (4)$$

Plato wrote that “any city however small, is in fact divided into two, one the city of the poor, the other of the rich,”. The following equations show the Plato inequality:

$$Z_{Plato} \approx 1 - \arcsin((1 - Z_{sym})^{(0.06 * Z_{sym} + 0.61)}) * 2/\pi \quad (5)$$

The Hoover index, also known as the Robin Hood index, is a measure of income inequality. It is equal to the portion of the total community income that would have to be redistributed (taken from the richer half of the population and given to the poorer half) for there to be perfect equality. It can be graphically represented as the longest vertical distance between the Lorenz curve, or the cumulative portion of the total income held below a certain income percentile, and the 45 degree line representing perfect equality. The equation for the Hoover index has the following form:

$$Z_{Hoover} \geq \sum_{i=1...N}(\frac{E_i}{E_{total}} - \frac{A_i}{A_{total}})/2 \quad (6)$$

There is an inequality measure which takes care of the fact, that aggression against inequality can be positive and negative: The Redistributive Aggression is defined to be the difference between plain inequality weighted by perception (the Symmetric redundancy) and the unweighted plain inequality (the Hoover inequality). This aggression measure is a social entropy measure or it can be interpreted as a redundancy measure for those to whom redistribution is a business. This measure is also called Inequality Issuization.^[SEP] Symmetric redundancy R_{sym} represent half of the sum of Theil's redundancy $Z_{Theil(E|A)}$ and Theil's redundancy with swapped data $Z_{Theil(A|E)}$

Equations for Inequality issuization for symmetric redundancy are presented in the following form:

$$Z_{sym} = 1 - \exp(-R_{sym}) = 1 - \sqrt{(1 - Z_{Atkinskon}) * (1 - Z_{nosniktA})} \geq 1 - \exp(\sum_{i=1...N}(\ln\left(\frac{A_i}{E_i}\right) * \left(\frac{E_i}{E_{total}} - \frac{A_i}{A_{total}}\right))/2) \quad (7)$$

$$R_A = \frac{R_{Theil} + R_{TheilT}}{2} - Z_{Hoover} = R_{sym} - Z_{Hoover} = \sum_{i=1}^N (\ln \left(\frac{E_i}{A_i} \right) * \left(\frac{E_i}{E_{total}} - \frac{A_i}{A_{total}} \right) - \left(\frac{E_i}{E_{total}} - \frac{A_i}{A_{total}} \right)^2) / 2 \quad (8)$$

4. EMPIRICAL RESULTS

Results obtained in this study are shown in the following Figures:

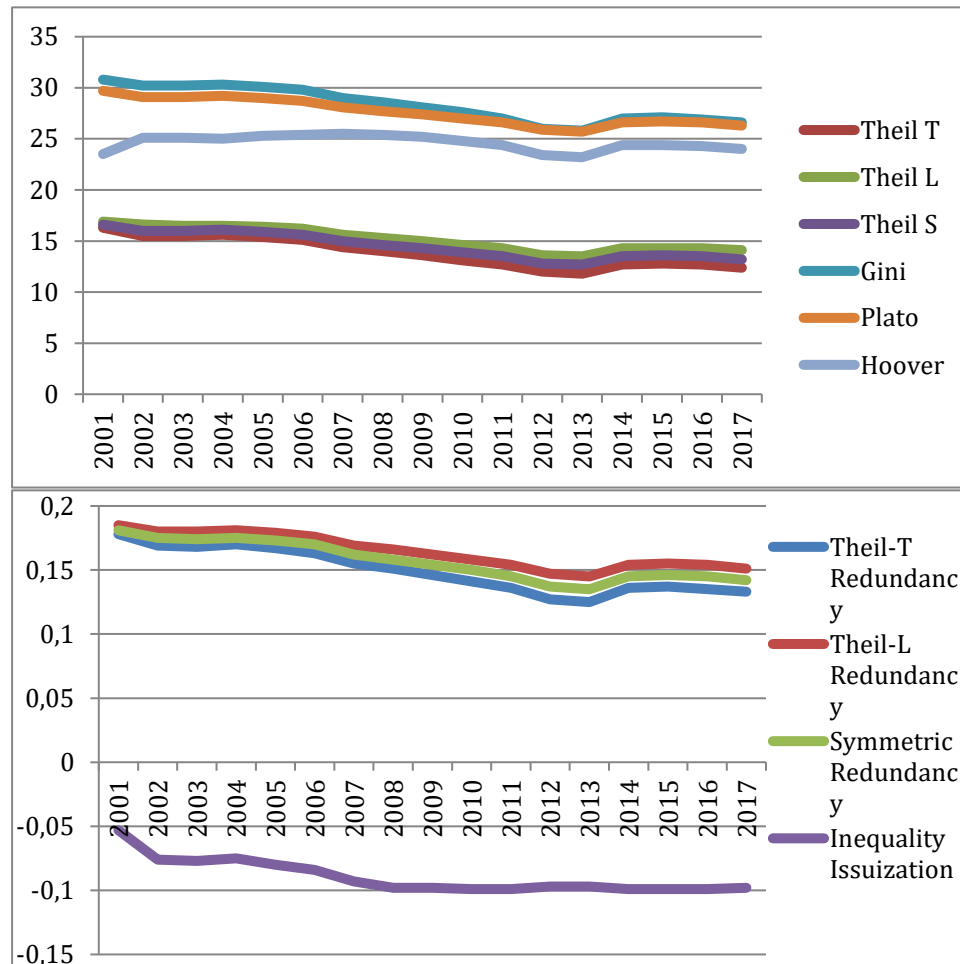


Figure 3: Results for individuals and their coefficients
(Source: Authors calculation)

On Figure 3 we can notice that all coefficients have been slightly down from 2001 to 2010. After 2010, there is a slight increase in the coefficients. It should also be emphasized that all the observed coefficients have the same pattern of behavior or movement over the observed period of time. As the most important coefficient, we observe the Gini coefficient. Its movement is about 30% in 2001 or 0.3 to 26% in 2015, or 0.26. Given this data, we can say that in Croatia the Gini coefficient indicates significant equality in income distribution. This conclusion is confirmed by the other calculated coefficients.

Figure following on the next page

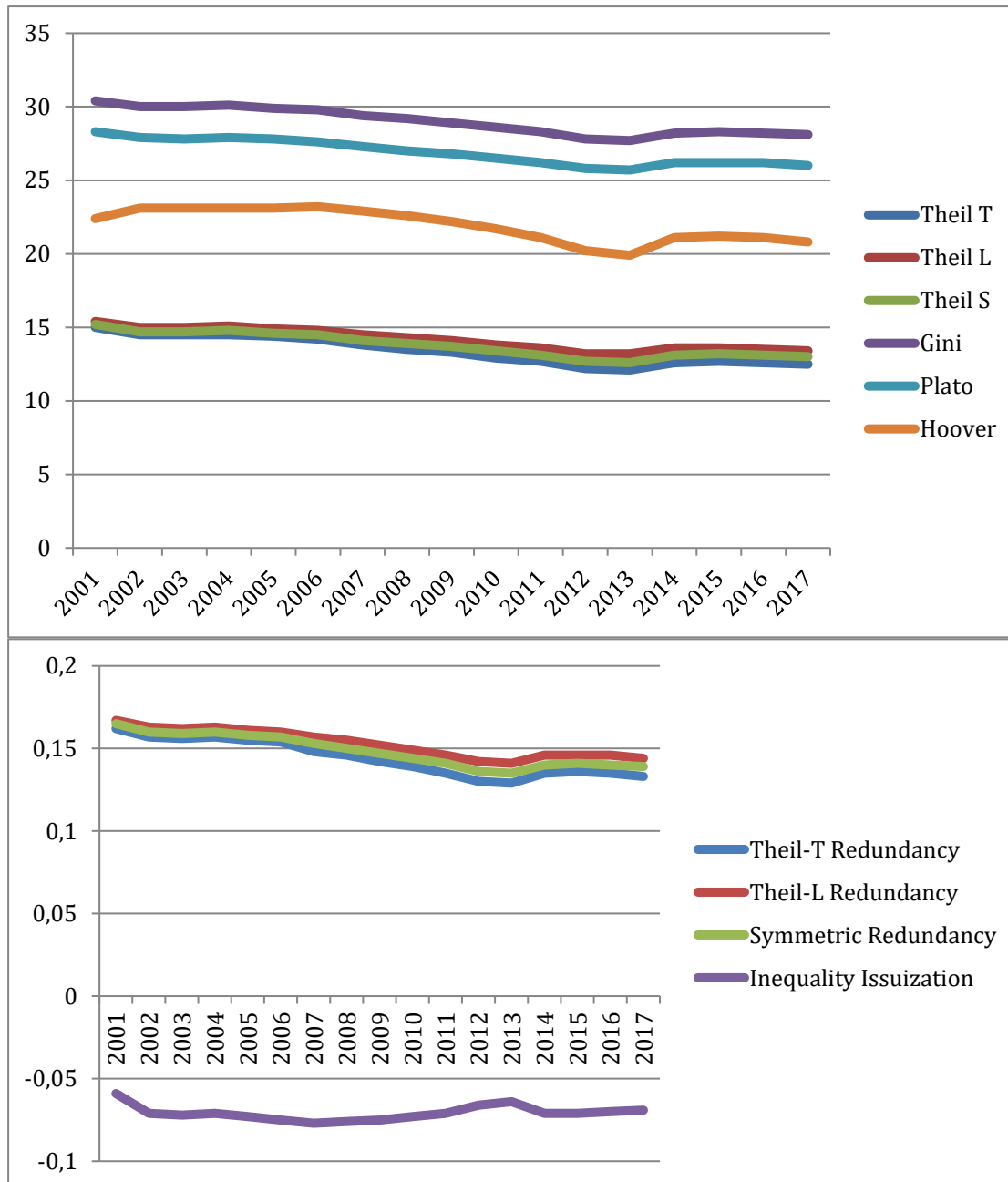
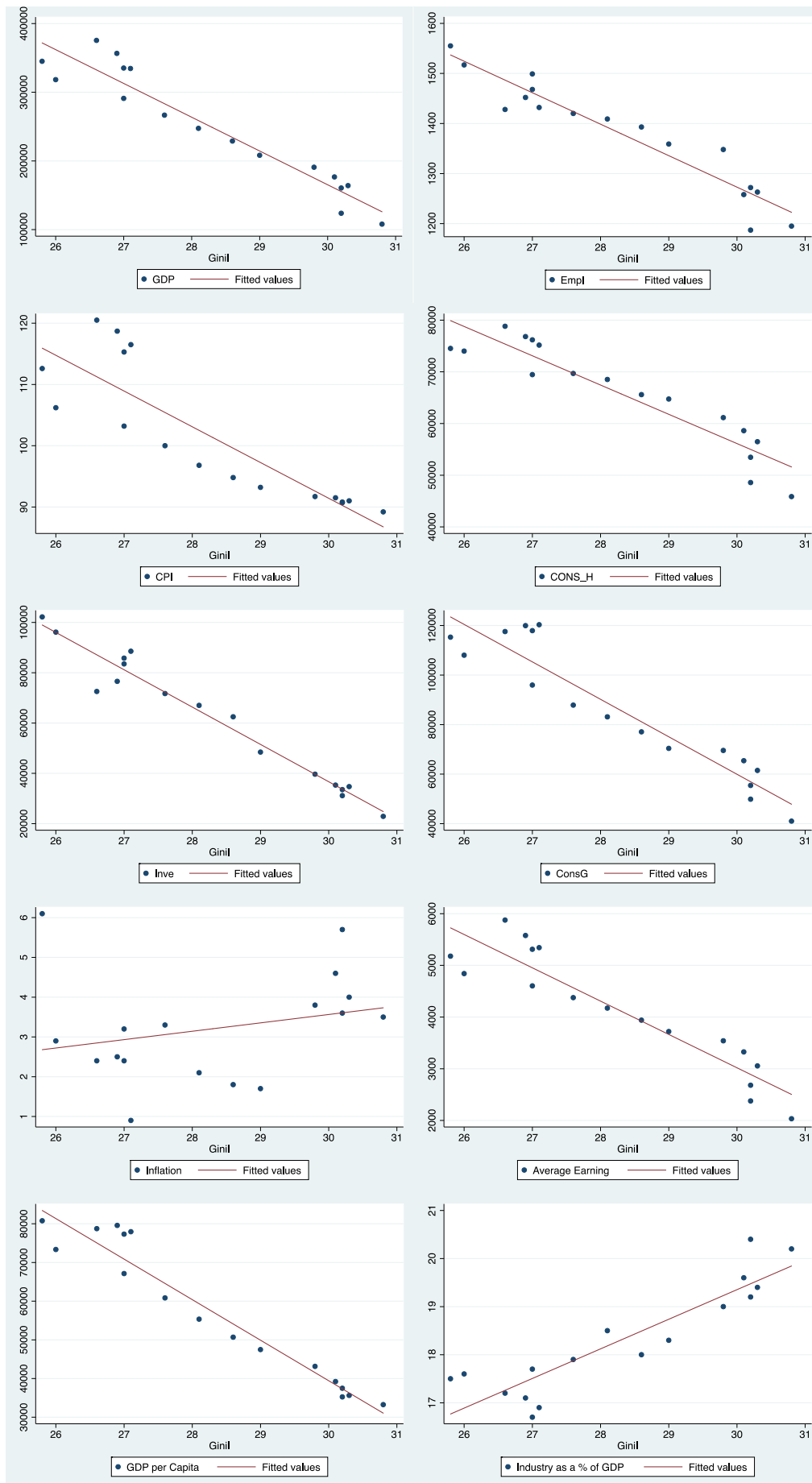


Figure 4: Results for households and their coefficients
(Source: Authors calculation)

What we can conclude from Figure 4 is that the coefficients calculated for individuals have the same tendency of behavior as the coefficients calculated for households. This confirms the previously derived conclusions about the distribution of income in Croatia. The diagram below shows the scatter diagrams between the Gini coefficient and the more important macroeconomic variables such as GDP, employment, personal consumption ... etc. We can conclude that there is a strong correlation between all variables and the Gini coefficient. In the case of the observed relationship between the Gini coefficient and GDP, we can conclude that there is a large correlation, which can be observed from the observed scatter diagram. The most important reason is that the Gini coefficient is calculated on the basis of individual consumption data, which is one of the constituent parts of GDP. Likewise, the personal consumption on the basis of which the Gini coefficient has been calculated is permeated through all observed variables, and therefore there is a very large correlation between all observed variables.



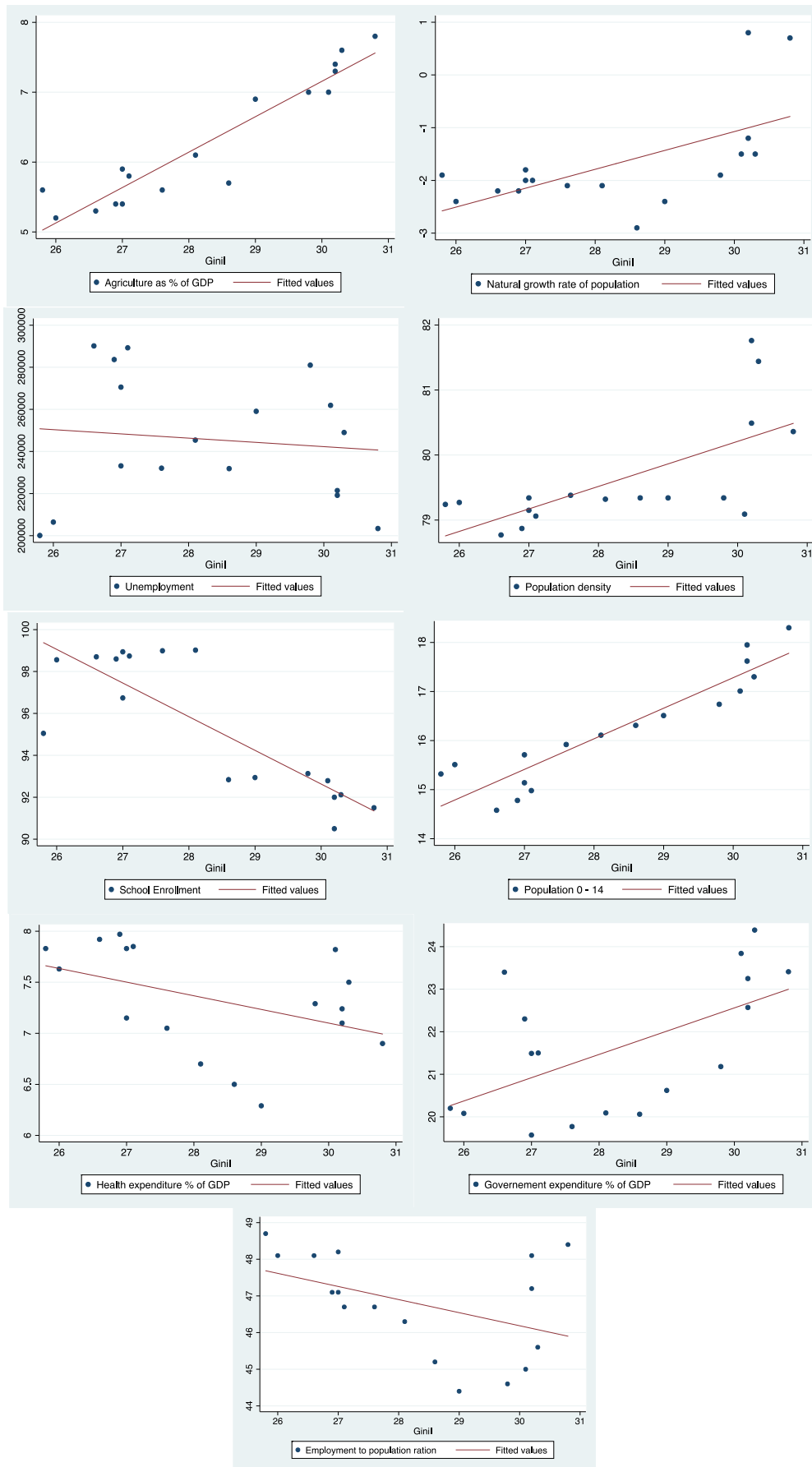


Figure 5: Scatter diagram of the Gini coefficient and the major macroeconomic variables
(Source: Authors calculation)

In theory, economic trends have a major impact on income distribution. All macroeconomic variables should have an impact on that distribution. But observing certain variables in our model, we come to a different conclusion. Gross domestic product, employment, government spending and investment have a major impact on income distribution. This can be seen both by theory and by the model, in scatter diagrams. According to theory, surprisingly weak influence on income distribution has unemployment and inflation. Theoretically, they should have a great impact, but in the model, this influence is negligible. However, such same conclusions are drawn by many scientists based on the models developed. Thus, Jant and Jenkins (2001), studying the influence of macroeconomic variables on income inequality in the United Kingdom in the period 1961 to 1991, come to the same conclusion as to the negligible influence of inflation and unemployment. What is particularly appealing in this model is the very weak influence of the total number of enrolled children in educational institutions. Although the theoretical level of education should have a significant effect on the distribution of income, in this case we see that this is not the case. We can conclude that in Croatia there is still no big difference in income among those who have higher education and low education, and there is no significant impact on education on the level of income. Lorenz curve is a graphical representation of the cumulative distribution function of the empirical probability distribution of wealth; it is a graph showing the proportion of the distribution assumed by the bottom y% of the values. It is often used to represent the income distribution, where it shows the bottom x% of households, what percentage of the total income they have. [1] The percentage of households is plotted on the x-axis, the percentage of income on the y-axis. It can also be used to show distribution of assets. In such use, many economists consider it to be a measure of social inequality. It was developed by Max O. Lorenz in 1905 for representing the inequality of the wealth distribution.

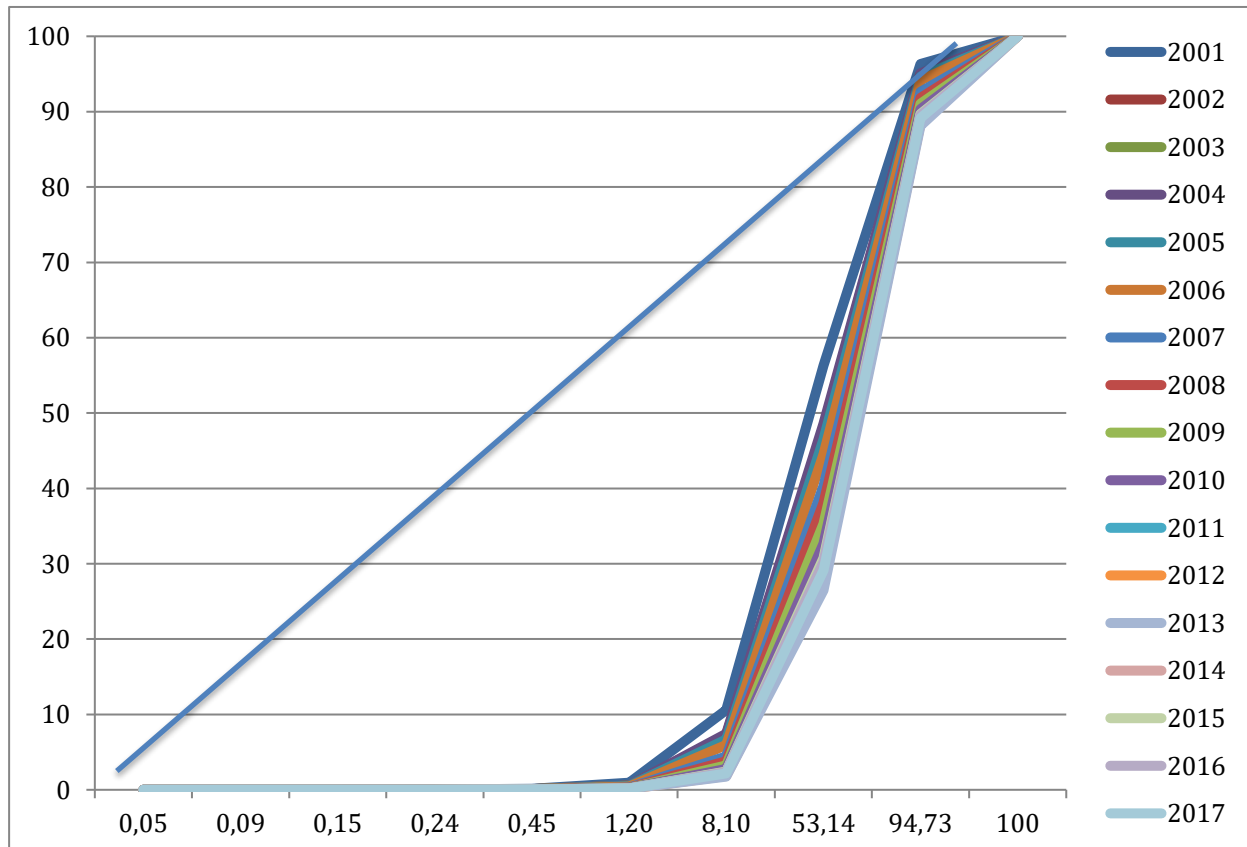


Figure 6. Lorenz curve for Croatia (Source: Authors calculation)

Based on data collected for the Republic of Croatia for the period 2001 to 2017, the Lorenz curve was performed. From the attached Figure we can see that there is a very large deviation from absolute equality. The second observation associated with the derived Lorenz curve relates to changes occurring over a given period of time. We can say that in the observed period there is a shift of the curve to the right, which is a sign of increasing inequality in revenue. In the given period, there is an increase in inequality due to several factors. The most important is the increase in total consumption, the growth in living standards, but also the increasing number of unemployed and the large differences between individual income.

5. CONCLUSION

In this paper, we have presented social inequality or inequality in wealth in the Republic of Croatia. The first part of the paper presents previous research on this topic. We can conclude that there are very few papers on this topic, but no work in which the inequality indices were calculated and presented based on household consumption data. The second part of the paper presents the data collected and needed to calculate the inequality coefficients and the Lorenz curve. While in the third part empirical results are shown. This section presents the calculations of all the major coefficients of inequality and their corresponding equations. In addition, scatter diagrams for all major macroeconomic variables have been made in relation to the Gini coefficient. This coefficient was chosen because of its popularity in scientific circles and because of its representativeness. Although each of the calculated coefficients has its own advantages, it also has its own disadvantages. Therefore, there is no inequality measure that would be good enough without any disadvantages. As the last part of this paper, Lorenz's curve was derived based on two parameters, namely individual consumption by class and total population by class. What we can conclude from this paper is that there is a great inequality in income distribution in Croatia. We calculated this inequality on the basis of Gini and other coefficients. Values of these coefficients show great inequality. Apart from the coefficients of inequality, we also showed the performance of the Lorenz curve, which also confirmed the existence of inequality. However, in addition to the existence of inequality, Lorenz's curve has also confirmed the increase of this inequality over the observed period. By generating scatter diagrams and econometric comparison of the Gini coefficient with other macroeconomic variables, we established a causal link between these variables. Based on these diagrams we can see that the coefficient of inequalities with the macroeconomic variables is very strong and correlated. From this we can conclude that inequalities in income and consumption affect many ways to economic growth and the development of a country. It is necessary to reduce this gap between individual consumption and income categories in order to increase economic growth.

LITERATURE:

1. Afonso. A, Schuknecht. L and Tanzi. V (2008), "Income distribution determinants and public spending efficiency", European central bank;
2. Biljaković. K, Nestić. D, Podobnik. B, (2003), "Raspodjela dohotka u Hrvatskoj u svjetlu zakona statističke fizike", Financijska teroija i praksa 27;
3. Campano. F, Salvatore. D, (2006), "Income Distribution", Oxford University Press;
4. Chotikapanich. D, (2008), "Modeling Income Distribution and Lorenz Curves", Springer;
5. Cowell. F, (2004), "Inequality, welfare and income distribution: Experimental approaches", Research on economic inequality, Volume 11, Elsevier Ltd, Oxford OX5, UK;
6. Davies. J, Sandstrom. S, Shorrocks. A, Wolff. E, (2006), "The world distribution of household wealth" World Institute for Development Economic Research;
7. Drezgić. S, (2008), "Measuring the distributional effects of inflation in Croatia by using the LES approach", Zbornik radova Ekonomskog fakulteta u Rijeci;

8. Flemming. J, Micklewright. J, (1999), "Income Distribution, Economic Systems and transition", Economic and Social Policy Series no. 70;
9. Galor. O, Zeira. J (1993), "Income Distribution and Macroeconomics", The Review of Economic Studies, Vol. 60, No.1;
10. Jantti. M, Jenkins P. S, (2001), "Examining the impact of macro-economic conditions on income inequality", GINI discussion paper;
11. Jenkins. S, Brandolini. A, Micklewright. J, Nolan. B, (2011), "The great recession and the distribution of household income", XIII European Conference of the Fondazione Rodolfo Debenedetti, Palermo;
12. Kookshin. A, (1997), "Trends in and Determinants of Income Distribution in Korea", Journal of Economic Development;
13. Mehregan. N, Imandoust. S, Moheseni. E, (2012), "Estimating of Inflation and Income Distribution Treshold Level in Iran", International Journal of Science and Advanced Technology;
14. Nestić. D, (2002), "Ekonomске nejednakosti u Hrvatskoj 1973-1998.", Financijska teorija i praksa 26;
15. Nestić. D, (2005), "Raspodjela dohotka u Hrvatskoj: Što nam govore podaci iz ankete o potrošnji kućanstava", Financijska teorija i praksa 29;
16. Nikoloski. Z, (2007), "Economic and Political Determinants of Income Inequality", University College London, UK;
17. Odedokun. M, Round. J, (2001), "Determinants of Income Inequality and its Effects on Economic Growth", World Institute for Development Economic Research;
18. Raphael. D, Macdonald. J, Colman. R, Labonte. R, Hayward. K, Torgerson. R, (2004), "Researching income and income distribution as determinants of health in Canada: gaps between theoretical knowledge, research practice, and policy implementation", Health Policy, Elsevier;
19. Yuri. D, (2005), "Trends in global income distribution, 1970-2000, and scenarios for 2015", Human development report 2005, World Bank;
20. Wan. G, Ming. L, Chen. Z, (2006), "The inequality-growth nexus in the short and long run: Empirical evidence from China", Journal of Comparative Economics, Elsevier.

THE INFLUENCE OF GENERATIONAL DIFFERENCES ON THE PERCEPTION AND CREATION OF THE PRINCIPLES OF WRITTEN COMMUNICATION

Kamila Slupinska

*University of Szczecin, Faculty of Management and Economics of Services, Poland
kamila.slupinska@wzieu.pl*

Izabela Ostrowska

*University of Szczecin, Faculty of Management and Economics of Services, Poland
izabela.ostrowska@wzieu.pl*

Grazyna Rosa

*University of Szczecin, Faculty of Management and Economics of Services, Poland
grazyna.rosa@wzieu.pl*

Leszek Gracz

*University of Szczecin, Faculty of Management and Economics of Services, Poland
leszek.gracz@wzieu.pl*

ABSTRACT

The objective of the paper is to investigate whether there are significant differences in the expectations of young (up to 40 years) and mature (over 40 years of age) clients regarding written correspondence, justifying the necessity of dividing customers into separate market segments in order to conduct different written communications with them. The paper analyzes the results of the own research, which concern the behavior of these two market segments of the individual clients. The paper reviews the available literature and contains the results of a qualitative research conducted by the authors in a cooperation with a large energy company in Poland. The key aspects of written communication of a large company with youth and mature consumers were identified, taken into account their preferences and behavior.

Keywords: *Qualitative research, Generational differences, Written communication*

1. INTRODUCTION

This article is another publication from the series on written communication of a large organization (Rosa et al., 2018, Gracz et al., 2018, Ostrowska et al., 2018). The objective of the paper is to investigate whether there are significant differences in the expectations of young (up to 40 years) and mature (over 40 years of age) clients regarding written correspondence, justifying the necessity of dividing customers into separate market segments in order to conduct different written communications with them. Communication is a dynamic two-way process of information transfer in a symbolic form through appropriate channels, between the sender and the recipient, thanks to which they can make contact with each other (Stankiewicz, 1999, p. 44). J. Ober points out that communication allows people to interact with each other. However, it should be stronger or weaker, depending on the skills of communicating units (Ober, 2007, p. 9). A text message is a message consistent with the syntax and grammar of a given language, which is given a particular meaning by the sender, expecting the recipient to know the interpretation code used (Niedzielska, 2000, p. 24). Written communication with an energy company is often the main channel of information flow and often it is a one-sided transmission. In particular, individual customers who receive invoices and information letters from their vendor several times a year do not have to make another contact with the company. Therefore, it is important that contact correspondence is perceived positively and is professional.

In order to know the expectations and preferences of clients in the field of written communication qualitative research was carried out in cooperation with a Polish large energy company (electricity seller, one of the five largest energy sellers in Poland). The energy company, which has about 2 million customers, sends thousands of letters every day. This makes it necessary to use ready-made response templates that employees can further modify. It is important that these templates are professionally prepared, easy to personalize and, above all, adapted to the changing expectations of customers.

2. THE REASONS FOR CUSTOMER'S SEGMENTATION IN THE PROCESS OF COMMUNICATION

The communication process occurs if the basic condition of the occurrence of at least three basic elements of this process is met: the sender (the source of information), the message and the recipient must be present. Special attention should be paid to the individual perception of communication participants and barriers to knowledge and skills between them (Ober, 2013, p. 258). Human participation also causes the information to be conveyed to be subjective, which depends on the understanding, interpretation and course of the communication process (Beynon-Davies, 1999, p. 15). Market segmentation is the basic tool for matching marketing mix instruments to the recipient. Segmentation is the process of partitioning markets into groups of potential customers with similar needs and/or characteristics who are likely to exhibit similar purchasing behavior. It has emerged as a key marketing planning tool and the foundation for effective strategy formulation (Weinstein 2013, p. 4-5). The subject of practical use of market segmentation was analyzed by Sagan, 2017, Nakano, Kondo, 2017, Avlonitis, 2016, Szwajlik, 2015, Zaborek, Mirońska, 2014, Kusińska, 2014, Floh, Zauner, Koller Ruschd 2014, Karasiewicz, 2013, Jarosiński 2013, Czubała, Jonas, Smoleń, Wiktor, 2012, Pires, Stanton, Stanton, 2001, Bone 1991) Ważnym kryterium segmentacji, które różnicuje klientów jest ich wiek (Bałandynowicz-Panfil, 2016, Kicinska, 2009, Ostrowska, 2010). Already at the stage of selecting the communication channel, it is important to adjust it to the recipient. In this case, one can notice large differences between the segments of young people and older people, resulting from habits but also from the ability to use new communication channels such as smartphones or internet communication tools. Communication can be considered from the qualitative perspective, which is defined as the transmission of content to one person by another, i.e. engaging in interpersonal communication (Shuter, 1979, p. 26). Communication with the environment meets the essential human needs such as: the need to join, the need to have control over the environment and the need for attachment (Domachowski, 1991, p. 103). Depending on the age and intensity of the social contacts of the individual, these needs will be satisfied in a different way. However, it is worth remembering that the correspondence from the company can also satisfy those needs groups. It is established in the literature that the segmentation that divides consumers into age groups has been useful in the segmentation strategies of many marketing plans (Reisenwitz, Iyer, 2007, pp. 207-210), as there are some indications that even the older consumer market is not homogeneous (Sudbury, Simcock, 2009, p. 251). Therefore customer segmentation can add clarity to the process of marketing planning and assist companies to maintain their permanent relations with customers (Safari, Safari, Montazer, 2016). Young people, (under 40 years of age) are included in the X, Y and millenials generations. Such a wide age range, in relation to young people, is connected to the specificity of the energy industry, whose clients are usually independent people which establish their own households In 2016, in Poland, the average age of marrying was over 29 years, which is almost 5 years more than in the early 90s of the last century. [CSO, 2017, pp. 14-18]. Mature people who have been examined (over 40 years of age) are included in the X generation and the baby boom generation. Generation Y and millennials (18-32 years) are young people who are characterized by: free use of electronic devices, impatience, lack of ability to communicate directly, perception of the

world through the prism of their own benefits, comfort and convenience, also in relation to contacts with surroundings. Due to their freedom of Internet activity they are called “digital natives” (Prensky 2001, p. 2). Representatives of the Y generation do not feel the needs of direct contacts as virtual contacts are satisfactory for them (Wasylewicz, 2016, p. 138). The younger generation, the more emphasis is placed on communication on feedback and clearly defined principles of cooperation. Increased expectations for quick and clear feedback are the result of the development of technology and the importance of corporate social responsibility. There is a visible decline in the importance of telephone calls as a preferred tool in communication. While observing representatives of the Y generation, one can notice that they spend a large part of their time chatting with people using social networking sites (Kozioł, 2014). Although “X” are familiar with technology, use computers and smartphones, they trust the most “face to face” contacts (Wasylewicz, 2016, p. 135) or in a written form as well as a paper archive. The baby boom generation (54-72 years as a post-war baby boomer generation) is characterized by the stability of behaviors and trust in written correspondence. Increasingly researchers point to move away from the stereotypical treatment of this consumers group [Frąckiewicz 2016, p. 57]. For the elderly, TV, radio and the press are still the main source of information, however, the number of seniors using the Internet and smartphones increases year by year. Undoubtedly, we can see that senior decision takes more time, also expects fewer alternatives. There are considerable differences in relation to the younger generations, but also the group of seniors have some representatives who are familiar with modern solutions – which proves the heterogeneity of the senior segment (Lipowski, 2017, p. 161, Szmigielska et al. 2012, p. 144; Bondos 2013, p. 30).

3. RESEARCH METHODOLOGY

The presented research was conducted in Szczecin, in the focus workshop in the Service Inter Lab center from 13.06 to 06.07.2017. The authors of this article were responsible for the scenario of the research, selection of respondents and moderation of interviews. The energy company provided sample templates of written communication and participated in adjusting the scenario of the research to the specifics of the industry. People using the services of the energy company, selected in a targeted manner were the respondents. Differentiating criteria included: gender, age, education, as well as the type of customer - individual or business. In the first stage of the study, three focus group interviews (FGI) were conducted - two among individual consumers divided into young people (up to 40 years of age) and mature people (over 40 years) and one of the company's representatives. During the second stage of the study, i.e. the verification stage, two research groups were accepted - individual persons and corporate customers. Each group interview (FGI) was attended by 7-8 participants, this is the optimal number due to the duration of the study and possibility of an effective examination. The three research objectives were stated: Objective 1: The understanding of behavior and preferences of customers in the scope of written communication. Objective 2: The analysis of current state of written communication in the scope of layout. Objective 3: The analysis of chosen aspects of written communication in the scope of affordability and clarity. The written communication presented during the research included, for example, personalized letters based on templates provided by the energy company and which concerned the most common cases of correspondence with consumers.

4. DESCRIPTION OF RESEARCH CONCLUSIONS

4.1. General expectations related to communication

4.1.1. Communication channel

The distinguished groups of clients have different preferences regarding the choice of the written communication channel. Young people (up to 40 years old) are more likely to choose

e-mail communication. For this group, the main advantage is its virtual character, and therefore the ability to check it from anywhere, even through a mobile phone. They also emphasize the advantage of being able to quickly find correspondence in e-mail. Also the speed of getting answers and no need to bear costs are of some significance. In the e-mail correspondence received, they expect brevity, they pay attention to the formulation of the problem and the possibility of replying to the address from which the message was sent. Traditional letters have the advantage for young people that they look more formal and contain stamps, customer number, and therefore have the "official power", but as they have the choice they are reluctant to use this communication channel. Young people are willing to use invoices sent electronically, but they expect additional incentives in the form of lower fees, e.g. for a subscription. The invoice should be sent by e-mail without the need to log in to the electronic service office every time. Young people also expect additional features such as SMS notifications about the upcoming payment deadline. Mature people (after the age of 40) definitely prefer letter correspondence. This is due to habit - such a letter is easier to archive and attach photocopies with possible claims. The waiting time for a week or two is acceptable for these people. Another problem is the ability to use the Internet, which is especially low among people from the oldest age group. . Internet use is common among the youngest Poles 18-24 years (100% Internet users) and almost common among people aged 25-34 (96%). There is a greater diversity in the examined age group. Among respondents from 35 to 44, it is 87% of people, while among people from 45 to 54 years only 70% of people use the Internet. Over half of people aged 55-64 and three-quarters of the oldest Poles (65+) do not use the Internet at all (CBOS, 2017, p. 2). Those mature people who use the Internet, said that e-mail is a convenient form of communication, but in the case of formal correspondence with companies they prefer to send a traditional letter.

4.1.2. Frequency and understanding of messages

Correspondence with individual clients takes place several times a year and is a one-way message, as it is limited to sending invoices and changes in tariffs. The respondents were saying that they are poor at understanding the content of official letters, which include correspondence from an energy company. The exemplary formulas presented during the study were difficult to understand, especially for people included in the mature segment. The main problem was their size (2-3 pages), the use of difficult technical terms and citing passages of legal provisions. The elderly had to read the entire text several times to understand the meaning of the letter.

Similar opinions were expressed by young respondents who said that correspondence with an energy company is difficult due to the formal language of the letters and the long waiting time for a response. The young even suggested that it would be worth adding a dictionary explaining the terms used (such as TPA, CX or GX tariff). Young people think that the letters should be written in such a way that the most important information for the client would be placed at the beginning of the letter.

4.1.3. Explanation of a complicated procedure

Customers who apply to a company for example to get connected to a network must go through several stages before the company can, for example, connect electricity to the installation. Many procedures in the energy industry are extensive and multistage, and the task of the person who writes the letter is to instruct the client what they should do to allow the company to perform the service. Many of the respondents after reading the sample letter stated that while implementing the next steps in the procedure, they would have to read the entire letter each time, because it would be difficult for them to know what stage they are in the given moment at. The main purpose of a writing should be to increase its readability and display subsequent stages in such a way that the client completing the procedure knows which steps he/she can

already tick as completed. Also in this case, differences between the groups can be observed. Mature people think that it is enough to describe everything step-by-step in writing. Young people expect additional use of infographics illustrating activities in individual stages. For the young, an additional information leaflet could be helpful, which could be attached to the letter.

4.1.4. The length of the written communication and the construction of sentences

Both groups of respondents believe that the presented models are too extensive. Letters that have 3-4 pages are difficult to read, and a lot of information is unnecessarily repeated. Ideally, the content of the letter should be on one or two pages. Some phrases extend the content, e.g. "We would like to inform you that we agree to ...". You can simplify this sentence and write "We agree to ...". Individual customers more often have a problem with understanding the extensive letters. Older people turn to the family for help or go to the customer service office. Younger people either put aside the letter, if the case concerns, for example, a change in tariffs, and when the matter requires their involvement, they contact the hotline to explain what they have to do. The conclusion for companies is that the simpler and clearer the letter will be written, the smaller additional service costs will be borne by the company. Numbers of pages are an important element for them, and young people also pay attention to this aspect.

4.1.5. The appearance of the letter

For both groups, the look of the written communication is important, which affects the perception of the sender as a professional and reliable company. They emphasize the role of the company paper with the logo printed in color, well-thought-out and permanently arranged solid information, such as address data or the letter number, the customer. Young subjects paid attention to the visual layout of individual paragraphs. The individual spacing used so far has been assessed as too small. Mature people did not have such detailed technical suggestions. However, both groups pointed to the need to standardize the margins in all letters, which should not be too large (from 2 to 3 cm). The mature subjects were disturbed by the lack of diligence in finishing the letter and pointed out that the content should be justified (aligned on both sides).

4.1.6. The font and bold size

Young people noticed the lack of unified fonts in the presented reference letters. In their opinion, this is bad for the company and should be standardized. All permanent elements of a letter should also have a fixed size. All respondents believe that some information can be bolded. However, bolding must be used skillfully - not be too much, thus the most important information such as: date and amount of payment, account number, duration of arrangements should be exposed. Older people pointed out that the fonts used are too small. They expect larger fonts that will allow reading without glasses (e.g. Arial 11 or 12).

4.2. Analysis of standard elements of written communication

4.2.1. Contractor's number

All respondents believe that the contractor's number is helpful and often used when communicating with the company. In the presented templates, it was placed in the upper left corner, just below the number of the letter. For this reason, it should be bold and can even be written in a larger font. Mature people were of the opinion that it would be helpful to transfer this number to the address field, directly under their personal data.

4.2.2. The phrase "concerns"

Both groups are of the opinion that such an introductory phrase is useful, because it allows you to quickly find out what the letter is about. In the presented models of letters, it was placed on the left over the welcome phrase.

Young people expressed the opinion that it makes the impression of the letter as official, which matches the image of the company under study. Individual customers believed that it should be easier and shorter formulated. Young people think that this is where information about the company's decision may be placed, for example "Positive consideration of complaints... “.

4.2.3 Polite phrases

Both groups of respondents believe that the greetings "Dear Sir", "Dear Madam" or "Ladies and Gentlemen" are acceptable in a formal correspondence with the company. However, they must be adapted to the gender of the addressee in the entire content of the letter. It is wrong to use all of these forms simultaneously and the "/" sign in correspondence with individual clients. They believe that if a company sends a letter addressing it to a specific customer, then the letter should also be individualized. Representatives of the older generation allow the surname "Dear Mr. Kowalski" to be put in this place, but they prefer a less intimate form. Both groups of respondents agree that the ending of the letter should have a formal form "Sincerely."

4.2.4. Signature

All participants agree that the company's representatives should write in the plural person, because they turn to the client on behalf of the whole organization. Both young and mature respondents negatively referred to the proposal of the signature of the letter "Sincerely, Customer Service Office". This practice appears more often in correspondence addressed to customers, especially e-mail. In mass or advertising correspondence, such a phrase may be accepted. However, according to the respondents, a formal letter, addressed to a specific client, should be signed by a specific person along with his/her position in the company. The person who sends letters should take responsibility for them, and the client has the right to know who he can contact with in a given matter.

4.2.5. Legal basis

Quoting legal regulations, articles and paragraphs is badly perceived by both groups studied. The respondents admit that they are useful when the dispute arises with the company or the client has doubts. However, older people often give up reading the content because they assume that they will not understand it anyway. Young people admit that they do not read the quoted paragraphs. If the organization can, it is better not to refer to legal provisions, and certainly they should not be quoted in the content of the letters. However, many companies are obliged by the market regulator to refer to legal provisions. This is the case for companies selling energy on the Polish market. The solution that is accepted by both examined market segments is the use of references in the form of footnotes. The references to laws or specific paragraphs can be placed beneath, as they do not adversely affect the reception of the message contained in the letter.

4.2.6. Contact information

In the case of business correspondence, the contact data is usually on company paper and the respondents accept this solution. The letterhead presented by the company in the headline contained a colorful logo (on the right side), and the contact details were placed in the footer in the columns. Contact information include e-bok, website, helpline number and e-mail address. Young people also expect infographics illustrating particular ways of contact. If the young client wants to explain something or make a complaint, their first thought is - contact via the hotline, and in the e-mail describing the details. Written correspondence sent by traditional mail is expected, but it can also be a return mail. Mature customers expect to place a mailing address to which they can send a response letter, also, according to some young people, this information is useful.

Mature people, in the content of the letter, expect contact with the person in charge of the case, and they perceive the hotline negatively. The main reservations to this form of contact is the long waiting time for a call, the need to pay higher connection fees.

4.2.7. Advertising of company's products

In the letters presented to the respondents on the back, a colored advertisement for another service, offered by the company, was printed. Also in this case, different opinions of representatives of particular customer groups appeared. Mature people said that they do not like this solution because the letter gets longer. Young people are not bothered by advertising, but they would prefer it to be at the bottom of the page. A separate advertising leaflet in the opinion of the young is a non-ecological solution.

5. CONCLUSIONS

Written communication with an energy company is often the main channel of information flow to the client and often it is a one-sided transmission. In particular, individual customers who receive invoices and information letters from their vendor several times a year do not have to make another contact with it. In this situation, matching the way of communication to the recipient affects the building of relationships and a better understanding of the message. Comparison of the expectations of young and mature customers showed differences between these groups, as shown in Table 1.

Table following on the next page

Table 1: Comparison of the expectations of young and mature customers (based on the results of the own research).

	Young clients	Mature clients
Communication channel	Young people: e-mail.	Mature people: correspondence by letter.
Frequency	Communication several times a year, mainly letters attached to invoices	
Understanding the message	Great difficulty in understanding the content of the letters caused by the use of technical terminology, incomprehensible abbreviations and legal provisions.	
Explanation of complicated procedure	Explanations divided into stages "step by step". Infographics are suggested by young people and they accept separate information leaflets.	Explanations divided into stages "step by step". Detailed description of the procedure in the content of the letter is enough.
Length	The letters are too long. 1-2 pages are preferred. Page numbering required	
Sentences structure	Sentences are too complex. Reduction of fillers and repetition of information.	
Appearance	The letterhead is important. Young people pay attention to the technical aspects of writing - spacing between lines and paragraphs.	The letterhead is important. For mature people, harmonization of margins is important.
Fonts and bold size	Young people - company fonts. Using bolds.	Older people - bigger font. Using bolds.
Contractor's number	Bold and enlarged font.	Bold and enlarged font. For older people, with their personal data
Phrase "concerns"	Formalization of the reception. It must be simplified and informing about the company's decision.	This is an important information element
Polite phrases	Individualized communication Greeting: "Dear Sir", "Dear Madam", "Ladies and Gentlemen".	Individualized communication Greeting: "Dear Sir", "Dear Madam", "Ladies and Gentlemen". They accept the form: "Dear Mr. Smith."
Signature	The phrase "Sincerely" The signature with the name, surname and position. Unacceptable form "Sincerely Customer Service".	
Legal basis	Quoting legal provisions in the letter is not well perceived. A better solution: footnotes (under the letter's content) with references to specific documents	
Additional information	For young people traditional correspondence address is useful. Young people also expect infographics in the footer.	For mature people, a traditional correspondence address is necessary Mature people negatively perceive contact through the helpline, better contact to the person conducting the case.
Advertising	Young people - advertisement under the letter's content.	Mature people - they prefer letters without advertising.

There are a lot of similarities between the market segments being researched regarding their expectations towards the technical structure of a letter. We may distinguish certain permanent elements such as company paper with contact details, contractor's number, signature, links to legal provisions. According to all the respondents, letters should be short and understandable, without the use of specialized language. However, there are also some differences that require adapting the communication channel and the letters themselves to the needs of separate segments. Young consumers have different expectations, less time, other habits, they do not read exactly what is sent to them. They want every information in a simple, short and quick form. On the other hand, elder consumers do not want any changes, are less familiar with modern rules and tend not to read long letters. Young people prefer e-mail communication and they expect a quick response if they are the sender. Messages should be short and written in simple language. Information leaflets, preferably illustrated with infographics, are well-seen by them. In the traditional correspondence (paper) they expect professionalism - company paper, company fonts, and careful editing of the letter. There may be placed some advertising below the content of the letter. Older people are used to company correspondence sent by traditional post. Letters should be tailored to their needs by the use of large fonts, short and understandable content. No ads can interfere with the message. The entire message should fit in the content of the letter without the need to attach additional information leaflets. Each of the analyzed generations, being a segment of consumers, is characterized by attachment to different products, services and an approach to innovation. There is also the problem of education in the purchase and operation of new devices. The habit and trust in proven forms and communication channels becomes the basis for making decisions. Effective communication should take into account the needs of recipients and guarantee understanding of the content of the message. In mass-scale communication in order to increase the efficiency of the message, it is possible to segment the market. Based on the results of the authors' research, the division of individual clients into market segments, such as young, mature people, seems to be justified due to different expectations and habits of these two groups of recipients.

LITERATURE:

1. Avlonitis, G. J. (2016). Marketing strategies and tactics in a period of recession. *Marketing Instytucji Naukowych i Badawczych*. Vol. 19, Issue 1.
2. Bałandynowicz-Panfil, K. (2016) Interdyscyplinarne dylematy granic starszego wieku – wstęp do rozważań nad wiekiem granicznym starszych konsumentów. *Acta Universitatis Lodziensis. Folia Oeconomica* no. 321(3)/2016.
3. Beynon-Davies, P. (1999). *Inżynieria systemów informacyjnych*. Wydawnictwo Naukowo-Techniczne, Warszawa.
4. Bone, P.F. (1991). Identifying mature segments. *The Journal of Service Marketing*, 5, 1.
5. Bondos, I. (2013). Dlaczego seniorzy stanowią wyzwanie dla marketingu? *Marketing i Rynek*, no. 3.
6. CBOS (2017). *Korzystanie z Internetu*. Komunikat z badań no. 49/2017. Warszawa.
7. Czubała, A., Jonas, A., Smoleń, T., Wiktor, J.(2012). *Marketing usług*. Wolters Kluwers. Warszawa.
8. Domachowski, W. (1991). *Interakcyjny model funkcjonowania społecznego, społeczna psychologia kliniczna*. PWN. Warszawa
9. Floh, A., Zauner, A., Koller, M., Ruschd, T. (2014). Customer segmentation using unobserved heterogeneity in the perceived value-loyalty-intentions link. *Journal of Business Research* no. 67.

10. Gracz, L., Rosa, G., Ostrowska, I., Słupińska, K. (2018). *Written communication of a large organization with institutional customers*. Economic and Social Development: 32nd International Scientific Conference on Economic and Social Development: book of proceedings, editors Anatolij V. Kovrov, Oleg A. Popov, Anita Ceh Casni.
11. CSO (2017). *Ludność. Stan i struktura oraz ruch naturalny w przekroju terytorialnym w 2016 roku*. Warszawa.
12. Jarosiński, M. (2013). *Procesy i modele internacjonalizacji polskich przedsiębiorstw*. Oficyna Wydawnicza. Szkoła Główna Handlowa w Warszawie.
13. Karasiewicz, G. (2013). *Marketingowe strategie internacjonalizacji polskich przedsiębiorstw: podejście holistyczne*. Wolters Kluwers. Warszawa.
14. Kicińska, J. (2009). Psychologiczno-społeczne determinanty zachowań młodych nabywców na rynku dóbr konsumpcyjnych. *Journal of Agribusiness and Rural Development* no. 04[14].
15. Kozioł, M. (2014). Wiek w projekcie, czyli o narzędziach komunikacji międzypokoleniowej. *Zarządzanie Projektami* No. 2(6).
16. Kusińska, A. (2014). Segmentacja rynku i marketing lateralny jako czynniki kreatywnego zarządzania produktem. *Marketing i Rynek* 8/2014.
17. Lipowski, M. (2017). The Differences between Generations in Consumer Behavior in the Service Sales Channel, *Annales Universitatis Mariae Curie-Skłodowska Lublin – Polonia* Vol. LI, 2 Sectio H.
18. Nakano, S., Kondo, F.N. (2018). *Customer segmentation with purchase channels and media touchpoints using single source panel data*. *Journal of Retailing and Consumer Services* 41.
19. Niedzielska, E. (2000). *Komunikacja gospodarcza*. AE Wrocław.
20. Ober, J. (2007). *Informacja i komunikacja w zarządzaniu*. Wydawnictwo Politechniki Śląskiej. Gliwice.
21. Ober, J. (2013). Funkcja i rola efektywnej komunikacji w zarządzaniu. *Zeszyty Naukowe Politechniki Śląskiej* no. 65.
22. Ostrowska, I. (2010). *Model kształtowania lojalności konsumentów w stosunku do marki*. Wydawnictwo Naukowe US. Szczecin.
23. Ostrowska, I., Rosa, G., Gracz, L., Słupińska, K. (2018). *Written communication of a large organization with young consumers*, Economic and Social Development: 30th International Scientific Conference on Economic and Social Development: book of proceedings, editors Khalid Hammes, Igor Klopota, Milica Nestorovic.
24. Ota, T., Kakinaka, M., Kotani, K. (2018). Demographic effects on residential electricity and city gas consumption in the aging society of Japan. *Energy Policy* 115.
25. Prensky, M. (2001), Digital Natives, Digital Immigrants, *On the Horizon*. vol. 9, no. 5. NCB University Press.
26. Pries, G.D., Stanton, J., Stanton, P. (2011). Revisiting the substantiality criterion: From ethnic marketing to market segmentation. *Journal of Business Research* 64.
27. Reisenwitz, T., Iyer, R. (2007). A comparison of younger and older baby boomers: investigating the viability of cohort segmentation, *Journal of Consumer Marketing* no. 24/4.
28. Rosa, G., Gracz, L., Ostrowska, I., Słupińska, K. (2018). *Written communication of a large organization with mature consumers*. Economic and Social Development: 31st International Scientific Conference on Economic and Social Development: Legal Challenges of Modern World: book of proceedings, editors Marijan Cingula, Douglas Rhein, Mustapha Machrafi.
29. Safari, F., Safari, N., Montazer, G.A., (2016). Customer lifetime value determination based on RFM model, *Marketing Intelligence & Planning* Vol. 34 no. 4

30. Sagan, A. (2017). Konsument na rynku globalnym – analiza wskaźnikowa potencjału rynkowego. *Marketing i Zarządzanie*.
31. Shuter, R. (1979). *Understanding misunderstandings: Exploring interpersonal communication*. New York.
32. Stankiewicz, J. (1999). *Komunikowanie się w organizacji*. Wydawnictwo Astrum. Wrocław.
33. Sudbury, L., Simcock, P. (2009) A multivariate segmentation model of senior consumers. *Journal of Consumer Marketing* no. 26/4.
34. Szmigielska, B., Bąk, A., Hołda, M. (2012). Seniorzy jako użytkownicy Internetu. *Nauka*, no. 2.
35. Sz wajlik, A. (2015), Konsument jako podmiot usług, *Konsument na rynku usług* (ed.): Rosa G., C.H. Beck. Warszawa.
36. Wasylewicz, M. (2016). Transformacja sposobu komunikowania się pokolenia X, Y, Z – bilans zysków i strat. *Zeszyty Naukowe Wyższej Szkoły Humanitas*. Pedagogika no. 13.
37. Weinstein, K. (2002), Komunikacja. In Stewart D. M. (ed.), *Praktyka kierowania: jak kierować sobą, innymi i firmą*. PWE. Warszawa.
38. Zaborek, P., Mirońska, D. (2014). Segmentacja polskich konsumentów ze względu na stosunek do marketingu społecznie zaangażowanego. *Gospodarka Materialowa i Logistyka*, 2014, ROK LXVI No. 10 (1238).

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

This paper was removed upon Editor's request!

MANAGERIAL APPROACH TO VIRTUAL SERVICES

Stanislaw Walukiewicz

*Faculty of Engineering Management, Bialystok University of Technology, Poland
s.walukiewicz@pb.edu.pl*

ABSTRACT

By an example of Uber, probably the best known virtual service, we introduce a universal scheme, called the SW scheme, for an analysis and synthesis of managerial aspects of a virtual service. These services offer new examples of ICT support to business and form an important and fast-growing part of service market which, in turn, is a part of labour market. We claim that each market beside its demand and supply has its own organizer who sets, often informally, rules for its demand-supply game. These three market actors (people, institutions, firms, etc. made by people) are connected by formal and/or informal relations what can be pictured as a triangle, called the market triple. For each virtual service, in contrast to a typical service, the rules of the demand-supply game are strictly formalized and presented by the organizer as its application (computer program) which matches virtually, through an internet platform, the demand for a given service with the supply equalizing it. We show first that each virtual service beside its market has its own market triple and its own SW scheme, and next we study relationships between the last two. The SW scheme indicates who of the three actors does the matching. For instance, it is the supply side in the case of Uber, but the demand side in the case of Airbnb, while the organizer alone matches demand and supply on the Forex market. In conclusion, we demonstrate how our methodology can be used in debates on the impact of the internet on a contemporary economy and service virtualization, in particular.

Keywords: *Demand-supply game, Labour market, Managerial analysis and synthesis of a virtual service, Market triple, Service virtualization*

1. INTRODUCTION

This paper is an extension of Walukiewicz, 2018 paper, abbreviated as P1, where we study economic aspects of virtual services. A virtual service can be defined as an economic activity using the recent developments of ICT (cloud computing, internet platforms, smartphones, internet of things, etc.) to match the demand for a given service (real or potential consumers) with its supply (providers of that service). In contrast to a traditional service, each virtual service has its own application (computer program) which matches a given demand for a service with the supply equalizing it. The main aim of this paper is to study managerial aspects of such matching. Under the managerial perspective, we consider a virtual service as an economic entity (black box) making money on equalizing virtually demand and supply for that service. By an example of Uber, we introduce in Chapter 3 a universal scheme, called the SW scheme, for an analysis and synthesis of managerial aspects of a virtual service. We show that each virtual service beside its market has its own market triple, introduced in Subchapter 3.2 of P1, and its own SW scheme, and next we study relationships between the last two. In P1 we have shown first that each virtual service has its own market with its own demand-supply game, and then study the rules of that game. To have this paper self contained, we review the main findings of P1 in Chapter 2 as a base for a managerial analysis and synthesis of a given virtual service. In concluding Chapter 4 we demonstrate how our methodology can be used in recent debates on the impact of the service virtualization on a contemporary economy.

2. THE ECONOMIC BACKGROUND

In P1 (see also Walukiewicz, 2014 and 2017) we have introduced a concept of the organizer of a given market and shown that it plays a very important role in the case of virtual services.

Thus, each market beside its demand and supply has its own organizer (people or institution set up by people) who sets and executes the rules of its demand-supply game taking into account technology, law, regulations or lack of such regulations, tradition, etc. These three market actors are connected by formal and/or informal relations between them, forming a triangle called the market triple. Following P1, Figure 1 presents the market triple of the Uber market.

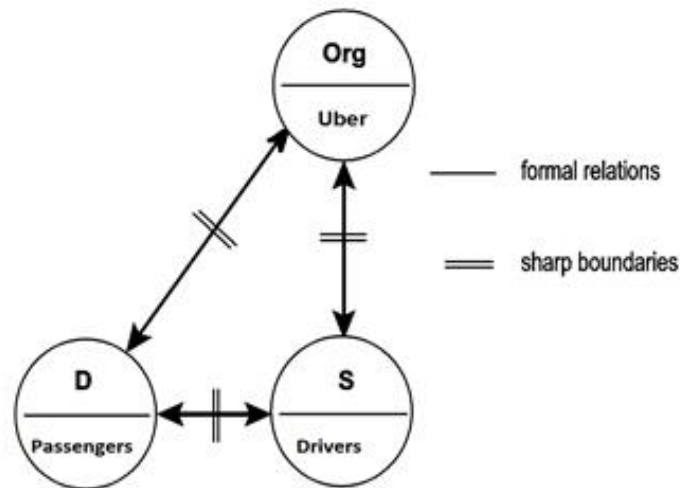


Figure 1: The market triple of the Uber market

For the market triple in Figure 1, we use circles instead of vertices (points) to stress out that at this stage of our analysis, we consider all issues connected with each market actor of a given market. In the next chapter, we introduce a number of simplifying assumptions in the description of each market actor, and then we substitute circles in the market triples by black boxes, similarly as we did in Figures 1 and 2 of P1. Uber as a company is the owner of the application (in short app) for matching almost instantly a given request for a taxi (demand) with an particular driver (supply equalizing that demand). Since the Uber app acts also as a referee at the demand-supply game, then it keeps the game under control all the time and has an answer to any request for a taxi. The statement like “We cannot serve your request.” is, obviously, one of possible answers. Thus, Uber as the owner of the app is a natural organizer of the demand-supply game on the Uber market shown in Figure 1. All relations between the actors in Figure 1 are strictly formal and described by its app to the smallest detail. The boundaries in that figure are sharp because the actors play sharply different roles in the demand-supply game on that market. The market triple of the Uber market, pictured in Figure 1, looks like a triangle with the right angle at supply S because the supply side solves the core equation (demand equals supply) on that market (see Point 3.3.1 of P1). The sides of the market triple in Figure 1 are two arrowed solid segments to show that the relations between the market actors are strictly formal, described by the app, and the information between them goes in both directions. Thus, the market triple of the Uber market indicates that its supply side (organizer Org + supply S) are more responsible for the demand-supply game than its demand D. Following the remarks at Point 3.1.1. of P1, we should stress once more that the organizer of any virtual service is a man or people or institutions made by people who discover, first a (bright) idea how to match the demand for a given service with the supply equalizing it, and next, apply it into practice in the form of the particular computer program. Hence, the app as a computer program is a tool in that matching. In the case of Uber, the app matches people who have money but no time, so they need (demand) a taxi, with people who have time but no money, therefore they offer (supply) their taxi service.

In theory, the app of any virtual service is equalizing the requests for that service sequentially, one by one, what is possible due to the recent ICT developments. In the next chapter we will see how such matching is realized in practice.

3. THE MANAGERIAL ASPECTS

In theory, a request (demand) for a given service is defined (formulated) by the man treated as a human personality with his or her very personal preferences, tastes, feelings, etc. The same can be said about a service provider acting on the supply side. For obvious reasons in practice, management science and marketing, in particular, developed models of a service consumer and service provider upon a number of simplifying assumptions (see e. g. Anderson, Fornell and Rust, 1997). By an example of Uber, we first discuss these simplifying assumptions organized into two general sets, and then describe a universal scheme, called the SW scheme, for an analysis or synthesis of a given virtual service.

3.1. Simplifying assumptions

The first set of simplifying assumptions concerns the time within a given app and its relations with the real time. Since the main objective of the app is to make decisions on the corresponding virtual service market, the following question is put forward: How do people make decisions in a market economy? This question may seem strange at first. An instant and spontaneous answer would be “in a raft of ways”, given the variety of their essence. Below it is shown that, the above notwithstanding, there exists one, a very general and unique model of decision making process (Walukiewicz, 2008), pictured in Figure 2.

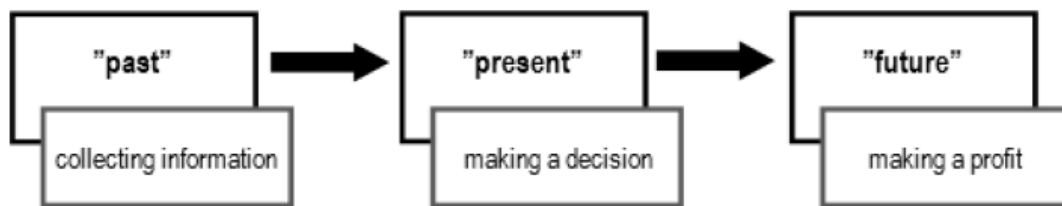


Figure 2: The model of a decision making process

Time is divided into three distinctive phases: “past,” “present” and “future,” always given in quotes. The “present” decision is based on information from the “past,” collected to pursue a somehow defined success or cash in profit in the “future.” A loss is, obviously, a negative profit. Below we offer an example to demonstrate how our model works within the eToro app on the Forex market, described in Point 3.3.3 of P1. In the “past,” independent traders observed themselves by using eToro statistics to form in the “present” a group G for social trading (Wohlgemuth, Bergerb and Wenzel, 2016) with the aim of reaching economic success in the “future.” The duration of each phase depends heavily on a trader. Some traders make their decisions instantly. Then the “present” may be an infinitely brief moment between the “past” and the “future”, which may last practically forever. An important observation is that these three phases, not two or four, always exist in a decision-making process, with the “present” reduced to the role of a relatively short boundary between the “past” and the “future.” We assume that the “future” starts at a given moment t_0 and ends at a moment t . As a consequence, t_0 is the beginning of the “future” and, at the same time, it is the end of the “present”. Moreover, eToro, as any computer system, puts some restrictions on the length of the “future”. Under eToro, this phase can last a minute, five minutes, 15 minutes, an hour, a day, a week or a month, only. In the case of Uber, the definition of the “past”, “present” and “future” has a very here and now characteristics, because it depends heavily on the local conditions here (town where

Uber is operating) and now (present regulations). Typically, the “present” as the time for matching a given ride request (demand) with a particular driver (supply) takes a few seconds, while the “future” is understood as the time between the moment t_0 and the moment t , where t_0 is the moment when the service begins. It may be defined as one of five possibilities: (1) as soon as possible, (2) in half of hour, (3) in an hour, (4) in two hours and in 24 hours from now. The end of the “future” (moment t) is usually taken as 24 hours from now. Finally, the “past” treated as the time for collecting information about both customers and drivers, lasts typically from the beginning of the Uber operations in a given town till now (moment t_0). The second set of simplifying assumptions concerns the matching algorithm. The Uber app is based on a centralized matching algorithm which matches a ride request with a particular driver and the driver must then agree to provide the service. Next, the passenger is informed about the profile of the driver and the ride fare before deciding whether to confirm the ride. Thus, the supply side (organizer Org + supply S) solves the core equation (demand equals supply) on that market, and presents the solution (a particular driver) to the demand (potential passenger) who can accept it or not. The centralized matching algorithm is more suitable in the Uber market because the demand for urban rides is more homogeneous than that, for instance, for accommodations, discussed in Point 3.3.2 of P1. The main interest of each passenger is to arrive at his/her destination at a short time, and usually he/she cares little about the comfort of the ride or the driver's professional profile. In the next subchapter, we will incorporate these two sets of simplifying assumptions into the app for a given virtual service.

3.2. The SW scheme

Under the managerial perspective we look at a given virtual service as an economic entity, presented in Figure 3 in a black box form, making money on equalizing the demand with the supply for that service. We deliberately use the term “economic entity” to stress that there is a legal debate on a status of entities like Uber (see e. g. Petropoulis, 2017 and Point 3.3.1 of P1).

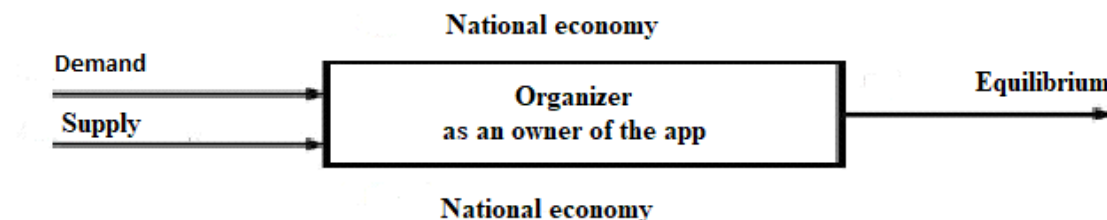


Figure 3: The input-output analysis of a virtual service as an economic entity

A process of converting a given (traditional) service into its virtual form is called the virtualization of that service. We suggest dividing it into four phases:

- Economic phase, when we study the demand and supply as well the demand-supply game on a given market now (the “present”), their history (the “past”) and their perspective (the “future”). A theoretical background for this phase is discussed in P1. As a result we have the market triple as the structure of that market and the professional description of the demand-supply game and its historical development.
- Managerial phase, when we incorporate the simplifying assumptions from previous subchapter into the description of the demand-supply game preparing the base for the next (coding) phase. The details of the managerial phase will be discussed a bit later.
- Coding phase. A professional code for the app is developed with its all necessary extensions. The app should also pass all tests needed to work properly in practice.

- Operational phase. The app matches the demand (request) for a given service with the supply equalizing it, taking the role of both the referee in the demand-supply game and the middleman between the demand and supply discussed in P1.

Figure 4 presents a graphical summary of the first two phases, called the SW scheme, as four open lists of questions to be answered when converting a given traditional service into a virtual one. These lists are open because we have a big variety of virtual services, and therefore Figure 4 as the universal model has to have an indicative character, only. The SW scheme for a given virtual service market is obtained from its market triple by substituting circles in that market triple by the corresponding black boxes (see Figure 4 for the universal case) because now we base our analysis on the simplifying assumptions discussed in the previous subchapter. In P1 we have introduced the concept of the organizer, and demonstrated that it owns the app of a given virtual service and plays a very important role on the market of that service, being simultaneously the referee at the demand-supply game and the middleman between them. Next, we use the market triple to study the structure of different virtual service markets and have shown that basically there are three such structures: the supply-driven (market or structure) like Uber, the demand-driven, like Airbnb, and the organizer-driven structure of the Forex market.

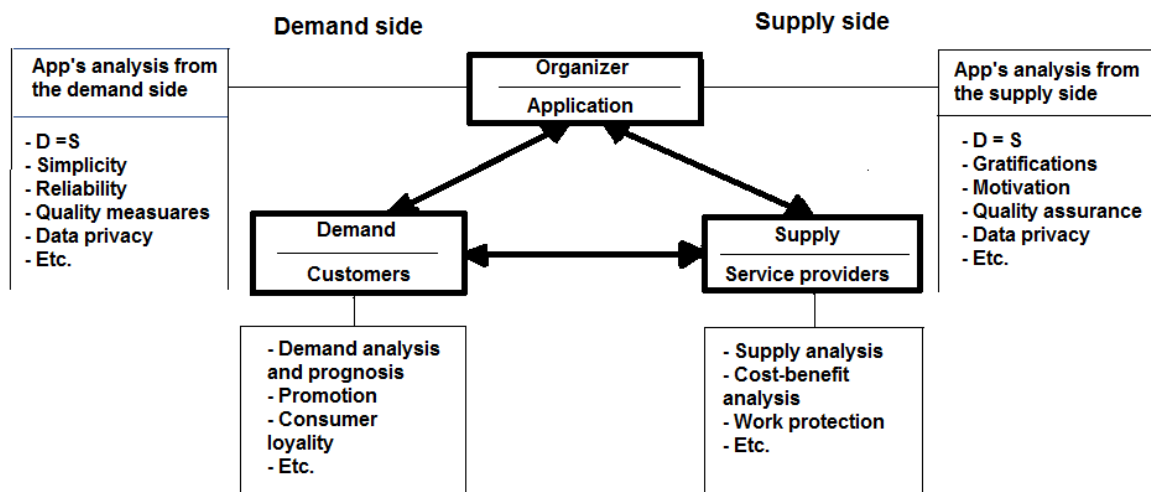


Figure 4: Universal model of the SW scheme

The key question in an analysis or synthesis of a given virtual service concerns the who solves the core equation demand equals supply ($D = S$). In P1, we have shown that depending on the answer to that question, different algorithms are applied in the matching procedures. Therefore we suggest analyzing a given app both from the demand (consumer) and the supply (provider) side, and put the $D = S$ question on the top in both lists. Since the Uber market has the supply-driven structure shown in Figure 1, then the supply side (organizer Org + supply S) takes the main responsibility for the demand-supply game on that market. To see this, assume for a moment that the organizer begins to take 50% of each fare instead 20-30% as it used to do so far. Then the drivers can stop to offer their taxi service, so the demand-supply game collapses and the Uber market vanishes. In Point 2.2.3 of P1 we have shown that Uber is by definition a global company in the on-demand economy where it is better to be the first than the best. Thus, the entrance threshold for a revitalized company as well as for any incumbent in the on-demand economy is very high. Generalizing this finding, we can say that in the case of virtual services the corresponding market either works in equilibrium when each request for a service is matched with the supply equalizing it, or vanishes. Consequently, we put a gratification and motivation of service providers close to the top of the list of questions to be answered in an analysis of the app from the supply side.

Since in virtual services all decisions and actions are recorded, then they provide new tools for quality assurance, but also generate new problems with data privacy. We explain it by an example of Uber. After each journey, the users and drivers may both rate each other on a scale of 1 to 5 stars. Uber can deactivate (punish) drivers who do not receive high average ratings from riders. In turn, low-scoring users might find difficult to be served, especially in smaller or under-served markets. If a driver rates a rider at three stars or below, the rider will never be matched with that driver again. Passengers can see their rating in their profiles after using the Uber service at least five times, while drivers can see a passenger's rating once a ride is requested. Finally, once the driver as the supply accepts the request for a ride (demand), the passenger will see the driver's rating. Thus, in comparison to regular taxis, Uber has several advantages beyond lower fares. Instead of waiting in the street or calling a taxi service, passengers can request a car through Uber's online platform and watch the car's progress towards their location. And additionally, users can check the profile of the driver before selecting them and give their own opinion rating after the ride. This makes them feel safer than entering the car of a completely unknown driver. If the average rating of a driver is low, then they are dismissed by Uber. Since personal data is involved in decisions making processes, then the app of a virtual service must make sure that data is safe, in line with the criteria and safeguards that have been established by the Directive 95/46/EC of the European Parliament and the European Council, and recently by the RODO procedures. Moreover, data portability should be secured so that users of the Uber platform can move to a competitor platform whenever they want. The same can be said about the Uber drivers. The two remaining lists in Figure 4 connected with demand and supply have been discussed in literature (see also P1) as the revenue and cost problem in the (traditional) service industry. We will follow this way of reasoning in the next subchapter.

3.3. Revenue and cost

It is axiomatic in business that profit is equal to revenue minus cost. In the case of Uber, the cost side is represented by the supply side (organizer Org + supply S) of the Uber market which market triple is shown in Figure 1. Since the Uber market is supply-driven, then its organizer is directly engaged in cost reduction procedures by using efficient algorithms for matching drivers with ride requests, cloud computing, etc. In general, the cost side is addressed well by the engineering/systems/operations approach (see e. g. Anderson, Fornell and Rust, 1997), while the revenue side is usually considered from the marketing point of view, supported by such fields as human resources, social capital, economics, psychology, sociology, and information technology (see e. g. Finn, 2005). While the engineering viewpoint tends to look internally toward the systems and procedures by which service is supplied, the marketing/social science viewpoint tends to look externally toward customers. Understanding customers is critical for any service business, because customers and their decisions are the source of all revenue. Research to understand customers is generally based on the social sciences (see e. g. Rust, Moorman, and Dickson, 2002). We need to understand how individuals (psychology), groups (sociology) and cultures (anthropology) choose to buy and to form relationships with the firm (marketing). We also need to understand how groups within the company work with each other to provide service teams that serve customers effectively (human resources), and how such teams can be effectively managed (management). Paper by Rust, Lemon, and Zeithaml, 2004 introduces the concept of the customer equity which makes managerial actions designed to increase service revenues financially accountable. By relating the increase in customer equity to the investment required to produce that increase, a return on investment (ROI) can be obtained. Being able to do this is essential, because it creates a way to evaluate the financial impact of service improvements. Thus, while the financial impact of cost cutting efforts is often very easily evaluated, the financial impact of revenue expansion efforts requires more effort

and more sophisticated models. Nevertheless this is an essential task for any company that seeks to build its service profitability and it will be interesting to modify this concept to the case of virtual services.

4. CONCLUSION

As said, this paper is an extension of P1 where we showed that in theory, without simplifying assumptions, each virtual service, as an interaction between at least two human personalities, has its own market with its own demand-supply game and its own structure described by the corresponding market triple. In practice, we have to introduce a number of simplifying assumptions to develop the app as a model of a given demand-supply game. In Subchapter 3.1 we group these assumptions into two sets: the first concerning time, and the second devoted the matching actions. Then, the following question naturally arises: How far can we simplify the demand-supply game? Or, in other words, how can we verify that the game under a given app satisfies the three conditions from our definition of a market given in Point 3.1.1 of P1? We note that while the first set of simplifying assumptions concerning time has technical characteristics which can be easily checked and modified, an analysis of the assumptions devoted to the matching a given demand with the equalizing supply is much more complex. Answering this question, we introduce the concept of economic necessity, and explain it by an analysis of the rules of the demand-supply game on the farmers' market, treated as a predecessor of any market. Next we outline how the concept of economic necessity works in the case of virtual service, postponing a detailed study to a forthcoming paper. The main rules of the farmers' market are so obvious and straightforward that they have probably never been written down. We formulate them in the form of two rules R1 and R2 (of the farmers' market), as we will often refer to them. Rule R1 says that all actors of the demand-supply game are equal in access to information about prices, which in fact they establish. Then, cheating, blackmail, local monopolies, etc. are nothing but exceptions proving that rule here and now. To see that, consider the situation of somebody buying apples from a vendor. If the vendor sets the price below the market one, then the potential buyer is eager to buy and the vendor loses. In the opposite case, the potential buyer goes to the another vendor, and the vendor loses again. Thus the vendor must play fair with the buyer on that market, i.e. set the right price and give sufficient information to the buyer. In practice, the buyer is kept updated on pricing and both parties have the same access to relevant information. This happens not because of the vendor's religion, code of conduct, etc., but because of the economic necessity. Saying it differently, the economic necessity pushes both demand and supply actors to play fair at the demand-supply game. In the case of Uber, as an example of virtual services, the rule R1 says that the actors on both demand and supply have the same access to information about fares and gratifications. Passengers can see the "present" fare, its changes in the "past", and its dynamics in the nearest "future". The same can be said about the gratification of the drivers. In Chapter 2 of P1, we explain how the dynamic pricing and "surge pricing" are applied by Uber and show that there is no asymmetric information on the Uber market. And rule R2 of the farmers' market says that the entrance threshold (fee) for buyers is zero (free admission) and the entrance threshold for sellers is fixed for the same place (conditions). Free entrance for buyers is not a gift but, as above, the economic necessity. A market without real and potential buyers (window shoppers) is not a market but an exhibition which is doomed to fail because real buyers do not come from nowhere, they come from among window shoppers. We note that rules R1 and R2 say that on the farmers' market all actors (people), either on demand or supply side are equal here and now, and no one is 'more equal' than others. And, again, this equality between the farmers' market actors on both demand and supply side originates from the economic necessity. Simply put, that market is more efficient when the number of actors participating in its demand-supply game is as large as possible.

Again, in the case of Uber, the rule R2 says that the entrance fee for real or potential passengers is zero, while the entrance threshold for drivers depends on local, here and now conditions, as we show in P1, but in any case all drivers as service providers are equal on the Uber market. Finally, I suggest considering the economic necessity as a very general principle which guides us through different markets be they traditional or virtual.

LITERATURE:

1. Anderson, E.W., Fornell, C. and Rust, R.T. (1997). Customer Satisfaction, Productivity, and Profitability: Differences Between Goods and Services. *Marketing Science*, 16 (2), 129-145.
2. Finn, A. (2005), Reassessing the Foundations of Customer Delight, *Journal of Service Research*, 8 (2), 103-116.
3. Petropoulos, G. (2017). Collaborative Economy: Market Design and Basic Regulatory Principles, *Intereconomics*, vol. 52, no 6, 340-345.
4. Rust, R.T., Moorman, Ch. and Dickson, P.R. (2002), Getting Return on Quality: Revenue Expansion, Cost Reduction, or Both?. *Journal of Marketing*, 66 (October), 7-24.
5. Rust, R.T., Lemon, K.N. and Zeithaml, V.A. (2004), Return on Marketing: Using Customer Equity to Focus Marketing Strategy. *Journal of Marketing*, 68 (1), 109-127.
6. Walukiewicz, S. (2008). The dimensionality of capital and proximity. *Proceedings of ERSA 2008 Conference*, Liverpool, August 27-31.
7. Walukiewicz, S. (2014). The market triple, *CEJOR*, 22, 713-727, DOI: 10.1007/s10100-013-0299-2.
8. Walukiewicz, S. (2017). The Market Triple as a New Tool in Economics, *Modern Management Forum*, 1(2).
9. Walukiewicz, S. (2018). Economic Aspects of Virtual Services. *Scientific Book of Conference Proceedings, Warsaw, 26-27 September*, Abbreviated as P1.
10. Wohlgemuth, V., Bergerb, E. and Wenzel, M. (2016). More Than just Financial Performance: Trusting Investors in Social Trading, *Journal of Business Research*, 69, 4970-4974, DOI: 10.1016/j.jbusres.2016.04.061.

COMMUNICATING A NEW VISION OF TOURISM: THE CASE OF VOLUBILIS, MEKNÈS, MOROCCO

Taoufik Daghari

*Professor, University Mohamed V, Morocco
tdaghri@gmail.com*

Houda Jorio

*Professor, International Institute for Higher Education in Morocco
hjorio@iihem.ac.ma*

Samira Kasmi

*Professor, University Mohamed V, Morocco
s.kasmi@gmail.com*

ABSTRACT

Smart villages are considered as the trendiest way of managing touristic sites and bringing along lots of components together. Millennial tourists are not interested in sun, sea, sand, and sex anymore. They are more into exploring and learning from living the experience of the citizens while visiting the sites. With today's technology, the tourism industry and others are flourishing and seeking to improve the economic growth of the nations. In order to better serve this industry, a clear communication plan is to be delivered as well as an analysis of a specific site.

Keywords: *smart village, sustainable tourism, strategies of managing smart villages*

1. INTRODUCTION

Villages are considered the hub of the nations, their source, and their growth basis, as well. Rural areas, although located outside city limits, however, their resources are unlimited. Without considering the limitations of the cities in terms of technological development that are not displayed in rural areas, dragging some of the technological resources while keeping the natural components of villages will indeed make our rural villages exciting sites that pull the benefits of technology and at the same time safeguarding the beauty of the nations via its sources, which are smart villages. Throughout history, several nations are opting for green entrepreneurship and social enterprises which both share a common goal: sustainable development. Within this work, I seek to tackle first some of the milestones of the smart village concept, then describe the different components and strategies of smart villages, and finally I bring in an example on how we can make out of a Moroccan village a smart one by analyzing the case of Volubilis, a touristic site located in the rural center area of Morocco in a city called Meknes.

2. HISTORY OF SMART VILLAGES

2.1. Modernism

Modernism did not burst into history in full bloom. Once the modern world began to emerge, it did not remain static. It is an era in which the premodern world spread its wings progressively. While premodern societies were homogenous, modern ones were heterogeneous [1]. It is this modern era that gave the birth to interconnected globalization. It gave the chance to heterogeneous cultures to embrace the global trends and feel the pride of partnership to nations. For Darwin, that was the nicest shift in history of human kind. This era has given birth to the call of freedom between nations in which the global perspective has set its ground and the roots are being displayed, as well [2].

2.2. Postmodernism

Positivism is being more displayed or at least researchers are hoping so. The fact of making everything knowable is indeed linked to technology. There has been some time in history when postmodernism came into place to manifest itself as an era to de-toxify nations from their cultures, an era characterized also by denaturalization of cultures [3]. Modern cities are concentrating their efforts in architecture, new systems of education, and what is now known by the old fashion of tourism focusing the efforts on contemporary views while ignoring the roots and cultures. The era of postmodernism is characterized by the roots and cultural behaviors while shifting to the western societies.

2.3. The new trend: from smart cities to smart villages

As the modern period manifests growth in major industries and with technological growth, the whole world became one dot. Connectivity has brought people from different nations all together. Time has come to embrace this growth, and rather than separating and modernizing nations, implement technology growth into making out of nations more sustainable entities seeking to take advantage of both local and international benefits for the good sake of future generations. The shift from smart cities to smart villages is imposed by the urban growth potentials. As cities have prospered via technology and connectivity by integrating high tech devices in many services such as transportation, restoration, retail, making the access easy for tourists from different nations. The change has also touched language translation devices in public transports, web based maps that are, today, covering major areas of city maps. Villages are also in need for change and for SMART concepts, especially that, although located outside city limits, are seeking improvement to better display their own resources and rather than being victims of technology growth, taking advantage of it by connecting individuals and communities to the rest of the world. This is achieved by sustainable tourism and the building mindset of social villages into entrepreneurship.

3. AN INTRODUCTION TO TOURISM COMMUNICATION

Tourism is an industry that sells intangible experiences, selling service experiences. For this matter, communication is crucial to the success of tourism businesses since it is only through the effective use of communication that tourism providers can offer to customers tangible cues about those intangible experiences. Also, while communication is an essential section in the behavior of any service business, it has got a predominant role in this industry. Tourists are individuals who want to outflow from the routines of the everyday life. They want to be familiar with 'the other' aspect of themselves not allowed to be expressed in the normal life. This allows us to think deeper about the type of communication that will be valued and acknowledged by tourists. In this case, tourists seeking to explore, enjoy and live the so called new and challenging experience would like to be confronted to easy, fluent, and practical communication provided by the tourism service stakeholders. Business tourists, however, are the ones to whom communication has to take up a different scale and level in terms of formality and in terms of the people delivering it. So, in order to establish an effective form of communication with tourists, service providers are to display verbal and non-verbal methods a calm attitude while confirming that the same is not misinterpreted and misunderstood as inattentiveness or irresponsibility. Traditionally recognized business communication layouts emphasize on hierarchy and structure, and this is something that communication experts are fighting for. The single defense in the hands of today's organizations is social media; a revolutionary trend in the social media front and the popularity of mobile communication devices, business communication has developed a social media friendly mean. In the setting of tourism business communication, industry professionals consider it important to influence positively the impression that others form of them and that is for the sake of a long term vision.

3.1. Communication to ease thoughtfulness

It is now mature that communication is a means to facilitate understanding. But, the current opinions on how to use it for facilitating understanding are way different from what we used to believe and act upon in the past. It is broadly known now that the strength of communication to enable understanding increases in terms of interactive communication. Based on this view, for instance, live chats can help one reaches understanding much faster than asynchronous emails. This form is considered as one of the most direct forms simply because it reads on people's eyes, facial expressions and others. Likewise, communication styles that allows for instant responses are considered more effective than those that permit responses only after the sender has completed transmitting his or her version in full. Constant and live interaction helps to speed up the expansion of yet another important objective of communication which is the improvement of shared meanings.

3.2. Communication to provide information in a wide selection of ways

As individuals are different, so are their preferences for media. Some are admirers of the printed media while others like visual presentations with interactive content. Some learn openly from information presented with clear points while others observe indirectly and experientially with information scattered in realistic situations. From a communication professional's viewpoint, some information can be conveyed more efficiently and effectively as a mixture of audio-visual signals than either alone. In the early steps of a cooperation, it is often more recommended to have formless and humble communication fashions for the new generation and quick distribution of thoughts. However, when such ideas are to be focused down, when wisdom rather than extent is needed, and when legal issues are to be undertook, more orderly and formal styles should be considered. In a firm's communication blend, it will be important to have communication products that ingratiate different minds and feelings; one that targets each and every individual.

3.3. Communication to a recognized audience

Tourism is often portrayed as a ritual of channel or a route, in other ways, no tourist lasts in a specific place for a long period of time. Tourists go through numerous stages, each with different communication wants. A tourist to be is an information hunter. That translates into their expectations, they suppose they should get a fully clear, rich, and understood messages with relevant information. This is to be reflected on attractions, convenience, and facilities available as part of a trip. It is crucial to provide all the relevant information but at the same time stay away from falling into information overload. Most tourists are busy individuals in their routine lives and do not have the time or funds to dip through a wide range of information. Assumed the fact that this industry is international by nature, especially if we are dealing with international tourists, it is vital that we employ foreign languages for communication. However, translation is well studied, as there are some word connotations and word that may imply different things to different people.

3.4. The Importance of Listening

Listening is an art and an art is an innate skill. For some cases and with the level of maturity, we tend to learn and adopt this skills. For service oriented businesses like tourism, the old saying 'customer is the king' is true in most cases. It is extremely important to listen to the customers and that is for a variety of reasons. First of all, it provides us with a way to get feedback on what amount and range of the information that we sent has been correctly received by them. The second reason, it gives us a means to obtain their customers' criticisms and complements, both important in managerial decision making. Finally, it makes customers feel important and

valued and that is the driving force behind our success in terms of communication. Good listening skills are considered as important as effective speaking skills [4].

4. LINKING SMART VILLAGES TO SUSTAINABLE TOURISM

The notion of smart village is not applicable only to the tourism industry by itself. Since it implements technological growth, it is a key component of lots of domains' growth. However, they are all connected. Today, one cannot talk about smart village without talking about sustainable growth and growth itself is induced in all industries that are interconnected. Tourism is one of them. Because, it is the heart of the nation's economy, millennial tourists are into exploring, living, experiencing, and touching at the history, culture, and attitudes of other nations. The reason behind any given county has to transfer its roots to future generation in order to maintain growth. This is incomplete without knowledge. It is all about educating people, transferring knowledge, providing safer energies, better housing systems, green environment, good health system, and smart citizens.

4.1. Smart village: definitions and objectives

A 'Smart Village' is a new concept of bringing urban concepts into rural areas. SMART stands for: social, moral, aware, responsive, and transparent. The idea of smart village has been created to provide long-term social, economic, and environmental welfare activity for village community, which will enable and empower enhanced participation in local governance processes, promote entrepreneurship and build more resilient communities. At the same time, a 'Smart Village' will ensure proper sanitation facility, good education, better infrastructure, clean drinking water, health facilities, environment protection, resource use efficiency, waste management, renewable energy etc. All this with the aim of providing employment, shifting to service industry and taking advantage of female cooperatives as the source of production, all within a framework of improved knowledge through education, which are crucial in connecting nations to the rest of the world [5]. The Smart Village concept is to be based on the local conditions, infrastructure, available resources in rural area and local demand as well as potential of export of good to urban areas. Technology acts as a catalyst for development, enabling education and local business opportunities, improving health and welfare, enhancing democratic engagement and overall enhancement of rural village dwellers. Because villages are the heart of the nation, then we can achieve socio economic development of the nation by enlarging the concept of smart villages on improving pattern. To achieve the 'Smart Village' status, the community, individually and collectively, is empowered to take smart decisions using smart technologies and with the support of smart manpower and by managing to be self-sufficient. Partners are encouraged to bring in innovative ideas, technology and resources and disseminate information on best practices to facilitate and accelerate the process. Among the main objectives of Smart village:

- Provide global means to local needs,
- Use the potential of IT to maximize the benefits for the rural community,
- Analyze the villages on various socio-economic parameters at a micro as well as macro level,
- Improve the literacy rate of the villages by reducing the dropout rate,
- Maximize the employment potential by providing the profiles of rural youth to the potential employers
- Improve the economic conditions of the semi-skilled and un-skilled labor by publishing their availability status on the Internet,
- Provide updated information and databanks to the government for better analysis and individual profiling,
- Disseminate the information about various agro-based schemes and connectivity to the initiatives

- Create a web-based career counseling for the rural community by providing information on various areas
- Provide databases on demand to the manufacturing organizations
- Share information with prospective social entrepreneurs

4.2. Linking smart villages to sustainable tourism

The idea of sustainability is nothing new to the tourism sector as it has become popular with the World Conservation Strategy (World Wildlife Fund, 1980) and Brundtland Report (WCED, 1987) defining sustainable development with meeting “the needs of the present without compromising the ability of future generations to meet their own needs” (Weaver, 2012, p. 1030). The World Tourism Organization (UNWTO, 2013, p. 47) has recognized these principles and defines sustainable tourism as “tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities” [6]. According to the World Tourism Organization, sustainable tourism should lead to the “management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems” [7]. Sustainable tourism is best defined as the settlement of a variety of touristic programs with the aim of providing local communities with global means and making future generations benefit from them. There exists a direct link between smart villages and sustainable tourism in the sense that smart villages are here to serve local community, the individuals and or entities to benefit from it come from different places, if we are talking about the city nearby then we are promoting local tourism. The image that the smart village is embracing does not limit itself on the local community, or the surrounding one but it goes into touching at the global one, as well. With the increasing importance of including sustainability in developing competitive destinations, the smart village concept has emerged in recent. In reference to this, villages aim to use the potential of information and communication technologies in order to address the pressures of urbanization and develop “new policies and strategies to target sustainable urban development and economic growth” (Boes et al., 2015, p. 392) [8]. The approach that has primarily focused on urban development has been applied to the tourism sector under the term “smart destination”, which focuses on the integration of ICT into the physical infrastructure. The smart concepts have often been used to enhance the tourist experience in line with sustainable development goals of the village. (Gretzel et al., 2015, p. 180) [9]. Making tourism more sustainable requires careful planning at all levels and the involvement of all people with a stake in it including the local communities that are directly affected by tourism’s presence. At its core, however, tourism is a private sector activity, driven in large part by international hotel chains, tour companies, and other businesses. Sustainability will therefore require systemic change in the ways this industry operates. But reconciling the industry drive for more tourists with the need for sustainable practices requires the stakeholders to take many actions to become more environmentally and socially responsible. This change is in part a response to growing consumer pressure for more environment-friendly tourism products, which leads to improving local cultures for global perspectives.

4.3. Strategies of sustainable smart villages

Formulating growth strategies for the village to make it self-sufficient while taking into account the investment climate and protecting native occupation and heritage of the village. If a village is a tourist location, then the growth strategies should be aligned towards restaurants and hotels, transportation services like cabs or buses, vocational training to act as guides, security, working as chefs in restaurants or artisan shops selling the unique products made in the village, by the people of the village mastering their production., pharmacies and hospital services in a mobile

van could be present, as well. The residents can be trained in providing these services and the funding agencies, micro finance institutions or NGOs. Other components of smart village strategies are:

- **Economic Component** - This component includes local administration and economic factors. It will cover governance models, bandwidth, mobility, cloud computing, entrepreneurship etc.
- **Environmental Component** - This component addresses the issues related to resources and infrastructures available at local level. It covers cleaner technologies, public and alternative transportation, green spaces, smart growth, climate change.
- **Social Component** - This component addresses issues related to community life, participatory democracy, social innovation, proximity services etc.

4.4. Smart village: a call for social enterprise

A social enterprise is a business whose purpose is to change the world for a common good. A social enterprise is, first and foremost, a business. The social mission can only be achieved through financial viability and growth of the enterprise itself. Therefore a sustainable tourism enterprise must achieve the same success required of any small business, including healthy revenues and profit margins, sufficient working capital, effective marketing, and product innovation, Superior customer service, streamlined operations, strong leadership, and comprehensive business skills. Social enterprise is not an uncommon or radical concept. A Google search for the term “social enterprise” reveals nearly 50 million direct references. Harvard Business School has its own Social Enterprise Program. Also, USAID currently supports social enterprise development programs in Bulgaria, Moldova, Lebanon, Egypt, and Morocco, and Ukraine, to name a few [10]. Being related to the tourism industry, the social enterprise concept fits well especially when it comes to building businesses within the smart village notion. Contrary to the old fashion tourism known as sun, sex, sand, and sea, the social enterprise comes in place to feature the new vision of tourism that stands on place, people, profit, and planet. This means that the vision not only of the tourists but also the industry stakeholders from government entities, to NGOs, to service providers is shifting to exploring the well-being of the people with their heritage, culture, habits, rituals, and spiritual standpoints to better display and then a real meaning of a one dot world is to installed rather than being limited only to major cities.

5. THE CASE OF VOLUBILIS, MEKNES, MOROCCO

After a deep analysis of Morocco’s cultural diversity, the choice is of a village located in center Morocco called Volubilis. It is a partly excavated Berber and Roman city in Morocco situated near the city of Meknes, and commonly considered as the ancient capital of the kingdom of Mauretania. Built in a fertile agricultural area, it developed from the 3rd century BC onward as an Amazigh, then proto-Carthaginian, settlement before being the capital of the kingdom of Mauretania. It grew rapidly under Roman rule from the 1st century AD onward and expanded to cover about 42 hectares (100 acres) with a 2.6 km (1.6 mi) circuit of walls. The city gained a number of major public buildings in the 2nd century, including a basilica, temple and triumphal arch. Its prosperity, which was derived principally from olive growing, prompted the construction of many fine town-houses with large mosaic floors [11].

5.1. Major stakeholders of Vulubilis Site

In order to install businesses around Volubilis site, there are different stakeholders that need to be taken in consideration. Among them are three broad groups of key potential stakeholders being relevant in the development of sustainable urban /rural tourism within this site. The first group consists of sub-sectors such as transportation, accommodation, attractions and the

village's destination management organization is also included in this group, which is in charge for destination marketing, promotion, planning and development. The first sub-group is identified with hotels and attractions, which are "Private enterprise". The second stakeholder group is the host environment, which contains both the host community and also the resource base of the destination. It refers to community groups, educational and financial institutions, business organizations (e.g. the chamber of commerce) that involve and address issues of the host community, while the resource base is taking care of and helps preserve the local culture and diversity, the social and natural resources that play a major role in attracting visitors to urban destinations. Stakeholders of importance in the second stakeholder group are residents and local chambers of commerce. This second group will be referred as «Host environment». The third stakeholder group refers to the local authorities including the government agencies that have the responsibility of implementing policies and plans, enforcing regulations and monitoring development. This group highlights the importance of collaboration between the public sector such as government bodies, city planners, transportation department and the private sector including tour operators and the hospitality sector as well as local businesses and the community. This one has a subgroup; as well that include the involvement of a variety of stakeholders such as tourists, industry, local community, government, special interest groups and educational institutions. This third and final subgroup will be referred as "Public/local authorities sector". The above three groups have got to work all together in order to pull the efforts collectively and with an improved synergy especially that the cooperatives will require adequate infrastructure to produce local products and follow up with tourists request regarding their desires of artifacts and hand made products either for food, beauty, or souvenirs. They are considered as key players in the success of the Smart Volubilis Site Project.

5.2. Strategies adopted ta make Volubilis a smart village

The objective behind making Volubilis, known as the Roman village of Morocco, a smart village is simply to deploy lots of activities all in one enjoyable place. Tourists, either locals or international would request the site as "a must to be" while driving and or visiting around. The idea of smart village has drawn itself from the ultimate resources that the center of Morocco is known for in general and the Meknes region, in specific. The region is famous for its spiritual concept, lots of temples are installed around that preach for the Lord and display a variety of songs, rhymes, and poems. There are also olive oil refineries because the area is an agricultural site famous for olive trees and lemon trees. The olive oil cooperatives do a great job and the product is widely sold. There are an increased number of art crafts, mainly bamboo made furniture items, without forgetting the unlimited food plates and dishes that the region is famous for. There is also the Turkish bath, a pure Moroccan tradition of bathing and spa that is also another activity to consider and to promote as an image to the site. The aim of this work is to connect travelers to sustainable destinations, to provide jobs to cooperatives employing mainly women and other job seekers such as drivers, tourists' guides, kitchen chefs, waiters, receptionists, and others. Education comes as the number one strategy to focus on since it the basis for job seekers whose main objective is to spread the brand name of Volubilis and its activities. Historians represent great stakeholders who can train tourists' guides over the culture, history, rituals, and rites of the site. They are great story tellers who have charismatic power because of their knowledge in the field. The strategy should also concentrate lots of efforts into connecting clinics, pharmacies, hotels, motels, youth hostels to the variety of tourists' groups in order to serve them and provide them with necessary needs to make out of their stay a valuable yet a remembered and a recommended site for potential tourists. Social media is also another major player in the promotion of the site and its activities. Social media groups are to ensure an effective platform connecting stakeholders together and potential tourists. Within this framework, there is a call for today's new marketing trend which is the interactive marketing or

the influencer marketing. It is a social media network that connects people who have or are expected to share travel, food, shopping, and leisure experiences with each other. The interactive marketing is a more organized “word of mouth” for the millennial generation. Tweeter, Facebook pages, personal blogs and Linked in accounts are all available social media networks that serve as influence agents draining potential customers and even persuading others into making site choices and switching travel destinations. The youth, although not highly educated, tend to master these tools due to the smart phones era in which they live. Youth, today, are promoting ideas, enterprises via social media. They are also educationally empowered via technology that is providing them with abundancy of information. As a result, social media is an interactive yet; represent a rich mean of gathering, disseminating and spreading information over to different parties. Individuals are considering nowadays the shift to face to face interaction after a virtual one to emphasize over the data gathered. A SWOT analysis is best suited for this to analyze all internal/ external advantages and drawbacks of the site.

Table 1: SWOT analysis of Volubilis

Strengths	Weaknesses
A historical site Not too far from Meknes city Displays Roman history A cultural patrimony Natural resources within the region Surrounded by two major cities, the agricultural hubs of Morocco Known as an agricultural region A wide variety of activities	Lack of awareness Not well managed Tourists pass by only A site that is not included in the tourists and travels agents agendas Lack of hotels Lack of adequate resources to pull tourists in Lack of incentives to push cooperatives to produce locally
Opportunities	Threats
Ability to drain local and international tourists Availability of festivals The biggest international agricultural workshop of the kingdom Increased govt incentives about the region The vision 2025-2030 efforts are toward the center of the kingdom	Difficulty to shift tourists mindsets from Marrakech to Meknes Lack of entrepreneurs’ incentives to invest in the region Govt red tapes for investors to build businesses around Some major infrastructure changes are required

5.3. Survey launched and data collected

In order to better serve the needs and wants of tourists, a site survey is launched to gather information about demographics, psychographics, and other relevant characteristics. Since visitors are the crucial stakeholders, a survey of 20 questions is launched that tackles relevant items. The first five are about their gender, age, occupation, county or city of origin, and income. The next ten are related to the type of activity desired, the length of the stay, the type of stay, the people along, the type of the travel package, the leaving date, and the different attractions desired by them. The last five are related to the reason behind their choice, the way they knew about the region, and their expectations. The area is so rich of natural resources such virgin olive oil, natural sweets prepared from honey and dried fruits, fresh ground beef, bio chicken, and other souvenirs made from 100% wool and 100% leather and land based handmade crafts. Besides, there are always festivals and events in the region. So tourists will have a wide range of choices to select from.

Table 2: The survey gave some exciting results, summarized within this table

Question tackled	Answer	Percentage
Gender	Male or female	35 vs 65
Status	Single, married, divorced	47 vs 16 vs 37
Age range	18-29, 30-49, 50+	37 vs 41 vs 22
Occupation	Public, private, self employed	13 vs 38 vs 49
Country of origin	Europe, Asia, US, UK	62 vs 13 vs 25
Income	5-10k, 11-20k, +20k	35 vs 18 vs 47
Activity preference	Walking, hunting,, learning, eating, relaxing	26 vs 12 vs 29 vs 14 vs 19
Food preference	Homemade, other types	87 vs 13
Shopping preference	Spices, handmade crafts, food items	34 vs 35 vs 34
Duration of the stay	2 days, 4 days.1 week	12 vs 76 vs 12
Means of awareness	Travel agency pack, personal choice, curiosity	77 vs 13 vs 10
Season of the visit	Spring, winter, summer, fall	55 vs 25 vs 12 vs 8
Spiritual interest	Yes, no, to discover	34 vs 20 vs 46

6. CONCLUSION

A smart village is a bundle of a wide variety of services delivered to residents, businesses, and tourists. In our case, it is a location specific depending on the demographic and psychographics of the residents. As mentioned previously, without synergy of the three groups of stakeholders Volubilis will not see the light of smart village to serve as a sustainable touristic site. To better ensure a smart village concept, stakeholders are to work hard, brave, and smart. Entrepreneurship mind and spirit are to be installed in order to set up intelligent goals and objectives for the long run. The government has got to take the responsibility to uplift the rural areas. Volubilis, is one example, not too far from city limits that represents a great example to provide welfare services, employment, and connectivity to the rest of the world.

LITERATURE:

1. Anttiroiko, A. V., Valkama, P., & Bailey, S. J. (2014). Smart cities in the new service economy: building platforms for smart services. *AI and Society*, 29(3), 323–334.

2. Babu, George, Communication skills for success: tourism industry specific guidelines
3. Buhalis, D., & Law, R. (2008). Progress in information technology and tourism management: 20 years on and 10 years after the Internet—the state of eTourism research. *Tourism Management*, 29(4), 609–623.
4. Buss, D. M. (2009). The great struggles of life: Darwin and the emergence of evolutionary psychology. *American Psychologist*, 64, 140-148.
5. Howe, D. (1994). Modernity, postmodernity and social work. *British Journal of Social Work*. 24, 513-532.
6. <http://www.smartvillages.org/>
7. <https://www.triphistoric.com/volubilis-656/>
8. McBeath, G.B. & Webb, S.A. (1991). Social work, Modernity and Post-modernity. *Sociological Review*. 39(4), 745-762.
9. Peredo AM and McLean M (2006) Social entrepreneurship: A critical review of the concept. *Journal of World Business* 41(1): 56–65
10. United Nations, Report of the United Nations Conference on the Human Environment, document A/CONF.48/14/Rev.1, Chapter 1 (New York: 1972).
11. World Trade Organization, op. cit. note 7, p. 7; WWF International, op. cit. note 9.

DEPRECIATION ACCOUNTING POLICY INFLUENCE ON THE PERFORMANCE INDICATORS VALUES – CASE STUDY OF CROATIAN PRODUCTION COMPANY

Tomislav Jurun

*Jurun, Obrt za usluge
Kačićeva 9, 21000 Split, Croatia
tomislav.jurun2@gmail.com*

Branka Ramljak

*Faculty of Economics, Business and Tourism
Cvite Fiskovića 5, 21000 Split, Croatia
bramljak@efst.hr*

Elza Jurun

*Faculty of Economics, Business and Tourism
Cvite Fiskovića 5, 21000 Split, Croatia
elza@efst.hr*

ABSTRACT

In the focus of this paper is influence of the different depreciation accounting policies on the final financial statements. An integral part of the analysis is the comparative analysis of the above mentioned influences on the basic performance indicators. The whole procedure is carried out using real database of Croatian production company AD Plastik d.d. taking into account all the regulations of Croatian Accounting Law. Namely, this law permits use of twice higher and twice lower depreciation rates, in relation to those prescribed by the Law, and that kind of depreciation cost will still be tax-deductible. In the paper, the comparative balance sheet as well as the profit and loss account show the value of assets and liabilities in the case that company used the twice lower or twice higher depreciation rates instead of the actual ones in the reviewed year. Impacts on the performance indicators are also integral part of comparative analysis. Results have leaded us to the conclusion that application of twice lower or twice higher depreciation rates had the statistically significant influence on financial reports. An important contribution of this paper is the analysis of different influence of such depreciation policy on the certain performance indicators. Some of them are more sensitive to the various depreciation rates. That is why complex analysis has to take into account particular influence of various depreciation rates on a certain performance indicator.

Keywords: *accounting policies, depreciation, financial reports, performance indicators*

1. INTRODUCTION

This paper deals with various influences caused by the implementation of the various depreciation accounting policies on the performance indicator values. It is extremely difficult to display a comprehensive literature overview related to exactly this topic. Namely, certain professional analysts as well as scientists consider this topic to be more technical problem related to calculation methodology. With this work, authors pretend to show that this is not true. However, this explains the fact that there is very destitute literature devoted to this issue. The basic views are generally repeated by most of the authors who have dealt with this issue, so the most important of them will be listed here. According to Alice Emilia Tinta (Tinta, 2013) International Accounting and Financial Reporting Standards have had a major impact over the accounting world. Accounting laws of Continental Europe (especially France) centered on historical cost, are in opposition to IFRS towards fair value.

If accounting is based on historical cost it can be said that excess of prudence leads to inaction. On the other side the Anglo-Saxon accounting system is based on fair value that looks for a quick profit and to help investors. Financial statements record how resources have been handled by the management. Đurđica Jurić (Jurić, 2014) extends the same idea and claims that the application of the corresponding accounting policies, especially the selection of the allowed alternative procedures in accordance with the Croatian Financial Reporting Standards may have a significant effect on valuation of assets, liabilities and capital. The results of this research have shown that accounting policy on depreciation and revaluation of long term tangible assets may have a considerable effect on the financial position of the enterprise. Authors Ljiljana Skenderović and Snjezana Hopp (Skenderović, Hopp, 2014) have investigated and confirmed that there is a significant impact of the depreciation method on estimating assets and liabilities. Especially strong impact is in the change of the value of long-term assets and net profit in the current year. The depreciation method has also significant influence on expense in the profit and loss account. As the result of all the above-mentioned change in depreciation, policy has a remarkably strong impact on the financial indicators, especially on the indicators of safety and efficacy. This brief overview of the basic settings about the impact of various depreciation policies on the business performance of an enterprise would be useful to complete with the Ole-Kristian Hope research results. Namely, this author (Hope, 2010) has found that the level of accounting policy disclosure is significant negatively related to forecast dispersion and forecast error. In particular, Hope find that accounting policy disclosures are incrementally useful to analysts over and above all other annual report disclosures. These findings suggest that accounting policy disclosures reduce uncertainty about forecasted earnings. Moreover, Hope find univariate but not multivariate support for the hypothesis that accounting policy disclosures are especially helpful to analysts in environments where firms can choose among a larger set of accounting methods. This paper is organized as follows. After the introduction with the summary of the literature background, the second part of the paper is dedicated to depreciation accounting policy influence on the performance indicators values. In this chapter statistical analysis results will be analyzed using the real data base relating to the case study of Croatian production company AD Plastik d.d. An integral part of this chapter is the comparative analysis of the results of the two Scenarios implementation. Scenario 1 represents obtained values using the twice lower depreciation rates while the Scenario 2 uses doubled depreciation rates. Their accounting results are compared with the real values of all observed balance sheet items and profit and loss account values in large Croatian production enterprise AD Plastik d.d. in 2015 year. The topic of the third part of the paper is the statistical analysis results. Their interpretation will lead to the conclusion which performance indicators are statistically significantly sensitive to the application of different depreciation accounting policies. After conclusion as the fourth chapter, at the end of the paper the bibliography used is listed.

2. DEPRECIATION ACCOUNTING POLICY INFLUENCE ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT VALUES

Depreciation accounting policy influence on the performance indicators value in this paper will be analyzed by the case study of Croatian production company AD Plastik d.d. According to Croatian accounting legislation, AD Plastik d.d. is considered to be large enterprise. Consequently, in implementation of the all accounting policies, this Croatian manufacturing company obeys to all Croatian accounting laws and rules that apply to this type of business. Regarding depreciation accounting policy the Profit Tax Act in Article 12 determined amortization rates for certain groups of non-current assets by which the depreciation expense is considered as tax deductible. However, the Profit Tax Act adds:

- The annual depreciation rates may be doubled;

- If a taxpayer calculates amortization in the amount lower than it is prescribed by the Profit Tax Act, so calculated depreciation expense is also considered as tax-recognized expense.

In the focus of this paper is the comparison of real values of balance sheet items, profit and loss account items as well as the financial performance indicators with the ones calculated according to the two scenarios. First scenario hypothesizes application of doubled depreciation rates while the second one hypothesizes application of the twice lower depreciation rates. The complete comparative analysis procedure is carried out using real example and real accounting database of large Croatian production enterprise AD Plastik d.d. in 2015 year. The research will be concentrated on the certain balance sheet items specially influenced by the application of various depreciation accounting policies. Namely, as it specified in introduction, Scenario 1 represents obtained values using twice lower depreciation rates while the Scenario 2 uses doubled depreciation rates. Their accounting results are compared with the real values of all observed balance sheet items and profit and loss account values in large Croatian production enterprise AD Plastik d.d. in 2015 year. The essential part of the whole analyzing process is performance indicators analysis for each scenario. Table 1 presents better part of the AD Plastik d.d. balance sheet for 2015 year. The last two columns show certain items of intangible assets, tangible assets as well as stocks that change their value due to the application of different depreciation rates. As the final result of the application of various depreciation rates in the same columns are also visible the different amounts of the realized profits of the business year. Balance sheet items that have not experienced any changes due to the application of different depreciation rates are not broken down but they are shown only in aggregate form. Even the routine outlook on Net profits of the business year shows that the final financial result of applying Scenario 2 or doubled depreciation rates is nearly 24 times higher Net profit of the current business year. Namely, using the twice lower depreciation rates according to Scenario 1, the net profit of the business year is realized in the amount of 52.435.429 Croatian kuna. At the same time, application of the doubled depreciation rates according to the Scenario 2 would result with net profit of the business year in the amount of 2.208.217 Croatian kuna. At first glance it gives importance to this case study and justifies the implementation of this type of comparative analysis.

Table following on the next page

Table 1: AD Plastik d.d. balance sheet for 2015 year with two scenarios results (Jurun, 2016, p. 52-53)

BALANCE SHEET			
ASSETS			
Name of the item	Real value	Value according to Scenario 1	Value according to Scenario 2
A) Fixed asset	1.022.628.682	1.044.067.784	989.914.456
1. Intangible assets	99.185.976	106.226.495	90.424.446
Research and development	63.178.571	70.013.285	54.53.790
Patents, concessions	1.403.157	1.608.962	1.246.409
Intangible assets in preparation	34.604.247	34.604.247	34.604.247
2. Tangible assets	511.441.984	525.840.567	487.489.288
Land	139.976.599	139.976.599	139.976.599
Buildings	193.773.750	195.654.572	190.012.105
Equipment	157.835.416	169.310.987	139.035.538
Transportation assets, tools	12.045.278	13.087.468	10.654.104
Tangible assets in preparation	7.810.942	7.810.942	7.810.942
3. Financial assets	187.263.125	187.263.125	187.263.125
4. Receivables	212.619.383	212.619.383	212.619.383
5. Deferred tax assets	12.118.214	12.118.214	12.118.214
B) Current asset	213.790.615	212.236.280	216.162.397
1. Inventory	50.539.344	48.985.009	52.911.125
Raw materials	35.086.842	35.086.842	35.086.842
Work in progress	3.416.353	3.014.942	4.028.872
Finished goods	9.812.364	8.659.440	11.571.626
Commodity	2.223.785	2.223.785	2.223.785
2. Receivables	142.268.895	142.268.895	142.268.895
3. Financial assets	17.568.690	17.568.690	17.568.690
4. Cash	3.413.687	3.413.687	3.413.687
C) Prepaid expenses	36.922.559	36.922.559	36.922.559
D) Total value of assets	1.273.341.857	1.293.226.623	1.242.999.412
LIABILITIES			
A) Equity and reserves	644.971.641	664.856.408	614.629.197
1. Share capital	419.958.400	419.958.400	419.958.400
2. Capital reserves	183.075.797	183.075.797	183.075.797
3. Reserves from retained earnings	31.538.929	31.538.929	31.538.929
4. Revaluation reserves	-34.876.517	-34.876.517	-34.876.517
5. Retained earnings	12.724.371	12.724.371	12.724.371
6. Profit for the year	32.550.662	52.435.429	2.208.217
B) Provisions for risks and charges	8.914.024	8.914.024	8.914.024
C) Long term liabilities	265.493.900	265.493.900	265.493.900
D) Current liabilities	338.674.799	338.674.799	338.674.799
E) Accrued expenses	15.287.492	15.287.492	15.287.492
F) Total liabilities	1.273.341.857	1.293.226.623	1.242.999.412

However, the question arises whether application of different depreciation rate scenarios have the similar effects on the individual items of the profit and loss account values. The answer will be found in Table 2. Its last two columns show different values of individual items as the result of the application of different scenarios of the depreciation rate calculation. Due to the characteristics of this paper, Profit and Loss Account items that have not experienced any changes under the influence of the different depreciation rates application are not broken down but they are shown only in aggregate form.

*Table 2: AD Plastik d.d. profit and loss account for 2015 year with two scenarios results
(Jurun, 2016, p. 56)*

PROFIT AND LOSS ACCOUNT			
Name of the item	Real value	Value according to Scenario 1	Value according to Scenario 2
A) Income	770.699.415	770.699.415	770.699.415
B) Expenses	741.574.380	721.689.614	771.916.825
1. Changes in stock value	3.256.294	4.810.629	884.512
2. Cost of the material	477.505.130	477.505.130	477.505.130
3. Wages	119.533.164	119.533.164	119.533.164
4. Depreciation	42.878.203	21.439.101	75.592.429
5. Other expenses	84.130.373	84.130.373	84.130.373
6. Reservations	7.863.773	7.863.773	7.863.773
7. Other business expenses	6.407.444	6.407.444	6.407.444
C) Financial income	65.388.127	65.388.127	65.388.127
D) Financial expenses	62.261.028	62.261.028	62.261.028
E) Total income	836.087.542	836.087.542	836.087.542
F) Total expenses	803.835.408	783.950.642	834.177.853
G) Profit or loss before taxation	32.252.134	52.136.901	1.909.689
H) Income tax expense	-298.528	-298.528	-298.528
I) Net profit	32.550.662	52.435.429	2.208.217

Depending on the application of different scenarios of depreciation rates calculation changes of the individual items of the profit and loss account values are evident. For example, the value of Inventories of production in progress and finished products is about five and a half times higher when the depreciation rates are calculated according to Scenario 1 when the depreciation rates are twice lower. Namely, using the twice lower depreciation rates according to Scenario 1, the inventories of production in progress and finished products are realized in the amount of 4.810.629 Croatian kuna. At the same time, application of the doubled depreciation rates according to the Scenario 2 would result with inventories of production in progress and finished products in the amount of 884.512 Croatian kuna. It should be emphasized that depreciation value as the final result of the various scenarios implementation using Scenario 1 is three and half times lesser than when Scenario 2 is applied. Namely, using the twice lower depreciation rates according to Scenario 1, depreciation values realized in the amount of 21.439.101 Croatian kuna. At the same time, application of the doubled depreciation rates according to the Scenario 2 would result with the depreciation value in the amount of 75.592.429 Croatian kuna. It is very interesting that the Total expenditures in the first scenario will be only 6.5 percent lower in the comparison with the application of the Scenario 2. While using the twice lower depreciation rates according to Scenario 1, total expenditures are realized in the amount of 783.950.642 Croatian kuna, application of the doubled depreciation rates according to the Scenario 2 would result with the total expenditures in the amount of 834.177.853 Croatian kuna.

3. STATISTICAL ANALYSIS OF DIFFERENT DEPRECIATION ACCOUNTING POLICY INFLUENCE ON THE PRERFORMANCE INDICATORS VALUES

Financial indicators are often perceived as the company's business mirror and therefore it is of utmost importance to consider the impact of various depreciation policies on their values. Of course, this impact of different depreciation policies can be seen from the point of view of various scientific disciplines. The focus of this paper is on the statistical analysis of changes in the value of certain indicators. From the statistical standpoint, each of the chosen indicators is actually the relative number of coordination.

Their change will be evaluated from the point of view of hypothesis that the value of the particular indicator has experienced a statistically significant change due to the application of the different depreciation scenario. In all the cases, the conclusion is based on the sensitivity analysis of the results on changes in inputs using the classical statistical procedure. The first selected indicator that will be analyzed is Return on Assets (ROA). It represents the ratio between Net profit and Total assets. Its value that was actually realized in 2015 in AD Plastic d.d. company is shown in the second column of Table 3. The last two columns show the values of the above mentioned indicator in situations when Scenario 1 would be applied with twice lower depreciation rates or Scenario 2 with double higher amortization rates.

Table 3: Comparative display of ROA indicator values for two scenarios (Authors' creation)

Indicator	Real Value	Value according to Scenario 1	Value according to Scenario 2
ROA	2,56%	4,05%	0,178%

Actual value of ROA indicator in 2015 was 2,56%. This means that the company has generated 0,0256 cash units of net profit on each cash unit of total assets. Although the control value of this indicator according certain authors should be 6%, it can be concluded that this value is at the average industry level. Using twice lower depreciation rates, the company would have ROA of 4,05%, while applying Scenario 2 and twice higher depreciation rates, this indicator would be only 0,178%. In this second case, net profit was significantly reduced. At the same time, this indicator fell below the average and potential investors could move away from investing in this company as ROA shows inefficient use of available assets. By comparative analysis of the ROA indicator it can be seen that the value per Scenario 1 differs from the actual value for 1,49 p.p. while the value per Scenario 2 differs for 2,38 p.p. As the control value of this indicator is 6%, it can be concluded that different depreciation policies have a statistically significant effect on the financial indicator Return on Assets. Another very popular indicator to be analyzed is Return on Equity (ROE). ROE represents the ratio between Net profit and Equity and Reserves. Value of ROE that was actually realized in 2015 in AD Plastic d.d. company is shown in the second column of Table 4. In the last two columns can be seen the values of the above-mentioned indicator in situations when Scenario 1 would be applied with twice lower depreciation rates or Scenario 2 with double higher amortization rates.

Table 4: Comparative display of ROE indicator values for two scenarios (Authors' creation)

Indicator	Real Value	Value according to Scenario 1	Value according to Scenario 2
ROE	5,05%	7,89%	0,36%

Actual value of ROE indicator in 2015 was 5,05%. This means that the company has generated 0,0505 cash units of net profit on each cash unit of equity and reserves. The control value of this indicator moves into the interval from 8% to 13%. Therefore, it can be concluded that the company is close to that value or to a certain industry average. Using twice lower depreciation rates, the company would have ROE of 7,89%, while applying Scenario 2 and twice higher depreciation rates, this indicator would be only 0,36%. In this second case, net profit was significantly reduced. At the same time, this indicator fell below the average and its value does not present the company as a "fertile ground" for investment. The comparative analysis results of the ROA indicator lead to the conclusion that the value per Scenario 1 differs from the actual value for 2,84 p.p. while the value per Scenario 2 differs for 4,69 p.p. As the control value of this indicator is moving around 10%, it can be concluded that different depreciation policies have a statistically significant influence on the financial indicator Return on Equity.

The third indicator of our interest in this analysis is Indebtedness Indicator. It represents the ratio between Total liabilities and Total assets. In the Table 5 can be seen real value of Indebtedness Indicator that AD Plastik d.d. realized in 2015 as well as the values in situations when Scenario 1 would be applied with twice lower depreciation rates or Scenario 2 with double higher amortization rates.

Table 5: Comparative display of indebtedness indicator values for two scenarios (Authors' creation)

Indicator	Real Value	Value according to Scenario 1	Value according to Scenario 2
Indebtedness Indicator	47,45%	46,72%	48,61%

The control measure of this indicator is 50% and it can be seen that the realized indicator of the company AD Plastik d.d. in 2015 is near the ideal value. Depreciation does not affect total liabilities and that is why indebtedness indicators are almost the same in all three scenarios. Therefore, it can be seen that the indebtedness indicator in Scenario 1 deviates from the actual value for only 0.73 p.p. and in Scenario 2 for 1.16 p.p. Because the control value of the indicator ranges between 50% and 70%, it can be concluded that different depreciation calculation policies does not statistically significant affect the Indebtedness Indicator. Since this case study deals with an industrial enterprise, it is of utmost importance to analyze the impact of various methods of calculating depreciation on the Total Asset Turnover Coefficient. This coefficient is defined as the ratio between Total income and Total assets.

Table 6: Comparative display of total assets turnover coefficient values for two scenarios (Authors' creation)

Indicator	Real Value	Value according to Scenario 1	Value according to Scenario 2
Total Assets Turnover Coefficient	65,66%	64,65%	67,26%

Actual value of the total turnover ratio of AD Plastik d.d. in 2015 was 65.66%. This means that one cash unit of the total assets generates 0.66 cash units of total income. The control measure of this indicator is 90% and it can be argued that the company does not produce bad results according to this indicator, but there is certainly room for further progress. It can be seen that the indebtedness indicator in Scenario 1 deviates from the actual value for only 1,01 p.p. and in scenario 2 for 1.6 p.p. Because the control value of the indicator moves into the interval from 85% to 90%, it can be concluded that different depreciation calculation policies does not have statistically significant influence on the Total Asset Turnover Coefficient.

4. OVERVIEW OF THE DEPRECIATION ACCOUNTING POLICY IMPACT ON THE CERTAIN BALANCE SHEET ITEMS AND CERTAIN ITEMS OF THE PROFIT AND LOSS ACCOUNT

In this chapter, authors would like to show how different depreciation policies have a significant impact on the basic balance sheet items as well as on the profit and loss account items. Someone said that figures say more than a thousand words.

Table following on the next page

Table 7: Overview of the depreciation accounting policy impact on the certain balance sheet items (Authors' creation)

Item	Real Value	Value according to Scenario 1	Rate of change	Value according to Scenario 2	Rate of change
Research and development	63.178.571	70.013.285	11%	54.573.790	-14%
Patents, concessions	1.403.157	1.608.962	15%	1.246.409	-11%
Buildings	193.773.750	195.654.572	1%	190.012.105	-2%
Equipment	157.835.416	169.310.987	7%	139.035.538	-12%
Work in progress	3.416.353	3.014.942	-12%	4.028.872	18%
Finished goods	9.812.364	8.659.440	-12%	11.571.626	18%
Profit for the year	32.550.662	52.435.429	61%	2.208.217	-93%

So, in Table 5 can be seen a summarize overview of the depreciation accounting policy impact on the certain balance sheet items. Besides real value for AD Plastic d.d. in 2015 for each balance sheet item, values according to Scenario 1 with twice lower depreciation rates and for Scenario 2 with doubled depreciation rates are presented. Rate of changes are also computed for each item and they present direction and intensity of change. Table 6 shows overview of the depreciation accounting policy impact on the certain profit and loss account items. It is also enriched with individual direction and intensity of change for each item.

Table 8: Overview of the depreciation accounting policy impact on the certain profit and loss account items (Authors' creation)

Item	Real Value	Value according to Scenario 1	Rate of change	Value according to Scenario 2	Rate of change
Changes in stock value	3.256.294	4.810.629	48%	884.512	-73%
Depreciation	42.878.203	21.439.101	-50%	75.592.429	76%

5. CONSLUSION

This paper deals with the influence of the different depreciation accounting policies on the final financial statements. Verification of the so far published theoretical settings about this topic as well as the authors' research results are based on the real case study of Croatian production company AD Plastic d.d. The whole procedure is carried out using real database of mentioned company and taking into account all the regulations of Croatian Accounting Law. Namely, this law permits usage of twice higher and twice lower depreciation rates, in relation to those prescribed by the Law, and that kind of depreciation cost will still be tax-deductible. Therefore, in this paper, for the purpose of analyzing the impact of different depreciation policies are computed: the real value realized in the company AD Plastik d.d., the value realized using twice lower and the value for twice the higher depreciation rates for all analyzed balance sheet and profit and loss account items as well as for all analyzed performance indicators. Results have lead us to the conclusion that application of twice lower or twice higher depreciation rates have had the statistically significant influence on financial reports. This has been confirmed by the overview of the depreciation accounting policy impact on the certain balance sheet items as well as the items of profit and loss account. The results of the comparative analysis have also been enriched by the calculations of the rates of change. They show various individual influence of different depreciation policy accounting on the certain balance sheet as well as profit and loss account items with its various relative direction and intensity of change for each item.

By this paper authors have intended to analyze different influences of such depreciation policy on the certain performance indicators. Some of them are more sensitive to the various depreciation rates. That is why a complex analysis has to take into account particular influence of various depreciation rates on the certain performance indicator. The comparative analysis results of the above mentioned influences on the certain performance indicator lead to the conclusion that different depreciation accounting policies have a statistically significant effect on the financial indicators Return on Assets and Return on Equity. Simultaneously Indebtedness Indicator and Total Asset Turnover Coefficient do not react statistically significant on the influence of the application of the different depreciation accounting policies. Authors continue with this research in the direction of even more comprehensive analysis of impacts of various depreciation accounting policies on different financial statements.

LITERATURE:

1. Belak, V. (2014). *Analiza poslovne uspješnosti: 130 ključnih pokazatelja performanse i mjerila za kontroling*. Zagreb: RRiF Plus.
2. Belak, V. (2011). *Poslovna forenzika i forenzično računovodstvo*. Zagreb: Belak Excellens.
3. Belak, V. (2009). *Računovodstvo dugotrajne imovine. Prema HSFI/MSFI i novi računovodstveni postupci*. Zagreb: Belak Excellens.
4. Belak, V. (1996). *Računovodstvo i revizija zaliha*. Zagreb: Faber & Zgombić plus.
5. Belak, V., Vudrić, N. (2012). *Osnove suvremenog računovodstva*, Zagreb: Belak Excellens.
6. Cirkveni, T. (2009). Računovodstvo troškova održavanja i ulaganja u dugotrajnu materijalnu imovinu, *Računovodstvo Revizija i Financije*, 2009(4), 65-69.
7. Dražić Lutilsky, I., Dragija, M and Novosel-Belavić, R. (2014). *Računovodstveni i porezni aspekt amortizacije u hrvatskim poduzećima*, Zagreb: Zbornik Ekonomskog fakulteta u Zagrebu.
8. Guzić, Š. (2008). Računovodstvene politike malih i srednjih društava, *Računovodstvo Revizija i Financije*, 2008(8), 23-25.
9. Hope, O. (2010). Accounting policy disclosures and analysts' forecasts, *Contemporary Accounting Research*, 2010(20), 295-321
10. Jurić, Đ. (2014). Effect of accounting policies on financial position of small and medium-sized enterprises, *Journal of Accounting and Management*, 2014(1), 43-59.
11. Kopun, D. (2009). Odgođena porezna imovina i odgođene porezne obveze, *Računovodstvo Revizija i Financije*, 2009(4), 15-18.
12. Međunarodni standardi financijskog izvještavanja. (2009). *Narodne novine*, 136/09, 125-138.
13. Očko, J and Švigir, A. (2009). *Kontroling-upravljanje iz backstagea*. Zagreb: Altius savjetovanje d.o.o.
14. Pervan, I. (2007). Obračun amortizacije - prema MSFI ili poreznim propisima, *Financije i porezi*, 2007(10), 17-23.
15. Ramljak, B. (2011). Računovodstvene politike: utjecaj na izgled financijskih izvještaja, *Računovodstveno-financijske informacije*, 2011(9), 3-13.
16. Skenderović, Lj. and Hopp, S. (2014). Značaj i utjecaj amortizacije dugotrajne materijalne imovine na temeljne financijske izvještaje društva Marbo produkt d.o.o, *Effectus učilište*, 2014(2), 91-125.
17. Švigir, A. (2009). Računovodstvene politike i njihov utjecaj na poslovni i porezni rezultat, *Računovodstvo Revizija i Financije*, 2009(12), 9-14.
18. Tinta, A. (2013). The influence of accounting policies over the entities' result. *Annals of the University of Petroșani*, 2013(2), 259-270.
19. Zakon o porezu na dobit. (2016). *Narodne novine*, 115/16, 56-59.
20. Zakon o računovodstvu. (2015). *Narodne novine*, 134/15, 110-128.

IS QUALITY IN CRISIS?

Zdravko Krivokapic

University of Montenegro, Faculty of Mechanical Engineering Podgorica, Montenegro
zdravkok@ac.me

Aleksandar Vujovic

University of Montenegro, Faculty of Mechanical Engineering Podgorica, Montenegro
aleksv@ac.me

Jelena Jovanovic

University of Montenegro, Faculty of Mechanical Engineering Podgorica, Montenegro
sjelena@t-com.me

ABSTRACT

As the crisis is a serious incident that affects the safety, environment, products or reputation of the organization, this paper advocates quality as an object of observation, exclusively and only from the field of management system. Although it is impossible to give a complete answer to the question: whether quality is in crisis, the paper just opens up, not for the first time, a set of perceived weaknesses that point to a potential quality crisis. Quality is the concern of all, but the responsibility is on the manager and the professionals in the field of quality. Naturally, one always needs to repeat the old saying Quality looks just like the management does. More precisely, the products of each work look just like managers. Therefore, the tendency in education, that is, in the field of training, should be directed at the training of management, that is, the leaders. This change would have significant effects on the overcoming the crisis in the field of quality, because the boss should not be interested in the price of shares, but for the quality.

Keywords: Crisis, Management, Quality

1. INTRODUCTION

The word crisis (Greek *κρίση*, *krísi*, earlier also *κρίσις*, *krísis* – originally meant an opinion, an assessment, a decision, and after that it was used more in terms of intensification) today most often denotes a problematic, turning point related to the decision making process. Although this term is most often associated with economy, it is used in medicine, sociology and politics, but there are rare cases of appearing in the science of quality. The crisis is most often claimed to be a contingent negative event, and that it threatens and imposes serious consequences on the company, or the entire industry. Like most other events, the crisis is not a moment; it is a process that has its own phases through which it is going through in its impact. The crisis with its occurrence can be caused by human factor or natural force, as a factor that we cannot influence. Most crises can be predicted, but each regularly surprises and shakes through business, either locally or globally. However, in the most common case, the suppression against crisis requires access and the ability to think in the right way. The crisis is a problem because it is the result, not the cause of our problems. The cause of the crisis is the interest that is necessary to draw conclusions and lessons for future work. As the crisis is a serious incident that affects the safety, environment, products or reputation of the organization, this paper advocates quality as an object of observation, exclusively and only from the field of management system. Although it is impossible to give a complete answer to the question: whether quality is in crisis, the paper just opens up, not for the first time, a set of perceived weaknesses that point to a potential quality crisis. One of the reasons for writing is the paper of Linczényi, A. and Nováková, R. (2017).

2. FUTURE OF QUALITY

With the advent of Annex SL, and the revision of the ISO 9001:2015 standards, the expectations of quality resisters were that quality would be attributed to quality ones. Did that happen? If we look at the reason for the certification of the quality management system, we cannot use Study presented in IAF survey report (2012), which, as Figure 1 shows, indicates that the most common reason for certification is quality. This study included an extremely representative sample of 4191 organization.



Figure 1: Driver for seeking certification

The completely positivistic spirit of the certification is stated by the results shown in ISO 9001:2015 Client Survey 2016 (2017) (a sample of 330 clients), in Figure 2 and 3, which also gives confirmation of the expectation of TC 176, as well as the benefits listed in the ISO 9001:2015 standard. Presented in this paper is a rarely good quality model of the future with the presentation of possible situations (Arsovski, 2011). In this general model, each relationship has an intensity that is estimated at three levels (pessimistic, medium, and optimistic). This model expresses the best connotation at different levels of quality of life (Figure 4). The author, scientifically consistent, indicates that each of the scenarios mentioned is uncertain.

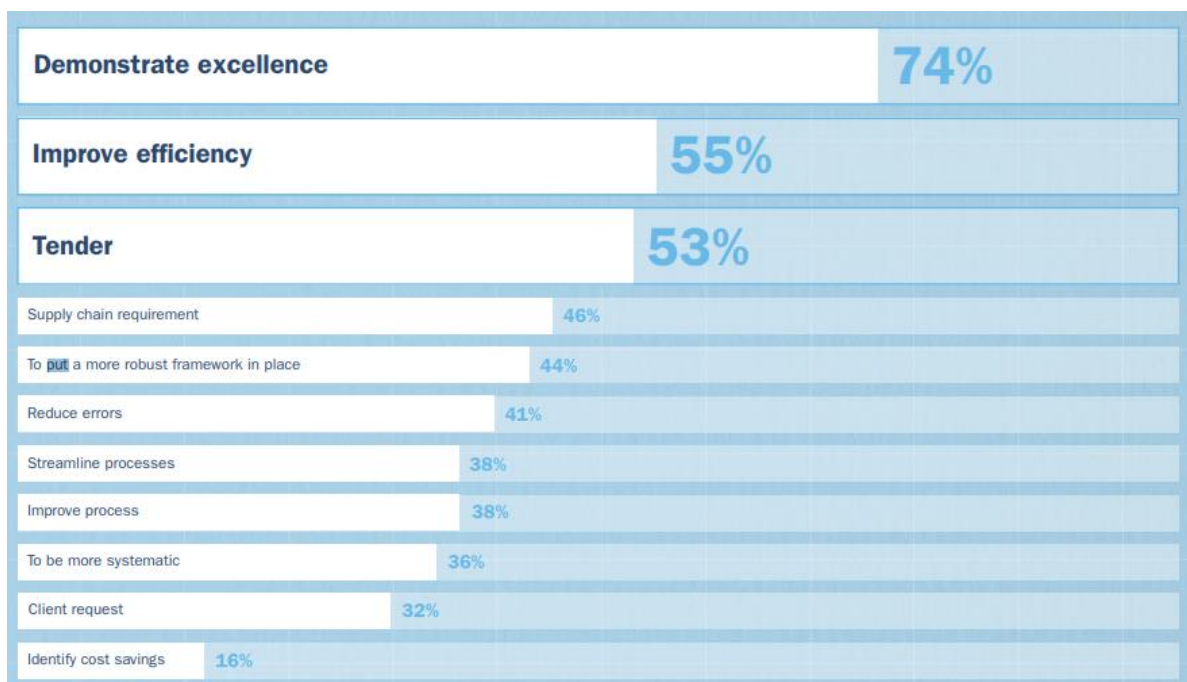


Figure 2: Reasons for the implementation of QMS

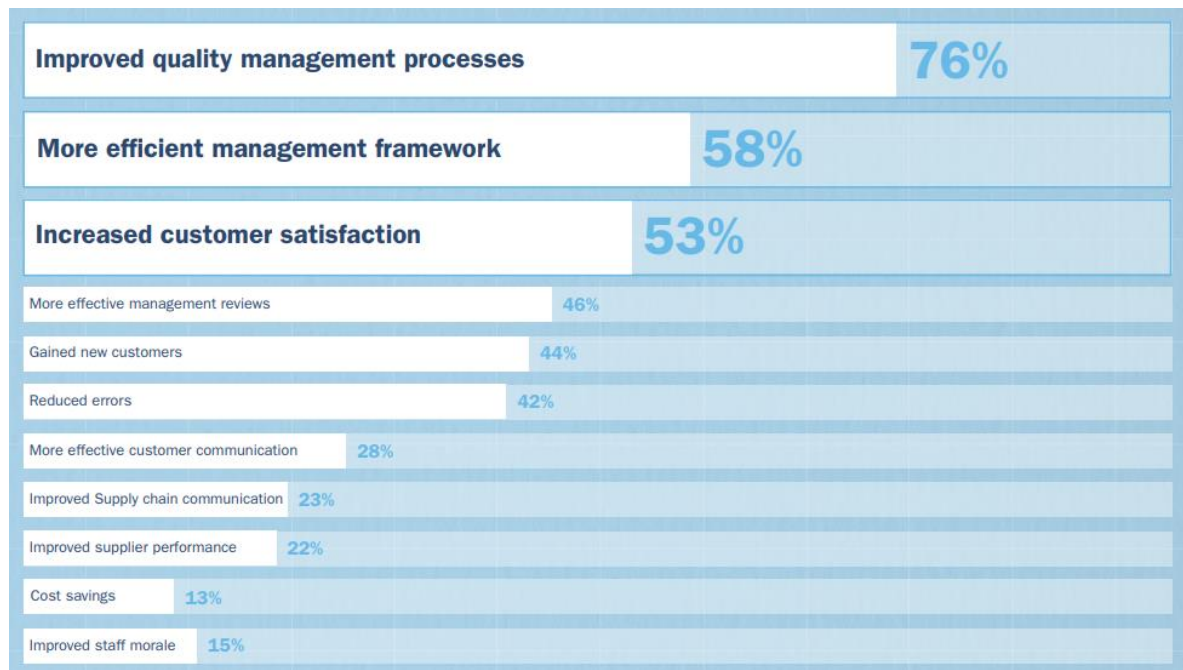


Figure 3: Benefits from certification

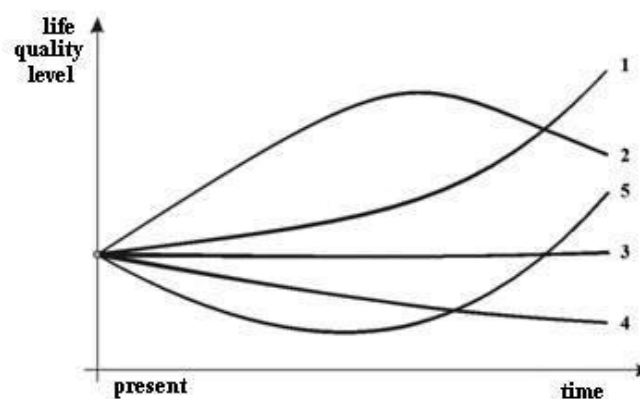


Figure 4: Scenarios of different quality levels

In accordance with the figure, this paper points to a possible concept presented with the curve 4.

3. PROBLEMS IN QUALITY

Only a brief overview of the Gaović (2017) indicates a very positive trend in the area of certification of the quality management system of 7%. Although at this point in time it is not possible to find a better architecture for certification of the management system, with the exception of the non-obligatory accreditation, there is still a dilemma: Does the quantity dominate over quality (over 1.5 million certificates)? Particularly interesting approach is to have a manager who has a quality product and who has tried to maintain quality, but to increase the quantity. In the end, the manager chose quality. Keeping quality is much more difficult than having quantity. For quality it is necessary to work harder, try, have perseverance and patience and constantly learn and improve your product. We must permanently keep up with those who are at the top and need to learn from them and apply only what is good practice. Of course the roads are different, and there is an example of quality coming from quantity, and there are few examples of quality stemming from quality. It is perfectly natural that if using quantity one wants to achieve quality, then the question may arise whether quality is the quantity, although

then there is a greater choice and everyone can find their “quality”. By focusing on quality, a small number of users understand that quality, as there is no choice in quantity. It is the most commonly that with quantity we lose quality that would be achieved only by quality, so quantity, as a rule, leads to a decrease in quality, but also increases the number of users. There are very few examples of the mutual satisfaction of both quality and quantity. Most often, if we opt for quality, the quantity loses, and opting for quantity assigns the second role to the quality. The reason for identifying scenarios from the field, which are in accordance with the presentation of Gaović (2017), can be mathematically accurately translated into the Pareto legality, by which only 20% of the certificates would be deserved and even 80% of the undeserved. In the field we can talk about cases that have become common practice. In accordance with conclusions of The Round Table of Chamber of Commerce of Montenegro, 2017 and the paper of Krivokapić, 2017, an example for the accredited certification bodies is given.

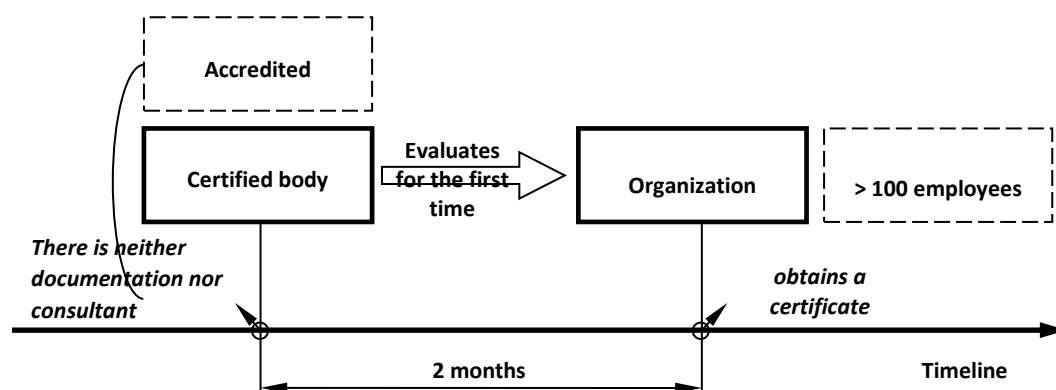


Figure 5: The unseen miracle

Figure 4 testifies about the event, which indicates that the certificate was issued to the organization just at the moment of celebration of the day of that organization, and when they started their first conversation, they did not even have a consultant nor did they even know anything about the Quality Management System. An even more drastic case is when an organization to be equal at the tender in accordance with public procurement, should have three certificates of management system, so it contacted accredited certification bodies, one offered the price of 5000 Euros and a day for issuing, and another (on a friend’s line) 10,000 Euros and two days for the issue. Everything has its price, or how skilled traders keep warning: Every commodity has its customer. This is an example for a warning, not to say the punishment and it is testifying that accreditation is the best mechanism, but that it is not enough.

4. CAUSES OF PROBLEMS

The listed problems are partly caused by the general state, which is recognized and very often in circulation and politics and economy, with the statement “The Balkan”. Today, it is probably just replaced with the term Southeast Europe. And all of it in somehow in the spirit of characterology, everything and also the noticeable styles are exaggerated:

- Corruption is not allowed, but lobbying is
- Stealing a little is punishable, and stealing a lot is rewarding
- It is not ethical, but it is profitable.

This last style is dominant in the certification of the management system. While observing the phenomena from the previous chapter, in the spirit of quality, it is also necessary to react to the perceived consequences of investigating the causes and solutions to eliminate or minimize

them. The causes are multiple and certainly go beyond the profession and significantly exceed its frameworks. The most important are:

1. an unfavorable regulatory environment characterized by a lack of interest in the state, as well as a lack of additional criteria that would help strengthen the power and role of regulators, in this case accreditation bodies;
2. a slow and, as a rule, a delayed reaction to the problems of the holders of quality accountability, and demonstrate insufficient concern for the public interest, as the achieved benefit and quality of the certificate is not brought into relation;
3. insufficient understanding of quality by the management of the organization, where the lack of commitment to quality is clearly felt;
4. the superficiality (deliberate or unintentional) of carrying out the assessment, which is due to the fact that the evaluator (certification body) is paid by the organization whose documentation is being reviewed and conducted on the spot (sometimes a certificate is just printed), which potentially causes loss of credibility of assessment, where independence and impartiality are neglected, and due to the small number of organizations committed and dedicated to quality and those best ones in the interest of survival, the certification bodies turn from quality to the number of realized evaluations;
5. immoral approaches, both of managers of organizations, as well as the work of evaluators, who have even got out of the control and which are an expression of a lack of a quality culture and of a driving motivator – greed.

It is clear that this is only one view and that the list is not final and shows only the weakest links in the chain of certification. On the basis of an interview with 12 students and 4 hours of explanation of the problems in the field of quality management system certification, following the rules of cause-effect diagram, the resulting elements are shown in Table 1.

Table 1: The resulting elements of

Mark	Type of cause	Causes
A	HUMAN FACTOR	Unscrupulousness of the evaluators
		Incompetence of the evaluator
		Lack of human resources and experience
		Pressure by managers
		Overlooking the seen
		Poor Evaluation reports
		Reports are long but without concrete lessons
B	THE ENVIRONMENT	Cultural, social, economic, financial and competitive environment
		Relations with interested parties
		Tenders and public procurements
		Responsibility of the management
		Corruption
C	DOCUMENTATION	Incomplete documentation
		Inappropriate documentation
		Copy-Paste documentation
		Documentation is not important
		Nonconforming documentation
D	METHODS	No improvement tools are applied
		Approximate risk assessment
		Formal check
		Formal review by the management
		If possible without assessment

As otherwise advocated by the standard MEST ISO 19011:2012, all in the field of quality, as elsewhere in other areas, should be based on the respect of professional, legal and ethical standards, behavior in making different decisions. This means that professionals in the field of quality, primarily, need to have characteristics that enable the existence of ethical capacity. In doing so, ethical capacity reflects the ability of ethical judgment and decision-making. In accordance with the proclaimed principles and good practice of engineering ethics, this means that quality professionals should demonstrate:

1. trust, which includes honesty, integrity, reliability and loyalty in relationships with others,
2. respect, which implies courtesy, kindness, jurisdiction, dignity, independence, tolerance and acceptance of facts,
3. responsibility, which means expressing a certain level of care and diligence in what is being done,
4. justice, which presupposes the treatment of all people and organizations in the same way, impartially and openly,
5. care, in terms of the ability to understand the interests and problems of others, which is often considered to be the heart of ethics and moral decision-making, and
6. the duty of a good citizen, which involves behavior as a good member of the community, which is public good and interest in front of the person and organization.

Since ethics does not bind anyone, or even the Code of Ethics, then this is an area where everyone is doing what they please that is best used by profiteers.

5. CONCLUSION

Obviously, the question asked from the title of the paper requires deeper research effort. It is not possible at this moment because data is stored at the level of certification bodies. Statistics cannot be used as well because there is not enough sample, i.e. representative sample. However, the quality crisis exists. The question is how it is perceived. Quality is the concern of all, but the responsibility is on the manager and professionals in the field of quality. Naturally, the old saying Quality looks like the management does should always be repeated. More precisely, the products of each job look just like managers. Therefore, the tendency in education, that is, in the field of training, should be focused on management training, that is, the leaders. This change would have significant effects on overcoming the crisis in the field of quality, because the manager should not be interested in stock prices, but for quality.

LITERATURE:

1. Lincényi A., Nováková R. (2017). *Crisis of Quality Management*. EOQ Congress, Bled.
2. IAF (2012). *The value of accredited certification, Survey Report*. Retrieved 10.01.2018 from https://www.iaf.nu/upFiles/The_value_of_accredited_certification_survey_report.pdf
3. QMS International (2017). *ISO 9001:2015 Client Survey 2016*. Retrieved 10.01.2018 from <https://www.qmsuk.com/wp-content/uploads/2016/07/survey-report-final.pdf>
4. Arsovski, S. (2011). *Budućnost kvaliteta i kvalitet budućnosti*. Festival kvaliteta – FQ2011, Kragujevac.
5. ISO (2017). *The ISO Survey of Management System Standard Certifications 2016*.
6. Gaović, B. (2017). *Sistemi menadžmenta danas*. Dani Kvaliteta, Prezentacija, Beograd.
7. NN, Round table “*Problemi sertifikacije u Crnoj Gori*” (*Certification problems in Montenegro*). Chamber of Commerce of Montenegro, Podgorica, 14.06.2017.
8. Krivokapić, Z. (2017). *Etika i kvalitet. Kvalitet & izvrsnost*, 9-10.

SUSTAINABILITY IN BUSINESS: A MILLENNIALS' PERSPECTIVE

Andrea Valente

*Pearson Business School, 190 High Holborn, London, WC1V 7BH (UK)
av150@pearsoncollege.com*

David Atkinson

*Pearson Business School, 190 High Holborn, London, WC1V 7BH (UK)
david.atkinson@pearson.com*

ABSTRACT

The detrimental effect mankind has on the planet continues, with its ability to produce far more than can be consumed is resulting in unmanageable effects to the earth (Senge, 1990). Achieving a performance advantage while not causing destructive effects is the new challenge. Consequently, considering the UN's sustainable development goals (SDGs), this study investigated how environmental, social and governance factors (ESG) could contribute to a better financial performance for multinational companies. Due to the ecological, economic, and social consequences of business (Mebratu, 1998) it has never been more important for society to lean towards sustainable practices (Brune, 2016). As new challenges emerge, new concepts of how to deal with them evolve, including the concept of 'sustainable development' as a foundation to management thinking and decision making. Private businesses are a key component in achieving the UN's desired sustainable view, as they can help to fill the \$3tn annual investment gap expected to be needed across the next 15 years (Earley, 2016). As a generation, millennials have a critical role to play in achieving a sustainable future. Millennials are the next group of business thinkers and decision makers. Based on research conducted by this study, eight out of ten London based millennials acknowledged the private sector has a critical role in helping to achieve a sustainable future for all. However, fewer than three in ten millennials actually believe that private businesses will take action, instead continuing to place their short-term profitability mindset ahead of sustainability (Tuffrey, 2016). With a world population of 50% under the age of 30 (WEF, 2017), and with millennials continuing to become more conscious of trends which affect the planet and their future, the expectation of businesses to act sustainably seems to be rising. This study confirmed a multitude of ways to increase business performance sustainably, such as driving sales by targeting consumers' increasing willingness to pay a premium for sustainable goods. A questionnaire supported this approach by confirming that 9 out of 10 millennial Londoners acknowledged that action on climate-change should be the responsibility of both individuals and private businesses. However, a smaller amount, only 4 out of 10 millennials surveyed, were willing to contribute by shifting their purchasing-behaviour, to more sustainable products, if prices were higher. Further to this, if a product was found to be unethical, the data collected showed 75% of millennials would take action by looking for a competitor or leaning towards an alternative (30% of those surveyed). Consequently the results suggest millennials expect the private sector to step up and deliver sustainable products at competitive prices in order to truly help.

Keywords: ESG Factors, Sustainability, Millennials

1. INTRODUCTION

Humans have continued to expand and develop throughout the last 2.8 million years leaving a widespread, often damaging, footprint on the planet. The cost of this is now being realised with the continued harm of the earth's ecosystem and the extinction of entire species (Brune, 2016).

1.1. Threats to the Planet

Today, the detrimental effect of mankind on the planet continues, with its ability to produce far more than it can consume, resulting in unmanageable changes to the earth's ecosystem that humans are ill-equipped to deal with (Senge, 1990). An example of this is fossil fuels, driving one of the largest, and most detrimental, global footprints on our planet. (Before the Flood, 2016) Fossil fuel can undoubtedly be considered effective in how it supports transportation and electricity around the world. However, it is the excessive reliance on fossil fuels and related implications (e.g. emissions) that threaten our ecosystem. One of the most prominent examples of this is global warming, driven by the use of fossil fuels, it has been scientifically proven by NASA to be a major threat to the human species. (Jackson, 2018) The effects of global warming include more frequent wildfires, longer periods of droughts, and unpredictable floods. Previous research has shown the destructive effects that increased emissions and temperature rises have had in the last 150 years; one of which being the predicted rise in sea-level by 1 to 4 feet by 2100. Additionally, as confirmed by the environmental performance index research (EDOI), air pollution is the top leading threat to public health, endangering 7 million lives every year (Gohd, 2018). With the current and incoming ecological, economic, and social consequences (Mebratu, 1998), it has never been more important for our society to lean towards sustainable practices such as zero-emissions. (Brune, 2016) Encouragingly, technology and social pressure are helping the transition from a linear to a circular economy in multiple countries. Circular economy differs from linear by envisioning a form of material symbiosis between otherwise different companies and production processes directly supporting recycling and minimisation of waste. (Andersen, 2007)

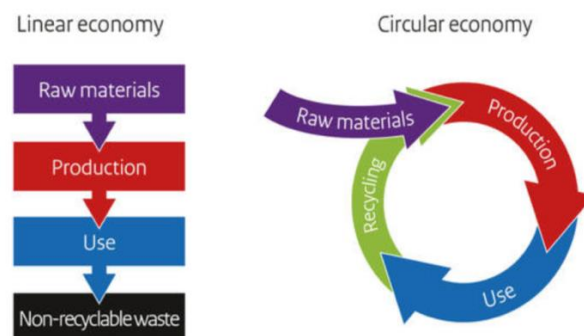


Figure 1: Linear to Circular Economy (Government of Netherlands, 2018)

Yet, despite this shift in approach to sustainable development, solid commitments by governments and businesses remain few. This is attributed to self-interested behaviour against the common good following the "Tragedy of the Commons" theory. (Llyod, 1833)

1.2. Sustainable Developments

As new challenges emerge new concepts evolve, including that of sustainable development as a foundation to overcome environmental challenges. Sustainable development found its foundation in 1987 following the publication of the "UN World Commission on Environment and Development report (WCED)". Despite the publication's vagueness and tendency to generalize, it has been instrumental in nurturing sustainable view for our planet's future. (Mebratu, 1998) Since its introduction thousands of initiatives have been conducted at various levels in order to tackle the growing number of environmental threats. Some of the most encouraging results from these initiatives have been registered in countries like the UK and China (the first country with clear government policy support in green finance). Yet, the impact of these still seems minimal when compared to the enormity of the global challenges our planet

is facing (Brune, 2016). Another leap forward in fostering sustainable development on a global scale was established in 2015 with the creation of the Paris Agreement. This agreement provided a new understanding of the UN Sustainable Development Goals (SDGs). The Paris Agreement has laid out an ambitious vision to achieve zero-emission practices in countries and businesses around the world in little more than a generation. (Wbcsd, 2017) However, recently countries are falling short on the promises set out in the Paris Agreement. For example, renewable energy investments have suffered their largest drop on record in developing countries in 2017 according to Bloomberg New Energy Finance reports. In addition, investments from financial institutions such as the World Bank have also stagnated (BNEF, 2017). The private sector is a key component for reaching the SDG development goals as it can help to fill the \$3tn yearly investment gap expected in the next 15 years. (Earley, 2016) The importance of the private sector is recognised by eight in ten millennials, who believe it has a critical role to play in achieving the UN SDGs. However, despite this, fewer than three in ten millennials actually believe that businesses will take action, instead continuing to place their short-term profitability ahead of sustainability. (Tuffrey, 2016) With a world population of 50% under the age of 30 (WEF, 2017), and with millennials continuing to become more conscious of trends which affect the planet and their future, the expectation for businesses to act sustainably is increasing. The Triple-Bottom-Line approach, a unique approach developed in the 1990s for businesses to increase sustainable practices, has supported sustainable business practices. However, nine out of ten times, research found profitability was prioritised at the expense of people and planet (Eisenstein, 2014). Governments and businesses continue to struggle to implement long-term effective plans for sustainability due to lack of resources, competing priorities and increasing pressure from oil lobbyist. (Tuffrey, 2016)



Figure 2: Tripple Bottom Line Approach (Tuffrey, 2016)

1.3. Sustainable Investment

Blackrock CEO and founder Laurence D. Fink recently called for companies that his firm invests in to take social action and make a positive impact on the planet. A failure to do so would result in a withdrawal of their investment. This represented the first public call for such change in the financial industry, putting Fink against many of the companies in which Blackrock has passively invested. These companies hold the view that their duty is to create profits for shareholders, following a theory espoused by economists like Morgan Friedman (Sorkin, 2018). Impact investments such as Blackrock's adds a third dimension to evaluation techniques with the inclusion of non-financial criteria (such as Environmental, Social and Governance factors - ESG) in opportunity analysis. (UBS, 2018) For example, the Bank of America now uses ESG as one of the financial indicators to calculate bankruptcy possibility.

The research has outlined the current global socio-economic attitude to sustainability, focusing on some key events in the last decades. It will now move on to explore methods and public opinions regarding those issues.

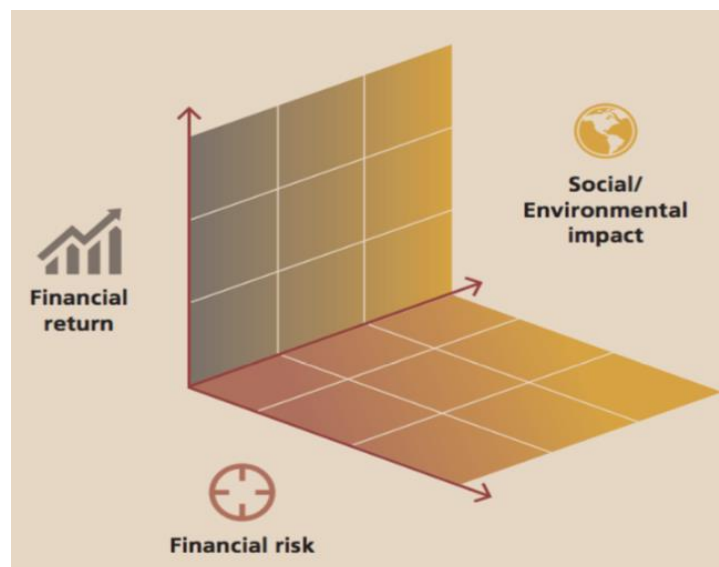


Figure 3: Three dimensional evaluation techniques (UBS, 2018)

2. INCREASING REVENUE SUSTAINABLY

There are multiple-ways to increase business value and revenue-sustainably. The sustainable-oriented Value Tree below references to Slack et al (2015):

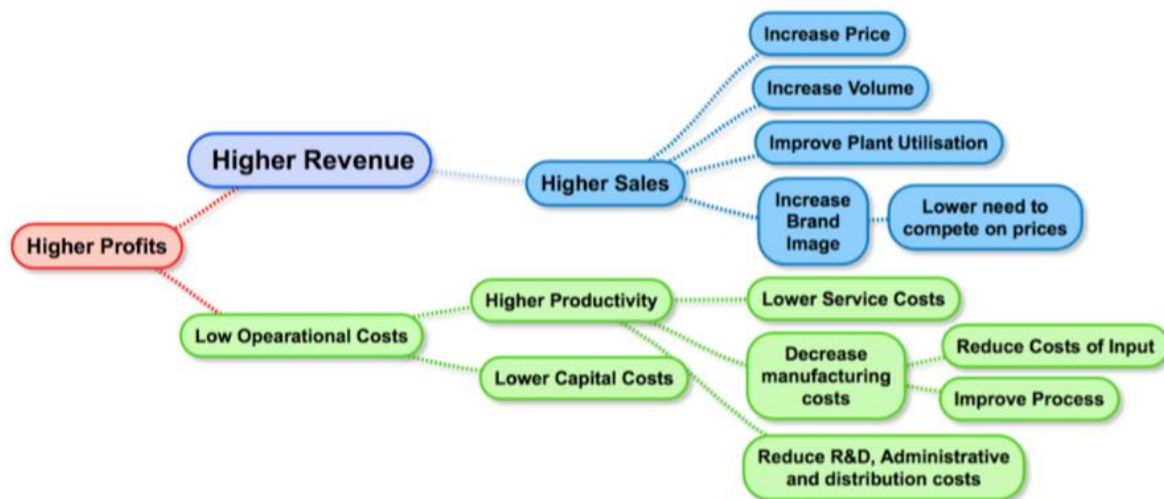


Figure 4: Available approaches to increase profits (Slack et al, 2015)

Growth can be achieved by increasing sales and the consumer's willingness to pay a premium; for the environmental attribute of the product leveraging the satisfaction gain of having contributed to environmental improvement (Yadav et al, 2015). In order to understand consumers' behaviour towards increase in price and brand-image of sustainable companies, an online based survey was completed by interviewing 40-individuals (London based). The key questionnaire highlights relate to consumers' willingness to pay for more sustainable products, sentiment towards environmental threats, renewable energy adoption and actions expected by governments/businesses.

Do you think global climate changes can be reduced by individuals making major lifestyle changes?

40 responses

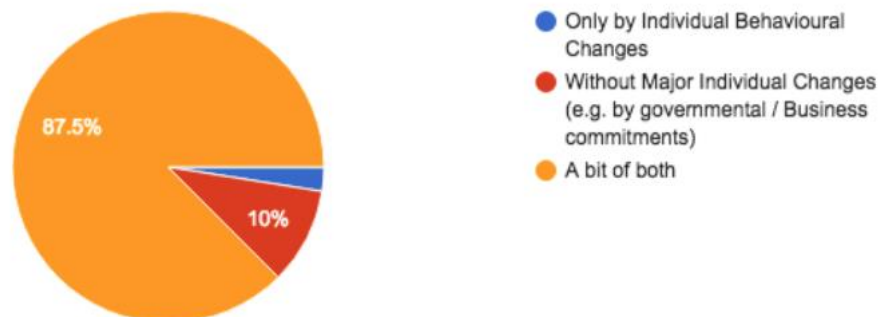


Figure 5: Self-constructed survey results

While nearly 90% confirmed climate-change should be reduced by actions both from individuals and businesses/governments, a smaller amount is really willing to contribute for those change by shifting their purchasing-behaviour if prices would increase:

Would you change your purchasing behaviour if you knew the products you buy cause large carbon emissions?

40 responses

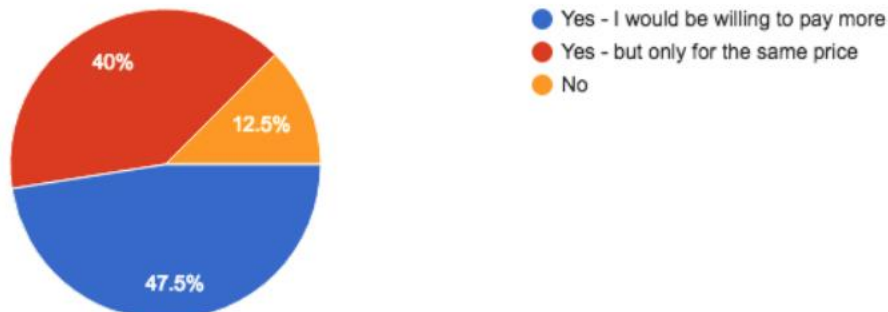


Figure 6: Self-constructed survey results

The first key finding is the awareness of changes needed by both individuals and institutions. However, is still unsure if consumers would implement sustainable actions, and if they say so, if their actual behaviour would change. Promising trends over grocery responsible consumption, were found by BCG, measuring current sustainable products growth in the EU at +4.5% compared to conventional (Smits et al, 2015).

Figure following on the next page

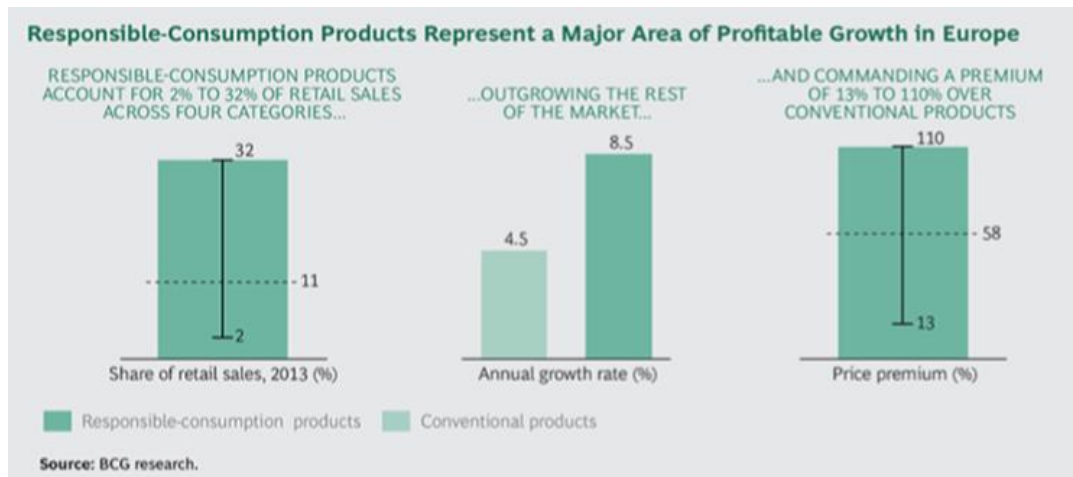


Figure 7: Responsible-Consumption Products as a Profitable Growth Area in EU (BCG, 2015)

3. CONSUMERS' REACTION TO HIGHER PRICES

Related to the survey-results, out of the 47.5% individuals willing to pay more for responsible products, the Gaussian normal distribution of price-increase sentiment was charted:



Figure 7: Self-constructed survey data

The curves show the level of fair-price increase related to the six companies analysed within five different industries. Almost 1-in-2 individuals would be comfortable paying a premium of 5-10% for their Smartphones and Clothing. Slightly less (42%) individuals would be willing to pay one-tenth more for Furniture and Foods & Drinks. Surprisingly, Cosmetics were found to be the weakest category for sustainable price increases. Vice versa, in the situation where a competitor would be found unethically-behaving in producing a “favourite” product (e.g. for high-emissions), 75% confirmed they would take actions in two-directions:

- 70% would look for a competitor;
- 30% would look for a completely different option (in order to mitigate risks of further emission from the same product-range).

Overall however, 47.5% are pessimistic about current regulations to curb-global-warming and they expect business to take action as much as governments (8.5 vs 8.72). However, when asked more responsibility-oriented-questions, answers followed a social-science theory mentioned before:

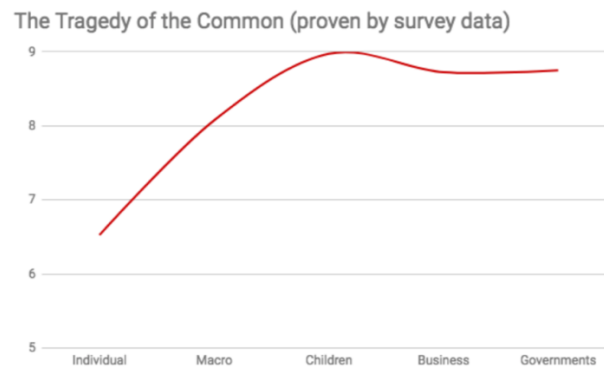


Figure 8: Self-constructed survey data

William Forster Lloyd in 1833 referred to “The Tragedy of the Common” and this survey completed in 2018, 185 years later, confirms it is still relevant today. When asked about the importance of personal actions vs. the responsibility of business and governments, the gap was found to be relatively steep based on the sample-opinion. (Garrett Hardin, 1968)

4. SENTIMENT SEGMENTATION

With more-detail, the sentiment towards renewable energy involvement of business and governments and a 1-10 grade of related topics can be found in the radar-chart below:

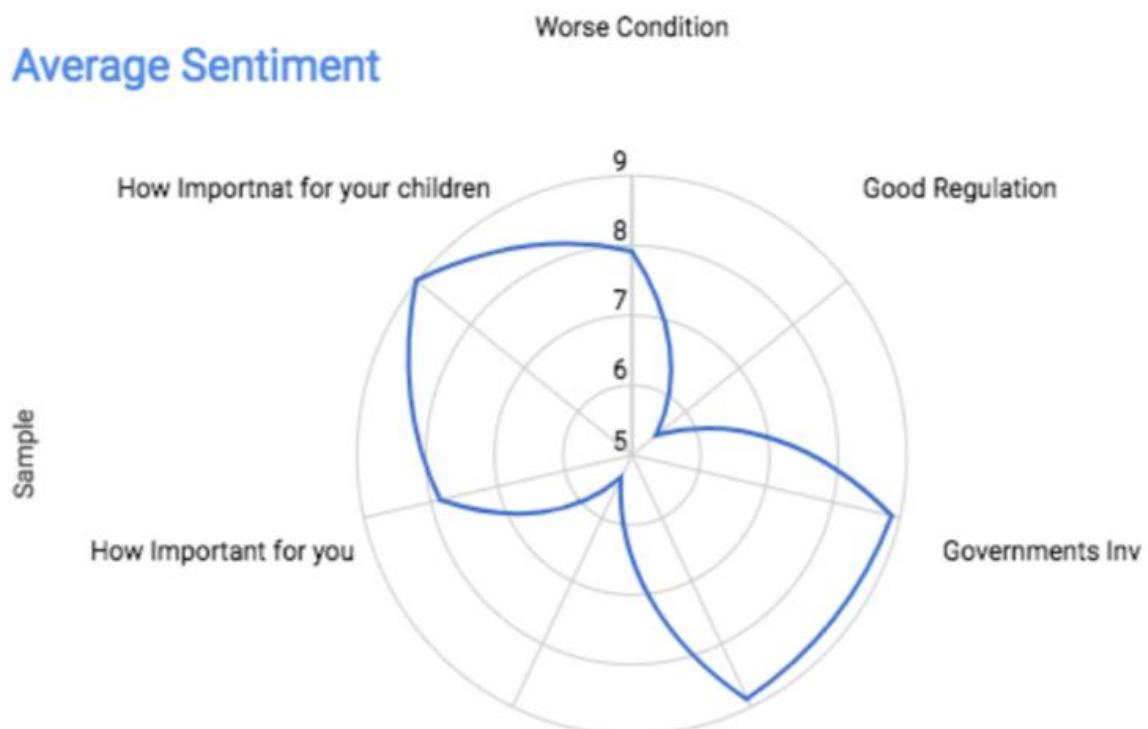


Figure 9: Self-constructed survey data

Females, in particular were found to be very conscious of the importance of renewable energy for their children going hand-in-hand with their pessimistic view for the condition to worsen for the next generations; compared to Males. Interestingly, older people feel more informed about renewable energy and need of actions, but very pessimistic about current-regulations compared to younger-generations.

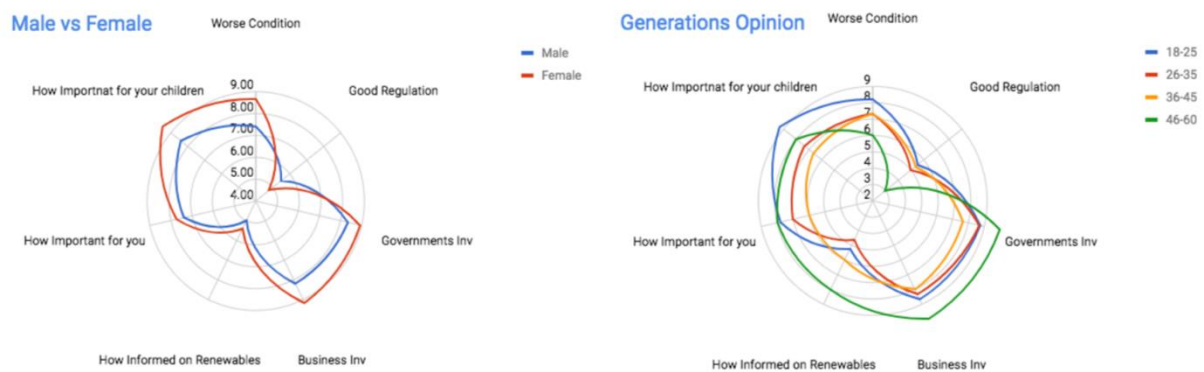


Figure 10: Self-constructed survey data

Older generations were found to be feeling more informed and supportive for governmental and business actions on the environment. The data meets the findings of Oxfam (2018) which disclosed wealthier individuals as the main responsible for carbon emission. The report confirms how the richest one-percent of the world's population uses 175-times more carbon on average than someone from the bottom 10- percent. With Gale and Scholz (1994) theory of accumulation of wealth and career ladder confirming older generation as the wealthiest, older-people were found to be more-optimistic about the future while less involved in self-changes. Younger-generations are vastly lacking sustainable-knowledge: when asked to name sustainable oriented companies, 38% was not able to mention one or referred to an unsustainable company. The selfishness towards sustainability of older generations despite their high-knowledge sentiment in this space versus the eagerness of better regulations for the prosperity of theirs and future generations by the young individuals, represents the conclusive key-finding of the online-questionnaire.

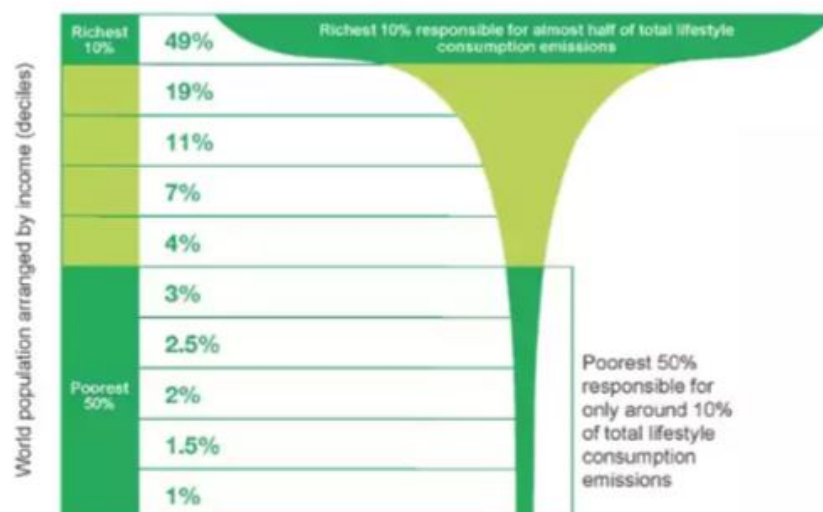


Figure 11: Percentage of CO2 emission by World Population

5. CONSLUSION

The current literature review highlights existing work on the relevance of environmental issues. This research has provided up-to-date literature regarding consumers' maturity in acknowledging the need for renewable sources, promoting the expansion of sustainable actions needed by both governments and businesses.

Every entity is expected to build blocks for adoption to a rapidly changing, but uncertain future. Social learning, manageable experimentation, and flexibility in governance would facilitate these adaptations. (Chapin et al., 2010) Soft approaches which were broadly recognised in the past are now fragile compared to the plans and implementations required to accomplish UN SDGs goals. A declared ownership of environmental issues is not currently consistently followed by concrete steps (Messenger, 2018). Every activity has potentials for transformation to alternative, possibly more long sighted desirable trajectories compared to current business offerings. However, the lack of a cohesive theory for avoiding undesirable thresholds and for successfully managing transformations, increases the level-of-commitment required from businesses to overcome fear of failures (Chapin et al., 2010). Various leaders have also realised that climate risks have related opportunities, which should not be considered in isolation, but instead as part of creating a long-term value creation business model. Main advantages being:

- Reducing Risks - ESG factors were found positive by the current literature in reducing unnecessary risks;
- Higher Profit - Socially responsible firms were found to be more lucrative and more desirable for revenue growth;
- Retaining Reputation, Consumers & Employees - meaningfulness represents a top driver for employees, and consumers' perceptions were linked to CSR as high as 42%.
- Lowering Costs - Environmental operations and financial consciousness (also linked with innovation) were found being key pillars for internal optimisation in business. (Tavares, 2018)

The general consensus is that firms' stewardship are sufficiently mature to make important contributions to the whole array of social-ecological systems. This will require, however, reconnecting people's perceptions, beliefs, actions and governance mechanisms to the dynamics of Earth; sometimes sacrificing part of profits by linking values with capital. A critical shift needed in our rapidly depleting planet.

LITERATURE:

1. Andersen, M. (2007). An introductory note on the environmental economics of the circular economy. Retrieved 01/04/2018: <https://www.environmental-expert.com/Files/6063/articles/15091/art12.pdf>.
2. Before the Flood. (2016). [film] Directed by F. Stevens. United States: Appian Way.
3. BNEF (2017). Climatescope 2017: Two years post-Paris | Bloomberg New Energy Finance. [online] Bloomberg New Energy Finance. Retrieved 01/04/2018 from <https://about.bnef.com/blog/climatescope-2017-two-years-post-paris>.
4. BNEF (2018). Clean energy investment - 3Q 2017 trends | Bloomberg New Energy Finance. Bloomberg New Energy Finance. Retrieved 01/05/2018 from <https://about.bnef.com/blog/clean-energy-investment-3q-2017-trends>.
5. BNEF (2018). Liebreich: Beyond Three Thirds, The Road to Deep Decarbonization | Bloomberg New Energy Finance. Bloomberg New Energy Finance. Retrieved 01/05/2018 from <https://about.bnef.com/blog/liebreich-beyond-three-thirds-road-deep-decarbonization>.
6. Chapin, F. S., Stephen R. Carpenter, Gary P. Kofinas, et al. 2010. Ecosystem stewardship: Sustainability strategies for a rapidly changing planet." *Trends in Ecology & Evolution*. 25 (4):241- 249.
7. Earley (2016). More than half of all businesses ignore UN's sustainable development goals. *Theguardian.com*. Retrieved 01/05/2018 from <https://www.theguardian.com/sustainable-business/2016/sep/30/businesses-ignore-un-sustainable-development-goals-survey>.

8. Eisenstein, C. (2018). Let's be honest: real sustainability may not make business sense. the Guardian. Retrieved 01/05/2018 from <https://www.theguardian.com/sustainable-business/blog/sustainability-business-sense-profit-purpose>.
9. Gale, W. and Scholz, J. (1994). Intergenerational Transfers and the Accumulation of Wealth. SSRN Electronic Journal. Retrieved 01/05/2018 from <https://pubs.aeaweb.org/doi/pdf/10.1257/jep.8.4.145>.
10. Gohd (2018). The biggest environmental threat to your health? The air you breathe. [online] World Economic Forum. Retrieved 01/05/2018 from <https://www.weforum.org/agenda/2018/02/pollution-is-the-biggest-environmental-threat-to-our-health>.
11. Mebratu, D. (1998). Sustainability and sustainable development. Environmental Impact Assessment Review, 18(6), pp.493-520.
12. Messenger (2018). Ready or not: Are companies prepared for the TCFD recommendations? CDSB. Retrieved 01/05/2018 from <http://b8f65cb373b1b7b15feb-c70d8ead6ced550b4d987d7c03fcdd1d.r81.cf3.rackcdn.com/cms/reports/documents/000/003/116/original/TCFD-Preparedness-Report.pdf?1521558217>.
13. Oxfam (2018). World's richest 10% produce half of carbon emissions while poorest 3.5 billion account for just a tenth | Oxfam International. Oxfam.org. Retrieved 01/05/2018 from <https://www.oxfam.org/en/pressroom/pressreleases/2015-12-02/worlds-richest-10-produce-half-carbon-emissions-while-poorest-35>.
14. Senge, P. (1990) The Fifth Discipline: The Art and Practice of the Learning Organization. New York: Doubleday.
15. Smits et al (2015). When Social Responsibility Leads to Growth: The European Grocery Market. <https://www.bcg.com>. Retrieved 01/05/2018 from <https://www.bcg.com/publications/2015/sustainability-consumer-products-when-social-responsibility-leads-growth-european-grocery-market.aspx>.
16. Sorkin (2018). BlackRock's Message: Contribute to Society, or Risk Losing Our Support. Nytimes.com. Retrieved 01/05/2018 from <https://www.nytimes.com/2018/01/15/business/dealbook/blackrock-laurence-fink-letter.html>
17. Tavares (2018). Companies need to be born socially responsible. Here are 10 reasons why. World Economic Forum. Retrieved 01/05/2018 from <https://www.weforum.org/agenda/2018/03/companies-need-to-be-born-socially-responsible-here-s-why> [Accessed 1 May 2018].
18. Tuffrey (2016). Advancing the Sustainable Development Goals: Business Action and Millennials' Views. 1st ed. Corporate Citizenship, pp.1-3. Retrieved 06/03/2018 from <https://corporate-citizenship.com/wp-content/uploads/Advancing-the-Sustainable-Development-Goals-Business-Action-and-Millennials-Views.pdf>.
19. UBS (2018). UBS Wealth Management Sustainable Report (2018). Ubs.com. Retrieved 01/05/2018 from https://www.ubs.com/content/dam/ubs/uk/wealth_management/wealth-management-new/ubs-forum2018-guide-to-sustainable-investing.pdf?campID=some-forumuk2018-uk-eng-facebook-ubs-any-any-any-leadad-si-paid.

MANAGEMENT OF TOURISM: AN OVERVIEW OF ROOM RATE PARITY

Neven Sipic

*Zagreb School of Business, Croatia
neven.sipic@pvzg.hr*

Zeljka Zavisic

*Zagreb School of Business, Croatia
zeljka.zavisic@pvzg.hr*

ABSTRACT

Hotel guests are facing a variety of different hotel rates when booking online. The transparency of the Internet is driving hotel prices towards rate parity. This article examines parity, room availability, rate guarantee concept, issues with online pricing and revenue management. Direct and indirect distribution channels are considered in how they relate to consumer demand. The main purpose of this study is to examine actual rate parity of hotels across direct and indirect channels of distribution. Results suggest that there are no significant differences between rates from direct or indirect channels. Notable improvements in hotel rate parity from past studies were identified in this study. However, this study negates the claim of “lowest rates guaranteed” as propagated by several hotel chains, which they have stated in order to increase direct distribution through their own websites. This paper will make an analysis of previous research on the above topic and try to outline the relevant results.

Keywords: *distribution channels, parity, room rate*

1. INTRODUCTION

The times are changing and online third-party distributors are facing stiff competition in offering the lowest hotel room prices. Hotel companies have introduced best-rate guarantee to compete for customers, in order to avoid the rate and brand erosion and start controlling the online distribution (Starkov & Price, 2003). The classic model states that hotel provides a net rate free of commission, which the intermediary then marks up (Carroll & O'Connor, 2005). Therefore, by accepting a low markup, the intermediary can sell a room for a lower price (O'Connor & Murphy, 2008). Customers are aware they can find varying prices for the same product or service, especially in an online medium such as the Internet. It is common for customers to check the online third-party distributors and compare it with rates on the hotel's website (Rohlf & Kimes, 2007). However, hotels are heavily marketing the concept of best rate guarantee to discourage the would-be customers from searching the lowest prices on third-party distributors and directly book a room on the hotel's website. Best available rate (BAR), also known as best rate guarantee is a pricing tool used by many hotels today. BAR sets price by forecasting demand, and promises to offer lower or matching prices on hotel's direct distribution channel. This is yet another concept first used by the airline industry, and later adopted by hotel industry. BAR pricing is an "attempt to reduce confusion and to guarantee that the guest is quoted the lowest available rate for each night of a multiple-night stay" (Rohlf & Kimes, 2007, p. 2). Bar is basically the lowest unrestricted rate. It is used both by hotels and other distribution channels. According to Galileo 360 Compass website, the lowest unrestricted rate is a rate available to the general public that does not require pre-payment and does not impose cancellation or change penalties and/or fees, other than those imposed as a result of a hotel property's normal cancellation policy. At the moment, a best rate guarantee is one of the most important competitive strategies in the hotel industry. It is common for hotels to go against their pricing policies when they offer the best rate guarantee, with a goal of bringing confidence

to would-be customers when booking a room over hotel's direct distribution channels. Hotels are beginning to control the distribution of their rooms by implementing best rate guarantee and price consistency across booking channels (Rohlf's & Kimes, 2007). In order to offer the best rates, hotels should lower their rates or seize control over the distribution channels. However, it is sometimes just a claim of guaranteeing the best rate, rather than a fact (Demirciftci, 2007). Low price policies seem to be successful as a tool that encourages customers to visit hotels' own website. However, it is not yet universal for hotels' websites to offer the best deals (Thompson & Failmezger, 2005). Rate consistency has also become an important concept. Offering consistent rates over the distribution channels will increase brand loyalty and decrease the customer's willingness to search for better prices online. Therefore, hotels need to manage their distribution channels more effectively in order to increase the customer confidence in their pricing strategies. By offering the lowest rate guarantee, the hoteliers are trying to drive the business to the hotel's website. Many hotel chains offer the lowest rate guarantee to attract customers. A study by Law, Chan, and Goh (2007) found that hotels that did not offer to guarantee rates provided some price searching options along with general information on reservations. Unlike previous studies that found hotel websites to offer the lowest prices, a study by Thompson and Failmezger (2005) revealed that Travelocity was the lowest-cost channel. A study by Gazzoli, Kim, and Palakhruti (2007) investigates the difference between US and international hotels in terms of rate guarantee. Their results suggest that the US hotels are much more efficient in providing the lowest rates, rate parity and availability across online distribution channels (Gazzoli, Kim, & Palakhruti, 2007). Their international counterparts were not so successful in comparison. However, rate consistency is still an issue among US hotels. "International properties showed a completely opposite picture with an overall best rate guarantee of 65% of all cases. Hilton International's best rate guarantee was only 50% and Hyatt International was only 60%. The worst performer was Starwood with only 47%. On the other hand, Ramada International showed the best results with 88% of best rates being provided on their brand site. Surprisingly, Marriott International properties achieved 87% against 86% of Marriott U.S." (Gazzoli et al., 2007, p. 387). According to Gazzoli et al., only 43% of hotels surveyed advertised the "best web rate guarantee" promise on their sites and only 27% of all cases delivered their promise. In the USA, the best rate guarantee was offered in 68% of the cases, compared to 20% in the UK. Overall, international properties performed very poorly with 65% best rate against 94% of US hotels (Gazzoli et al., 2007).

2. REVIEW OF PREVIOUS RESEARCH

Room availability is a term used for seeing whether particular distribution channels show hotel rooms as available to purchase. Room availability across direct and indirect channels has also been an issue about which scholars have been divided. Many studies show contradictory results. For example, Expedia seems to be the worst third-party site in terms of showing available hotel rooms (Thompson & Failmezger, 2005). On the other hand, Gazzoli et al. (2007) compared consistency in room availability between US and international properties. US hotels had 93%, while international hotels presented 79% of consistency in room availability. Having a room that is available across all channels is vital, since it brings sales. Calling a hotel seems to be the best way of finding a room, in 95.6% of cases (Thompson & Failmezger, 2005). Company's own website appears to be a reliable source of room availability with 94.2% of the time. Expedia was the poorest on reporting available rooms only 29.2% of the time (Thompson & Failmezger, 2005), whether it shows the rooms as unavailable or simply not having the specific hotel in its database. In the luxury segment, the highest room availability was provided by company's website and calling the hotel over a phone. For upscale hotels, company website showed the best availability followed by Travelocity and a phone call to a hotel. According to Thompson & Failmezger (2005), calling hotels directly was the best option in mid-market segment, with

no other channels being close. For budget segment, company's websites offered the best availability followed by calling a hotel. Parity is a concept of equality; in this case room rate parity refers to equality in prices assigned to room rentals. With the advent of Internet, the rate transparency became a standard, driving the room prices towards parity. Today, the rates are advertised on the Internet, and companies compete by offering lower rates. In the past, the customers did not have as much information on pricing. Among a few ways of accessing this information was to physically go to a hotel, visit a travel agent, or call hotel reservations. Rate parity is a hot topic nowadays. It is becoming normal to find prices very similar across numerous channels, excluding phone reservations, studies suggest (Thompson & Failmezger, 2005). According to E-distribution website, many hotels fail to protect their prices when doing contracts with third-party channels (Gorgue, 2008), such as those in this study. Furthermore, it is often the case that those intermediaries do not respect the contracts they made. According to Hotel Online website, although we see a move toward uniform rate parity online, it is very hard to attain. The economy is changing so fast it is hard to control dynamic pricing along with changing management strategies. However, the market is contradicting that strategy. During the current recession, businesses are struggling to attract customers. Customers are becoming in charge of dictating the price! Rate parity is said to exist when the same rate for a hotel exists across all of its distribution channels (Demirciftci, Cobanoglu, Beldona, & Cummings, 2010). Rate parity is a well documented concept (Demirciftci, 2007; Demirciftci et al., 2010; Gazzoli et al., 2007; Kimes, 1994; 2002). Choi and Kimes (2002) suggest that the lack of rate parity can have a strong impact on the brand's image, not only the perceived fairness of pricing by the hotels. The Internet has severely impacted the hotels' ability to sustain parity (Nyheim, McFadden, & Connolly, 2004). Rate parity is becoming very important because the rates are transparent, where would-be guests can easily find multiple rates across various channels (Choi & Kimes, 2002). Hotels should monitor their pricing practices consistently on the Internet since online purchasers do not want to be offered different prices for the same products, such as the same hotel rooms on various Internet sites (O'Connor, 2003). Rate parity should prevail across both direct and indirect channels. A significant degree of disparity has been found in rates across channels (Thompson & Failmezger, 2005). While the study provided significant insights into price dispersion in the lodging industry, its findings were limited to data collected over only one data point, one reservation rate for only one reservation date, which looked exclusively at direct channels of distribution. The study by Demirciftci (2007) looked into indirect distribution channels, as well as direct distribution channels of four and five diamond hotels. Companies are investing heavily in their branded Web sites to drive more direct bookings. According to Carroll and Connor (2005), chains are working closely with their properties to better manage distribution and intermediary agreements. "They are also negotiating directly at a corporate level with the online travel agencies to establish more acceptable terms and conditions, such as rate levels/rate parity, display positioning and search engine marketing practices" (Carroll & Connor, 2005, p.8). The research on revenue management (RM)/yield management (YM) is extensive, and so are the ways of defining it. Whereas RM is generally associated with accommodations revenue (Burgess & Bryant, 2001), it is technical and very broad in scope and encompasses all areas of hotel revenue. The most up-to-date definition is by Cullen and Helsel (2006) who call it the art and science of predicting real time customer demand at the micro level and optimizing the price and availability of products to match that demand. RM includes two main concepts which are demand-based variable pricing and optimal inventory control (Choi & Mattila, 2005). The hotels act accordingly and charge different rates to various customers based on the reservation dates and the length of stay. Hotels also base their room prices by anticipating demand. When demand is high, rooms are sold at a premium. On the contrary, when demand is low, hotels offer discounted rates (Choi & Mattila, 2005). According to Cross (1997), RM programs have created significant additional hotel revenue by applying the basic

revenue management practices. The history of RM begins with the airline industry. Introduced by airline executives to the lodging industry (Cullen & Helsel, 2006), RM has been used by hotels for many years. However, it is a modified version to fit the needs of the lodging industry (Haley & Inge, 2004), which embraced its use (Cullen & Helsel, 2006; Haley & Inge, 2004; Sanghavi, 2005). The emergence of RM companies that focus on the hospitality industry occurred in the late 1980s, followed by consulting companies (Walczak, 2000). According to Cullen and Helsel (2006), the evolution of RM went from hotel revenue to hotel profits in the early 1990s. The first users of RM in the hotel industry were Marriot, Hilton, Starwood and Intercontinental (Haley & Inge, 2004). Similar to airline industry, the lodging industry began to use various distribution channels to reach new markets (Carroll, 2006). Hotels prefer to use direct distribution channels to maximize their profits, which also strengthens customer relationships. This in return results in customer loyalty and repeat business, by acquiring more information about guests and their desires (Cullen & Helsel, 2006). However, hotels started using third party operators to fill empty rooms. This dependency on such distribution channels increased as customers began to expect discounted prices for all hotel rooms. The revenue management research by hospitality scholars has been extensive, second only to the airline industry. According to Chiang, Chen, and Xu (2007), the following authors significantly contributed to the application of revenue management in the hotel industry: Hadjinicola and Panayi (1997), Zheng and Caneen (1997), Kimes et al. (1998), Baker and Collier (1999), Choi and Cho (2000), Huyton and Thomas (2000), Jones (2000), Kimes (2000a), Main (2000), McMahon-Beattie and Donaghy (2000), Noone and Andrews (2000), Elkins (2001), Weatherford and Kimes (2001), Kimes and McGuire (2001), Kimes and Wagner (2001), Baker et al. (2002), Barth (2002), Choi and Kimes (2002), Goldman et al. (2002), Toh and Dekay (2002), Baker and Collier (2003), Orkin (2003), Rannou and Melli (2003), Varini et al. (2003), Weatherford and Kimes (2003), Anjos et al. (2004), Chen and Freimer (2004), Kimes (2004b), Liu (2004), Mainzer (2004), Okumus (2004), Schwartz and Cohen (2004), Vinod (2004), Choi and Mattila (2005), Jain and Bowman (2005), Lai and Ng (2005), Koide and Ishii (2005), Choi and Mattila (2006). According to Chiang et al. (2007), the hotel industry is a traditional RM industry and its revenue management practices concentrate mainly on providing special rate packages for periods of low occupancy and use of overbooking policy to compensate for cancellation, no-shows. Revenue Management (RM) not only increases hotels' profits, but it also directly affects and monitors the interactions between areas throughout the hotel. Contributing to the bottom-line, RM became an important part of a hotel that influences all processes and procedures in the lodging industry (Salerno, 2006). Unlike the airline industry, the use of RM in hotel industry is fragmented. The biggest users of RM are hotel chains and general trend is towards implementing RM in the private properties. The wide use of RM resulted in revenue manager job positions becoming a standard in hotels. According to Cullen and Helsel (2006), RM consists of several fundamentals which include forecasting, unconstrained demand assessment, distribution strategies such as channel management, inventory management and displacement analysis. RM applications are comprised of highly developed RM techniques such as quoting rates based on full length of stay patterns versus quoting rates based on a guest's arrival date only (Cullen & Helsel, 2006). Displacement analysis is also a popular RM technique. It compares the value of group and the value of transient business. According to travelclick.net, the group value is determined according to the food and beverage spending, meeting room rental and any additional outlet spending and cost of these spending. There are some principles used to gain the desired results from the RM practices. Before starting to mention the guidelines, revenue managers should analyze the seven uncertainties (Cross, 1997). These uncertainties include: "perishable products and opportunities, seasonal and other demand peaks, the product's value in different market segments, product waste, competition between individual and bulk purchasers, discounting to

meet competition, rapidly changing market circumstances” (Cross, 1997, p.34). With the advent of Internet, the business environment has changed significantly. Online sellers have created a competitive environment that draws prices down. Internet selling is based on the premise which significantly changes the cost structure and lowers search and switching costs. Economic impacts on the companies are significantly lower transaction and production costs (Yelkur & DaCosta, 2001). Furthermore, economies of scale are greater in a virtual then in the physical world. Another advantage is that companies can gather massive amounts of data that can be utilized for marketing and especially forecasting. Extensive price differentiation is made because of market segmentation capabilities (Yelkur & DaCosta, 2001). The consumer adoption of the Internet has made a change in how hotel rooms are distributed (O’Conner, 2003). Revenues from online reservations have grown sharply through the years. The Internet has significantly lowered the search cost (Jiang, 2002), as searching for the lowest price is time consuming. However, having an online business requires higher marketing, technological and organizational investment, a substantial business cost. According to Brown and Goolsbee (2002), online price comparison was found to produce price reduction across various markets such as retail insurance industry and computer retail. This also affectes hotel prices on the internet. As prices on the online distribution channels are moving towards parity, the prices on the direct channels still show much variety. According to O’Connor (2003), price is the key to selling online. It is the key motivator when buying online. Furthermore, people expect to find the lowest price on the Internet. Customers are aware that web-based distribution costs are significantly lower then those of other channels. Consumers associate online booking with good value, which is low price (O’Connor, 2003). Pricing was always an issue for different distribution channels. Unlike other types of searching, Internet is quicker, less costly and more convenient (Kung, Monroe, & Cox, 2002). Person’s ability and person’s motivation are two aspects of price search, according to Bettman and Park (1980). Both aspects of price search seem to be increasing. More and more people use the Internet, and price search is becoming an easy task with websites like Kayak.com that aid customers in searching multiple websites. Online consumers may not prefer to spend so much time instead of saving money (Koch & Cebula, 2002). Brynjolfsson and Smith (2000) stated that search engines decreased buyer search costs at least thirty fold. However, savings motivates travelers to buy online. According to a study made by Yesawich, Pepperdine and Brown (2000), the most valuable feature of online travel web site was to allow the customers to monitor the cheapest rates for airfare, hotels and car rental companies. Online travelers expected that the rates offered by the electronic distribution channels would be less expensive than the prices offered by the other distribution channels (O’Connor, 2002). Such expectations are being reinforced by the budget-airline sector, which offers substantial discounts for on- line bookings (O’Connor, 2003). In the beginning, hotels offered the same price for their products (Shoemaker, 2003). They later adopted yield management techniques adopted from the airline industry. The latest phase is a mix between yield management and customer relationship management (Noone, Kimes, & Renaghan, 2003). Shoemaker (2003) proposes a next phase, in which focus is the value delivered to the customer. “Fair” pricing leads to customer loyalty, and firms are likely to gain returning customers just based on offering lowest prices. Electronic distribution has changed the channels customers use in their favor, providing more information on rooms, availability and prices (Carroll & Siguaw, 2003). Hotels build relationships with various distribution channels. Today, online distributors are leading segment that customers use. Online third-party distributors such as Travelocity.com, Expedia and Orbitz have changed a way customers choose and book hotels (Carroll & Siguaw, 2003). This has, in turn, made hotel chains use their own website to promote their products and offer the best price deals. Economic incentives are a reason for such shifts in distribution.

3. CONCLUSION

There are numerous studies dealing with the issue of hotel room pricing on the Internet. However, only a few of them deal with analyzing the room rates in online distribution channels. The first to investigate this problem was O'Connor (2003) in his article "On-Line Pricing: An Analysis of Hotel-company Practices". The reason for the study was a change in customers' use of distribution systems due to the emergence of Internet third-party sites and "consumer adoption of the Internet as a reliable and secure commerce medium that has prompted a change in the way in which hotel rooms are being distributed" (O'Connor, 2003, p. 88). O'Connor (2003) was the first to analyze hotel room pricing over several distribution channels: Hotel-company website, Expedia, Travelocity.com, Travelweb, WorldRes, and Voice (CRS). The results were surprising. While major hotel brands used all of the mentioned channels, the hotel-company website was the most commonly used in 97% of cases. Furthermore, the hotel-company website offered the widest range of rates to customers (4.27 rates). Expedia offered the lowest price, on average \$152. Market-sector analysis showed the percentage of cases where a channel offered the lowest rates, where the hotel-company website offered the lowest rates for economy and mid-price hotels and Expedia offered the lowest rates for luxury properties. Following O'Connor's (2003) approach, contrasting results were found in a study by Tso and Law (2005) entitled "Analyzing the online pricing practices of hotels in Hong Kong". "The empirical results indicated that the website of a local travel agent offered the lowest rates on all distribution channels and for all hotel categories" (p. 301). This study used seven distribution channels and looked at more hotel-rate instances than O'Connor. There were a few instances where Travelocity.com offered better prices than other distribution channels. In most cases, it had comparable prices with the local travel agent WingOn travel. This study clearly showed that room rate parity is geographically-bound. At the same time, the most notable study on the online hotel room pricing was published in Cornell Hospitality Quarterly: "Why Customers Shop Around: A Comparison of Hotel Room Rates and Availability across Booking Channels" (Thompson & Failmezger, 2005). This study used the 18 largest metropolitan areas in the United States, more than any study before. Furthermore, five most popular channels were used at that time: property flag's own website, Expedia, Orbitz, Travelocity, and a telephone call made directly to the property. The authors examined 137 property-date combinations in four different hotel segments. It found that chains have made considerable progress in fulfilling a stated goal of offering lowest rates and room availability on their own websites; Travelocity frequently offered the lowest rate and telephoning the hotel was, again, the most accurate channel for ascertaining room availability. The chains' websites were reasonably good at ensuring room availability, while third-party providers, notably, Expedia, often showed rooms as unavailable at a given rate, when, in fact, the room was available through other channels. Further research on the issue was carried out by Murphy, Schegg, and Qiu (2006) on rate consistency across Swiss distribution channels. This research mainly concentrated on direct channels, but did not neglect indirect third-party distribution channels. According to Murphy et al. (2006), the results of two surveys of over 100 Swiss hotels illustrate pricing inconsistencies in low- and high-season periods across four communication media under the properties' direct control: telephone, email, static website price lists, and reservation request forms on the website. "Across both surveys, prices were lower via online media (email, static website price lists, and reservation request forms) than via the telephone" (Murphy et al., 2006, p. 105). According to Murphy et al. (2006) price variations of over 200% (for the same room at the same date) across a hotel's direct online and offline channels serve as a wake-up call for hoteliers to review their pricing and procedures for communicating this pricing. Law et al. (2007) further increased the body of knowledge on this subject. Their empirical findings suggest that the local travel agents web sites and local reservation agents offered the lowest online room rates, and that indirect distribution channels offered lower room rates than direct distribution

channels. Eight distribution channels and 45 hotels in Hong Kong were examined for online room rates in a 13-month period from 2005 to 2006. However, a major drawback to the generalizability of this study is the geographic limitation of hotel selection, the Hong Kong area. Gazzoli et al. (2008) sample 2,800 room rates from the Internet. “Descriptive statistics indicated that US properties are doing a much better job than their international partners in regards to “best rate guarantee,” “rate parity,” and room availability across online channels” (Gazzoli et al., p. 375). However, Gazzoli et al. (2008) state that rate consistency still remains a problem within US properties. Another recent research done on the subject is Demirciftci et al. (2010). In their study the authors investigate whether hotels in the U.S. utilize the basics of revenue management and offer consistent rates among all distribution channels, according to Demirciftci (2007). The results show that the room rates on hotels’ direct distribution channels are not significantly different than room rates that are on indirect distribution channels, for four and five diamond hotels. According to the study, only 31% of the hotels in the U.S. set their prices according to market trends, while only 16% of the hotels in this study avoid using third parties as the booking date approached. Most of the hotels’ rates were consistent across indirect distribution channels.

LITERATURE:

1. Bettman, J. R., & Park, C. W. (1980). *Effects of prior knowledge and experience and phase of the choice process on consumer decision processes*. Journal of Consumer Research, 7(3), 234-248.
2. Brown, J. R., & Goolsbee, A. (2002). *Does the internet make markets more competitive? Evidence from the life insurance industry*. Journal of Political Economy, 110(3), 481- 507.
3. Brynjolfsson, E., & Smith, M. D (2000). *Frictionless commerce? A comparison on internet and conventional retailers*. Management Science, 46(4), 563-585.
4. Burgess, C. & Bryant, K. (2001). *Revenue management-the contribution of the finance function to profitability*. International Journal of Contemporary Hospitality Management, 13(3), 144-150.
5. Carroll, B., & O'Connor, P. (2005). *European hotels: Managing hospitality distribution*. PhoCusWright Inc., 1-10.
6. Carroll, B., & Siguaw, J. (2003). *The evolution of electronic distribution: Effects on hotels and intermediaries*. Cornell Hotel and Restaurant Administration Quarterly, 44(4); 38-50.
7. Carroll, W.J. (2006). *Hospitality revenue and channel management converge*. Hospitality Upgrade. 34-36.
8. Chiang, W., Chen, J., & Xu, X. (2007). *An overview of research on revenue management: Current issues and future research*. International Journal of Revenue Management, 1(1), 97 - 128.
9. Choi, S., & Kimes, S. E. (2002). *Electronic distribution channels’ effect on hotel revenue management*. Cornell Hotel and Restaurant Administration Quarterly, 43(3), 23-31.
10. Choi, S., & Mattila, A. (2005). *Impact of information on customer fairness perceptions of hotel revenue management*. Cornell Hotel and Restaurant Administration Quarterly, 46(4), 444-451.
11. Cross, R. (1997). *Launching the revenue rocket: How revenue management can work for your business*. Cornell Hotel and Restaurant Administration Quarterly, 38(2), 32-43.
12. Cullen, K., & Helsel, C. (2006). *A future vision for revenue management*. Hospitality Upgrade, 156-158.
13. Demirciftci, T. (2007). *An analysis of distribution channel parity and yield management practices in U.S. hotels*. Unpublished master’s thesis, University of Delaware, Newark, DE.

14. Demirciftci, T., Cobanoglu, C., Beldona, S., & Cummings, P. R. (2010). *Room rate parity analysis across different hotel distribution channels in the U.S.* Journal of Hospitality Marketing & Management, 19(4), 295-308.
15. Gazzoli, G., Kim, W. G., & Palakurthi, R. (2007). *Online distribution strategies and competition: Are the global hotel companies getting it right?* International Journal of Contemporary Hospitality Management, 20(4), 375-387.
16. Gorgue, I. (2008). *Room rate parity is a basic to selling online.* (n.d.). Edistribution.es.
3. Retrieved April 16, 2010, from <http://www.e-distribution.es/?p=3>
17. Haley, M & Inge, J. (2004, Fall). *Revenue management: It really should be called profit management.* Hospitality Upgrade, 6-16.
18. Jiang, P. (2002). *A model of price search behavior in electronic market place.* Internet Research: Electronic Networking Applications and Policy, 12(2), 181- 190.
19. Kimes, S. E. (1994). *Perceived fairness of yield management.* Cornell Hotel and Restaurant Administration Quarterly, 35(1), 22-29.
20. Kimes, S. E. (2002). *Perceived fairness of yield management.* Cornell Hotel and Restaurant Administration Quarterly, 35(1), 22-29.
21. Koch, J. V., & Cebula, R. J. (2002). *Price, quality and service on the internet: Sense and non-sense.* Contemporary Economic Policy, 20(1), 25-37.
22. Kung, M., Monroe, K. B., & Cox, J. C. (2002). *Pricing on the internet.* Journal of Product & Brand Management, 11(5), 274-288.
23. Law, R., Chan, I., & Goh, C. (2007). *Where to find the lowest hotel room rates on the internet? The case of Hong Kong.* International Journal of Contemporary Hospitality Management, 19(6), 95-506.
24. Murphy, J., Schegg, R., & Qiu, M. (2006). *An investigation of consistent rates across Swiss hotels' direct channels.* Information Technology & Tourism, 8(2), 105-119.
25. Noone, B. M., Kimes, S. E. and Renaghan, L. M. (2003). *Integrating customer relationship management and revenue management: A hotel perspective.* Journal of Revenue and Pricing Management, 2(1), 7-22.
26. Nyheim, P, McFadden, M, & Connolly, D (2004). *Technology strategies: For the hospitality industry.* USA: Prentice Hall.
27. O'Connor, P. (2002). *The future of hotel electronic distribution: Expert and industry perspectives.* Cornell Hotel and Restaurant Administration Quarterly, 43(3), 33-45.
28. O'Connor, P. (2003). *Online pricing: An analysis of hotel company practices.* Cornell Hotel and Restaurant Administration Quarterly. Vol. 44(1), 88-96.
29. O'Connor, P., & Murphy, J. (2008). *Hotel yield management practices across multiple electronic distribution channels.* Information Technology & Tourism, 10(2), 161-172.
30. Parker, P.M. (2010). *Parity. Webster's Online Dictionary - with Multilingual Thesaurus Translation.* Retrieved April 7, 2010, from <http://www.websters-online-dictionary.org/Pa/Parity.html>
31. Rohlf, K.V., & Kimes, S.E. (2005). *Best rate pricing at the hotels: A study of customer perceptions and reactions.* Ithaca, NY: Cornell University School of Hotel Administration Center for Hospitality Research.
32. Salerno, N. L. (2006). *Hotel revenue management- The way I see it.* Retrieved March 6, 2010, from Hotel Marketing Coach Web Site: http://www.hotelmarketingcoach.com/hotel_revenue_managementthe_way.htm
33. Sanghavi, P. (2005). *Customer perceptions of fairness in hotel revenue management.* Unpublished master's thesis, University of North Texas, Denton, TX.
34. Starkov, M. & Price, J. (2007). *Assessing share of online distribution channels in hospitality by 2010.* Retrieved March 10, 2010 from www.mtravel.com/news/2007/06/assessing-share.html

35. Shoemaker, S. (2003). *Future of revenue management: The future of pricing in services*. Journal of Revenue and Pricing Management, 2(3), 271-279.
36. Thompson, G., & Failmezger, A. (2005). *Why customers shop around: A comparison of hotel room rates and availability across booking channels*. Cornell Hospitality Quarterly, 5(2), 5-15.
37. Tso, A., & Law, R. (2005). *Analysing the online pricing practices of hotels*. Hospitality Management, 24(2), 301-307.
38. Walczak, D. (2000). *Dynamic control of inventories over finite horizon with an application to airline revenue management*. Unpublished doctoral thesis, The University of British Columbia, Vancouver, BC Canada.
39. Yelkur, R. & DaCosta, M. (2001). *Differential pricing and segmentation on the internet: The case of hotels*. Management Decisions, 39(4), 252-262.
40. Yesawich, P., Pepperdine, J., & Brown, J. (2000). *National leisure travel monitor*. Orlando, FL. Retrieved April 15, 2010, from http://www.hotelonline.com/News/PR2001_1st/Jan01_GHAYesawich.html
41. BNET. (n.d.). Glossary of Resources: *BNET Business Dictionary*. Retrieved May 3, 2010, from <http://search.bnet.com/index.php?q=direct+channel>
42. Global Distribution System (GDS) definition. (n.d.). *BusinessDictionary.com – Online Business Dictionary*. Retrieved April 9, 2010, from <http://www.businessdictionary.com/definition/Global-Distribution-System-GDS.html>
43. Hospitality & Hotel Industry Electronic Distribution & Internet Marketing Glossary of Terms, Terminology. (n.d.). *TravelCLICK*. Retrieved April 16, 2010, from <http://www.travelclick.net/information-center/glossary.cfm>
44. Monthly Travel Category Report - Mar 2010. (n.d.). Hospitality Net. Retrieved April 19, 2010, from <http://www.hospitalitynet.org/news/154000320/4046212.search?query=hitwise+travel+category+r>
45. Welcome to EZYield.com: The Global leader in Online Channel Management! (n.d.). Retrieved April 18, 2010, from <http://www.ezyield.com/>
46. 100 Largest Metropolitan Statistical Areas (MSAs). (n.d.). Federal Communications Commission (FCC) Home Page. Retrieved April 12, 2010, from <http://www.fcc.gov/cgb/NumberPortability>

ANALYZING OECD'S LABOR MARKET EFFICIENCY IN 2018

Ali Mohaghar

*Full Professor, Faculty of Management, University of Tehran, Iran
amohaghar@ut.ac.ir*

Bahareh Mahbanooei

*Ph.D. in Organizational Behavior Management, University of Tehran, Iran
b.mahbanooei@ut.ac.ir*

Maryam Behnam

*B.Sc. Student of Industrial Management, University of Tehran, Iran
maryam.behnam97@ut.ac.ir*

Zeinab Khavari

*B.Sc. Student of Industrial Management, University of Tehran, Iran
zeinab.khavari@ut.ac.ir*

ABSTRACT

The World Economic Forum published Global Competitiveness Index (GCI) in order to measure national competitiveness in different countries annually. The GCI contains 12 pillars. The 7th pillar of mentioned report is Labor Market Efficiency (LME). The efficiency and flexibility of the labor market are critical for ensuring that workers are allocated to their most effective use in the economy and provided with incentives to give their best effort in their jobs. LME have 10 indexes contain: Cooperation in labor-employer relations, Flexibility of wage determination, Hiring and firing practices, Redundancy costs, Effect of taxation on incentives to work, Pay and productivity, Reliance on professional management, Country capacity to retain talent, Country capacity to attract talent, Female participation in labor force. This paper aims at Prioritizing OECD Countries based on their LME' Indicators. The current OECD members are Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States. In first, we used Shannon Entropy method for determining the weight of each LME's indicators. The statistical population was 36 OECD countries whose GCI data were included in GCI 2017-2018 report. Also, we used TOPSIS method to prioritizing these countries based of their LME. Our Finding help OECD Countries' policy makers and business mans to identify each country's situation in OECD. Also, this research introduces benchmarks for Middle East countries. In addition, importance of each indicator of LME will be clear.

Keywords: *Global Competitiveness, Labor Market Efficiency, OECD Countries, Shannon Entropy, TOPSIS*

1. INTRODUCTION

Competition is pervasive, whether it involves companies contesting markets, countries coping with globalization, or social organizations responding to societal needs. (Porter, M. E. On Competition). Regarding the globalization, the economic competition has increased globally among countries and businesses (Porter & Schwab, 2008; Schwab & Sala-i-Martin, 2011; Razavi et al., 2011; Rastgar et al., 2012; Razavi et al., 2012). The competitiveness has been conceptualized by Michael Porter. This concept applies to enterprise and industry in national and Global level.

According to what Porter stated competitiveness at national level is national productivity (Porter 1990) and a country's share of world markets for its products Porter et al. [2008]. Concerning the measurement of competitiveness of countries worldwide the Economic Forum(WEF) has developed GCI (Global Competitiveness Index) with the purpose of providing benchmarking tools for business leaders and policymakers in order to stimulate criteria on the most efficient policies and strategies following the identification of obstacles to improved competitiveness (Schwab, 2010). The significant speed of globalization has cautioned not only the nation states, but many international organizations ranging from the IMF, the World Bank, and the regional development banks to the EU, the OECD, UNCTAD and the UNDP to urge government everywhere to reform the 'business climate' to enhance the competitiveness of domestic markets (Cammack, Paul, 2009). However, before maintaining to GCI of leading countries as a benchmark or taking any measures by means of resources and efforts toward improvement of national competitiveness, leaders and policymakers must consider their countries priorities in this respect. In our study, we seek to provide information to OECD countries focusing to improve Labor Market Efficiency (LME).

2. LITERATURE REVIEW

2.1. Global Competitiveness Indexes

Berger (2008) cited that McFetridge (1995) classified the competitiveness at three levels: firm, industry and national. Competitiveness of a firm is its share in the competitive market (Ajitabh, Momaya [2004]) Also, Porter (1990) believed that "the only meaningful definition of competitiveness at the national level is national productivity". From a macro policy perspective, the primary goal of competitiveness is the well-being of the citizens of a country, be it through individual income, standard of living, human development, or social justice (Kovac'ic, 2007). Competitiveness is the set of institutions, policies, and factors that determine the level of productivity of a country (WEF Schwab, Sala-i-Martin 2013). The GCI captures the open-ended dimension of competitiveness by providing a weighted average of many different components, each of which reflects one aspect of the complex concept of competitiveness (Schwab, 2014). The GCI contains 12 pillars which are classified as following figure:

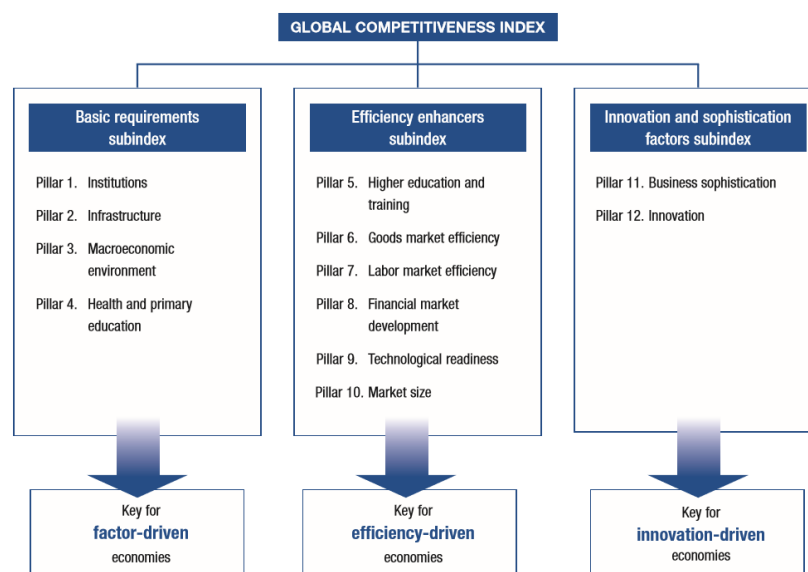


Figure 1: The Global Competitiveness Index framework (Schwab, 2018, p.12).

The aim of this study is to prioritize OECD countries based on their labor Market Efficiency Indicators.

2.2. Labor Market efficiency (LME)

Efficiency and flexibility of the labor market are considered critical factors to insure that the work force is allocated to their most effective use in the economy and provided with the motifs to give their best effort in their jobs. In this respect, labor markets must be flexible enough to shift workers from one economic activity to another spending the minimum time and cost, as well as allowing fluctuations of wages without much disruption. Efficient labor markets not only must clearly state strong incentive for employees and encourage meritocracy at work place, but they must provide equity between women and men in the business environment. Combining these factors have a positive effect on performance of the workers and make the country attractive for the talent. Two aspects of the labor market that are growing more important as talent shortages loom on the horizon. (Schwab, 2017, P.318).

The 10 sub-indexes of “Labor market efficiency” are:

1. Cooperation in labor-employer relations
2. Flexibility of wage determination
3. Hiring and firing practices
4. Redundancy costs
5. Effect of taxation on incentives to work
6. Pay and productivity
7. Reliance on professional management
8. Country capacity to retain talent
9. Country capacity to attract talent
10. Female participation in the labor force

(Schwab, 2017, P.322).

2.3. Related researches

Most related research about Competitiveness and its pillars especially about “Labor Market Efficiency” was summarized in below table:

Table 1: Some studies on GCI's pillars (especially LME)

Authors (year)	Topic
Mehregan et al. (2016)	Developing DEMATEL-CCA Hybrid Algorithm Approach to Analyze the Causal Relations on Global Competitiveness Pillars
Mahbanooui, Hasanzadeh & Jamalian (2015)	Iran's Labor Market Efficiency's Competitiveness in comparison with other countries in the region: as the key intangible asset
Ghasemi, Hashemi–Petroudi, Mahbanooui and Mousavi–Kiasari (2013)	Relationship between Infrastructure and Technological Readiness based on Global Competitiveness Report: a Guidance for Developing Countries
Razavi et al. (2012)	Relationship between Innovation and Business sophistication: A Secondary Analysis of Countries Global Competitiveness
Rastegar, Mahbanooui and Ghasemi (2012)	Canonical Correlation Analysis between Technological readiness and Labor market efficiency: A Secondary Analysis of Countries Global Competitiveness in 2011-2012
Safari, Ghasemi, Elahi Gol and Mirzahosseini Kashani (2012:b)	Relationship between Innovation and Business sophistication: A Secondary Analysis of Countries Global Competitiveness
Razavi, Ghasemi, Abdullahi, & Kashani (2011)	Relationship between Technological Readiness and Innovation: A Secondary Analysis of Countries Global Competitiveness
Jafarnejad, Ghasemi and Abdullahi (2011)	Relationship between “Financial Market Development” and “Technological Readiness” based on Global Competitiveness Report: a Guidance for Developing Countries

3. RESEARCH METHODOLOGY

Descriptive-Survey is the method used in this study. Initially, we studied literature of Competitiveness, GCI, Labor Market Efficiency, Entropy, and TOPSIS. Then data reported in 2017-2018 GCI have been used for the secondary analysis. The integrated Shannon's Entropy–TOPSIS methodology was used for analysis of OECD countries based on their Labor market Efficiency Indicators. Therefore, the research questions will be:

1. What is the ranking of OECD countries regarding each of LME's indicators?
2. Which country is suitable for benchmarking considering each LME's indicators?
3. What is the weight of LME's indicators in OECD Countries?
4. What are the priorities in OECD Countries based on LME?

Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States are included in OECD countries. In first, we used Shannon Entropy method for determining the weight of each Labor Market Efficiency's indicators. The statistical population was 36 OECD countries whose GCI data were included in GCI 2018 report. It would be appropriate to use secondary data resources, data collected by other people or agencies in order to address research aims according to De Vaus (2002). Therefore, the data published by World Economic Forum (GCI report in 2017-2018) were used in current study. Shannon's entropy is a well-known method for obtaining the weights of a Multi Attribute Decision Making (MADM) Problem (especially when the decision matrix is available) (Yoon & Hwang, 1995; Lotfi, & Fallahnejad, 2010). TOPSIS methodology proposed by Hwang and Yoon (1981) to determine the best alternative based on the concepts of compromise solution. It can be regarded as selecting the solution which the short Euclidean distance from the ideal solution and the farthest Euclidean from the negative ideal solution (Tzeng & Huang, 2011).

4. DATA ANALYSIS AND FINDINGS

4.1. Descriptive analysis

First, we compare OECD Countries based on each Labor Market Efficiency' Indicators separately to introduce ideal countries (for benchmarking) in each indicator in GCI report 2017-2018. Figures 2 to 11 are demonstrating Our Comparative comparisons.

Figure following on the next page

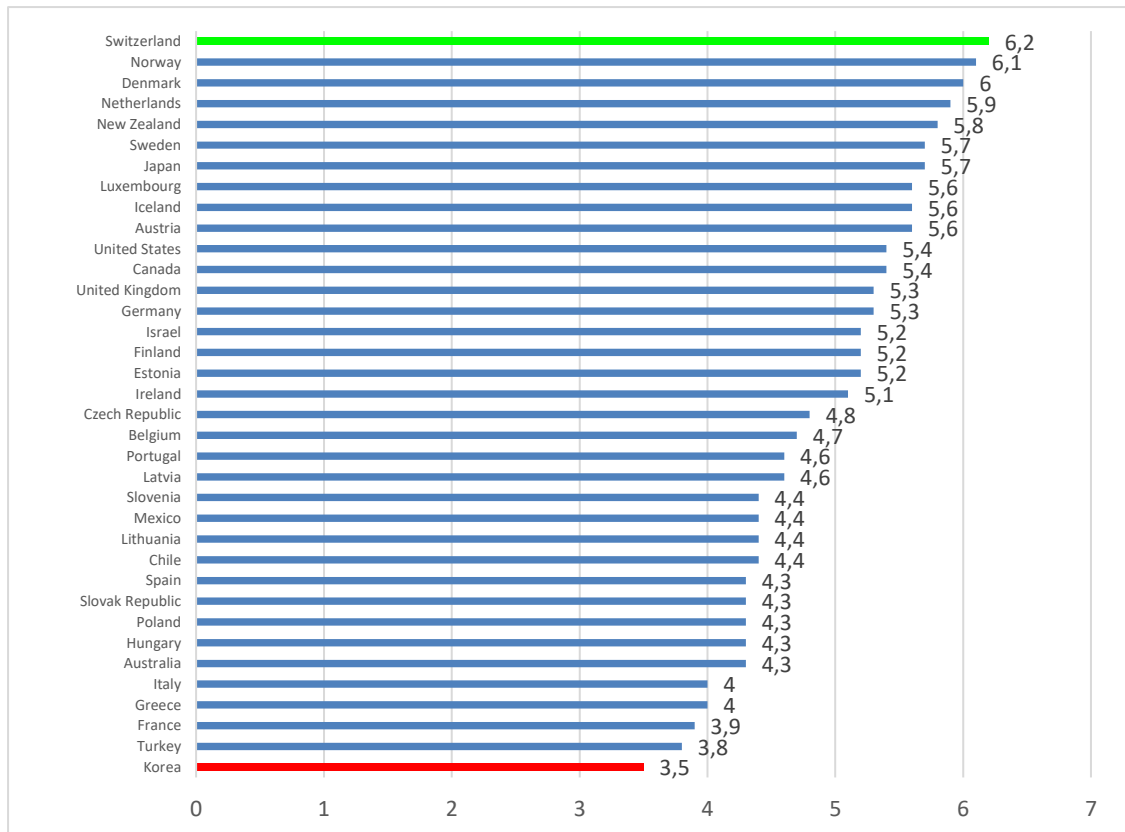


Figure 2: Cooperation in labor-employer relations (Schwab, 2018, PP.372-373)

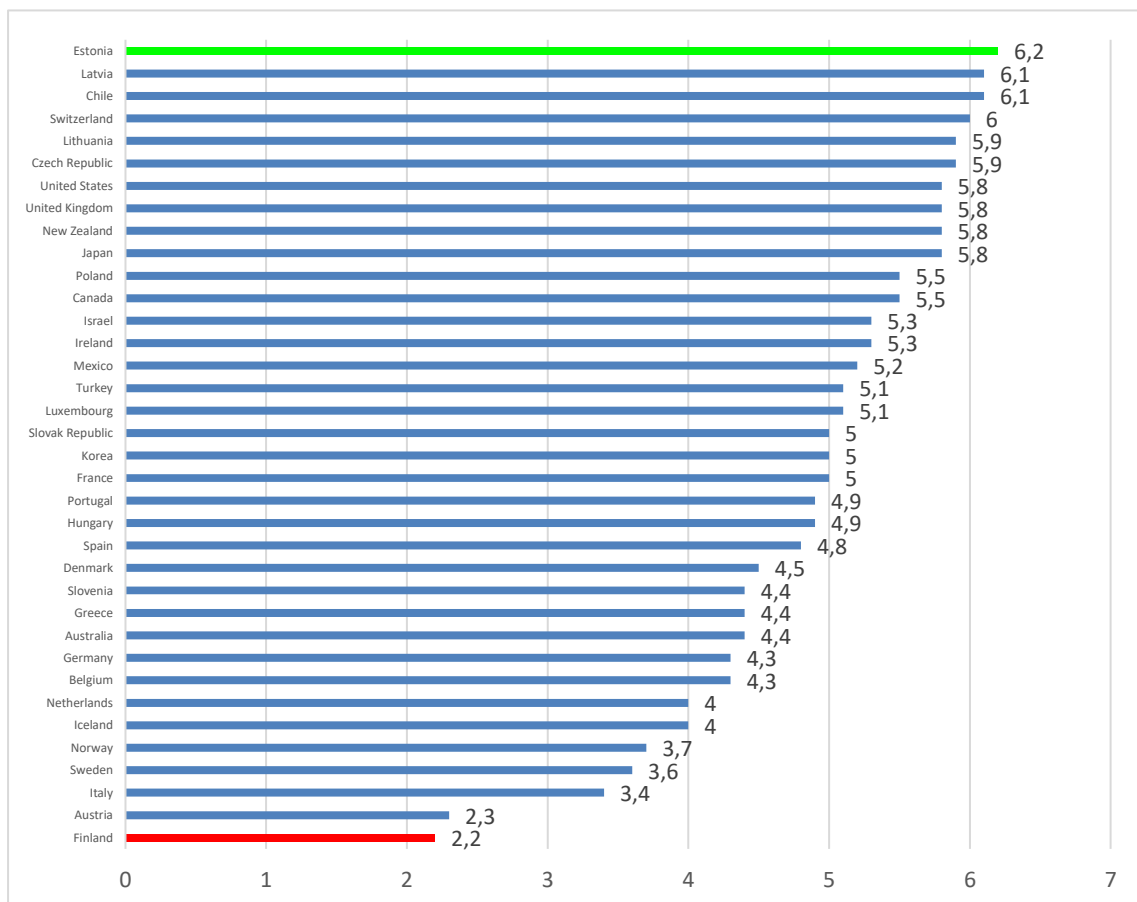


Figure 3: Flexibility of wage determination Based on (Schwab, 2018, PP.372-373)

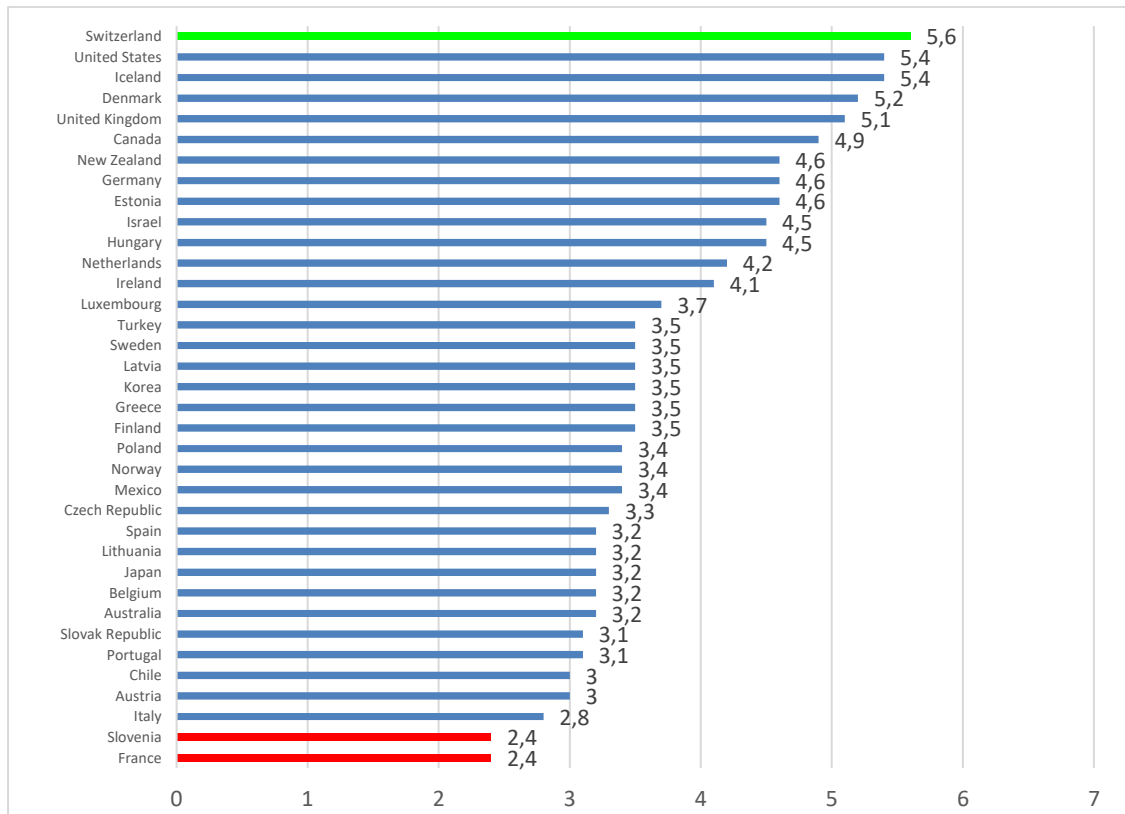


Figure 4: Hiring and firing practices Based on (Schwab, 2018, PP.372-373)

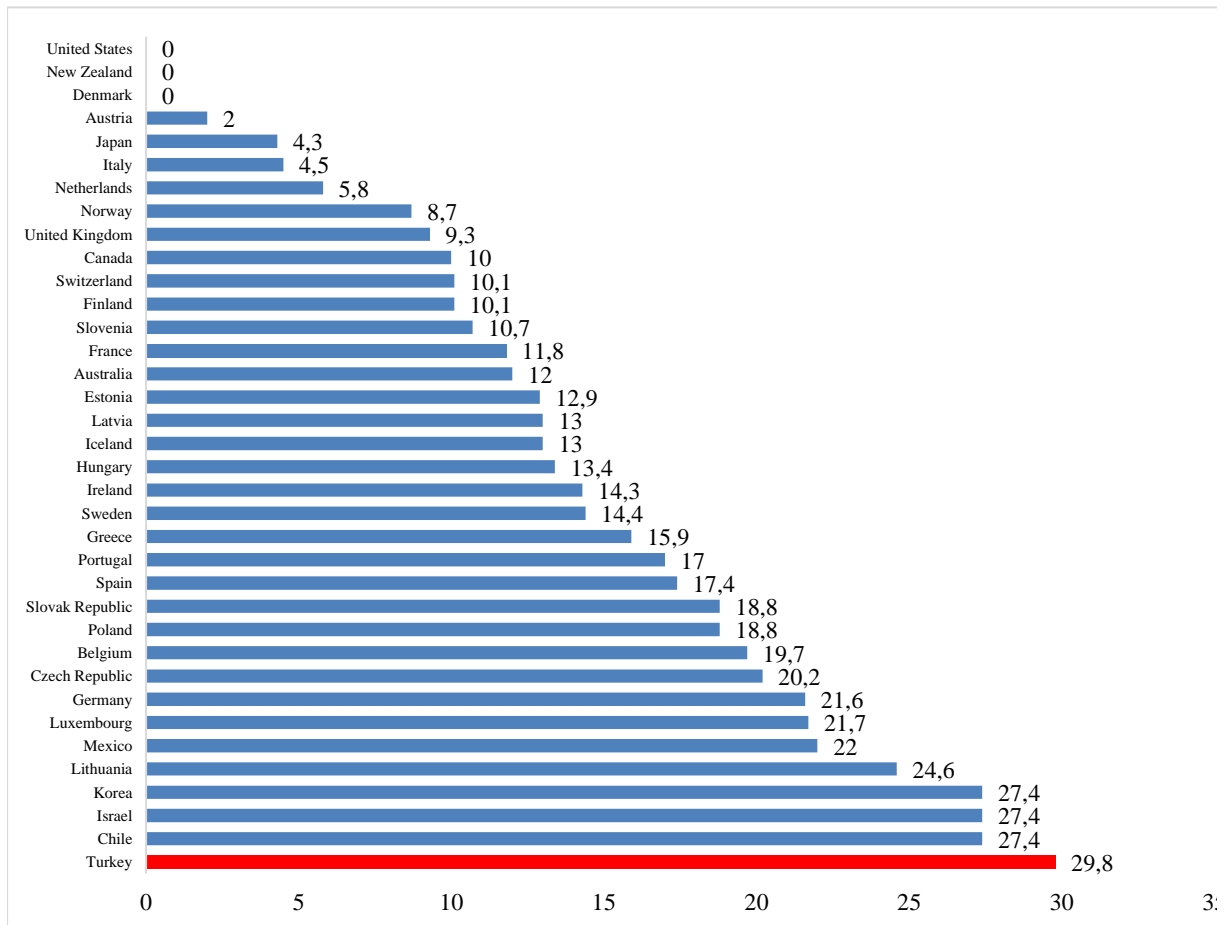


Figure 5: Redundancy costs Based on (Schwab, 2018, PP.372-373)

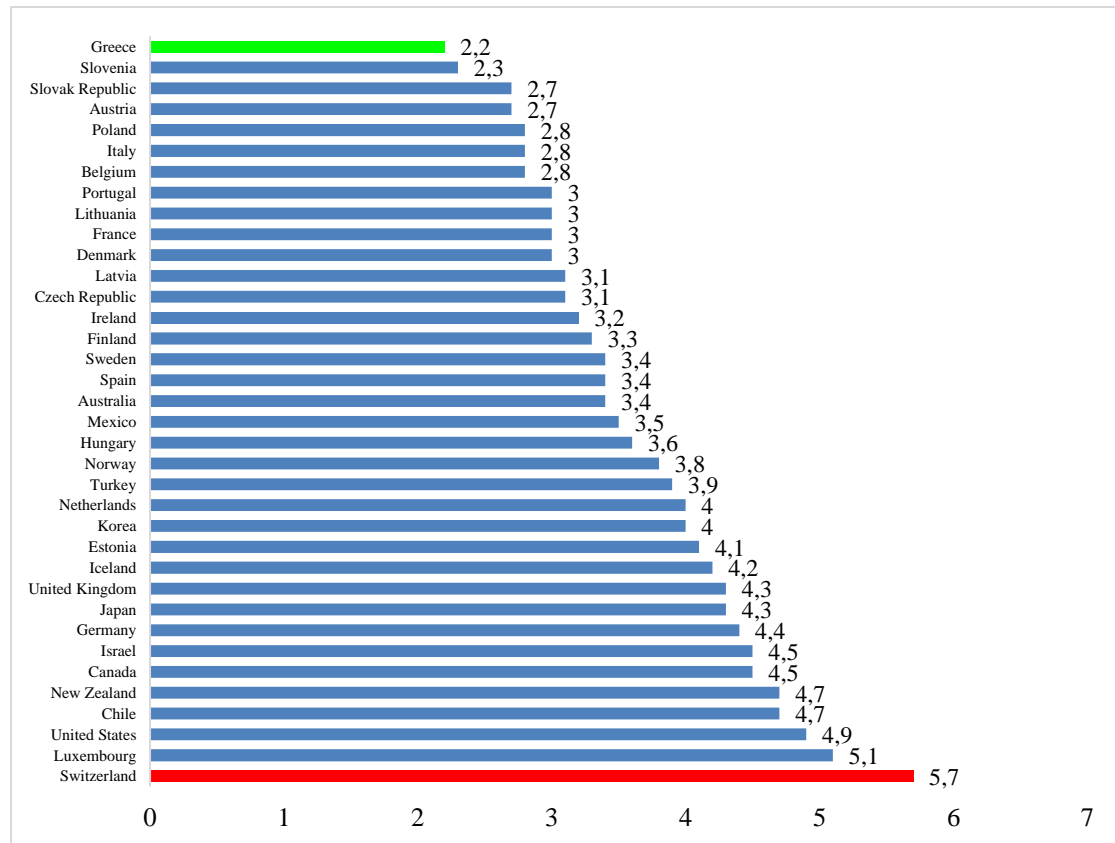


Figure 6: Effect of taxation on incentives to work Based on (Schwab, 2018, PP.372-373)

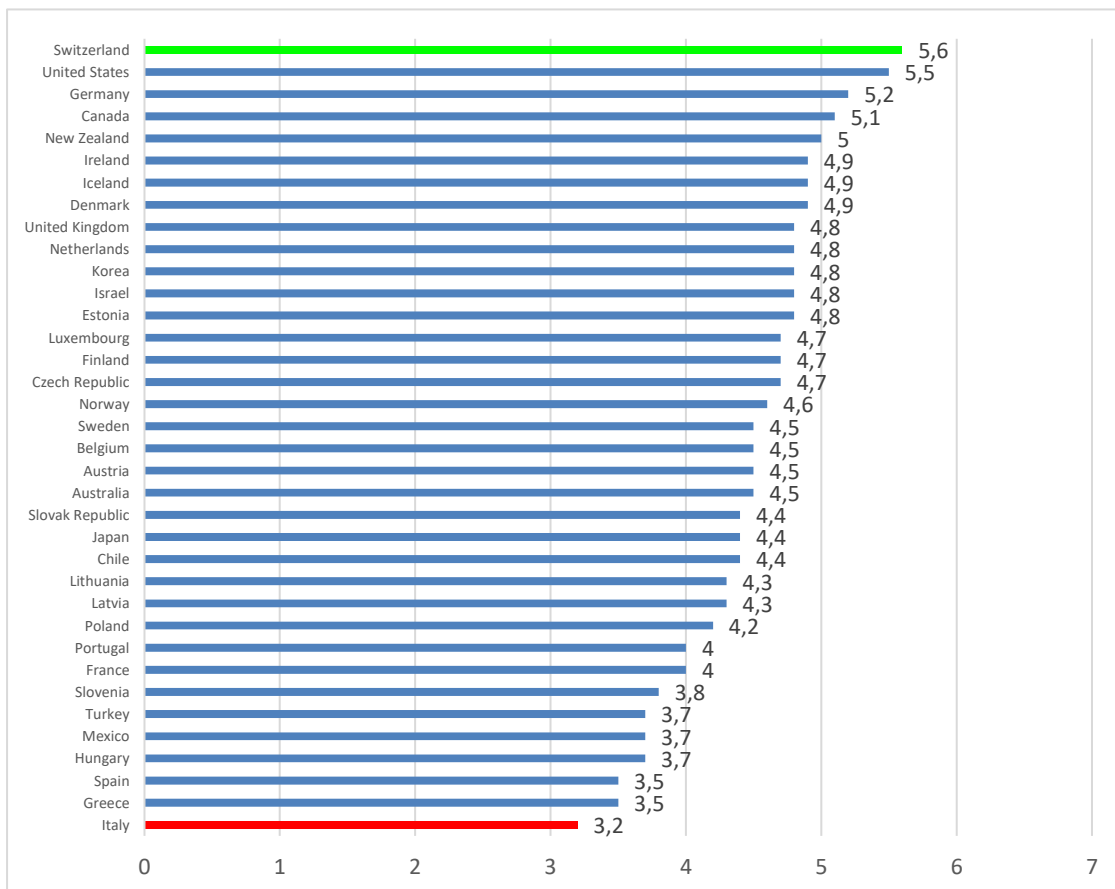


Figure 7: Pay and productivity Based on (Schwab, 2018, PP.372-373)

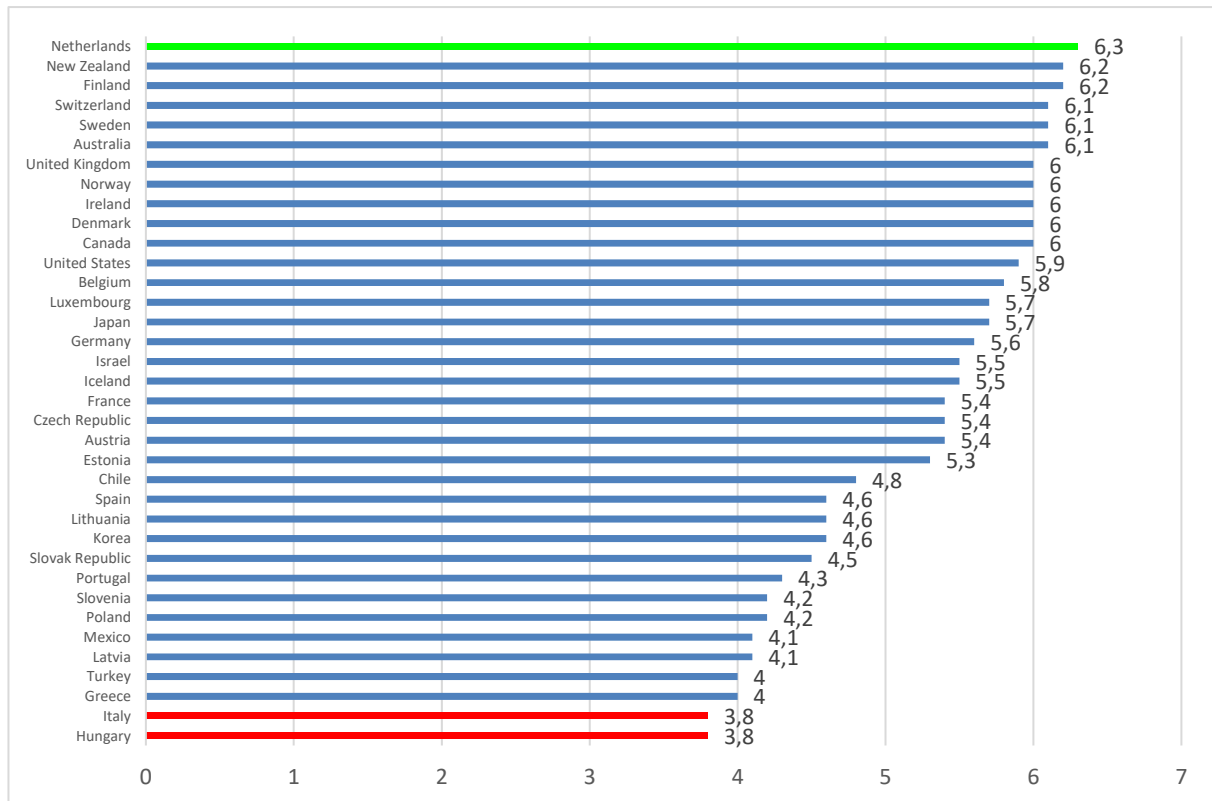


Figure 8: Reliance on professional management Based on (Schwab, 2018, PP.372-373)

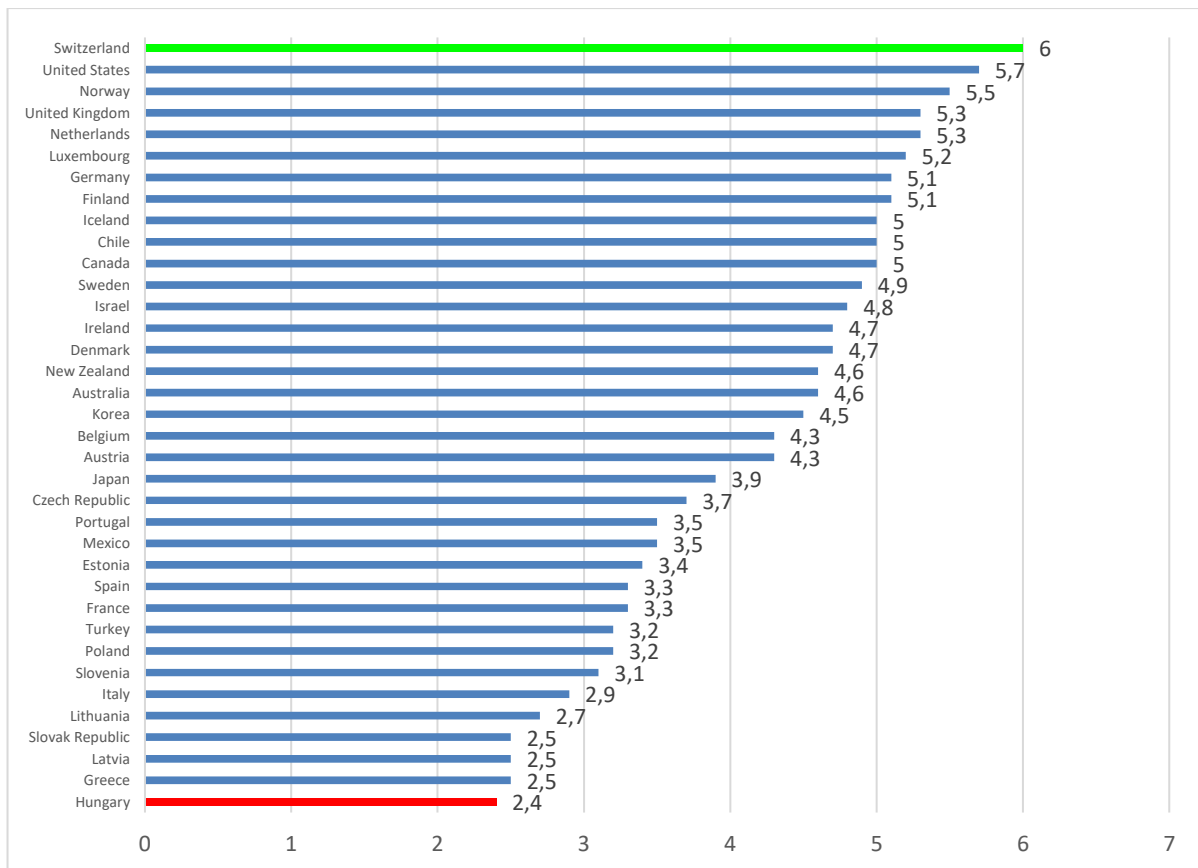


Figure 9: Country capacity to retain talent Based on (Schwab, 2018, PP.372-373)

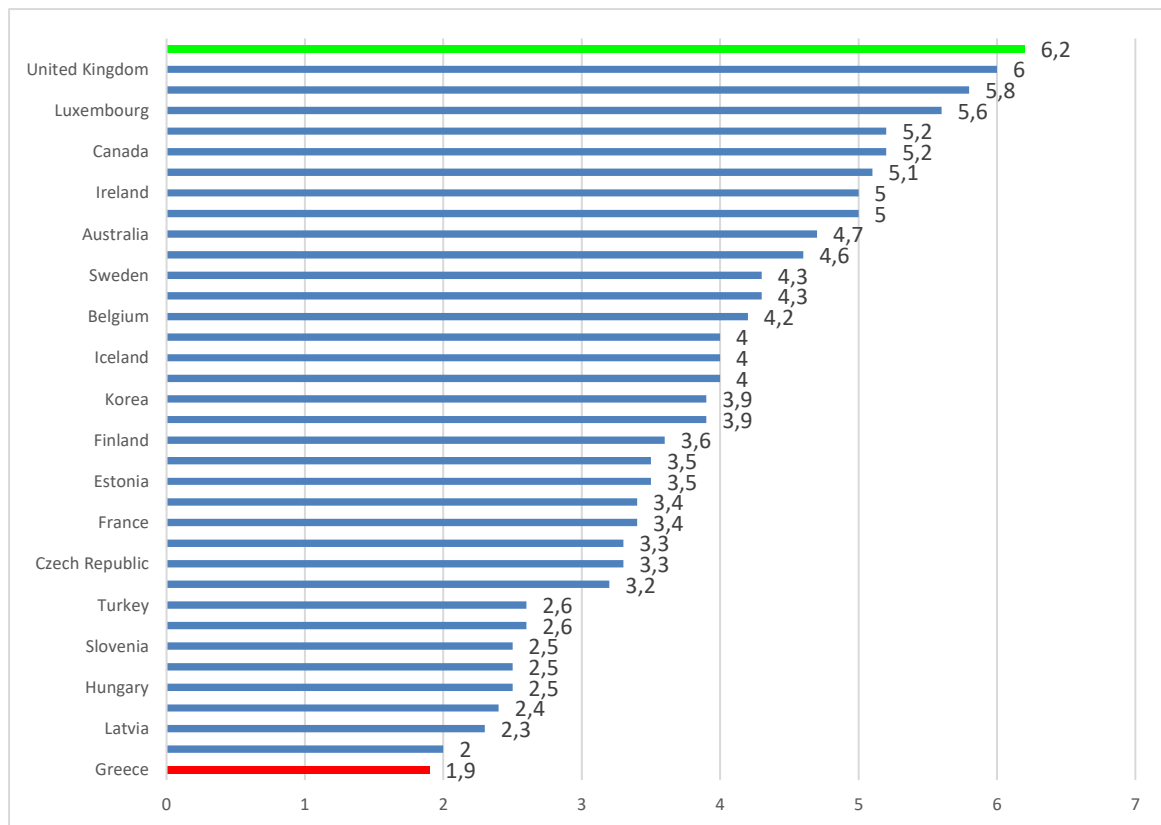


Figure 10: Country capacity to attract talent Based on (Schwab, 2018, PP.372-373)

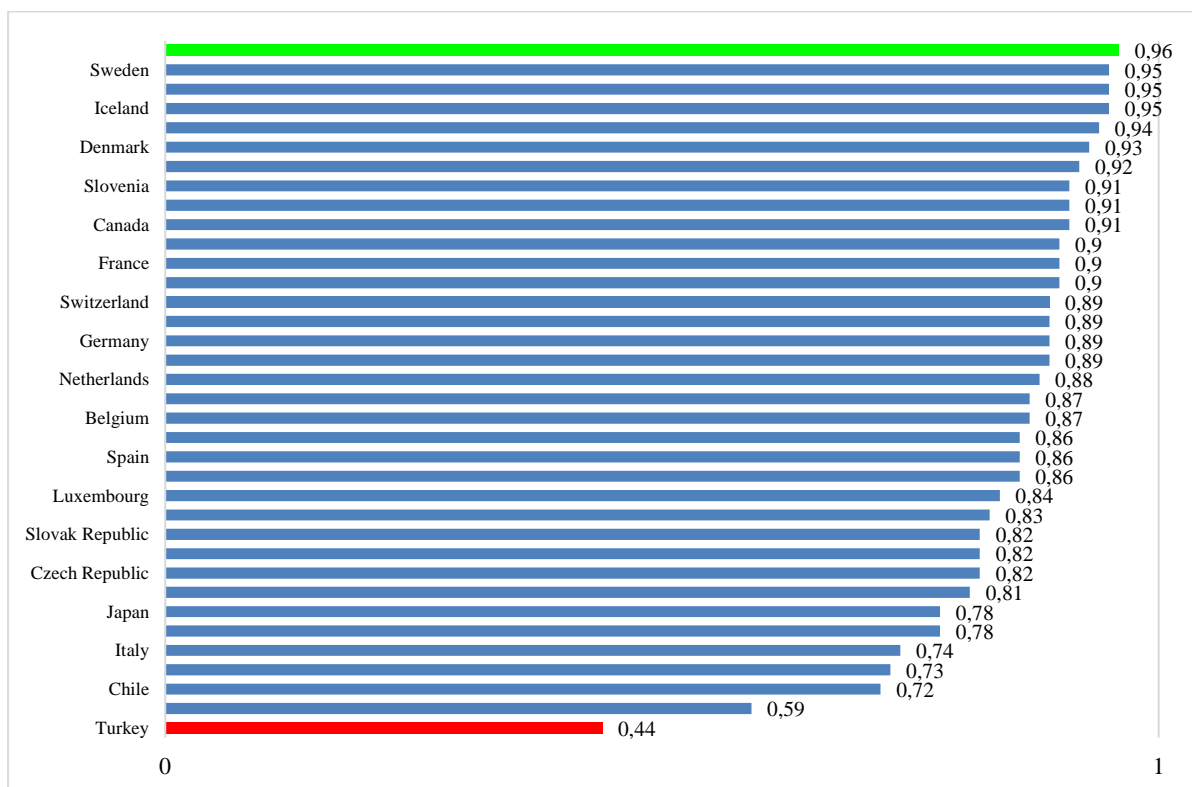


Figure 11: Female participation in the labor force Based on (Schwab, 2018, PP.372-373)

Appropriate countries for benchmarking in positive indexes are the ones with the highest score (figure 2 to 4, 7 to 10). In negative indexes however, countries with the lowest scores are suitable to be benchmarked (figure 5, 6).

4.2. Shannon Entropy

Weights and priority setting of LME's indicators for OECD countries have been obtained using Shannon Entropy method. The results are summarized in Figure 12.

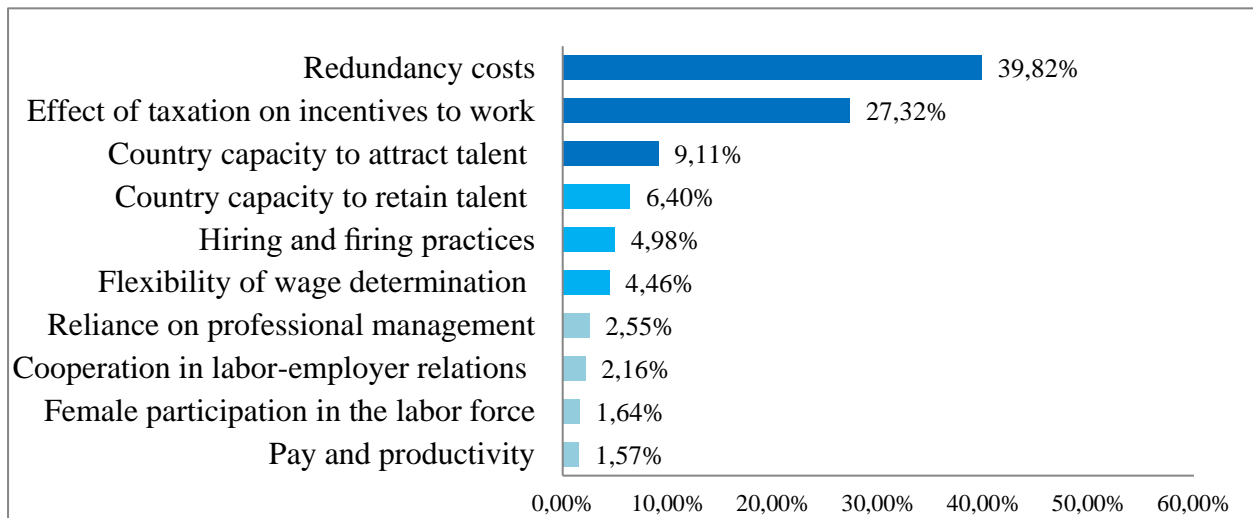


Figure 12: Weights of LME's indicators

According Figure 12, Redundancy Cost (with weight of 39.82%), Effect of taxation on incentives to work (with weight of 27.32%), Country capacity to attract talent (with weight of 9.11%) and Country capacity to retain talent (with weight of 6.40%) are the most important indicators of LME for OECD countries.

4.3. Priorities OECD Countries by TOPSIS Method

According to the short Euclidean differences of each OECD countries with the ideal solution and the farthest Euclidean from the negative ideal solution, list of countries based on priorities and scores are demonstrated in Table 2.

Table 2: TOPSIS scores and priorities of OECD countries based on LME

Country	TOPSIS Score	Rank	Country	TOPSIS Score	Rank
Denmark	0.90384	1	Hungary	0.54625	19
Austria	0.88066	2	Ireland	0.54445	20
Italy	0.80539	3	Sweden	0.53236	21
New Zealand	0.79911	4	Greece	0.51223	22
United States of America	0.78931	5	Portugal	0.46575	23
Japan	0.75839	6	Spain	0.4408	24
Netherlands	0.75482	7	Slovak Republic	0.42285	25
Norway	0.68532	8	Poland	0.42176	26
Finland	0.65625	9	Belgium	0.40472	27
United Kingdom	0.65613	10	Czech Republic	0.37782	28
Slovenia	0.65263	11	Mexico	0.3154	29
Canada	0.62711	12	Germany	0.30166	30
France	0.61214	13	Luxembourg	0.28309	31
Australia	0.60324	14	Lithuania	0.27935	32
Switzerland	0.58335	15	Korea	0.18034	33
Latvia	0.57077	16	Israel	0.15588	34
Estonia	0.55181	17	Turkey	0.15443	35
Iceland	0.5494	18	Chile	0.14769	36

The country rankings are depicted in follow Figure 13.

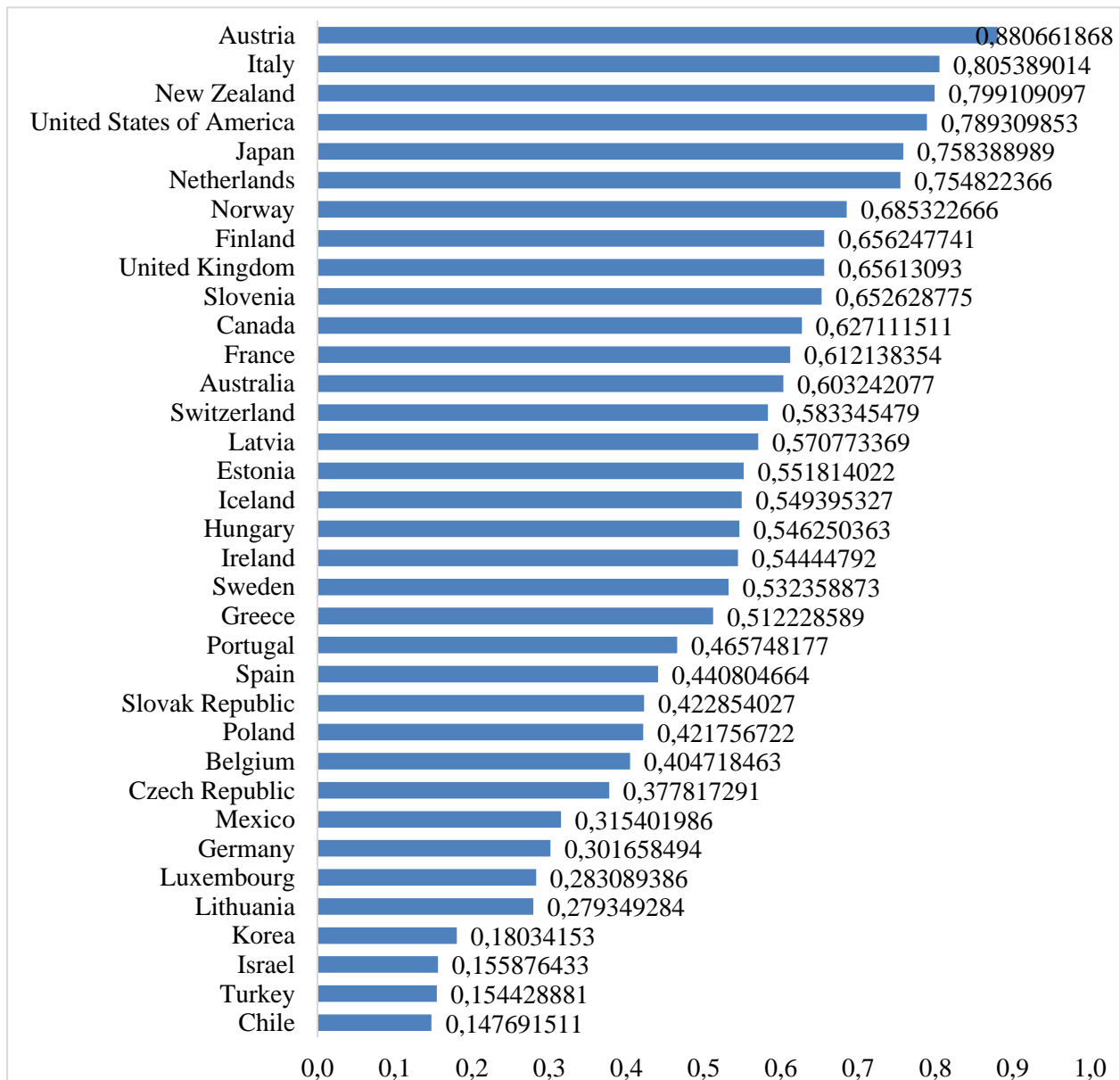


Figure 13: Priorities of OECD countries based on LME's indicators by their TOPSIS score

5. SUMMARY AND CONCLUDING REMARKS

In conclusion, our research questions are:

1. What is the ranking of OECD countries regarding each of LME's indicators?
2. Which country is suitable for benchmarking considering each LME's indicators?
3. What is the weight of LME's indicators in OECD Countries?
4. What are the priorities in OECD Countries based on LME?

This research purpose was to investigate the prioritizing the OECD Countries according to their Labor Market Efficiency' Indicators. Based on the research findings, "Redundancy Cost", "Effect of taxation on incentives to work, "Country capacity to attract talent and "Country capacity to retain talent" are the most significant indicators of LME for OECD countries. Finally, based on Labor Market Efficiency, Austria takes 1st place; Italy takes 2nd place; and New Zealand takes 3rd place.

The knowledge on Labor Market Efficiency's indicators provides the industry agents and law makers to analyze and compare their country's environment at regional and/or global level with that of other countries. Generally, the findings of our research improved our insights into the Labor Market Efficiency in OECD Countries.

LITERATURE:

1. Ajitabh, A. and Momaya, Kirankumar, Competitiveness of Firms: Review of Theory, Frameworks and Models (May 9, 2003). Singapore Management Review, Vol 26, No. 1, (2004) p. 45-61.
2. Berger, T. (2008). Concepts on National Competitiveness. *Journal of International Business and Economy*, 9(1), 3-17.
3. Ghasemi, R., Hashemi-Petroudi, S.H., Mahbanooei, B. & Mousavi-Kiasari, Z. (2013). Relationship between Infrastructure and Technological Readiness based on Global Competitiveness Report: a Guidance for Developing Countries, 1 st International, 7th national Conference on Electronic Commerce & Economy, May.19-21. Iran, Tehran. Article code: 2124.
4. Ivaniashvili-Orbeliani, G. (2009). Globalization and national competitiveness of Georgia. *Caucasian Review of International Affairs*, 3(1), 70-85.
5. Jafarnejad, A., Ghasemi, R., Abdullahi, B., (2011). Relationship between "Financial Market Development" and "Technological Readiness" based on Global Competitiveness Report: a Guidance for Developing Countries, 1 st International, 5th national Conference on Management of Technology, Nov.23-25. 2011. Iran, Tehran. Article code: 1531.
6. Kovacic, A. (2007). Benchmarking the Slovenian competitiveness by system of indicators. *Benchmarking: An International Journal*, 14(5), 553-574.
7. Lall, S. (2001). Competitiveness indices and developing countries: an economic evaluation of the global competitiveness report. *World development*, 29(9), 1501-1525.
8. Lotfi, F. H., & Fallahnejad, R. (2010). Imprecise Shannon's entropy and multi attribute decision making. *Entropy*, 12(1), 53-62.
9. Mahbanooei, Bahareh; Hasanzadeh, Hamidreza; Jamalian, Ahmad (2015), Iran's Labor Market Efficiency's Competitiveness in comparison with other countries in the region: as the key intangible asset, 3rd Annual Conference on Strategic Management, Tehran, Faculty of Management, University of Tehran, Iran, Dec.15-16.2015. (In Persian).
10. Mehregan, M. R., GHASEMI, R., Amirnequiee, S., & Zarei, M. (2016). Developing DEMATEL-CCA Hybrid Algorithm Approach to Analyze the Causal Relations on Global Competitiveness Pillars.
11. Paul Cammack, 'The Politics of Global Competitiveness', *Papers in the Politics of Global Competitiveness*, No. 1, Institute for Global Studies, Manchester Metropolitan University, e-space Open Access Repository, 2006.
12. Porter, M. E. (1990). *The Competitive Advantage of Nations*. New York, NY: Free Press.
13. Porter, M. E. On Competition. Updated and Expanded Ed. Boston: Harvard Business School Publishing, 2008.
14. Rastegar, A. A., Mahbanooei, B. & Ghasemi, R. (2012). Canonical Correlation Analysis between Technological readiness and Labor market efficiency: A Secondary Analysis of Countries Global Competitiveness in 2011-2012, 13th International Conference on Econometrics, Operations Research and Statistics (ICEOS-2012), Accepted for Regular Presentation, 24- 26 May 2012, Famagusta, Turkish Republic of Northern Cyprus. Article code: RE539.

15. Razavi, S. M., Ghasemi, R., Abdullahi, B. H., & Kashani, M. (2011). Relationship between Technological Readiness and Innovation: A Secondary Analysis of Countries Global Competitiveness, *European Journal of Scientific Research*, 59(3), 318-328.
16. Razavi, S.M., Ghasemi, R., Abdullahi, B., & Shafie, H. (2012). Relationship between Innovation and Business sophistication: A Secondary Analysis of Countries Global Competitiveness, *European Journal of Scientific Research*, 79(1), 29-39.
17. Sala-i-Martin, X. (Eds.). (2014, September). The global competitiveness report 2014-2015. Geneva: World Economic Forum.
18. Schwab, K. (Ed.). (2010, September). The global competitiveness report 2010-2011. Geneva: World Economic Forum
19. Schwab, K., & Porter, M. (2008). The global competitiveness report 2008–2009. World Economic Forum.
20. Schwab, K., & Sala-i-Martin, X. (Eds.). (2011, December). The global competitiveness report 2011-2012. Geneva: World Economic Forum.
21. Siudek, T. (2014). Competitiveness in the economic concepts, theories and empirical research. *Acta scientiarum polonorum : czasopismo naukowe założone w 2001 roku przez polskie uczelnie rolnicze*, 13(1)
22. Tzeng, G. H., & Huang, J. J. (2011). *Multiple attribute decision making: methods and applications*. CRC Press.
23. Yoon, K. P., & Hwang, C. L. (1995). *Multiple attribute decision making: an introduction* (Vol. 104). Sage Publications.

STUDY ON THE LEVEL OF PHYSICAL DEVELOPMENT AND PHYSICAL FITNESS IN STUDENTS OF UNIVERSITY OF PSYCHOLOGY AND EDUCATION

Aleksandr Boldov

Moscow State University of Psychology and Education, Russia
boldovas@gmail.com

Vladimir Karpov

Russian State Social University, Russia
vu2014@mail.ru

Alexey Gusev

Moscow State University of Psychology and Education, Russia
gusevav@mgppu.ru

ABSTRACT

The departments of physical education and physical exercise are active in conducting studies on level of physical development and physical fitness of students that provide opportunities for adequate assessment of the potential impact of physical exercise and sports activities on the younger generation. In this study, we attempted to select and implement the adequate and appropriate anthropometric investigations, indices, and functional tests, medical and pedagogical measurements in the educational practice of Universities of Psychology and Education during their “physical education” course

Keywords: *physical exercise and sports activities, physical status, physical development, physical fitness, students, health, anthropometry, functional testing*

1. INTRODUCTION

Health status of the population in many countries is quite low now. Every year a level of physical inactivity of the population grows [4,5], and risk of mortality from cardiovascular diseases increases [7,21]. To prevent this, the World Health Organization issued the “Global recommendations on physical activity for health” in 2010, [6]. The World Health Organization (WHO) Expert Committee in its report in 1995 [20] gave its recommendations for the use of anthropometric indicators, measurements and indices in obtaining reliable information on physical status of different population groups. Experts of the American National Center for Health Statistics have also developed the anthropometric reference data for children and adults [15], and the Washington Academy for Education Development presented a guide for the use of various anthropometric indicators and indices to measure their own health [14]. Based on some other literary sources, we revealed the problem of adequacy and uniformity of the use of anthropometric indicators and indices, medical and pedagogical measurements and functional tests for the appropriate diagnosis and ranking of physical development and physical fitness levels in different segments of the population, various regions of residence and spheres of cultural and political influence. The global trend towards simplification of research approaches has been underestimated in the Russian scientific community at this moment; the Russian researchers engaged in the study of physical development and fitness of different categories of the population use an integrated approach and a wide range of measurements and indices. Thus, the World Health Organization (WHO), as well as all developed countries uses the BMI-index and method of caliperometry [16,18,19] to determine the level of physical development and fitness, for the most part, due to the simplicity of calculation. At the same time the Russian scientists are more diverse in their preferences and use almost the entire range of anthropometric

indices, medical and pedagogical measurements and functional tests, and their set of anthropometric measurements and indices varies in content and interpretation from one scientist to another, but BMI-index (Quetelet index) is present in most works [1-3;8-13; 17]. In addition to the problems of adequacy and uniformity of the use of certain measurements and indices, there exists a problem of permanent monitoring of physical development and physical fitness from generation to generation and the necessity for it is the most important during adolescence, when a human body development is completed. This study is aimed to developing a system of regulatory requirements for assessing the physical fitness of psychology students. To achieve the purpose of our research, we have set the following tasks:

1. To determine the level of physical fitness and functional status of psychology students;
2. To elaborate and test a methodology determining standard requirements for assessment of physical fitness and functional status;
3. To conduct an expert evaluation and selection of anthropometric and medical-pedagogical measurements, functional tests, anthropometric and functional indices for the purpose of recommendations for the practical use thereof by the departments of physical education and physical exercise in the University of Psychology.

2. MATERIALS AND METHODS

The study has been carried out at the Department of physical education and fundamentals of life safety (OBZH) of Moscow State University of Psychology and Education since early February up to the end of June 2017, as a part of programs for professional training of students and research work of the Department. The study involved 194 students of the 2nd year aged 18-20, and the gender difference showed that feminine component prevailed over the masculine one (155-female, 39-male students). The students majored in psychology. We chose the following set of measurements, tests and indices for our study:

- Anthropometric measurements:
 1. Height.
 2. Body weight.
 3. Chest circumference (inhale / rest / exhale).
 4. Circumference of anatomical shoulder (at rest/tension).
 5. Waist circumference.
 6. Hip circumference.
- Medical-pedagogical measurements:
 1. Vital lung capacity (VLC/forced VLC).
 2. Respiration rate (at rest/under load).
 3. Blood pressure (at rest).
 4. Heart rate (at rest).
 5. Comprehensive indicator of hand strength (CIHS).
- Functional tests:
 1. Stange's test.
 2. Genchi's test.
 3. Bondarevsky's test.
 4. Orthostatic test.
 5. Clinostatic test.
 6. Ruffier test.
- Anthropometric indices:
 1. Quetelet index (BMI-index).
 2. Broca-Beckert index.
 3. Body mass control index (BMCI).
 4. Obesity index.

5. Pignet index.
6. Erisman index.
7. Waist/hip index (WHI).
8. Shoulder muscular development index (SMDI).
- Functional indices:
 1. Vital index (VI).
 2. Tiffeneau index.
 3. Skibinskaya index (SI).
 4. Comprehensive indicator of respiration system tolerance (CIRST) according to Zelinskaya D.I.
 5. Kerdo vegetative index (KVI).
 6. Ruffier index.
 7. Coefficient of blood circulation efficiency (CBCE).
 8. Index of adaptive capacity of cardia-vascular system (acc. to R.M. Baevsky).

3. RESULTS

According to the purpose of our study, we have made the distribution of the entire array of data collected in the following groups:

1. Anthropometric indicators of physical development
2. Functional indicators of physical development
3. Functional indicators of physical fitness

The research results by data groups are presented in tables 1-18.

3.1. Anthropometric indicators of physical development

Table 1: Indicators of Quetelet (BMI-index) anthropometric index

Indicators	Quetelet index (BMI-index)									
	Norm (pers.)	%	Excess (pers.)	%	Deficiency (pers.)	%	X	Me	σ	m
Females (n=155)	74	48	26	17	55	35	20.3	20.4	2.5	0.12
Males (n=39)	15	38	18	47	6	15	22.8	22.2	3.8	0.54

According to the study results, the majority of female students of the University of Psychology have normal (48%) or deficient (35%) indicators of Quetelet index (BMI-index), confirmed by median and arithmetic mean values ($Me=20.4$ and $X=20.3$; when $\sigma=2.5$ and $m=0.12$). Only 17% of female students have the increased values of Quetelet index (BMI-index), indicating the predominance of girls without excess weight in the group of female students of the University of Psychology. The male students have a slightly different picture - 47% of them are overweight. Normal values of Quetelet index (BMI-index) are observed in 38%, and deficient – in 15%. Thus, most of the male students of the University of Psychology are overweight, that is confirmed by median and arithmetic mean values ($X=22.8$ and $Me=22.2$; when $\sigma=3.8$ and $m=0.54$).

Table following on the next page

Table 2: Indicators of Broca-Beckert anthropometric index

Indicators	Broca-Beckert index									
	Norm (pers.)	%	Excess (pers.)	%	Deficiency (pers.)	%	X	Me	σ	m
Females (n=155)	8	5	36	23	111	72	-4.91	-5.04	6.8	0.31
Males (n=39)	1	3	16	41	22	56	1.04	-0.49	8.3	1.12

The results indicated that most of female students have a deficiency (72%) in their actual weight according to Broca-Beckert index. Normal values, i.e. the perfect match of actual and proper weight, were observed only in 5% of the group, and the excess values of the actual weight - in 23%. Thus, 2/3 of the female students of the University of Psychology are underweight and only 1/3 are overweight or normal, as evidenced by the arithmetic mean and median values ($X=-4.91$ and $Me=-5.04$; when $\sigma=6.8$ and $m=0.31$). The majority of male students, as well as female students, are underweight (56%), but 41% of male students are overweight, and the perfect match of actual and proper weight was observed only in 3% of the group, which is confirmed by the arithmetic mean and median values ($X=1.04$ and $Me=-0.49$; when $\sigma=8.3$ and $m=1.12$).

Table 3: Indicators of body mass control anthropometric index (BMCI)

Indicators	Body mass control index (BMCI)									
	Norm (pers.)	%	Excess (pers.)	%	Deficiency (pers.)	%	X	Me	σ	m
Females (n=155)	49	32	7	5	99	63	3.01	2.95	0.4	0.02
Males (n=39)	21	53	10	26	8	21	2.51	2.62	0.4	0.06

Most of female students have an expressed deficiency in their weight (63%), normal weight was observed only in 1/3 (32%), and an overweight was found only in 5%. This is confirmed by the arithmetic mean and median values ($X=3.01$ and $Me=2.95$; when $\sigma=0.4$ and $m=0.02$). The male students of the University of Psychology are for the most part in the normal zone (53%) according to results of the body mass control index (BMCI). Almost equally distributed were the results of values of deficiency and excess weight (21% and 26%, respectively), as evidenced by the arithmetic mean and median values ($X=2.51$ and $Me=2.62$; when $\sigma=0.4$ and $m=0.06$).

Table 4: Indicators of obesity anthropometric index (OI)

Indicators	Obesity index (OI)							
	Norm (pers.)	%	Excess (pers.)	%	X	Me	σ	m
Females (n=155)	139	90	16	10	0.34	0.33	0.04	0.002
Males (n=39)	21	54	18	46	0.41	0.38	0.07	0.009

Most female students have a normal obesity index (90%), and only 10% are overweight, as evidenced by the arithmetic mean and median values ($X=0.34$ and $Me=0.33$; when $\sigma=0.04$ and $m=0.002$). The values of obesity index (OI) in the male students group were distributed almost equally (54% - norm, 46% - excess), confirmed by the arithmetic mean and median values ($X=0.41$ and $Me=0.38$; when $\sigma=0.07$ and $m=0.009$).

Table 5: Indicators of anthropometric Pignet index

Indicators	Pignet index									
	Normo sthenic (pers.)	%	Hyper sthenic (pers.)	%	Hyposthenic (pers.)	%	X	Me	σ	m
Females (n=155)	98	63	26	17	31	20	21.7	20.4	11	0.5
Males (n=39)	18	46	19	49	2	5	8.96	13	14.7	2.12

Most of female students of the University of Psychology have a normosthenic physique (63%), hyposthenic – 20%, and hypersthenic – only 17%. This is confirmed by the arithmetic mean and median values ($X=21.7$ and $Me=20.4$; when $\sigma=11$ and $m=0.5$). In the male students group of the University of Psychology there is a tendency to a greater prevalence of hypersthenic type of physique (49%) or normosthenic (46%), and almost complete absence of students with hyposthenic physique (5%), which is confirmed by the arithmetic mean and median values ($X=8.96$ and $Me=13$; when $\sigma=14.7$ and $m=2.12$).

Table 6: Indicators of waist/hip anthropometric index (WHI)

Indicators	Waist/hip index (WHI)									
	Norm (pers.)	%	Excess (pers.)	%	Deficiency (pers.)	%	X	Me	σ	m
Females (n=155)	154	99	1	1	0	0	0.73	0.72	0.07	0.004
Males (n=39)	37	95	2	5	0	0	0.84	0.80	0.12	0.017

The vast majority of both female and male students of the University of Psychology do not have any so-called abdominal obesity (99% and 95%, respectively). Only 1% of females and 5% of males do have this obesity, which is confirmed by the arithmetic mean and median values in females ($X=0.73$ and $Me=0.72$; when $\sigma=0.07$ and $m=0.004$) and in males ($X=0.84$ and $Me=0.8$; when $\sigma=0.12$ and $m=0.017$). There is no evidence of anorexia (weight deficiency) confirmed in females or male students.

3.2. Functional indicators of physical development

Table 7: Indicators of Erisman index

Indicators	Erisman index									
	Bad (pers.)	%	Good (pers.)	%	Excellent (pers.)	%	X	Me	σ	m
Females (n=155)	116	75	36	23	3	2	5.21	6.22	5.56	0.25
Males (n=39)	22	56	16	41	2	3	7.76	7.9	7.15	1.007

According to the indicator of Erisman index, which is the indicator of chest development (indirect indicator of physical development), the majority of female students have poor physical development (75%). Only 23% of female students demonstrated good physical development, and the excellent one was only in 2%, as evidenced by the arithmetic mean and median indicators ($X=5.21$ and $Me=6.22$; when $\sigma=5.56$ and $m=0.25$). There is also a tendency towards poor physical development in male students (56%). The physical development of 41% male

students is good enough that is known to exceed the values of female group for this indicator. Only a small proportion of male students, i.e. 3%, has excellent physical development comparable to the female group. All these values are fully confirmed by the arithmetic mean and median values ($X=7.76$ and $Me=7.9$; when $\sigma=7.15$ and $m=1.007$).

Table 8: Indicators of Shoulder muscular development index (SMDI)

Indicators	Shoulder muscular development index (SMDI)									
	Bad (pers.)	%	Norm (pers.)	%	Good (pers.)	%	X	Me	σ	m
Females (n=155)	42	27	82	53	31	20	9.51	9.09	4.39	0.29
Males (n=39)	3	8	14	36	22	56	13.3	10.8	7.03	0.97

According to the shoulder muscular development index (extrapolated index of a body muscular development), the majority of female students have a normal level of muscular development (53%), a bad muscular development level was observed in 27% and a good level - in 20%, as evidenced by the arithmetic mean and median values ($X=9.51$ and $Me=9.09$; when $\sigma=4.39$ and $m=0.29$). Most male students have a good muscular development (56%) or normal (36%), in contrast to the female group, and only 8% of male students have a low level of such development ($X=13.3$ and $Me=10.8$; when $\sigma=7.03$ and $m=0.97$).

Table 9: Comprehensive indicator of respiration system tolerance (CIRST)

Indicators	Comprehensive indicator of respiration system tolerance (CIRST)									
	Norm (pers.)	%	Good (pers.)	%	Bad (pers.)	%	X	Me	σ	m
Females (n=155)	13	8	31	20	111	72	43.2	42.3	10.6	0.6
Males (n=39)	13	33	17	44	9	23	55	54.7	12.8	1.81

According to the comprehensive indicator of respiration system tolerance (CIRST), most female students have a low (bad) indicator (72%). The share of good and normal level of tolerance accounts for about 1/3 of the female group in total (20% and 8%, respectively), as evidenced by the arithmetic mean and median values ($X=43.2$ and $Me=42.3$; when $\sigma=10.6$ and $m=0.6$). The male students have more optimistic values of tolerance: the majority (44%) have a good level of tolerance or within the norm (33%), and only 23% have a bad one, which is confirmed by the arithmetic mean and median values ($X=55$ and $Me=54.7$; when $\sigma=12.8$ and $m=1.81$).

Table 10. Indicator of Skibinskaya index (functional reserves of cardia-respiratory system)

Indicators	Skibinskaya index (FRCVS)									
	Norm (pers.)	%	High (pers.)	%	Low (pers.)	%	X	Me	σ	m
Females (n=155)	0	0	0	0	155	100	2.42	2.14	0.97	0.049
Males (n=39)	0	0	0	0	39	100	3.98	3.76	1.6	0.22

All students (100%), irrespective of their gender, showed a very low level of functional reserves of cardia-respiratory system, as evidenced by the arithmetic mean and median values of female

students ($X=2.42$ and $Me=2.14$; when $\sigma=0,97$ and $m=0,049$) and male students ($X=3.98$ and $Me=3.76$; when $\sigma=1.6$ and $m=0.22$) of the University of Psychology.

Table 11: Indicator of vital index (V)

Indicators	Vital Index (VI)									
	Norm (pers.)	%	Excess (pers.)	%	Deficiency (pers.)	%	X	Me	σ	m
Females (n=155)	24	15	48	31	83	54	57.6	57.4	10.2	0.55
Males (n=39)	5	13	6	15	28	72	57.3	57.4	11	1.46

According to the vital index (VI), most female students have a clear deficiency of the body oxygen supply (54%). However, little less than a half of female group have the indicators of norm (15%) and excess (31%), their values taken together, as evidenced by the arithmetic mean and median values ($X=57.6$ and $Me=57.4$; when $\sigma=10.2$ and $m=0.55$). The values of VI in the male group are much worse than that of female students: the majority (72%) have a deficiency, and only 1/3 of male students showed norm and excess (13% and 15%, respectively), which is confirmed by the arithmetic mean and median values ($X=57.3$ and $Me=57.4$; when $\sigma=11$ and $m=1.46$).

Table 12: Indicators of Tiffeneau index

Indicators	Tiffeneau index							
	Norm (pers.)	%	Bad (pers.)	%	χ	Me	σ	m
Females (n=155)	121	78	34	22	79.4	80.9	10.2	0.48
Males (n=39)	36	92	3	8	81.8	82.1	7.55	0.96

According to the results of Tiffeneau index, the majority of both female and male students are within the normative values (78% and 92%, respectively), and only 22% of female and 8% of male students have difficulties in lung patency, which is confirmed by the arithmetic mean and median values for female students ($X=79.4$ and $Me=80.9$; when $\sigma=10.2$ and $m=0.48$) and for male students ($X=81.8$ and $Me=82.1$; when $\sigma=7.55$ and $m=0.96$).

3.3. Functional indicators of physical fitness

Table 13: Comprehensive indicator of hand strength (Dynamometry)

Indicators	Comprehensive indicator of hand strength (Dynamometry)									
	Lower (pers.)	%	Norm (pers.)	%	Higher (pers.)	%	X	Me	σ	m
Females (n=155)	60	39	95	61	0	0	21.3	20.9	7.38	0.23
Males (n=39)	20	52	15	38	4	10	39.1	37.3	10	1.37

According to the comprehensive indicator of hand strength (Dynamometry), the majority (61%) of female students are within the normative values, however, 39% of the female group have low values, which is confirmed by the arithmetic mean and median values ($X=21.3$ and $Me=20.9$; when $\sigma=7.38$ and $m=0.23$). Unfortunately, there are no female students with high values of this indicator in the female group.

In the male group, the values of the indicator differ from the values of female students: most young men have low values of the CIHS index (52%) or are within the normative values (38%). In male group, 10% of students showed higher values of CPSC than the normative, in contrast to the tested female group, and this is confirmed by the arithmetic mean and median values ($X=39.1$ and $Me=37.3$; when $\sigma=10$ and $m=1.37$).

Table 14: Indicator of Ruffier test index

Indicators	Ruffier test									
	Lower (pers.)	%	Norm (pers.)	%	Higher (pers.)	%	χ	Me	σ	m
Females (n=155)	57	37	66	43	32	20	9.39	8.6	5.23	0.23
Males (n=39)	19	49	16	41	4	10	10.1	10.5	3.18	0.43

Indicators of Ruffier test index showed that students with average, normal values (43%) or values exceeding the limits of normality (20%) dominated in the female group, but 37% of all female students had a low level of heart performance during exercise (37%), which is confirmed by the arithmetic mean and median values ($X=9.39$ and $Me=8.6$; when $\sigma=5.23$ and $m=0.23$). The indicators are worse in the male group: the majority (49%) have a low level of heart performance, 41% are within the normal values, and only 10% of them are fit and cope with the standard load, which is confirmed by the arithmetic mean and median values of the indicator ($X=10.1$ and $Me=10.5$; when $\sigma=3.18$ and $m=0.43$).

Table 15: Index of adaptive capacity of cardia-vascular system (acc. to R.M. Baevsky)

Indicators	Index of adaptive capacity of cardia-vascular system (acc. to R.M. Baevsky)									
	Adaptation (pers.)	%	Tension (pers.)	%	Breakdown (pers.)	%	X	Me	σ	m
Females (n=155)	114	74	41	26	0	0	1.9	1.9	0.21	0.01
Males (n=39)	20	51	19	49	0	0	2.1	2.1	0.26	0.03

Index of adaptive capacity of cardia-vascular system (acc. to R.M. Baevsky) showed that neither male nor female students have found a breakdown in their adaptive capacity of cardia-vascular system. Both female and male students have a satisfactory adaptation of the cardiovascular system (74% and 51%). The adaptive capacity is very pronounced in the male group (49%) and less pronounced, but is present (26%) in female students, which is confirmed by the arithmetic mean and median values in female group ($X=1.9$ and $Me=1.9$; when $\sigma=0.21$ and $m=0.01$) and ($X=2.1$ and $Me=2.1$; when $\sigma=0.26$ and $m=0.03$) in male group.

Table 16: Coefficient of blood circulation efficiency (CBCE)

Indicators	Coefficient of blood circulation efficiency (CBCE)							
	Norm (pers.)	%	Stress (pers.)	%	X	Me	σ	m
Females (n=155)	50	32	105	68	2959.2	2892	639.2	31.12
Males (n=39)	10	26	29	74	3136.6	3083.9	711.5	99.14

According to table 16, in terms of coefficient of blood circulation efficiency (in case of a stress in the cardiovascular system), the majority of both female and male students are in a stressful condition (68% - female students, 74% - male students).

Approximately 1/3 of female and male students showed results within normal values (stress-free) (32% and 26%, respectively), which is confirmed by the arithmetic mean and median values of the CBCE index in females ($X=2959.2$ and $Me=2892$; when $\sigma=639.2$ and $m=31.12$) and males ($X=3136.6$ and $Me=3083.9$; when $\sigma=711.5$ and $m=99.14$).

Table 17: Kerdo vegetative index

Indicators	Kerdo index									
	Norm (pers.)	%	Excitation (pers.)	%	Inhibition (pers.)	%	X	Me	σ	m
Females (n=155)	7	5	87	56	61	39	3	1.5	16.2	1.3
Males (n=39)	1	4	21	54	19	42	-1.5	0.1	15.2	2.05

According to the indicator of Kerdo vegetative index, the majority of students, both female and male groups, showed the predominance of excitation processes in the Central nervous system (56% and 54%, respectively) over the processes of inhibition (39% and 42%, respectively). Only 5% of female students and 4% of male students demonstrated balanced values of the indicator, which is confirmed by the arithmetic mean and median values: females - $X=3$ and $Me=1.5$; when $\sigma=16.2$ and $m=1.3$; males - $X=-1.5$ and $Me=0.1$; when $\sigma=15.2$ and $m=2.05$.

Table 18: Indicators of Bondarevsky test

Indicators	Bondarevsky test							
	Norm (pers.)	%	Dysfunction(pers.)	%	X	Me	σ	m
Females (n=155)	99	64	56	36	31,5	28,7	15,3	0,68
Males (n=39)	33	85	6	15	37,2	38,1	12,4	1,62

According to table 18, the results of Bondarevsky test (a vestibular apparatus) showed that the majority of female and male students were within normal values (64% and 85%, respectively), i.e. they had no body vestibular dysfunction and it was developed at sufficient level. Unfortunately, more than 1/3 of female students had this dysfunction (36%), as well as 15% of male students, which is confirmed by the arithmetic mean and median values: females - $X=31.5$ and $Me=28.7$; when $\sigma=15.3$ and $m=0.68$; males - $X=37.2$ and $Me=38.1$; when $\sigma=12.4$ and $m=1.62$.

4. DISCUSSION

Based on the logic of empirical research and during our discussion, we should first refer to the reliably obtained and mathematically processed data, which a researcher would interpret in accordance with his/her qualifications.

Figure following on the next page

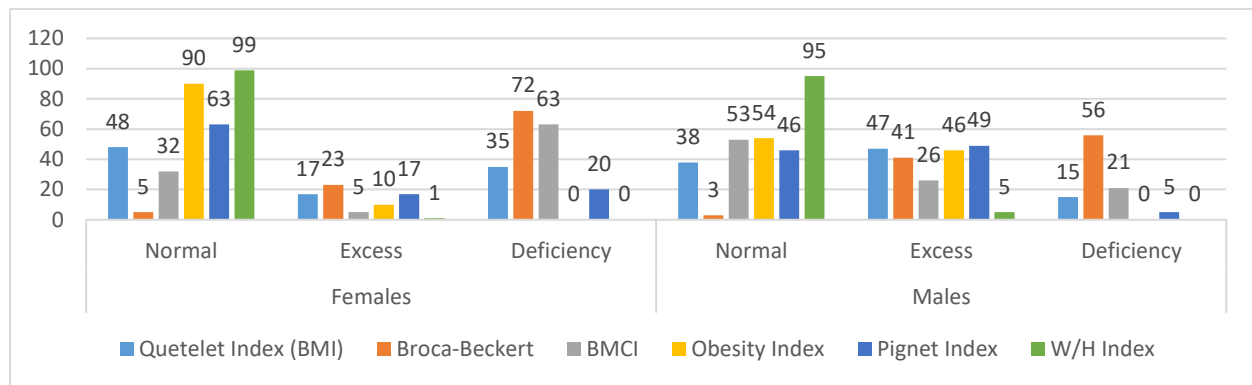


Figure 1: Anthropometric indicator of physical development (%)

According to the empirical data of our study, shown in Figure 01, we can see generally the normal anthropometric indicators of physical development, both in females and males. However, the excess values are present more in the male contingent, i.e. males are more obese and have more weight than females.

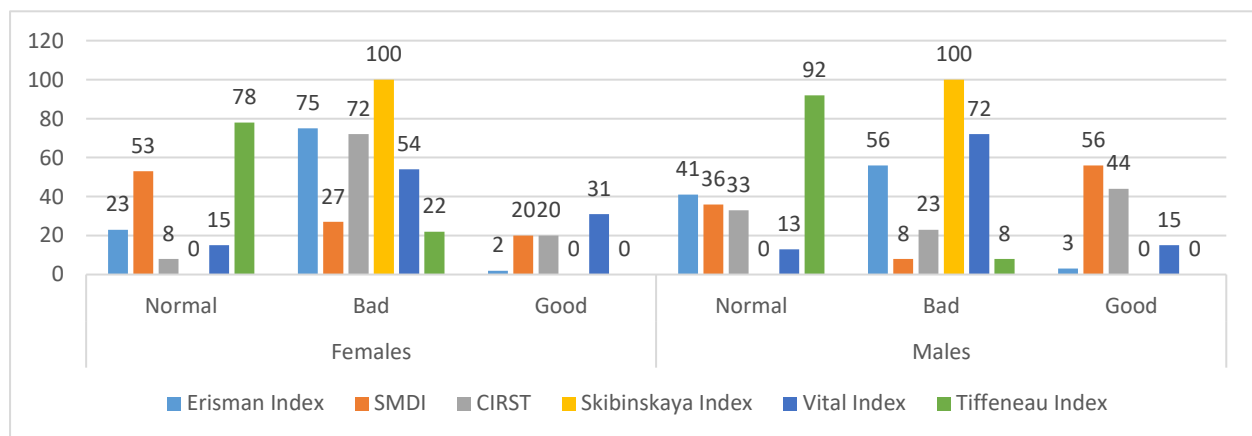


Figure 2: Functional indicators of physical development (%)

The obtained data showed the deviations in functional indicators of physical development for the worse or to normality, to a large degree. Unfortunately, the positive indicators are practically absent; except for the sufficient shoulder muscular development (SMDI) in both females and males, as well as the comprehensive indicator of respiration system tolerance (CIRST) in male students.

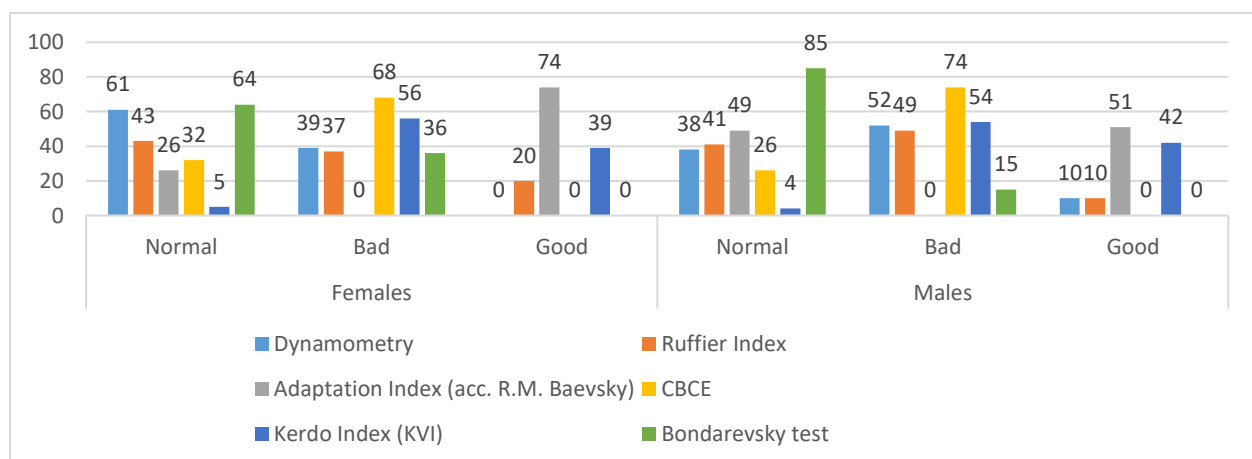


Figure 3: Functional indicators of physical fitness (%)

According to the functional indicators of physical fitness of the students of the University of Psychology, most female students have a well-developed hand strength, cardiovascular system responsiveness to the standard load, adaptation to stress and coordination, as, indeed, in male students. Both females and male showed poor indicators in the coefficient of blood circulation efficiency, which indicates an expressed severe fatigue of the cardiovascular system, and in the indicator of Kerdo vegetative index (KVI), pointing to the processes of excitation in the body. We can assert that you can definitely use all above indicators, namely adequate and correct anthropometric indicators, indices, medical, educational measurement and functional tests to assess the physical development and physical fitness of students of the University of Psychology. However, the anthropometric indices (Quetelet, Broca-Beckert, BMCI, obesity index (OI) and waist-hip index (WHI) basically duplicate each other and in some cases this is confusing for the participants of measurements when the results of one index may not coincide with the results of another. However, we hold the view that to exclude these indices will be inappropriate for the educational space of higher education institutions and improvement of the level of practical knowledge of students in the field of physical education in the university educational programs implementation, as well as due to the availability of measurement data and calculations that do not require a lot of complex equipment.

5. CONCLUSION

Thus, based on our study, we can draw the following conclusions:

1. Most students of the University of Psychology have normal physical development according to the results of anthropometric studies and indices. There are virtually no overweight groups, among both females and males, though males do have a higher proportion.
2. All respondents, without regard to their gender, have significantly positive indicators of functional physical development and fitness in muscular mass and strength physical quality and, on the contrary, the significantly negative indicators of functional development and fitness of cardiovascular and respiratory systems. The indicators of vestibular apparatus fitness are at an appropriately high level.
3. The whole range of anthropometric indicators, indices, medical and pedagogical measurements and functional tests for the assessment of physical development and physical fitness, presented in the study, can be used in educational practice of the departments for physical education and physical exercise, as it covers a fairly large range of knowledge about the student's condition and functional capacity and does not require a large number of complex and expensive equipment.

LITERATURE:

1. Artemenkov A.A. Assessment of physical development of students // Problems of social hygiene, health and history of medicine. 2012. No. 3, p. 19-21.
2. Blinkov S. N., Levushkin S.P., Kosikhin V.P. Physical condition and somatic health of students aged 19-20. // Scientific notes of P.F. Lesgaft University. 2017. No. 10 (152), P. 20-24.
3. Boldov A.S., Gusev A.V., Karpov V.Yu. (2017) Formation of interest in physical exercise and health activities among students of special medical groups. Moscow. Publishing House "Perspektiva".
4. Boldov A.S., Klimova L.Y., Ilkevich K.B., Afonina, G.S. (2018) Physical fitness of students of the University for Psychology according to the results of cross-country skiing. Physical education and health, No2 (66), pp. 19-21

5. Boldov, A.S. Monitoring of physical condition of students of Social University / A.S. Boldov, A.S. Makhov, L.Yu. Klimova // Scientific notes of P. F. Lesgaft University. 2015. No. 5 (123). P. 44-48.
6. The Global recommendations on physical activity for health, World Health Organization, 2010, 60 PP. (Electronic resource) Mode of access: <http://www.who.int/dietphysicalactivity/publications/9789241599979/ru/> (accessed 21.05.2018)
7. The report "On implementation of state policy in the sphere of health" (Electronic resource) Mode of access: <https://www.rosminzdrav.ru/ministry/programms/gosudarstvennyy-doklad-o-realizatsii-gosudarstvennoy-politiki-v-sfere-ohrany-zdorovya-za-2015-god> (accessed 21.05.2018)
8. Karpov V.Yu. Research of dynamics of indices of physical fitness of boys 12 or 13 years of age in school/V.Yu. Karpov, M.V. Eremin, D.A. Kalinin et al.//Scientific notes of P. F. Lesgaft. University. 2015. No. 9 (127). P. 109 -113.
9. Karpov, V.Yu. Characteristics of some parameters of functional condition of students trained according to the methods of improving physical training (IPT)/V.Yu. Karpov, Yu.I. Sapozhnikova, //Scientific notes of P.F. Lesgaft University. 2008. No. 7. P. 38 -42.
10. Monitoring of health and physical fitness of students as a methodology for analysis and evaluation of the productivity of the process of physical education / I.V. Mashoshina, E.V. Gotovtsev, Yu.V. Romanova, G.N. Germanov // Scientific notes of Lesgaft University. – 2012. - No. 1. - P. 40-45.
11. Monitoring of physical development and functional status of children and adolescents: Textbook / E.V. Efimova, I.G. Pogorelova, O.Y. Katulskaya; GBOU VPO IGMU of Ministry of Health of Russia. – Irkutsk: IGMU, 2013. p. 84
12. Rakhmatov, A.A., Germanov G.N., Annamyradova L.G. Monitoring of the health status, physical development and physical fitness of girls aged 17-20 during the transition from school to University and year of study at the University // Scientific notes of P. F. Lesgaft. University. – 2015. - No. 11 (129). - P. 223-229.
13. Boldov A.S., Gusev A.V. and Karpov V.Yu. (2017) Phonosemantic analysis of the attitudes of psychology students towards physical exercise and sports // Materials of Economic and Social Development (Book of Proceedings), 25th International Scientific Conference on Economic and Social Development - "XVII International Social Congress (ISC-2017)", 30-31 October 2017, Moscow.
14. Cogill, Bruce. Anthropometric Indicators Measurement Guide. Food and Nutrition Technical Assistance Project, Academy for Educational Development, Washington DC, 2001.
15. Fryar C.D., Gu Q., Ogden C.L. Anthropometric reference data for children and adults: United States, 2007–2010. National Center for Health Statistics. Vital Health Stat 11(252). 2012.
16. Nordqvist, C. (2017, August 16). "How useful is body mass index (BMI)?" *Medical News Today*. Retrieved from <https://www.medicalnewstoday.com/articles/255712.php>. (дата обращения 21.05.2018)
17. Resolution WHA57.17. Global Strategy on Diet, Physical Activity and Health. In: *Fifty-seventh World Health Assembly, Geneva, 17–22 May 2004. Resolutions and decisions, annexes*. Geneva, World Health Organization, 2004.
18. Santos D.A., Dawson J.A., Matias C.N., Rocha P.M., Minderico C.S., et al. (2014) Reference Values for Body Composition and Anthropometric Measurements in Athletes. PLoS ONE 9(5): e97846. doi:10.1371/journal.pone.0097846

19. Thirumagal, A. (2013). Research Publications in Anthropometric Measurements of Sports. In S. Thanuskodi (Ed.), *Challenges of Academic Library Management in Developing Countries* (pp. 285-294). Hershey, PA: IGI Global. doi:10.4018/978-1-4666-4070-2.ch020
20. WHO Expert committee on physical status: The use and interpretation of anthropometry physical status: The use and interpretation of anthropometry: report of the WHO expert committee, WHO technical expert series, Geneva, 1995.
21. World health statistics 2017: monitoring health for the SDGs, Sustainable Development Goals. Geneva: World Health Organization; 2017. Licence: CC BY-NC-SA 3.0 IGO.

SOCIOCULTURAL ACTIVITY IN THE FIELD OF SOCIAL PEDAGOGY

Aleksandr Kamenets

Irina Kazakova

Denis Tsarev

ABSTRACT

The article focuses on current issues of increasing opportunities of sociocultural activity by involving it into socio-pedagogical processes. Here are the basic types of socio-pedagogical environments in which the organization of sociocultural experience is essential for various educational and training tasks to be solved. The specificity of the socio-pedagogical orientation of institutions of various departments which are using the achievements of sociocultural activity is revealed. Thus, the basic requirements for organizing the relevant cultural work of each of these institutions are being analysed. Taken together, the socio-educational environments under discussion cover the main possible ways of a person's socialization by means of sociocultural activity. The results of reviewing socio-pedagogical practice in the institutions of culture and art, social and educational institutions examined by the authors make it possible to reveal new opportunities for increasing the effectiveness of work of social teachers and organisers of sociocultural activity. As shown in the analysis, the interrelation of socio-pedagogical and sociocultural practice opens up new prospects for expanding the modern socio-educational environment of sociocultural activity.

Keywords: sociocultural activity, social pedagogy, environment, culture, art

1. INTRODUCTION

Social pedagogy plays a significant social role by ensuring realization of pedagogical potential of the society in upbringing and education of various social groups [1]. The essential part of this process is sociocultural activity aimed at using achievements of culture and art to solve social pedagogical issues. Among them are a person's social and cultural involvement, its spiritual and moral development, and creative self-expression of an individual in various areas of social practice [3,5,6,21]. However, identification of opportunities brought by sociocultural activity in relation to the content of socio-pedagogical processes has not been sufficiently studied and is a challenge to research. Due to insufficient study of this issue, social pedagogy as an educational and scientific discipline overlaps significantly with social work and organizing extracurricular activities, where the cultural part of the impact on the younger generation is underestimated. In addition, underestimation of the possibilities of using the achievements of culture and art in socio-pedagogical activity makes this activity confined mainly to pedagogical impact on the younger generation. Other social and age groups are usually ignored by social pedagogical specialists. Meanwhile, it is the involvement of the population, irrespective of age and social status, in cultural activities that significantly enhances the possibilities of social pedagogy to influence contemporary society. These possibilities include organization of various types and forms of enlightenment which have a socializing effect on the population, participation in cultural and artistic creativity contributing to the person's self-realization in society, and development of social qualities implying readiness for socially significant team activities, etc.

2. METHODS

Researching sociocultural activity in socio-pedagogical environment can be efficient in case of separate consideration of its social and pedagogical aspects followed by their integration in the context of a single socio-pedagogical process.

2.1. Social aspect

This aspect of sociocultural activity is presented in its name. Sociality is provided by the influence of various social groups and classes on the nature and content of cultural processes and their results. In a sense, any social group generates cultural norms, standards and patterns of their own life and existence that should be taken into account in the system of cultural services [19]. In this case we are dealing with an extra-institutional social reality, i.e. informal interpersonal relations and interactions that are formed in everyday life, including leisure activities, domestic sphere, romantic and friendly relations, etc. Basically, this social reality is studied by phenomenological sociologists and culturologists. It is precisely the achievements of these researchers that should be studied first when researching the social aspects of sociocultural activity. Equally important for sociocultural activity is the sociology of culture, which studies the inverse influence of culture on society. In this case, it deals with social life of different population groups, informal communities and groups. Thus, the phenomenological sociology and sociology of culture complement each other, studying from different sides a single phenomenon of building a sociocultural environment of the extra-institutional existence of a person, in the sphere of personal informal relations and interactions [7,20]. It should be noted that the development of certain cultural norms and values by a relevant social group (real or reference) implies that it is carried out both within the group and also in interaction with a particular cultural and information environment, and a system of industrial and educational relations that translate different cultural patterns from the institutional environment of social interactions (educational and industrial teams). Further, these patterns are processed in favour of informal groups and communities, taking into account the real experience of daily life and individual social needs. It must be noted that sociality is important for sociocultural activity in so far as it is oriented towards the inner development of the individual, his spiritual and moral self-improvement. Various types of social behavior are secondary. In this case, the phenomenon of sociality should be interpreted fairly broadly. It should not be limited to certain societal norms and compliance to them, but should also include the person's internal orientation to coexistence with other members of society and cooperation in their interests. From the perspective of the sociology of culture, it is efficient to study sociality in this context in four socio-pedagogical environments:

- in the micro-environment - within informal groups and communities, where the cultural experience of romantic, friendly and kinship relations and interactions (including both secular and religious associations of the primary level) is developed.
- in the meso-environment of certain industrial and educational teams, public organizations, movements, initiatives, etc., where cultural norms and values are created and developed at the intersection of personal and public interests, to encourage group consolidation and cultural self-identity;
- in the macro-environment (mainly in the institutional environment), where cultural values and norms that are important for the whole society are developed and disseminated (for example, the values of patriotism, legal culture, national cultural identity, etc.);
- in the mega-environment, the essence of which lies in the internal involvement of those included in it in social issues and subjects that are of concern to all humanity (environmental crises, the threat of war, social justice, etc.); it is the result of the ongoing globalization, increasing intergovernmental cooperation and boundless information exchange.

Interrelation of the mentioned environments of social interaction must be the best option for realizing the social aspect in sociocultural activity. The best way of interrelating environments in personal social involvement is as follows: the micro-environment is interrelated with the meso-environment, while the latter one is with the macro-environment, which in its turn is interrelated with the mega-environment. Taken together, these environments form a common field of social interactions, involving all kinds of interactions that occur during a person's social involvement [4,9].

2.2. Pedagogical aspect

This aspect, unlike the social aspect, is not included in the name of sociocultural activity. Nevertheless, sociocultural activity is purely pedagogical in its content being designed to promote cultural development and spiritual self-improvement of members of the society. The pedagogical specificity of this activity is to provide opportunities for its participants to be involved in creating a culturally significant product and develop personal creativity without regard to any imposed standard of production and learning. The main areas of sociocultural activity as a pedagogical process are the following:

- development of cultural activity of the population, which forms creative and proactive attitude in modern society;
- creation of aesthetic interests and requests encouraging the development of artistic taste, and experiencing the artistic cultural heritage;
- improvement of the leisure culture of the population, development of various hobbies and activities as an alternative to antisocial and immoral behavior;
- involvement of different population groups in creative leisure activities encouraging personal self-realization, and development of spiritual and moral self-awareness;
- encouraging curiosity and providing a broad cultural understanding as a requirement for a full spiritual development, as well as formation of cognitive interests being not directly related to educational and production activities [14,15].

3. RESULTS

The interrelations between social and pedagogical aspects of sociocultural activity revealed have resulted in the possibility of reviewing this activity in the socio-pedagogical environment. It makes sense to review the essential characteristics of the socio-pedagogical environment. As noted above, a social group can generate its own set of cultural standards and norms that are significant for its daily activities. In the context of sociocultural activity, this is pedagogically meaningful as there is the need to identify the worthy cultural content in a variety of subcultures among particular groups or communities. Analysis of the cultural field of various informal groups has shown that almost all of them have a positive cultural orientation. For example, flamboyant youth groups can be transformed into communities being engaged in creative activities in case they are integrated in a broader cultural context that encourages and develops their group identity, which has a developing and nurturing effect on all members of these groups. They are highly motivated for such a transformation if they are accepted by society and perceived as full members, not mavericks. However, this happens in case the organizers of sociocultural activity ensure communication between subculture groups and representatives of amateur associations and clubs of that kind that have official social and legal status. For example, hooligan groups of fans can be socialized through their interaction with fan clubs engaged in cultural-enlightenment and community work. Allocation of different types of social interaction, depending on scale of the social environment (see above), enables to establish the appropriate socio-pedagogical areas of sociocultural activity, given the socio-pedagogical characteristics of each environment. Thus, in the socio-pedagogical micro-environment, it is important to form adequate ideas about the culture of informal interpersonal interactions,

primarily the culture of feelings within the world of love and friendship. The socially approved “cultural normalization” of these relations can be seen mainly in national and religious traditions and artistic creation, that are supposed to teach the new generations involved in informal interpersonal interactions how to “love and be friends”. Therefore, social pedagogy is presented on two levels: - “visible” (real behavior in informal interpersonal relations) and “invisible” (“cultural texts” recorded in traditions, rituals, religious writings, and works of art). In this case sociocultural activity is to actualize the cultural experience within the “world of feelings” accumulated by society, which exists in the “invisible” (spiritual) reality. This aims to place the real experience of human attachments in a broader cultural context which is required for keeping, developing and improving human relationships that are not limited to performing the necessary social roles. Development of this cultural experience is of great importance, which is confirmed by the increasing number of family breakdowns (according to the statistics, at least 50% families fall apart) indicating a poor emotional culture in many families. In socio-pedagogical meso-environment, the means of sociocultural activity help to develop a person’s ability for self-actualization for the benefit of society, within creative teams, meeting the collectivity requirements and having ability to get involved in group interactions to meet the common creative challenges. As soon as the norms of the Soviet collectivist morality became a thing of the past, there has been an important socio-pedagogical task to introduce new cultural norms and behaviour patterns in social interaction within groups. Analysing the possibilities of keeping collectivist values in one form or another in a new sociocultural context shows that depersonalizing collectivism is inferior to the so-called ensemble principle which assume that the team does not suppress the personality, but allows each member to fulfil oneself (as an individual performer within the ensemble) when solving common problems. In this case, it is essential to observe personal qualities of team members and their psychological compatibility using the achievements in the field of psychology and personal sociology. The experience of successful creative teams operating in the leisure sphere shows that their activities are focused on creating an atmosphere that stimulates their members’ involvement in joint activities, to achieve culturally significant results by creating social environment within the team that favours informal relationships and interactions. Thus, a pedagogically oriented social environment is created. Among the mechanisms of influence on the individual are primarily the collective opinion about each of the team members and mutual responsibility for the overall result. Accordingly, the crucial things are mental motivation of each team member for creative activity and striving for socially beneficial activities beyond any materialistic or selfish purpose. This is the main socio-pedagogical reason for organizing sociocultural activity in the meso-environment. Within the socio-pedagogical macro-environment, it is important to single out common spiritual values which are of pedagogical importance for all social groups. Among the common values of the Russian society, given its national mentality, are the ideas of public service, helping others, social justice, patriotism, environmental protection, traditional family values, and disinterested love and friendship. All these values share a common feature - the concept of sacrifice and duty in the name of humanism, humanity and social solidarity. Developing a socio-pedagogical environment within the macro-environment is promising enough, as demonstrated by the popular theatrical events (including theatrical holidays, performances, flash mobs, etc.) which unite their participants around the mentioned public values. Due to insufficient value content of the mass events in the sociocultural sphere, they are not enough socially and pedagogically oriented. The ongoing discussion in the Russian society on the need for a national idea is basically non-productive, as the existing experience of social solidarity in everyday life based on traditional spiritual and cultural values is being underestimated. Stimulating the organization of sociocultural activity in this regard can help solve the problem. The macro-environment of socio-pedagogical interaction by means of sociocultural activity will be pedagogically efficient, provided that

various social institutions cooperate to solve common pedagogical problems. Above all, this should entail educational activities organized by the state in accordance with the functioning features of social institutions. For example, the improving impact of the institution of law implies various forms of legal education; institution of politics - political education; institution of science - popularization of scientific knowledge, etc. When developing a socio-pedagogical environment in the sociocultural sphere it is essential to establish public and governmental institutions which enable proactive people, public associations and creative teams get involved in solving socially significant cultural issues. This includes organizing a variety of public funds, public organizations, associations of philanthropists and sponsors willing to cooperate with governmental institutions and organizations. This creates a unique socio-pedagogical experience in the development of a genuine civil society in the sociocultural sphere. Finally, the socio-pedagogical mega-environment implies that various members of society and social groups are engaged in cross-cultural communication and interaction with other countries and peoples, aiming to acquire and implement the norms of human solidarity and tolerance, as well as establishing mutual understanding based on humanism and peace on Earth.

4. DISCUSSION

The results of studying socio-pedagogical environments of sociocultural activity make it possible to characterize each of them in the context of further improvement and development of relevant governmental institutions and organizations, primarily institutions of culture, social protection and education, where socio-pedagogical activity is in high demand. The institutions of culture and art in the socio-pedagogical micro-environment aim to involve the population in the acquisition of artistic experience, national cultural traditions in family and premarital relations through various educational programs, recreation and entertainment activities, and game programs involving interpersonal interactions [16,18]. The socio-pedagogical meso-environment in institutions of culture and art can be arranged in the form of creative teams, amateur associations, hobby clubs, which solve socio-pedagogical tasks in case the participants themselves act as organizers, educators and teachers interested in attracting various groups of the population to amateur activities. Obviously, this requires building proper relationships within the communities. Authoritarian leadership should give way to team spirit and democracy. Demonstrating of one's cultural achievements on a professional basis should be replaced by personal interest in the very process of participating in sociocultural activity. The major socio-pedagogical benefit of forming such teams is the development of social and cultural activity of the population and the ability for self-actualization, basically in informal interactions (initiative, improvisation, spontaneity, play, etc.) [10]. The macro-environment in institutions of culture and art, as mentioned above, can be presented by amateur teams. However, their activity should be focused on acquiring and communicating those ideas significant for strengthening society and preserving its cultural identity. This is reflected in a corresponding repertoire for public performance: the themes of patriotism and heroic past of the country, sacred themes, environmental safety, fighting crime and asocial phenomena, etc. Consequently, it is crucial to provide high quality of performance. Only then will the proposed cultural content, which is socially significant for the whole society, will be perceived by a wide audience of viewers and listeners. The same requirements should apply to mass events held in the socio-pedagogical macro-environment of institutions of culture and art. The socio-pedagogical mega-environment of these institutions can be represented through the system of international festivals, reviews, contests which encourage the sense of belonging to universal humanistic values and willingness for cross-cultural communication and interaction among the participants. Here is the structure of socio-pedagogical environments in the institutions of social protection. The micro-environment of these institutions can involve creating social communities where interpersonal relations are formed within vulnerable and socially

disadvantaged groups of: people with disabilities, single people, difficult teenagers, the elderly, etc. When organizing interactions that form a sense of belonging and involve disinterested feelings of mutual affection, sympathy, friendship, etc., it is essential that sociocultural activity establishes common cultural needs and cognitive interests. This includes a variety of educational activities, recreational evenings, birthday parties, etc. The major socio-pedagogical benefit of such activities is that those socially disadvantaged individuals overcome feelings of uselessness, self-doubt and resentment to the world, and start seeking to serve others who share similar problems through appropriate positive social and cultural activity [8]. The activity of social protection institutions in the meso-environment of socio-pedagogical processes can be aimed at encouraging socially disadvantaged groups to get tangible social and cultural achievements, overcome their troubles through getting involved in creative social rehabilitation groups [17]. For example, theatre and musical groups, art studios, literary associations, etc. The recent various creative contests among people with disabilities are a huge step in this direction. These activities should be expanded and held regularly at the regional level. It is necessary to expand the target audience, including all those who are not enough socially adapted for various reasons: difficult teenagers, the elderly, those who have overcome addictions, but not gained sufficient social rehabilitation experience, etc. The socio-pedagogical macro-environment of social institutions entails that socially disadvantaged groups are involved in creative events and cross-cultural communication, e.g. festivals, reviews, contests, tourism and exchange programs and so on, together with organizations and teams engaged in similar activities. It should be noted that nowadays there is a huge shortage of specialists who can help socially disadvantaged groups make creative achievements that meet professional requirements. As a result, those disadvantaged people form specific "cultural ghettos" and isolated social groups. The mega-environment of socio-pedagogical activity includes similar fields of sociocultural activity, but at the international level. This encourages socially disadvantaged groups to get involved in cross-cultural communication with other countries and nations. In educational institutions, social teachers are in high demand, as well as in sociocultural institutions. Meanwhile, their role is underestimated in current educational practice, mainly because of the insufficient use of sociocultural activity potential in popular socio-pedagogical technologies. The micro-environment of socio-pedagogical activity in educational institutions involves school performance and artistic education serving as "emotional training" which develop emotional culture of the younger generation through literary and artistic examples and in the process of performance. Particular attention should be paid to social outsiders in student groups who typically experience the "ugly duckling" effect and the feeling of being rejected by peers. These students are the main subject of social pedagogy, even in case their inferiority complex is taking the form of aggressive and defiant behavior [11,12,13]. The socio-pedagogical meso-environment of educational institutions can be established through creating stable school creative teams, clubs, amateur associations and social organizations that promote a sense of "us", which is essential for self-identity of each member, as well as through school-wide cultural events. This socio-pedagogical effect contributes to the students' personal development and forms socially significant patterns of social behavior. The macro-environment of socio-pedagogical interactions in educational institutions can be ensured by involving students in governmental initiatives, movements, associations and organisations, thus promoting civic education and patriotism. Mega-environment. Increasing cross-border contacts among students and Internet communications enable carrying out a wide range of activities which develop students' interest in other cultures and relevant competence, learning foreign languages, starting with international summer camps to international festivals and contests. Here again, the role of social teachers competent in sociocultural activity is very important.

5. CONCLUSION

The study showed that efficient exploration of the socio-educational environment of sociocultural activity requires both institutional and extra-institutional forms of a person's socialization, which are formed in interpersonal relations outside official industrial and educational relationships. A person's development takes place not only within family and parental relations, but also in pre-marital and marital informal interaction, in the field of friendship and personal attachments, sympathies and attractions. Meanwhile, this resource of socio-pedagogical activity has not been sufficiently studied by specialists, both theorists and practitioners, which results in significantly low pedagogical efficiency. This task requires that social teachers are able to master the sociocultural activity techniques, which are focused on a person's spiritual and moral development, exploring cultural heritage that is relevant for improving social relations and interactions: cultural traditions, rituals and ceremonies, artistic and aesthetic practice, etc. [2]. Equally, socio-cultural activity will be given an impetus for further improvement if it involves the achievements of socio-pedagogical science and practical experience with socially disadvantaged groups, that make work with various social groups more efficient. It is equally important to further improve the forms and methods of sociocultural work, which are related to enhancing spiritual and moral culture of the population, including development of humanistic worldview, emotional culture, gender identity, and adequate perception of loving and friendly relationship. One of the major challenges is to correlate the opportunities of sociocultural activity with specific features of the socio-pedagogical environment where certain educational tasks are being addressed. For example, in the micro-environment of social pedagogy, which is formed due to pedagogical influence on informal interpersonal relations, the most appropriate forms and techniques of socio-pedagogical activity are those that include extensive educational work on promoting achievements of spiritual and moral education, and social practical course on creative exploration of these achievements. The meso-environment entails establishing and developing various forms of public activity which encourage social activity among different social and age groups as the foundation for civil society, where a variety of amateur associations should become the basic form of this activity. In the socio-pedagogical macro-environment, public demonstration of culturally and socially significant skills in certain sociocultural activity comes to the forefront. The mega-environment of socio-pedagogical processes provides its participants with a unique opportunity to get involved in the universal processes and human values through relevant cross-cultural communication and interaction.

LITERATURE:

1. Anufrieva N.I. Folk artistic culture in musical educational environment of university. – M.: RSSU, 2013. – 390 p.
2. Anufrieva N.I., Zinchenko E.O., Kamenets A.V., Chumovатов D.Y., Shcherbakova A.I. Sociocultural activity in the sphere of leisure. – M.: RSSU Publ., 2016. – 194 p.
3. Anufrieva, N.I. & Tsarev, D.V. (2017) Methodological Foundations for the Artistic Performance Competence Formation of the Music Students in the Educational Environment of a University, *Contemporary Problems of Social Work*. Vol. 3. No. 3 (11). P. 15–23. DOI: 10.17922/2412-5466-2017-3-3-15-23.
4. Bourdieu P. The political sociology: Transl. from the Fr./ ed. and intr. by N.A. Shmatko. – M.: Socio-Logos, 1993. – 336 p.
5. Colourful childhood: play, fairy-tale, paint and music therapy/ed. by E.V. Svistunova. – M.: Forum, 2016. – 192 p.
6. Current problems of social pedagogy/Ed. by V.S. Torohtiya. – M.: Institute of Psychology and Pedagogy, 2010 – 98 p.

7. Grigoreva E.I. Modern technologies of sociocultural activity: Textbook. Tambov: TSU Publ., 2002.
8. Ionin L.G. Sociology of culture. – M.: HSE Publishing House, 2004. – 428 p.
9. Kaduson H., Schaefer Ch. Play psychotherapy practice. – Spb.: Piter, 2001. – 416 p.
10. Kamenets A.V. “Tale of sense, if not of truth” (Socio-pedagogical analysis of the Russian fairytale folklore). – M.:KNORUS: OOO “KvantMedia”, 2016 – 154 p.
11. Kamenets A.V. Clubs yesterday, today, tomorrow. – M.:Kaissa, 2001. – 75 p.
12. Kamenets A.V. Improvement of spiritual and moral education in supplementary educational system. Textbook. – M.: Rythm, 2017. – 242 p.
13. Kamenets A.V. Introduction to the theory of social interaction. – M.: RSSU, 2015. – 464 p.
14. Kamenets A.V. Onegin at the psychologist's. – M.: KvantMedia, 2018. – 232 p.
15. Kamenets A.V. Problems of spiritual and moral culture. – M.: Rhythm Publishing House, 2014. – 308 p.
16. Kamenets A.V., Selezneva E.N. The basics of spiritual and moral education in supplementary educational system. – M.: RSSU, 2015. – 318 p.
17. Kipnis M. Dramatherapy. Theatre as a tool for conflict resolution and self-expression. – M.: Os-89,2002. – 192 p.
18. Schutz A. Concept and theory formation in the social sciences// American sociological thought: Texts/ ed. by V.I. Dobrenkova –M.: MSU Publ., 1994 - p.481-496.
19. Sociology. The basics of general theory. – M.: NORMA, 2003. – 912 p.
20. The basics of social psychology. – M.: Academy Publishing Centre, 2003. – 480 p.
21. Yaroshenko N.N. History and methodology of the theory of sociocultural activity. – M.: MGUKI, 2013. – 456 p.
22. Zharkov A.D. Technology of cultural and leisure activities. – M.: MGUKI, 1998. – 287 p.

REPERTOIRE POLITICS IN THE PROCESS OF FORMING OF PERFORMING COMPETENCE OF PEDAGOGUE-MUSICIAN

Alexander Smirnov

*Russian State Social University, Russia
SmirnovAV@rgsu.net*

Elena Grigorieva

*Russian State Social University, Russia
grigorev_tmb@list.ru*

Elena Meleshkina

*Russian State Social University, Russia
el.mel@mail.ru*

Natalia Yushchenko

*Russian State Social University, Russia
n.yushenko@list.ru*

ABSTRACT

Objects of research are the purposes and tasks of the educational repertoire, its role in the formation process of the teacher-musician performing skills and abilities. Systematization of the repertoire policy principles and allocation main ones, directly influencing on the level of professional skill of the specialist became the purpose of work. Studying and generalization of scientific and methodical literature, pedagogical observation, the analysis of practical activities of teachers-musicians served as methods of a research. The methodological basis of work was made by modern concepts of the Russian musical pedagogics. The theoretical model of process of the educational repertoire selection on the basis of the formulated principles became result of a research. Conclusions can be applied in research and methodical work of pedagogues of the higher education institutions and culture and art faculties, in forming of programs and methodical texts, schedules and contents of disciplines, in modern student teaching. The novelty of a research consists in systematization of the purposes and tasks of the repertoire, identification of the basic principles of its selection causing effective formation of teachers-musicians professional competences. A conclusion of authors is as follows: in the context of the last changes in the higher education system connected with the competence-based and practice-focused approach in professional training of specialists, including teachers-musicians, the choice of the repertoire also has to have competence-based focus and to be aimed ideally at formation of all necessary competences at its highest level.

Keywords: *Repertoire, Profession, Competence, Pedagogue-Musician, Performing, Training*

1. INTRODUCTION

Choice of the training repertoire during professional education of future pedagogue-musician totally depends on complex of competences which are be formed by students in the process of education program mastering. As each discipline gives new knowledges to student and makes him nearer to high level mastery, so each musical piece gives necessary performing habits and skills to future pedagogue, develops his creative potential, and furthers to practical realization of competences in professional activity. «Only repertoire which is selected correctly in aesthetical and technical relation promotes to creative growth of musician and raises his performing mastery» [Mokhon'ko, 2014, pp. 11]. It is ideally if each instrumental or vocal piece has to fasten theoretical information on the practical level in order to forming competences

become immanent qualities of student's person. In such condition educational repertoire extends and enriches concert ones furthering successful artistic and sociocultural work of pedagogue-musician and in the same time becomes educational and methodical material, by which specialist will use during his teaching activity.

2. METHODS

As methods of a research of this area serve studying and generalization of scientific literature, pedagogical observation, the analysis of practical activities of pedagogues and a pedagogical experiment [Shamayeva, 2013]. The great value of the repertoire in professional training of future teacher-musician is undoubted so there are numerous works on this subject [Ivanov, 2010; Kameneva, 2017; Kuftyreva, 2013; Mokhon'ko, 2014, etc.]. Generalizing theoretical concepts and models of process of competences formation and extensive teaching practice, researchers come to a conclusion that "one of important, fundamental factors which promotes formation of art taste [...], is the repertoire incorporating a wide range of the musical and stylistic directions of various eras, genres, musical forms. By means of music performers get acquainted with the best models of folk musical art, sacred music, learn to understand and perform works by classic composers and our contemporaries" [Mokhon'ko, 2014, p. 10]. However, at all variety of the works devoted to a problem of repertoire selection during development of musicians' performing skills, the purposes and tasks of the repertoire and the basic principles of its selection are still not systematized. And these principles cause the correct repertoire policy on which the efficiency of professional training of the teacher-musician entirely depends. The repertoire plays an important role in formation of technical skills and abilities of singers or instrumentalists and performing culture of future teacher-musician, so the performing competence is closely connected with the general musical culture and the art and esthetic principles which are learned and accustom during development of the educational repertoire. Besides, "features of musical and performing activity of the teacher-musician consist in its pedagogical orientation which assumes: orientation to children's audience, aspiration to make children interested in music on the basis of own playing music, involvement of pupils in joint performing activity, development of their creative abilities, imagination, associative thinking, etc." [Shamayeva, 2013, p. 153]. From here there is need of mastering of the various repertoire which will become "instrument" of professional activity of the teacher-musician.

3. RESULTS

3.1. Purposes and tasks of repertoire

It is expedient to divide the repertoire, which is complex of consciously chosen musical pieces which are mastered by the performing musician depending on a stage of performing competence formation, the level of technical complexity and mission, on educational, pedagogical and concert. The educational repertoire represents complex of the works mastered by the student in class of playing the instrument. Its purposes and tasks are wide. By means of judgment and practical development of the educational repertoire occurs:

- formation of performing competence in result of the correct choice, interpretation and concert performing;
- development (education) of art taste;
- presentation of genre and stylistic features of works;
- training in bases of the musical theory and history and accumulation of knowledge;
- acquaintance with different styles and tendencies, main stages of art development;
- formation of musical and theoretical knowledge, practical skills and aesthetical views of performers;
- development new and improvement of earlier acquired performing skills;

- expansion of a cultural outlook which is called "most effectively and multilaterally to develop art taste" [Ogorodova, 2014, p. 144];
- enrichment of performing experience of the musician;
- acquaintance with different styles and tendencies in art: "Consecutive work on different musical masterpieces allows to find typical features of a genre of each work, and usual idea of their variety is enriched by comparison of two works, contrast on character" [Mokhon'ko, 2014, p. 2].
- identification of interpretation features of different styles, specifics of performing of various styles, genres and forms works, regularities of music development from antiquity up to now [Hotentseva, 2009];
- development of emotional susceptibility and responsiveness on music, accumulation of esthetic impressions;
- training in skills of verbal interpretation of music;
- activization of a creative initiative, strengthening of cognitive interest and motivation of performers by means of new and new technical and art tasks;
- education of such personality qualities as communicativeness, commitment, virtuosity, self-confidence, self-control;
- identification of an originality of musical language, genre signs and unique composer style of each work;
- active perception of music and emotional response to it,
- development of art and esthetic orientation of creative activity of the musician and own individual style of performing;
- educational influence and intellectual and spiritual contents which relevance increases in connection with falling of cultural level of modern youth and growth of need "to teach to understand music and to distinguish high original art from a cheap fake" [Ogorodova, 2014, p. 143].

3.2. Principle of repertoire politics

The purposes and tasks of the educational repertoire cause the principles of its selection. In modern musical and pedagogical education there is a problem of repertoire policy which bared contradictions "between performing opportunities of students-musicians and process of their realization" [Shamayeva, 2013, p. 152] and also "between the "gold fund" of world musical culture which is saved up for centuries and lack of need of modern youth to communicate with high art" [Ogorodova, 2014, p. 149]. The repertoire policy for each specific student-musician has to follow a number of the fundamental principles and conditions [Tsypin, 2001] which promote effective formation of performing competence of the specialist:

1. Musical compositions have to be directed to increase in level of formation of professional competences, improvement of technical mastery as basis of performing training of the teacher-musician and at the same time to contribute to the development of individual abilities of the personality – musicality, art taste, creative potential, internal freedom and virtuosity of the performer though "defining repertoire policy for this or that pupil, teachers not always consider musical and performing abilities of students, their specific features of reliability in a concert performance" [Shamayeva, 2013, p. 154].
2. Plays have to correspond to future musical and pedagogical and cultural and educational activity of the pupil, so "music education is practice model, and the efficiency of each discipline depends on degree of its compliance of activity in the real world" [Pereverzeva, 2017, p. 161] for this reason the educational repertoire has to contribute to the development of musical and performing activity of pupils and depend on the specific objectives set by the teacher for the pupil at this stage of his development;

3. At the choice of the repertoire program it is necessary to consider age, national and cultural, individual features, interests, hobbies, aspirations and requirements and also "the musical and creative potential of the student, as in respect of its preparation, and in respect of possibility of its realization at concert performance" [Shamayeva, 2013, p. 155]. Besides, works selection for children in many respects depends on "degree of stability of their attention, emotional excitability, levels of development of thinking and the speech, imagination, etc. and also interests, inquiries, requirements, ideals" [Knyazkina, 2009, p. 246]. So, the plays of a small form by classic composers characterized by the adequate level of complexity, variety of images and emotional experiences, stylistic and genre are preferable at the initial stage of training. At the same time modern variety or jazz music will be interesting and fascinating for younger generation therefore it should be included in the educational repertoire of teenagers.

4. DISCUSSION

The principles of the educational repertoire selection are numerous in view of the fact that "selection of the repertoire –is nearly the most difficult moment in training" [Fadeyeva-Moskalyova, 2016, p. 40]. We will distinguish from these principles main which were revealed in real pedagogical process when training teachers-musicians and studying other directions of education program at the Higher School of Music named after A. Schnittke (institute) of RSSU:

1. orientation on development of performing competence;
2. accounting of the available musical experience, level of knowledge, skills and abilities in the field of musical performing art;
3. availability and pedagogical expediency;
4. relevance and the importance of works for intellectual, spiritual and moral, art and esthetic development of the pupil and growth of his technical skill;
5. balance of the repertoire, right ratio of level of complexity and real technical and creative capabilities of the pupil;
6. orientation on the solution of certain art and pedagogical tasks;
7. certain sequence of the choice of compositions (transition from simple homophonic plays and small forms to polyphonic genres and large forms);
8. gradual complication of material (from easy arrangements of Russian national melodies to masterly concert compositions) according to musical development of the pupil and improvement of his technical skills and abilities;
9. perspective vision of pedagogical process as consecutive system;
10. satisfaction of various spiritual needs of the pupil;
11. compliance of contents of the work to inner world of the performer and also to "age of the child, his sincere and spiritual maturity" [Fadeyeva-Moskalyov, 2016, p. 40];
12. variety by technical requirements, means of expressiveness, contents, genres and forms;
13. aiming at comprehensive discovery of the technical, ideological and moral, art and esthetic aspects of the work;
14. high taste and art and esthetic advantages of works,
15. ideological content and spirituality of compositions;
16. educational function;
17. valuation and critical approach to the choice of works, aiming at result;
18. coverage of different styles and the directions – classics (from baroque to a modernist style), folk and modern foreign and Russian music, including variety and jazz compositions, polycultural orientation in the choice of plays.

These principles are subject to discussion in scientific and pedagogical community as the theory and methodology of selection of the educational repertoire is still not developed in our country, and meanwhile the level of performing training of teachers-musicians entirely depends on it.

5. CONCLUSION

Correctly picked up repertoire for teacher-musician acts as the most important condition of formation of students' performing skills in institutes of culture and art. "Correct" means aimed at result and professional activity of the graduate. "Structure of professional activity of the teacher-musician [...] includes a pedagogical and musical and performing components, at the same time performance is the major component of pedagogical culture" [Shamayeva, 2013, p. 152]. But not only. In the light of modern, the personal-focused and competence-based musical and pedagogical education the teacher has to "listen to the new inquiries arising at modern children and teenagers, to consider the extending circle of their cognitive interests" [Knyazkina, 2009, p. 248]. The pieces of music studied at lessons "have to influence positively an emotional projection of the students' persons, form them as the personality independent, spiritualized and highly moral" [Mokhonko, 2014, p. 2]. The pupil will learn and will perform the piece which was pleasant to him not only with great pleasure, but at higher technical and esthetic levels. Formation of performing skills of the teacher-musician at the high level is possible only on condition of individual and personal selection of the educational, concert and pedagogical repertoire. Thus repertoire is the most important substantial component of musical and performing training. The large number of the researches devoted to this problem also demonstrates to it. So, E.L. Kuftyreva emphasizes that "the choice of the repertoire including parallel studying of the works written for different types of female voices [...] and division of the repertoire on educational and concert is fundamental factor for the correct development of a voice of expanded range at different stages of training" [Kuftyreva, 2013, p. 129]. In the context of the last changes in the system of the higher education connected with the competence-based and practice-focused approach in vocational training of experts, including teachers-musicians, the choice of the repertoire also has to have competence-based focus and to be aimed ideally at formation of all necessary competences at its highest level. The repertoire is enriched with development of skills and abilities and becomes complicated along with increase in level of musician mastery. It is at the same time "tool" in the course of vocational training of the teacher-musician and "intermediary" between an object and a subject of his performing and pedagogical activity.

LITERATURE:

1. Belyaev, R.V. & Grigorieva, E.I. (2017) Conceptual Method for the Formation of Information Culture of Personality in Modern Society, *Contemporary Problems of Social Work*. Vol. 3. No. 2 (10). P. 72–80. DOI: 10.17922/2412-5466-2017-3-2-72-80.
2. Fadeeva-Moskaleva, L. (2016). O problemakh detskogo i yunosheskogo repertuara v pedagogicheskoy i konkursnoy deyatel'nosti. Nauchnye trudy Moskovskogo gumanitarnogo universiteta, 2016 (№ 2), 39–41.
3. Ivanov, A. (2010). Virtuoznyj kontsert v repertuare violonchelista. Vestnik Vyatskogo gosudarstvennogo gumanitarnogo universiteta: nauchnyj zhurnal, 2010 (№ 3), 191–193.
4. Kameneva, G. (2017). Kriterii vybora uchebnogo repertuara v nachal'nom periode obucheniya muzyke. Sankt-Peterburgskij obrazovatel'nyj vestnik, 2017 (№5), 33–36.
5. Karnaukhova, T. (2009). Teoreticheskie aspekty ispolnitel'skoj interpretatsii muzykal'nogo obraza v protsesse podgotovki pedagoga-muzykanta. Vestnik TGPI. Gumanitarnye nauki, 2009 (№ 2), 397–401.

6. Khotentseva, I. (2009). Problemy khudozhestvennoj interpretatsii muzykal'nykh proizvedenij v protsesse ispolnitel'skoj podgotovki uchitelya muzyki v klasse fortepiano // Nauka i shkola. – 2009. №1. – S. 48–53.
7. Knyaz'kina, N. (2009). Sotsial'no-pedagogicheskie tekhnologii razrabotki kriteriev vybora repertuara dlya teatral'nogo kollektiva podrostkov, stradayushhikh psikhicheskimi zabolevaniyami. Novosibirskij pedagogicheskij zhurnal, 2009 (№ 6), 241–251.
8. Komurdzhi, R. (2017). Soderzhanie ispolnitel'skoj kul'tury muzykanta. Istoricheskie, filosofskie, politicheskie i yuridicheskie nauki, kul'turologiya i iskusstvovedenie. Voprosy teorii i praktiki, 2017 (№ 11), 93–95.
9. Kopchevskij, N. (1981). Kak priobshhat' detej k sovremennoj muzyke (na primerakh iz proizvedenij sovremennykh kompozitorov). YA. Dostal, Rebyonok za royalem: pedagogi-pianisty sotsialisticheskikh stran o fortepianno metodike (5–75). M.: Muzyka.
10. Kornoukhov, M. (2015). Formirovanie interpretatsionnoj kul'tury budushhego uchitelya muzyki kak komponent metodologii pedagogiki muzykal'nogo obrazovaniya. Muzykal'noe iskusstvo i obrazovanie, 2015 (№ 2), 74–82.
11. Kuftyreva, E. (2013). Vybory repertuara kak faktor razvitiya golosa rasshirennogo diapazona. Nauka i shkola, 2013 (№ 3), 128–130.
12. Mariupol'skaya, T. (2017). Ispolnitel'skaya podgotovka budushhego uchitelya muzyki. Problemy i perspektivy. Nauka i shkola, 2017 (№ 1), 141–145.
13. Mokhon'ko, A. (2014). KHudozhestvennye tsennosti muzykal'nogo repertuara – osnova vospitaniya khudozhestvennogo vkusa. Vestnik Tambovskogo universiteta. Seriya: Gumanitarnye nauki, 2014 (№ 5), 10–19.
14. Nurgayanova, N. (2010). Formirovanie vokal'no-ispolnitel'skoj kul'tury budushhego pedagoga-muzykanta kak pedagogicheskaya problema. Vestnik Tatarskogo gosudarstvennogo gumanitarno-pedagogicheskogo universiteta, 2010 (№ 3), 232–237.
15. Ogorodova A. Bilyar, YU. YAgovdik, A. Kisilev, A. (2014). Repertuar v klasse spetsial'nogo instrumenta i ego vliyanie na formirovanie khudozhestvennogo vkusa. Nauka. Iskusstvo. Kul'tura, 2014 (№ 4), 143–151.
16. Pereverzeva M. Smirnov, A. (2017). Sovremennoe sol'fedzhio. Uchyonye zapiski RGSU, 2017 (tom 16, № 5), 159–167.
17. Pereverzeva, M. (2017). Traditsionnaya muzyka SSHA: istoricheskaya i zhanrovaya panorama. Muzykal'naya akademiya, 2017 (№ 2), 89–95.
18. Serebryakova, T. (1976). Voprosy podbora repertuara v samodeyatel'nom khorovom kollektive. L. SHamina, Narodnoe tvorchestvo. Voprosy khorovoj samodeyatel'nosti (32–44). M.: NIIK.
19. Shamaeva, R. (2013). Formirovanie ispolnitel'skoj kul'tury budushhego pedagoga-muzykanta: teoreticheskie aspekty. Vestnik CHelyabinskoy gosudarstvennoj akademii kul'tury i iskusstv, 2014 (№ 3), 152–156.
20. Shamaeva, R. (2013). Kreativnye aspekty izucheniya repertuara v professional'noj podgotovke pedagoga-muzykanta. Vestnik CHelyabinskoy gosudarstvennoj akademii kul'tury i iskusstv, 2013 (№ 3), 170–173.
21. Tsypin, G. (2001). Muzykal'noe ispolnitel'skoe iskusstvo: teoriya i praktika. SPb.: Aletejya.

PECULIARITIES OF FINANCIAL SERVICES CONSUMERS' RIGHTS PROTECTION

Alla Neznamova

*Russian State Social University, Russian Federation
extrimallo4ka@ya.ru*

Georgij Kuleshov

*Russian State Social University, Russian Federation
geo-kuleshov@yandex.ru*

Natalya Savtsova

*Russian State Social University, Russian Federation
natacha-82@mail.ru*

ABSTRACT

This research is dedicated to analysis of current issues related to civil-law and administrative protection of financial services consumers' rights. During the research, the authors have analyzed the financial service notion, examined the main statutory remedies available to consumers of services in the financial area, and performed legal assessment of changes introduced to legislation in the previous four years for regulation of this category of legal relations. Finally, the authors come to conclusion on necessity to develop and improve the out-of-court settlement concept in order to increase efficiency of legal protection of individuals and organizations participating in legal relations in the field of financial services rendering.

Keywords: *consumer rights protection, financial services, financial ombudsman*

1. INTRODUCTION

In the contemporary world, financial services consumption is an integral part of life of each subject of relationship under civil law. Brisk growth of financial sector in the service market structure results in increased engagement of individuals and organizations. Concurrently, the parties to legal relations arising out of, or in connection to, such services rendering are in a position of inequality, which results from the regulatory definition of a subject of financial service rendering as a professional market player. Moreover, it should be admitted that legal literacy of financial services consumers is currently rather low. The combination of the above factors results in the increase of the number of disputes arising in this field. Due to the above, the issue of enforcement of legal remedies available to the financial services consumers becomes especially important. This article analyzes such remedies listed in the effective legislation of the Russian Federation in order to identify the most efficient methods for increase of the level of financial services consumers' legal protection.

2. THE NOTION OF A "FINANCIAL SERVICE" AND THE SYSTEM OF FINANCIAL SERVICES CONSUMERS' RIGHTS PROTECTION IN THE RUSSIAN LEGISLATION

2.1. Definition of the "financial service" notion

Article 4 of the Federal Law No. 135-FZ "On the Protection of Competition" dated July 26, 2006, (the Law on the Protection of Competition) gives the following definition of a financial service: it is "a banking service, insurance service, service in the securities market, a service under a contract of leasing, as well as a service rendered by a financial organization and connected with attraction and (or) placement of monetary funds of legal entities and natural persons" (the Federal Law "On the Protection of Competition" No. 135-FZ dated 26.07.2006).

Since all of the services listed in this definition are related to attraction and placement of other persons' funds, the "connection to attraction and placement of monetary funds of legal entities and natural persons" may be recognized as one of the qualifying characteristics of these services for the purpose of this definition (Volkova, Neznamova, 2017, pages 16-22). The second qualifying characteristic of a financial service in the above definition is a subject that renders it, i.e. a financial organization (Sitdikova et al., 2016). The same Law defines a "financial organization" and contains their exhaustive list. A financial organization means an economic unit rendering financial services, that is, a credit organization, a professional securities market maker, trading organizer, clearing organization, micro-financial organization, credit consumer cooperative, insurer, insurance agent, mutual insurance society, non-governmental pension fund, management company of an investment fund, management company of a unit investment fund, management company of a nongovernmental fund, specialized depository of an investment fund, specialized depository of a unit investment fund, specialized depository of a non-governmental pension fund, pawn-shop (financial organization regulated by the Central Bank of the Russian Federation), leasing company (other financial organization not regulated by the Central Bank of the Russian Federation) (Neznamova, 2018, pages 29-31). Hence, pursuant to the definition given by the Law of the Protection of Competition, a necessary and sufficient combination of qualifying characteristics of financial services comprises two characteristics:

- they are related to attraction and placement of other persons' monetary funds (i.e. financial mediation);
- they are rendered by one of financial organizations, the exhaustive list of which is given in the Law (editor-in-chief Fogelson, 2010, pages 52-54).

2.2. The system of financial services consumers' rights protection

In the Russian Federation, a full-scale system of consumer rights protection is created, which covers financial services, and its structure includes Rospotrebnadzor (Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing) as an authorized agency for consumer rights protection, consumers social organizations, regional and local government authorities. The state policy related to consumer rights protection is formed and implemented by the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing, and the legal foundation of the national system of consumer rights protection is formed by the Law "On Protection of the Consumers Rights", which sets forth basic and fundamental mechanisms and guarantees of the infringed consumer rights restoration (the Russian Federation Law No. 2300-1 "On Consumer Rights Protection" dated 07.02.1992). One of the currently important aspects of the financial services consumers' rights protection is the institution of the financial ombudsman because the international experience shows that as a rule 80–90% of individuals' claims to a financial organization may be settled out of court (Volkova, Shilovskaya, 2017, c 65). The Federal Law No. 123-FZ "On the Ombudsman for Financial Services Consumers' Rights" dated 04.06.2018 (This Federal Law shall become effective as of September 3, 2018, except for the clause 2 part 1 article 28, which shall become effective as of January 1, 2020, and clauses 3 - 6 part 1 article 28, which shall become effective as of January 1, 2021) is aimed at ensuring of a productive mechanism for settlement of conflicts between the consumers and financial organizations (the Federal Law No. 123-FZ "On the Ombudsman for Financial Services Consumers' Rights" dated 04.06.2018). Operation of the financial ombudsman service significantly simplifies the procedure for resolution of conflicts arising the process of interaction between the financial services consumers and financial organizations, thus ensuring fast, efficient, and free out-of-court settlement of conflicts, making both financial organizations and financial services consumers more responsible.

Financial ombudsmen will consider the applications filed by consumers of services provided by the credit, insurance, micro-financial organizations, non-governmental funds, pawn-shops, and credit consumer cooperatives. These organizations are obliged to cooperate with the financial ombudsmen. Other financial organizations will be able to interact voluntarily with the financial ombudsmen. Application to a financial ombudsman is a mandatory stage before applying to court (except for the number of cases). Before filing an application to a financial ombudsman, a consumer should file a complaint to the financial organization. It should be noted that financial ombudsman's functions as recognized by the international best practice are more diversified than the objectives of a court. An ombudsman not only makes decisions on conflicts arising between the parties but also helps settling them. The functions include not only ombudsman's making and announcement of the official decision on a conflict binding to one or both parties but also preparation of the settlement process for the parties, in particular – coordination of a mutual decision on the arisen conflict satisfactory to both parties without ombudsman's making and announcing the official decision on such conflict. In the countries where such institution is implemented (e.g. England), the percentage of conflicts between the parties, which are escalated to the level of official decision-making and announcement by an ombudsman, is quite low (only 2-3% of the total amount of such conflicts). Hence, we may make a conclusion that, although an ombudsman has legal powers in fact his main work is aimed at making of mediation consents between the parties. Often, ombudsman service helps an applicant giving an individual financial and legal advice, examines the existing situation, identifies a person, to whom a complaint should be sent, and assists in generation of a proper legal claim (Sitdikova, 2014, pages 12-18). All of the above significantly differs methods used by an ombudsman for resolution of conflicts arising between the parties from their settlement in court (litigation). Any individual may apply to this Service if (s)he is a recipient or a beneficiary of services rendered by a financial organization belonging to the Service, providing that such services are not related to his/her entrepreneurial activities, or if an individual needs to apply to this organization to receive such services. An application may contain a pecuniary complaint to the organization, a request to explain the provisions of a contract or statutory acts (Neznamova, 2018, pages 29-32). There are restrictions, which do not allow the Financial Ombudsman Service to process an application: maximum amount of a pecuniary complaint related to banking activity should not exceed 500,000 rubles, and it should not exceed 100,000 rubles if a pecuniary complaint is related to insurance activity. Until a conflict of an individual with a financial organization is examined by the Financial Ombudsman Service, it may not be taken to a court (Kolesnikov, Bocharova, 2015, pages 210-213). An expert financial ombudsman from the Financial Ombudsman Service examines an application. This procedure is free for an individual. A financial ombudsman may request explanations, objections, or documents from a financial organization, and may consider the available materials even if they contain information, access to which is restricted by law (Sitdikova, 2013, page 43). After application examination, a decision on its satisfaction, partial satisfaction or rejection is made. Such decision should not result in aggravation of applicants' position as compared to the position, in which they were before applying to the Financial Ombudsman Service, and should not result in change of applicants' payment schedule under the contracts with a financial organization, or allow any other changes in applicants' obligations, except for the cases when such amendments are made by applicants (Ashmarina, 2015, page 420). Official decisions made by the financial ombudsman must be fulfilled by financial organizations in accordance with the procedure and within the period set forth by this decision. If such decision is not fulfilled, the affected party may apply to a court with a request to issue an enforcement order for decision enforcement. A court receiving such application from an ombudsman may not examine circumstances identified by a financial ombudsman, or revise the decision of the financial ombudsman.

The Financial Ombudsman Service's property is formed from assets contributed by the Bank of Russia, mandatory payments from financial organizations, which consist of mandatory quarterly contributions and a fee for application examination, which varies depending on the degree of application complexity and the result of its examination. Other contributions that are not prohibited by law are allowed. Introduction of the financial ombudsman service was criticized by organizations for consumer rights protection. In their open letter to a number of governmental bodies, they expressed their concern that individuals' access to courts may be restricted because of the law passing. For instance, pursuant to the draft law, a dispute between an individual and a credit organization, insurance organization, or mutual insurance society may be examined by court only after it is examined by a financial ombudsman. This provision restricts an individual's right to choose a remedy for protection of his/her lawful rights and interest, which virtually infringes individuals' constitutional right to judicial protection (Grudtsyn, 2014, page 560) set forth by part 1 article 46 of the Russian Federation Constitution (Constitution of the Russian Federation adopted by the nation-wide vote on 12.12.1993). Although the Law "On Consumer Credit (Loan)" introduced restrictions to interaction between debt collection organizations and debtors as related to personal meetings, telephone calls and SMS sending, and directly prohibited causing damage to debtors, the activity of debt collection organizations, legitimacy and appropriateness of which has been always questioned by Rospotrebnadzor, proved to be authorized in the regulatory environment ensuring the very possibility of credit claims assignment by the banks to third parties, if it is allowed by the loan agreement. Therefore, it was necessary to regulate the activity of these organizations in the financial market by a separate Federal Law; such law was long anticipated by both financial services consumers for protection of their rights and by debt collectors for introduction of clear and consistent rules of professional activities organization (Opykhtina, 2015, pages 147-149). The above provisions were reflected in the Federal Law No. 230-FZ "On Protection of Individuals' Rights and Lawful Interests during Debt Collection Activities Fulfillment" dated 03.07.2016 (the Federal Law "On Protection of the Rights and Legal Interests of Individuals when Engaging in Activities for the Recovery of Overdue Debt and on Amendments to the Federal Law "On Microfinance Activity and Microfinance Organizations" No. 230-FZ dated 03.07.2016).

3. LEGISLATIVE INITIATIVES IN THE FIELD OF FINANCIAL SERVICES MARKET REGULATION

3.1. Initiatives in the field of banking activities regulation

In relation to enforcement of credit organizations services consumer rights protection, a number of initiatives submitted to the State Duma of the Russian Federation should be noted. Since the foreign currencies (USD and Euro) to Russian ruble exchange rate grew up significantly, the borrowers having debts in foreign currency found themselves in a very difficult situation (Rassolov, 2016, page 141). To solve the problem of individuals having mortgage debts in foreign currency and to prevent such situation repetition in future, several draft laws were submitted to the State Duma of the Russian Federation for consideration. On January 9, 2014, draft law № 422308-6 "In amendment of article 29 of the Federal Law "On Banks and Banking Activities" was submitted to the State Duma of the Russian Federation for consideration. This draft law suggests obliging the credit organizations to provide their customers with information about the size of fees set forth by credit organizations and charged on top of the existing remuneration for transactions execution, or of such fees absence, and to identify the whole amount of costs set forth for such banking service rendering. This draft law was criticized and a number of comments were made during the first reading, and as of August 2018 it was still under the consideration (Mikheev, Muzykaev, 2014, <http://www.asozd2.duma.gov.ru/main.nsf/%28Spravka%29?OpenAgent&RN=422308-6>).

Generally, the key aspects of consumer rights protection in 2018 will be further elimination of bottlenecks existing in the current legislation and related to interpretation of certain norms, improvement of banking services transparency, restriction of bank's opportunities for abuse, and increase of the level of legislative protection of financial services consumers' rights.

3.2. Initiatives in the field of insurance activities regulation

In 2014, numerous amendments were made to legislation regulating insurance activities; some of them became effective later. Main changes in legislation were related to third-party only vehicle insurance regulation. For instance, from April 1, 2015 the amount of coverage payable to the affected persons for damage caused to life and health of each affected person increased from 160,000 rubles to 500,000 rubles (the Federal Law No. 40-FZ "On Mandatory Civil Liability Insurance of Vehicle Owners" dated April 25, 2002). Also, the provision became effective under which Moscow and St-Petersburg, as well as Moscow and Leningrad Areas enjoy higher insurance coverage (up to 400,000 rubles) in case of a traffic collision if an accident is registered without traffic police involvement and third-party only vehicle insurance certificate is issued after October 01, 2014. Later this regulation is to apply to the whole territory of the Russian Federation (from January 1, 2019). Generally, there is a trend to expand opportunities for the parties to traffic collision to draw up the required documents without traffic police involvement. Nevertheless, the insurance policy holders are obliged to provide evidence, based on which payments may be made. In early 2015, the unified automated information system was launched, which contains information about the insurance policies for ground means of transportation (except for railway transport), civil liability of vehicle owners, insurance events, and other information about insurance for the above types of insurance (Bank of Russia Directive No. 3620-U "On the procedure of creation and operation of the unified automated system and the lists of types of information provided by the insurance policy holders" dated April 10, 2015). The main change is that from January 1, 2017 all insurance companies operating in the market of third-party only vehicle insurance are obliged to sell digital certificates. The new law also stiffens liability of digital insurance certificates buyers. If for any reason the customer provides incorrect data and the resulting cost of insurance is lower than it should be, then an insurance company may later charge the customer for the whole amount paid to the affected party or for the difference between "regular" and "undercharged" price of insurance. One of the critical areas for insurance activity development allowing increasing the individuals' trust in the underwriters and insurance institution as such, promoting voluntary insurance, satisfying massive demand for insurance services and improving quality of insurance services rendered, and ensuring fair productive competition of insurance business subjects is consumer rights protection.

3.3. Initiatives in the field of micro-financial activities and self-regulated organizations regulation

Development of a civilized market of micro-financial organizations services will be promoted by the suggested changes in regulation and self-regulation of micro-financial institutions activities. State policy will be aimed at continued bringing micro-financial business out of the shadow economy and its decriminalization (Kotlyarov, 2015, page 10). For instance, in 2015, the Government of the Russian Federation together with the Office of the Prosecutor General of the Russian Federation and the Bank of Russia developed and implemented a set of actions aimed at finding and extension of organizations and individuals' illegal activities related to consumer loans issuing. In future, the Bank of Russia will expand the scope of subordinate acts aimed at achievement of the above objectives (Neznamova, 2017). For the purpose of consumer rights protection, it is quite important to develop the institution of self-regulation of organizations rendering financial services. On July 13, 2015, the law No. 223-FZ "On Self-

Regulatory Organizations in the Field of Financial Markets" aimed at "improvement of self-regulation system for the financial markets» (the Federal Law No. 223-FZ "On Self-Regulatory Organizations in the Field of Financial Markets" dated July 13, 2015) was passed. The law applies not only to self-regulatory organizations (SROs) in the form of micro-financial organizations but also to those operating in the below segments of the financial market:

- professional players of securities market (brokers, dealers, trustees, depositaries, registrars);
- management companies and specialized depositories of investment funds, unit investment funds, and non-governmental pension funds;
- joint-stock investment non-governmental pension funds;
- insurance business subjects;
- credit consumer cooperatives, housing savings cooperatives, agricultural credit consumer cooperatives;
- pawn-shops.

Regardless of existence of SRO institutions formalized in special laws applicable to the corresponding segments of financial market, it is suggested to define common approaches to SRO institution functioning. This law contains conceptual elements changing the self-regulation mechanism existing in the financial market. The law provides for creation of SRO Board consisting of SRO managers for the purpose of SRO interests coordination and their representation before the Bank of Russia (Martens, 2015, pages 52-55).

3.4. Amendments in legislation related to financial services advertising

On June 29, 2015, the law "On Introduction of Amendments in Article 14.3 of the Code of Administrative Offences of the Russian Federation aimed at stiffening of administrative liability for offences in the field of financial services advertising (the Federal Law No. 175-FZ "On Introduction of Amendments in Article 14.3 of the Code of Administrative Offences of the Russian Federation" dated June 29, 2015) was passed. The Law expands article 14.3 of the Russian Federation Code of Administrative Offences, which sets forth administrative liability for infringement of laws on advertising, with a new part introducing a separate set of elements of an offense for violation of the established legislative requirements to financial services advertising and which significantly increases maximum amount of fines (for individuals, from 2,500 to 10,000 rubles, i.e. 4-fold; for officers, from 20,000 to 50,000 rubles, i.e. 2.5-fold, and for legal entities, from 500,000 to 1 million rubles, i.e. 2-fold). The law is aimed at individuals protection from unfair advertising of financial services through stiffening of administrative liability for legislation infringement. Before this law was passed, the fines for such violations imposed by courts were insignificant (average of about 113,000 rubles) and were not a strong reason to comply with legislative requirements (Evstigneev, 2015, page 158). Contrary to the above, residents of the Russian Federation tempted by attractive interest rates plunge into debt holes since they do not understand what hides behind the alluring advertising promises (Mikhailenko, Zhilkina, 2014, page 304). Law infringements related to financial services advertising remain in the top of the list of offences in the field of advertising: this segment covers up to a quarter of all infringements found by the Federal Antimonopoly Service of Russia.

4. CONCLUSION

The field of financial services rendered by banks and pother organizations is currently characterized by growth of the number of services rendered to population, on the one hand, and by existence of risks related inter alia to sometimes-unfair behavior of financial market players, on the other hand. Thus, consumer rights protection in the field that is not clearly regulated by laws, which is the case with the field of financial services, will be naturally accompanied by

arising of the new pressing problems. The financial services sector is directly related to the majority of dynamically developing social spheres, such as banking services, insurance, micro-financial activities, etc. The results of the performed research imply that the most efficient method of strengthening of financial services consumers' legal protection is active development of mediation and out-of-court procedure of disputes settlement. Moreover, it is necessary to improve legal regulation of self-regulatory organizations activities in order to ensure the efficient procedure allowing the individuals and organizations to protect their rights.

LITERATURE:

1. Ashmarina, E. (2015). *Finansovoe pravo: uchebnik dlya bakalavrov* [Financial Laws: textbook for bachelors]. Moscow: Yurait (in Russian)
2. Volkova M.A., Neznamova A.A. (2017) Pravovoe regulirovanie zashchity prav potrebitel'ey finansovykh uslug [Legal regulation of financial services consumers' rights protection] // Chastnopravovye problemy v kontekste razvitiya sovremennogo zakonodatel'stva [Specific legal problems in the context of modern legislation development]. Collection of articles based on the results of scientific and practical seminar. Pages 16-22 (in Russian)
3. Volkova M.A., Shilovskaya A.L. (2017) Pretenzionno-iskovoy poryadok zashchity prav potrebitel'ya finansovykh uslug [Out-of-court and court procedure of financial services consumer's rights protection] *Sovremennoe pravo* [Modern Law]. 2017. Vol. 2. Page 65 (in Russian)
4. Grudtsyn L. (2014). *Grazhdanskoe pravo Rossii: uchebnik* [Russian Civil Law: textbook]. Moscow: ZAO Yustitsinform (in Russian)
5. Evstigneev, E. (2015). *Finansovoe pravo: uchebnoe posobie* [Financial Law: learning aids]. St-Petersburg: Piter (in Russian)
6. Fogelson Y. *Zashchita prav potrebitel'ei finansovykh uslug* [Financial services consumers' rights protection. (2010). Norma; Infra-M (in Russian)
7. Kolesnikov Y., Bocharova N. (2015). Osobennosti pravovogo polozheniia finansovogo ombudsmena v Rossii i zarubezhnykh stranakh: teoretiko-metodologicheskii aspekt [peculiarities of financial ombudsman's legal position in Russia and foreign countries: theoretical and methodological aspect]. *Istoricheskaya i sotsialno-obrazovatel'naya mysl* [Historical, Social and Educational Thoughts] editor-in-chief V. Shturba, Vol. 6-2 (pages 210-213). Krasnodar: Non-governmental educational private institution of further vocational education "Kuban Academy for Specialists Preparation, Refresher Courses, and Qualification Improvement" (in Russian)
8. Kotlyarov, M. (2015). Regulirovanie deiatelnosti mikrofinansovykh organizatsii na rossiiskom rynke [Regulation of micro-financial organizations activities in the Russian Market]. *Finansy i kredit* [Finances and Credits] Editor-in-chief A. Bakhtizin: Vol. 35 (page 10). Moscow: FINANSY I KREDIT Publishing House. (in Russian)
9. Kuzakhmetova, S.E., Sitdikova, L.B. & Shilovskaya, A.L. (2016) International Tourism Operators' Responsibility Guarantees in Russian Federation: Current Status and Legislation Development Prospects, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 95–101. DOI: 10.17922/2412-5466-2016-2-2-95-101.
10. Martens, A. (2015). Perspektivy razvitiia samoregulirovaniia na finansovom rynke Rossii [Prospects of self-regulation development in the financial market of Russia]. *Problemy ucheta i finansov* [Accounting and finances problems] Editor-in-chief A. Martens: Vol. 3 (19) (pages 52-55). Tomsk: Federal State Budget-Financed Educational Institution of Higher Vocational Education "National Research Tomsk State University" (in Russian)
11. Mikhailenko, M., Zhilkina, A. (2014). *Finansovye rynki i instituty: uchebnik* [Financial Markets and Institutions: textbook]. Moscow: Yurait (in Russian)

12. Mikheev O., Muzykaev A. (2014). Draft law "On Introduction of Amendments to Article 29 of the Federal Law "On Banks and Banking Activities" (as related to regulation of credit organizations presentation of information about cost of their services). Information available at <http://www.asozd2.duma.gov.ru/main.nsf/%28Spravka%29?OpenAgent&RN=422308-6>. Accessed August 01, 2018 (in Russian)
13. Neznamova A.A. (2017) *Otsenochnye uslugi: teoriia i praktika pravovogo regulirovaniya* [Assessment services: theory and practice of legal regulation]. Monography. Moscow. "Saratovskiy istochnik" Publishing House. 201 pages (in Russian)
14. Neznamova A.A. (2018) Dogovor kak forma okazaniya otsenochnykh uslug [Contract as a form of assessment services rendering]. *Yuridicheskii mir* [Legal World]. Vol. 1. Pages 29-32 (in Russian)
15. Neznamova A.A. (2018) Otsenochnaya usługa kak grazhdansko-pravovaya kategoriya [Assessment service as a civil law category] *Grazhdanskoe pravo* [Civil Law]. Vol. 1. Pages 29-31 (in Russian)
16. Opykhtina E. (2015). Poniatie i vidy yuridicheskikh lits, okazyvayushchikh finansovye uslugi [Notion and types of legal entities rendering financial services]. *Vestneyk ekonomiki, prava i sotsiologii* [Herald of economy, law, and sociology]. Editor-in-chief V. Shlychkov: Vol. 3 (pages 147-149). Kazan: Kazan (Volga Region) State University (in Russian)
17. Rassolov M. (2016). *Kommercheskoe pravo: uchebnoe posobie* [Commercial Law: learning aids]. Moscow: YUNITI (in Russian)
18. Sitdikova L.B. (2013) Informatsionnaya usługa: problemy opredeleniya i klassifikatsii [Information service: problems of definition and classification]. *Yuridicheskii mir* [Legal World]. Vol. 4. Page 43 (in Russian)
19. Sitdikova L.B. (2014) Zashchita prav potrebiteli v sfere okazaniya uslug [Consumer rights protection in the field of services rendering]. *Aktualnye problemy zashchity prav potrebiteli* [Current problems of consumer rights protection] Collection of articles from the International scientific and practical conference. Russian New University. Pages 12-18. (in Russian)
20. Sitdikova L.B., Maloletko A.N., Kaurova O.V., Kryukova E.M., Volkova M.A., Starodumova S.Y., Shilovskaya A.L. (2016) *Zashchita prav potrebiteli v sfere okazaniia uslug (sravnitelno-pravovoi analiz Rossii i inostrannykh gosudarstv)* [Consumer rights protection in the field of services rendering (comparative legal analysis of Russia and foreign states)] Monography. Moscow, Galleya-Print Publishing House. 172 pages (in Russian)
21. Sitdikova L.B., Starodumova S.Y., Shilovskaya A.L., Volkova M.A., Maloletko A.N., Kaurova O.V., Kryukova E.M. (2016) *Publichnye uslugi: pravovoe regulirovanie (sravnitelno-pravovoi analiz Rossii i inostrannykh gosudarstv)* [Public services: legal regulation (comparative legal analysis of Russia and foreign states)]. Monography. Moscow, Galleya-Print Publishing House. 134 pages (in Russian)

PENSION SYSTEM IN RUSSIA: PREREQUISITES, SOCIAL NEEDS, STATE REGULATION, PROBLEMS OF IMPLEMENTATION

Galina Avtsinova

*Professor at Russian state social University, Russia
avcinovagi@rgsu.net*

Natalia Lyapunova

*Professor at Russian state social University, Russia
ljapunovanv@rgsu.net*

Anastasia Rudnitskaya

*Associate Professor at Russian state social University
rudnickajaap@rgsu.net*

ABSTRACT

In the modern world, with the increase in the total population, changes in the quality of life of people in developed countries, the transformation of the labor system, the reform of pension legislation and raising the retirement age are relevant topics, the subject of large-scale social discussions and scientific research. Russia is also introducing current methods and technologies for reforming the pension system. The social need is objectively traced, new programs, the directions of reorganization of pension provision, taking into account differentiation of different groups of the population are formed. But from a practical point of view, not everything can be successfully solved, implemented. It should take into account the special regional specifics of the Russian province, the counterweight to foreign experience, the level of economic development, infrastructure, mobile and human resources. There are both negative and positive examples of state influence and solving urgent problems of social regulation in the field of pension legislation. The authors of the article present some results of consideration of historical experience, prerequisites for the formation of pension provision, actual changes, social needs, state guarantees and transformations in the field of pension system in Russia.

Keywords: *state social support system, social state, social policy, pension provision, state regulation*

1. INTRODUCTION

A comprehensive social security system is an important criterion for assessing the path of a strong domestic policy in a modern state. The Constitution is based on social guarantees, rights and obligations of a citizen of the state. In accordance with Article 7 of the Constitution, the Russian Federation is a social state whose policy is aimed at creating conditions that ensure a dignified life and free human development (Constitution of the Russian Federation, 1993). All this is expressed in the scope of the state social policy, which is aimed at stabilizing the vital spheres of society and guarantees the protection of special categories of the population. One of the socially important parts of this policy is the issue of pensions. The sharpness of discussions among political scientists, sociologists, social workers, government officials and the public around the national pension system has not decreased since 1995, when the concept of pension reform of the Russian Federation was developed. In modern conditions, an active, dynamic, proactive, not lagging, based on a conceptual understanding of the prerequisites, content, problems, results of implementation, prospects for further development of social policy is one of the most important conditions and indicators of social statehood. An integral component of social policy is the pension system, which covers the interests of all generations, society and

the state, describes the level of production and the specifics of the distribution, indicators of work, leisure, health, social protection, social welfare, etc. Refer to the interpretation of the pension system. A typical definition of the pension system in the early 2000s is as follows. The pension system is a set of legal, economic and administrative norms and institutions created by the state, providing for the provision of material security in the form of pensions to disabled citizens due to age or health status (Sociological encyclopedia, 2003). After the chaos of perestroika in Russia in the 90s of the 20th century, the role of the state in the pension provision of citizens is naturally emphasized in the definition. Structurally, the pension system is presented in the form of compulsory pension insurance and additional pension insurance and security. Additional pension insurance and security, being an organic part of the pension system, is designed to Supplement the state payments at the expense of cumulative voluntary contributions of employers, insured persons, surcharges from the budgets of the subjects of the Russian Federation, the budgets of municipalities and organizations. Attention is drawn to the fact that in the above interpretation pension provision is correlated with the disability of citizens and in fact is reduced only to material security. In modern conditions, when the search engine Yandex content of the concept of "pension system of Russia" the first line appears the following interpretation. The pension system of Russia is "a set of legal, economic and organizational institutions and norms created in the Russian Federation for the purpose of providing citizens with material security and the type of pension" (Pension dictionary, URL, 2018). In this interpretation of the pension system are not fixed its subjects, primarily the state. The most important function of the state, as the main institution of the political system, is to create and implement the whole set of conditions that provide its citizens with a decent old age. In addition, material security in the form of a pension, which is fixed in this definition, as practice shows, provided only a poor level of existence in old age or at the onset of disability. Today, the loss of regular income from employment condemns older people to poverty, so 36% of Russians continue to work after retirement. Of course, the legal and financial basis is the basis of the pension system, but we must not forget in the name of what the state cares about ensuring the balance and financial stability of the pension system, the legal regulation of relations regarding the receipt of pensions. We are talking about the dignity of the individual, civil harmony and solidarity, generational consensus, sustainable development of the country, the formation of conditions for the full realization of the creative potential of a person of any age, prevention of social disintegration, social division and marginalization of the population, which ultimately constitutes the social basis of the country's security. Based on the above, we can give the following interpretation of the pension system. The pension system is a complex of interconnected legal, economic, social, organizational, psychological institutions and norms created by the state and non-state actors, the functioning of which is designed to provide citizens with a decent standard of living and quality of life, social activity and a positive attitude. The opinions expressed on the need to adjust the content of the concept of "pension system" do not claim to be indisputable, are debatable and require further study.

2. DISCUSSION

Pension reform in Russia in 2018 is objectively long overdue, but has, in comparison with European countries, "lagging" in nature. The adjustment of the retirement age in European countries began in the 2000s. Russia is one of the last European countries and republics of the former USSR, which until recently did not adjust the retirement age to account for the increase in life expectancy. In many countries, the working age rises regularly. For example, in Belgium by 2025 it is planned to increase the retirement age to 66 years, and from 2030 - to 67 years. In Italy, the retirement age will soon be raised to 67 years, the UK - to 68 years. At the same time, Canada, Norway, the United States with a life expectancy of men 80 years (in the US 76.4), and women 84 years (in the US – 81.2) increase the retirement age is not planned. In the vast

majority of countries (Belgium, great Britain, Germany, Italy, Canada, Norway, USA, France, Japan) there is a tendency to establish the retirement age for both men and women at about the same level – 65 years and more (Modern pension encyclopedia, URL, 2018). The relatively early retirement age (60 years for men and 55 years for women), as the population in Russia and other European countries grew older, increased the tax burden on the able-bodied population. The widespread practice of early retirement for various categories of the population, which has existed in the country since the 1990s of the 20th century, in practice led to a decrease in the real retirement age. Pension legislation in force since 1992, was socially oriented. The legislation provided for the unification of pension provisions for all categories of employees; the introduction of social pensions for persons without seniority; the establishment of a pension equally dependent on previous earnings and seniority, the expansion of the list of preferential categories for earlier retirement, resulting in a significant increase in the number of pensioners in the age to the official retirement age. Thus, in 1992-1993, in comparison with 1991, the number of early pensioners increased by at least 30%. The main innovation consisted in the introduction of the payment of the full amount of the pension to all working pensioners without exception, pensions have become almost all elderly citizens, irrespective of former labour merit (Maleva, Sinyavskaya, 2005). All of these rules have led to a sharp increase in the social obligations of the state to provide pensions to its citizens. As a result, in 2017 there were 2.4 people of working age per one pensioner in the country, but for each pensioner there were 1.9 working citizens — for 43 million pensioners there are 83 million working citizens, while according to estimates 15 million working in the shadow sector of the economy do not pay contributions to the pension Fund. However, the number of payers of pension contributions is much smaller than the number of people of working age due to the presence of economically inactive population, unemployed and informally employed. The number of pensioners will exceed the number of payers of pension contributions according to one forecast in 2028, and the other after 2030 (Sinyavskaya, Omelchuk, 2015). But it's not just that. The former pension system was perceived by the vast majority of Russians as unfair, despite the numerous benefits and early retirement compared to European countries. Low level of pension payments, insufficient indexation of pensions in the conditions of inflation and increase of cost of life, inadequate ratio of the size of pensions and the labor contribution of the worker, poverty of pensioners of the senior age who lost opportunity to earn additionally, feelings of humiliation, uncertainty in the near future, impossibility to provide worthy life, etc. caused fair discontent of citizens and served as additional dividends for criticism of the power from political opposition.

3. RESULTS

Today, the government has proposed adequate adaptation measures to relax discontent and negative psychological perception of the population of the inevitable transformations of pension legislation. Thus, it is considered wrong to raise the retirement age for women by eight years, rather than five years, as for men, it is proposed to legislate the right to early retirement — 42 years for men and 37 years for women. Mothers with many children are also entitled to early retirement: three years earlier — women with three children, four years earlier — with four children, 50 years — women with five or more children. Certain benefits are also provided for small peoples of the North, workers in the agricultural sector (since January 1, 2019, they receive a pension Supplement of 25%), citizens of pre-retirement age, who are guaranteed employment, etc. In the media, articles and speeches of publicists, commentators, willingly or unwittingly, often the emphasis in pension reform is only on raising the retirement age. However, the meaning of the pension reform is to improve the well-being of generations, improve the level and quality of life of Russians, expanding opportunities for the realization of their potential.

Equality of opportunities and rights, justice, human dignity and security, social stability, decent social life, the growth of the spiritual and intellectual potential of the individual, determine the main meaning and content of the current pension reform. Changing the priorities of the pension system will transform the socio-political situation in the country, improve the socio-psychological climate, reduce the level of confrontation and conflict in society and increase the level of civil harmony, to consolidate society in the interests of the country's prosperity. Benefits to employees of harmful and dangerous industries, "Chernobyl" and other categories are preserved. The concept of pre-retirement age, which will be five years, is introduced. The government promises that the increase in pension payments will occur at a faster pace, every year by 1000 rubles. Additional money in the budget will be used to Finance health care, improvement of medical services and other social needs. Competition with Mature employees will motivate young people to gain additional knowledge, improve their skills, greater discipline and responsibility. One of the main expected positive results of the reform is socio-psychological, reassessment of values, your lifestyle. The reform will make you take care of your health, think about the possibility of abandoning bad habits, regularly examined by doctors, go in for sports, some interesting activity, which together will form a positive Outlook on life and stimulate the desire to live longer. At the same time, even after the direct personal TV address of the President of the Russian Federation V.V. Putin to the citizens of Russia on August 29, 2018, which had a psychotherapeutic effect, defused the situation of social tension and did not allow to bring a large number of participants to the protests, people are wary of the reform, fearing corruption, the use of pension contributions to other social programs or not for their intended purpose. Across the country, on September 2, 2018, a little more than 20% of the declared number of participants went to protest rallies, which is five times less than the organizers of the protests expected. For example, we recall the "frozen" program of indexation of payments to working pensioners, which was explained by the authorities by economic difficulties and inconsistency with the principles of justice.

4. CONCLUSION

The developers of the reform offer citizens to invest more than the required amount (now the deductions are 22 % of the wages of citizens) in the future pension, which, in their opinion, will increase the amount of payments at retirement, motivate young people to save up for old age, to abandon salaries in envelopes and ultimately reduce the number of unscrupulous employers. Such a system exists, for example, in Australia and New Zealand. Or consider transferring your contributions from the state to a non-state pension Fund. The program of non-state pension funds has widely spread its experience. One of these is the NPF of Sberbank of Russia. But citizens are still in no hurry to radically change the habit. Economists have estimated that for the introduction of such a system in Russia it is necessary that the level of wages was not less than 50 thousand rubles per month. At the moment in most regions of Russia wage is not more than 15 thousand rubles (BUILDEXPERTS.RU URL, 2018). Experts fear that competition between young people and employees of pre-retirement and retirement age will increase social tensions in an environment where young people are unable to find jobs that are adequate to their needs and demands. They even consider some measures to mitigate the consequences of the reform harmful. In particular, it refers to the criminal liability of employers for dismissal of employees of pre-retirement age. In hiring older people will be denied for other reasons than age, for example, insufficient qualifications, poor knowledge (or ignorance) of a foreign language, etc., the Employer is guided by the hiring of a new employee only their own interests, and retrain an elderly person, to reach the level of his skills to the level of modern requirements of the employer is not profitable, so you need a system of state bonuses and benefits that motivate the employer to accept and retain older people. There is another aspect that makes it possible to assess the prospects for reform with a certain degree of pessimism.

The reform is designed for ten years. Some experts believe that 43 % of Russian men will not live up to the announced retirement threshold of 65 years. According to Rosstat for 2015-2016, life expectancy was expected in Austria-84.2 years, Belgium-83.9 years, great Britain-83.5 years, Germany-83.6 years, Italy - 86 years, Canada-84.1 years, Norway-84.2 years, France-86 years, Japan-87, 1. In Russia – 77, 1. It is assumed that the retirement age in Russia will be raised every two years for one year. But, for example, in Germany, the retirement age is raised to 67 years from 2012 and 1-2 months a year, which makes this process for the population smooth and less painful. Until recently, in Russia there was practically no material interest in later retirement, except for social and psychological motives (self-esteem, social status, prestige of the working person, communication in the professional environment, etc.). For example, in the United States, monthly supplementary payments are increased by 8% and the maximum pension Supplement may be at retirement age 70. In the UK, an additional increase to the pension for each additional year worked is up to 25 % of the salary. In Russia, for each year worked to pension paid 400 rubles. These and other factors make it possible to assess the pension reform of 2018 in Russia with cautious optimism. The main problem of the reform is also considered not to achieve seniority and job security of the age group of the population in accordance with their qualifications and physical condition. In modern realities, it is very difficult for people of pre-retirement age to stay in their places before retirement, as well as to find a job after dismissal. If a person leaves work before retirement, his work experience is terminated, respectively, he will not receive a pension until he completes to the required age. Thus, the effectiveness of pension reform depends on a number of factors. This is the ability of the country's economy to respond adequately to the needs of pensioners, certain categories of the population, the disabled and people with disabilities, the state of the health care system, the state of the labor market, life expectancy of citizens in General and after retirement, the ratio of the able-bodied and disabled population, employment of the elderly, their employment opportunities, socio-cultural characteristics and mentality of citizens, and many others. The opinions and opinions expressed about the pension system and pension reform do not claim to be indisputable. They only fix some "pain points", problems which should be solved in this public segment in the near future. Whether the reform will meet the expectations of the Russian Government, we can only guess and wait for 2020, when it will be possible to note the first results of innovations.

LITERATURE:

1. Avtsinova G.I., Lyapunova N.V. Rudnitskaya, A.P. Integrated approach in the system of inclusive education in Russia: social needs, directions of development and problems of implementation. Proceedings: proceedings on economic and social development. Varazdin Agency for development and entrepreneurship; Russian state social University . 2017. P. 827-833.
2. Bataev, V.V. & Pochinok, N.B. (2016) Some Issues of the Early Pension Insurance System Transformation, Contemporary Problems of Social Work. Vol. 2. No. 1 (5). P. 19–27. DOI: 10.17922/2412-5466-2016-2-1-19-27.
3. BUILDEXPERTS.Ru. What other surprises to expect from the new pension reform in 2018-2019. URL: [https:// build-experts.ru /what-Yeshe-surprises-shdat-from-new-pension-reform-in-2018-2019-year](https://build-experts.ru/what-Yeshe-surprises-shdat-from-new-pension-reform-in-2018-2019-year)
4. Erofeeva S.S. Institutional features of the pension system of the Russian Federation: history and modernity // Bulletin of St. Petersburg state University. Series 12. Sociology. 2010. No. 3. URL: <https://cyberleninka.ru/article/n/institutsionalnye-osobennosti-pensionnoy-sistemy-rossiyskoy-federatsii-istoriya-i-sovremennost>.

5. Maleva T.M., Sinyavskaya O.V. Pension reform in Russia: history, results, perspectives. Analytical report. / Independent Institute of social policy. - M.: Pomatur, 2005 // access Mode: <http://pensionreform.ru/files/112107/pension.pdf>
6. Modern pension encyclopedia. Retirement age in different countries of the world. URL: <http://pensiology.ru/news/pensionnyj-voznrast-v-stranah-mira/>
7. Pension dictionary. Pension provision. URL: http://www.pfrf.ru/grazdanam/pensions/pens_slov~661.
8. Pochinok N.B., Maloletko A.N., Kaurova O.V., Soldatov A.A., Vinogradova M.V., Babayev S.V., Kulemina O.S., Bataev V.V. Prospects of development of non-state pension provision (based on the results of a comprehensive all-Russian sociological study of the prospects of non-state pension provision). Monograph. Moscow, 2016.
9. Pudovkin A.V. World experience of using voluntary and mandatory funded pension systems: lessons for Russia // Vestnik MGIMO. 2016. No. 3 (48). URL: <https://cyberleninka.ru/article/n/mirovoy-opyt-ispolzovaniya-dobrovolnyh-i-obyazatelnyh-nakopitelnyh-pensionnyh-sistem-uroki-dlya-rossii> (date accessed: 11.09.2018).
10. Sinyavskaya O.V., Omelchuk T.G. Consequences of demographic ageing for the pension system in the medium term: forecasting experience for Russia / Published in the journal "SPERO", №19, spring-summer 2014, pp. 7-30 / Demoscop weekly: website. — 2015. — January 26 - February 8 (No. 627-628)
11. Sociological encyclopedia: in 2 t. T. 2 / National social and scientific Foundation / Head of the scientific project G.Yu. Semigin; in the editor-in-Chief, V.N. Ivanov. - M.: Thought, 2003. - p. 406.
12. Solovyev A.K., Pension reform in Russia a new stage // Finance: Theory and Practice. 2014. No. 5. URL: <https://cyberleninka.ru/article/n/pensionnaya-reforma-v-rossii-novyy-etap>.
13. The Constitution of the Russian Federation, 12 December 1993. URL: http://www.consultant.ru/document/cons_doc_LAW_28399/

THE ATTITUDE OF RUSSIAN YOUTH TO THE PHENOMENON OF GLOBALIZATION

Beatrice Corbo

*Moscow State Linguistic University, Italy
beatrice_corbo@hotmail.it*

Victoria Dmitrieva

*Russian State Social University, Russia
victoria@onto.ru*

Darya Sklemina

*Russian State Social University, Russia
sklemina@mail.ru*

ABSTRACT

The aim of the research was the study of attitudes of young people aged between 22 and 27 towards globalization and determination of a cognitive and emotional aspect of the attitudes towards globalization. Methods: questionnaire including 10 open and closed questions to evaluate attitudes towards the notion of globalization, frequency analysis of the closed questions as well as content analysis of the open questions, examining various aspects of attitudes towards the notion of globalization. Results and scientific novelty. The paper examines the concept of globalization development, analyzes threats and opportunities, which this phenomenon carries. The results of the research into attitudes of young residents of Russia towards the phenomenon of globalization are described. There has been revealed an ambivalent attitude of the youth towards the phenomenon. The description of the results of a content analysis of 125 respondents' answers to questions dedicated to various aspects of their perceptions about the phenomenon of globalization is presented. The article highlights the main tendencies in the attitudes towards the notion of globalization among the youth.

Keywords: attitude to globalization, values, personal identity

1. INTRODUCTION

Processes of globalization in the modern world are projecting an ever-increasing influence both on countries as a whole and on an individual. Globalization triggers changes in a society, which results in an individual reconsidering their traditional principles and accepted norms. According to many experts, social changes in the circumstances of globalization are primarily connected to the changes in the system of social influences, values, mindset and needs of people. Contradiction between values of national cultures and common global standards affects self-identity of an individual, who is imposed and suggested a new notion of freedom and human rights, changing the approach to social adjustment and personality development. Identity crisis of an individual emerges to prominence and is accompanied by a number of both positive and negative events manifesting themselves both at an individual and social levels. In such circumstances the role of the influence of globalization on human values becomes exceedingly significant and requires a much more detailed study. For the majority of people globalization has become an inevitable process, characterized by the usage of new communication technologies, enabling information, goods, services, knowledge and people to virtually cross geographical and informational borders at an unprecedented speed. In the light of this, opportunities for the younger generation are becoming versatile, offering new challenge, providing them with new opportunities in political, economic, sociocultural aspects. At the same time global changes influence development of new forms of youth activities, frequently

intensifying the divorcement from reality and personal identity, changing and imposing values, which possess various potential, more or less effective, adaptive and viable for their future. In this respect it becomes necessary to define attitudes of young people towards the notion of globalization, as they will have the power of decision-making regarding the development of the world that surrounds them. The term “globalization” (from Latin globus – orb) and such notions as “globalism”, “global studies”, from the point of view of semantics, stand in one line with such historically established philosophical categories as “common”, “universal”. These notions mean that all things and processes in the world and their internal dependency and interaction form a single whole. The notion globalization is not always interpreted uniformly from the point of view of different experts, however, many agree that the essence of globalization, in the first place, is in the expansion and intensification of interdependency between the subjects, such as separate countries, cultures, traditions and even named individuals. A number of authors define globalization as a process, condition, phenomenon, opportunity. However, there is a fundamental difference between the determination of the status of the phenomenon. In terms of a phenomenon it refers to “globalism”, when the emphasis is placed on a condition, we have the notion of “globality”, and in respect of a process it is “globalization” [Chumakov A.N; Sintserov L.; Utkin A. I.] However, precisely the notion of globalization has received such a widespread acceptance, as it allows rather a versatile and frequently opposite rendering. Mitil A. maintains that “The process of globalization is far from new. And although millennia ago local cultures and civilizations appeared and developed seemingly separately, numerous threads of cultural, commercial connections between them enhanced and multiplied century by century” [Mitil A., p.178]. Thomas Friedman in his works popularizes the phenomena of globalization and writes that globalization embraces a lot of novelty, primarily in economic respect and provides an opportunity for different countries to invest into economies of each other. He defines it as a domineering geo-political feature of the new age and justifies the connection of economic and informational aspects of the phenomenon. [Friedman T.]. The process of globalization creates new options for people. It removes barriers to obtain and exchange information, movement, international trade and business cooperation. The majority of people realize that globalization leads to the growth in the mobility of capital, labor, services, goods and information, and consequently it offers a challenge to increase economic effectiveness and personal development. For many people globalization is characterized by hopes for a better life, a right for personal choice and great freedom, a want to obtain information firsthand, opportunity to receive education at best universities, work with better conditions and higher salaries. Personal identity is a pressing issue in the modern world. Study into the phenomenon of identity in the period of globalization and in the context of global tendencies towards the transformation of the society allows to define it as an extremely unstable, ever-changing feature. Social activity in particular plays virtually the main role in the formation and transformation of an identity, depending on the environment and its peculiarities, values and tendencies. The process of globalization leads to a change in an identity of not solely an individual or a group of people, but to a shift in focus of religious, cultural and civilizational processes. This phenomenon is a natural companion of global transformations and processes. It is necessary to ground the concept of “self” based on an individual and social essence of an individual, taken from the context of an objective developing world and a specific historical form of the development of the society. [Zaytseva A.S., p 121]. A philosopher Evola J., in his works written in the 50’s of the previous century, attempts to define and comprehend the crisis of values in the society. He was one of the first to point at “absurdity of modern life which with the full clarity manifests itself in those economic aspects, which in general predetermined its organization. On the one hand, societies have transitioned from economies of the necessary to economies of surplus, one of the reasons of which was overproduction and progress of industrial machinery. Overproduction leads to a situation where there appears a necessity to impose on

the masses a maximum volume of needs to merchandize the whole volume of production; needs that upon becoming habitual lead to a corresponding increase in conditionalism of an individual. [Evola J., p 178]. This, in particular, is one of the reasons why modern society and the youth especially experience the loss of personal identity. Young men since childhood are subject to preconditioning, in the age of information technologies, free access to information, where the media and other information resources carry the most coordinate function imposing the meaning of existence. Globalization causes the crisis of identity. Self-search for the youth happens, according to A. Meneghetti, not only at a rational level, but also in a metaphysical field of meanings. Having access to virtually infinite information domain and resources, possessing technical and intellectual opportunities, which previous generations could only dream about, modern young people receive both benefits and drawbacks of the situation, depending on how they are able to manage it. Globalization and interaction at different levels and between all nations and continents have made morals and conventions relative, allowing to develop abilities and discover new opportunities to those who lack in talent or courage, but in the first place to those who enjoy modern competences, experience, vision of themselves and the world, to those who are capable of becoming a life-changing act in the dialectic context of modern life. It is necessary to develop an identity of an individual, based on which the individual will reveal themselves and their talent in any field of human activity in the modern world. [Meneghetti A., p 133-134]. Juriev A. I. gives a system psychological description of globalization and contemplates on the fact that currently a human capital is becoming much more significant than a financial capital, as an individual is notably the bearer of a certain life philosophy and perhaps is better or worse prepared for globalizational changes happening in the world. Understanding of current circumstances is principally intended to organize flawless dynamics of all human resources to minimize losses and maximize their success. The meaning is expressed though people, educated to foresee and perceive any changes which may take place in the world. [Juriev A. I., p 65]. Eventually it is extremely challenging to give a straight answer whether globalization is bringing positive or negative perspectives. It is necessary to take into consideration the fact that balance between positive and negative consequences is constantly changing. Countries need to adequately react to global processes, to adjust to new conditions and exploit opportunities which are provided by the union of the world and the whole global community. Therefore, the process of globalization, most active in the last two decades, implies several arguments and contradictions, and is becoming a subject of heated debates. Globalization and processes generated by it challenge traditional patterns of behavior, lifestyle, mindset, culture as well as values of all layers of society. Attitudes to globalization in modern society are rather controversial. There is an increasing relevance lying with the studies on the understanding of the phenomenon of globalization among young people living in Russia, who will face an even more serious stage of globalization development in the future.

2. METHODS

The conducted research was dedicated to a study into attitudes of young people towards globalization. 125 people aged between 22 and 27 participated in the research. The focus group was comprised of virtually equal number of males and females. All the respondents have a tertiary qualification and reside either in Moscow or Moscow region. Within the framework of the study and based on literature analysis there was developed a questionnaire made up of 10 open and closed questions for the evaluation of the attitude towards globalization. It included open questions such as “what associations do you have regarding globalization”, “what do you understand by the notion of globalization” etc. The last part of the questionnaire consisted of 15 closed questions aimed at establishing specifications of an emotional evaluation of globalization, its manifestation and influence on respondents’ lives.

3. FINDINGS

There was conducted a frequency analysis of the closed questions, as well as a content analysis of the open questions, exploring different notions of globalization, in particular, what implications the respondents feel about the notion, what attitudes they have, what opportunities and limitations they see in the phenomenon. The majority of respondents perceive globalization as integration (“involvement of countries in different spheres”, “country integration based on free capital, goods and services movement”, “interpenetration of countries at different level”, “fusion of countries and economies” were among those that were mentioned). Second most common answer was that globalization meant common standards (“standardization of the global culture, consumption”, “unified standards of living”, “amalgamation of all processes into a common current, standardization and unification of state function processes”). Finally the respondents highlighted that globalization is in the first place unification, leveling of different spheres of human life (“unification and standardization of different cultures”, “leveling of everyone and everything according to one standard”, “the process of leveling and standardization of cultures, societies, traditions”, “averaging of a benchmark, degradation of all spheres of activities” etc.). The notion of globalization triggers the following associations with the respondents: mostly it is associated with information. Second most frequent answer was connected to goods (availability, markets, resources, services). Third most common answer was the word “experience”. The most common response to the question “What does globalization bring about?” was “information” (knowledge of the new, an unlimited access to information, information resources, information volume, new sources of information etc.) Second most frequent response was “goods and services” (an opportunity to try new, availability of goods and services, access to world brands, range of goods and services). Finally, they mentioned such notions as “opportunity and experience” (new opportunities, new experience, discoveries, opportunity to use their abilities, perspectives, opportunities to compare and analyze, broadening of horizons). As can be seen from table 1, the respondents see positive aspects of globalization mostly as “Availability” and “Information”, which means availability of foreign employment, access to global information resources, common information space etc.

Table 1: Positive and negative aspects of globalization

Positive aspects of globalization	Negative aspects of globalization
Availability	Loss of authenticity
Information	Migration
Technologies	Consumer society
Experience	Inequality
Communication	Conflicts

The notions “Technology”, “Experience”, “Communication” are also considered to be one of the most significant benefits of globalization (new discoveries, perspectives, broadening of horizons, use of others’ positive experience, access to communication, introduction to best world practices, accessibility of technology, scientific progress, best communication, motivation for development and education etc.). On the other hand, the main negative factors of globalization were “Loss of authenticity” (degradation of national identity, loss of cultural values, loss of uniqueness, devaluation of traditions, averaging of values, loss of self-identification etc.). Respondents regard “Migration” as an uncontrollable influx of immigrants, increased influx of immigrants, uncontrolled immigration etc. Responding to the question whether globalization is a positive phenomenon, 35 % are inclined to agree, 30 % tend to disagree and 21 % strongly disagree. An overwhelming majority, accounting for 95 % of respondents, believe that globalization is a process which embraces all spheres of human life.

Also 68% of respondents suppose that developed nations receive the main benefits from the phenomenon; while only 17 % say that everyone benefits; and only 12% think that developing countries receive the benefit.

Table 2: General tendencies in the youth's attitudes to globalization

Attitudes to globalization	Yes, rather yes	Cannot say	No, rather no
Globalization influences my life choices	52%	15%	34%
The process of globalization gives me confidence about the future	27%	20%	53%
Globalization makes my future more uncertain	61%	14%	25%
Globalization has given me new opportunities	81%	10%	9%
Globalization has created problems	54%	18%	28%
The process of globalization has improved my standard of living	46%	28%	26%
Globalization has had a positive effect on my education	41%	11%	48%
World globalization provides me with new opportunities for personal development	89%	6%	5%

It is necessary to pay attention to the general tendencies in the attitudes towards globalization. Over half of the respondents (52%) believe that globalization influences their life choices. The majority of the interviewees (81%) think that the phenomenon has given them new opportunities. Whereas an overwhelming majority (89%) say that the global processes offer new perspectives, especially in terms of professional sphere. Almost a half of the participants, around 46%, suppose that the process of globalization has improved their standards of living. At the sametime 61% agreed that globalization makes their future more uncertain. Questions referring the quality of education received almost equal results, amounting to 41% of those who consider the influence positive and 48% regarded it negative, while 11 % could not answer.

4. DISCUSSION

Summarizing the research findings on Russian youth's attitudes towards globalization we may conclude the following:

- Just over a half of the respondents perceive globalization as a negative phenomenon, stating the main drawbacks to be: uneven development of countries and societies, serious conflicts, intensified immigration and the loss of authenticity and identity of countries and cultures.
- The majority of the participants claim that globalization impoverishes the culture of their country and the major benefits are enjoyed by developed countries.

The minority see positive aspects of globalization, citing faster technology development, free access to information and wider opportunities of getting experience. An overwhelming majority state the fact that the global processes have given them opportunities, in particular for professional growth during the time of globalization.

- Attitudes may be attributed to the fact that not only positive consequences of globalization (e.g. acceleration and implementation of technological and scientific achievements, faster economic growth, new social and financial perspectives for people, opportunity to improve the standard of living etc.) are becoming obvious. Among the negative ones mentioned are the growth of social inequality, when all the aforementioned opportunities and benefits are de-facto concentrated in the hands of minority groups, serious threats of losing national culture and traditions. In recent years information influx has become so massive that on the one hand it opens new doors to different spheres of life, allowing people to benefit, without leaving their flats. On the other hand, people easily become submissive to broadcasted tendencies, fashions, whilst losing their identity.
- The majority of respondents tended to associate globalization with such notions as integration and unification, assuming it brings a free access to information resources, new goods and services.

5. CONCLUSION

Nowadays young men play an extremely crucial role in the development of Russian society. As a result of the conducted study we managed to determine that the youth has ambivalent attitudes to globalization. Many criticize it for culture assimilation, rapid development of consumer society, uneven distribution of resources. The process of globalization is extremely changeable, it will influence all the major spheres of youth's life and affect value benchmarks in the future. Upon receiving the first knowledge on youth's attitudes to globalization we will be able to plan new research in the field, to get better understanding of the factors and causes which determine axiological aspect of an identity of current and future participants of the process of globalization.

LITERATURE:

1. Boychenko A. (2015). *Globalization of the World Economy*. M.: INFRA-M.
2. Chumakov A. (2005). *Globalization. Contours of the integral world*. M.: Prospect.
3. Evola, J. (2003). *Ride the Tiger: A Survival Manual for the Aristocrats of the Souls; translated by Joscelyn Godwin and Constance Fontana, Inner Traditions*.
4. Friedman L. Thomas (2003) *The Lexus and the Olive tree. Understanding globalization*. M.: IG "Tyani".
5. Juriev A. (2006) *Strategic psychology of globalization: Psychology of human capital: Study guide/ Under scientific editorship of Doctor of Philosophy, Prof. A.I. Jurieva*. StP.: Logos.
6. Kravchenko A. (2000) *Culturology: Dictionary*. M.: Academic project.
7. Kuvaldin V. (2002) *Globalization- the bright future of the humanity? V. Kuvaldin. CILctr. "Foreign policy and safety of modern Russia 1991-2002"*. M., Rosspen.
8. Meneghetti A. (2013). *The youth and the ethics of life*. A. Meneghetti. M. SF "Antonio Meneghetti".
9. Mitil A. (2002) *Dilemmas of globalization. Societies and civilizations: illusions and threats*. A. Mitil. *Questions of philosophy*. № 9 (p.178-181).
10. Pfanenshtil I. (2013). *Modern Processes of Globalization and Geopolitic results: social-philosophic outlook*. Krasnoyarsk: SFU.
11. Prykin B. (2012). *Globalistics*. M.: Unity-dana.
12. Sintserov L. (2000) *Loong waves of global integration*. L. Sintserov. *World economy and international relations*. № 5. (p. 56-58).

13. Utkin A. (2001) *Globalization: process and understanding*. M.: Logos.
14. Zaytseva A. (2007) The problem of identity in the age of globalization: socio-philosophical aspect: dissertation...candidate of philosophical sciences: 09.00.11. M.: A. Zaytseva. 2007.

MARKET RISK ANALYSIS IN TERMS OF IMPACT ON ENTREPRENEURIAL ACTIVITY OF SMALL AND MEDIUM-SIZED ENTERPRISES IN SLOVAKIA

Katarina Bugarova

*University of Zilina, Faculty of security engineering, Slovakia
Katarina.Bugarova@fbi.uniza.sk*

Maria Hudakova

*University of Zilina, Faculty of security engineering, Slovakia
Maria.Hudakova@fbi.uniza.sk*

Matej Masar

*University of Zilina, Faculty of security engineering, Slovakia
Matej.Masar@fbi.uniza.sk*

ABSTRAKT

The globalisation and permanent changes of the entrepreneurial environment are the source of many risks but also opportunities for the SMEs. The market risks are often underestimated but even a flexible response to the changes is not able to turn the negative consequences of their influence. The companies can suffer financial losses and can lose their competitiveness. The SMEs create 99.9 % of the overall number of the entrepreneurial subjects in Slovakia. This was the reason why we realised a questionnaire research aimed at the risk management in the Slovak SMEs in 2017. Based on the research results we worked out an analysis of the market risk sources and assessed the dependence of the market risks on the company size and the duration of doing business through the dispersion analysis by using the quantitative statistical tools. The results confirmed there was a certain rate of dependence between the intensity of the perceived market risks of the SMEs in dependence on the duration of doing business and there was also dependence between the market risk intensity the SMEs feel and the company size. For the market crisis to be effectively managed, it is important to define the risk management process exactly, not only from the point of view of the tools and methods but also to define exactly not only the responsibility of the company owners and managers but also that of the particular employees in the risk management area.

Keywords: Enterprise, Market risk, Research, Risk, Small and medium enterprise

1. INTRODUCTION

The SMEs possess a significant place in the economic system of every country. Their share in creating the GDP and the employment rate in the regions has a great impact both on the regions development and the progress of the whole country. Therefore the growth of their competitiveness and resistance against negative influences which could threaten the continuity of their entrepreneurial activity is important. The dynamic development of the small and medium entrepreneurship is one of the basic assumptions of a healthy economic development of the country. The SMEs in Slovakia create 99.9 % of the overall number of the entrepreneurial subjects, in the company economics they provide job opportunities to three quarters (73.8 %) of the active workforce and participate by more than one half (53.6 %) in creating the value added. The micro-companies employing fewer than 10 employees create 96.9 % of the SMEs. More than three quarters of the SMEs are active in the lines of business as trade services, trade, building industry and industry. In 2017 the sector of the SMEs was developing in the conditions of a growing performance efficiency of the Slovak economy. Almost all main indicators characterising the SME development had a positive development.

Compared to 2017 the SMEs increased the employment rate (by 1.4 %), the value added (by 8.9 %) or the profit (by 7.5 %) and the achieved growth of the value added in the SME sector has been the most significant during last seven years. On the contrary, there was no improvement in the area of foreign trade. According to the preliminary results the export of the SMEs in the year-on-year comparison remained almost unchanged and the share of the SMEs on the total export even declined (SBA, 2018). The global entrepreneurial environment is a big challenge for the SMEs from the point of view of expanding their entrepreneurial activities, however, it is a great risk if their business plans are not successful. The aggressive competition and permanent changes connected with the fast technological development is for them a source of many problems which can lead not only to the loss of their market share but also to remarkable financial losses. In its recent survey the company Microsoft (2017) aimed at the operations of the SMEs in Slovakia, which problems they face, what they would need to improve and change and how they are affected by new technologies. The research revealed that even 66 % of Slovak people saw the future of their company positively – in the Czech Republic it was only 41 %. However, compared with other countries Slovakia was on the 8th place and the Dutch people were the biggest European optimists (79 %). Closely after them there were Rumanians (78 %). On the contrary, the strongest sceptics are Greeks (70 % of them do not feel any certainty) and Turkish people (39 %). On the other hand, the investigations show also the fact that termination of the SMEs in all 8 Slovak regions in 2016 increased compared with the year 2015. The largest number of the SMEs was terminated in the Bratislava region (9,221 terminations) – here is the highest number of active companies. The region with the second largest number of terminations in 2016 was the Prešov region – 7,840 and the third was the Žilina region where 7,862 entrepreneurial subjects terminated (SMEs, 2016). While the number of the newly established companies has had a declining trend during last ten years, the number of terminations grows more rapidly and the net increment of the SMEs decreases (SMEs, 2018). The market risk that results from the global character of the current entrepreneurial environment significantly affects the business of the SMEs. According to Mihók (2006) the overall risk of the company consists of the market and specific risk. The market risk is systematic and results from the character of the external company environment. It concerns all companies differently because it is connected with uncertainty resulting from the economic development. The specific risk is a unique one because it is directly linked with the company or its activity (e.g. operational or financial risk). Babczynski (2006) characterises the market risks from the point of view of creating the value as the risks of new opportunities on the market (new technologies, changing requirements of the customers, etc.). Furthermore he differentiates the strategic and organisational risks. The strategic risks are the risks resulting from correct decisions of the owners and the orientation of the resources on suitable opportunities. The organisational risks result from the effectiveness of utilising the selected opportunities in the process of creating the company values, e.g. the process and security risks. The foreign professional literature understands the market risks more as the financial risks and the market risks are from this point of view understood more as marketing or entrepreneurial risks (Holla et al., 2017; Hudáková et al., 2017; Hamdani et al. 2018; Pacaiova et al. 2018). The competitiveness of the Slovak enterprises is determined especially by the entrepreneurial environment they develop their activities in and by the experience and abilities of the managers and the owners of the company during realising the business plans aimed at the development of the entrepreneurial activity. It is necessary to identify, analyse and assess the market risks that result from the character of the entrepreneurial environment and subsequently to pay adequate attention to measures for their reduction. The goal of this article is to analyse if there are any dependences between the intensity of the perceived market risks of the SMEs in dependence on the duration of doing business and also if there are any dependences between the intensity of the market risks the SMEs feel and the size of the company.

2. METHODS

In order to meet the objective stated the empirical research methods (questionnaires, interviews with competent persons of SMEs), statistical methods, i.e., the analysis of variance using quantitative tools of statistics (percentages, averages, homoscedasticity, Bartlett's Test, Kolmogorov-Smirnov Test, F-test, Kruskal-Wallis Test, Box-and-Whisker Plot) and software MS Excel were used. To fulfil the goal the quantitative method “analysis of variance” was used (Ojiako et al., 2012, pp. 600–618). The analysis of variance was determined by the parametric or non-parametric tests. The procedure based on which we investigated the dependence of individual risks was as follows:

- The implementation of the Barlett's Test for homogeneity of variance, the calculation is necessary to realise for confirming the hypothesis H_1 which says about fulfilling the condition of the file's homoscedasticity (Zhiqiang Mu, 2006).
- The implementation of the Kolmogorov – Smirnov Test which is inevitable for testing the hypothesis about the shape of distributing the investigated random quantity X directly by its individual measured values x_1, \dots, x_n . The following hypotheses were stated:
 - H_0 : The distribution of the quantity X is given by the distribution function $F_0(x)$,
 - H_1 : The distribution of the quantity X is given by another distribution function than $F_0(x)$ (Lopes et al., 2007).
- The “Analysis of Variance” was used for assessing the dependence of the elements investigated. The following scale was selected for assessing the values of the parameter p -value:
 - if $p\text{-value} < 0.01$ – very strong dependence,
 - if $p\text{-value} (0.01-0.05)$ – strong dependence,
 - if $p\text{-value} (0.05-0.1)$ – weak dependence,
 - if $p\text{-value} > 0.1$ – no dependence (Klučka, 2013).
- Results and explanation of the hypothesis.

Using the calculation of parametric tests two basic conditions had to be met: the resulting p -value of the intensity of the key risks of the homoscedasticity test (identity of variances) and normality test to verify intensities of risks must be higher than the level of significance 0.05 have chosen.

3. RESULTS

In 2017 the investigators of the project VEGA No. 1/0560/16 “Risk Management of Small and Medium Sized Enterprises in Slovakia as Prevention of Company Crises” supported by the Scientific Grant Agency realised an empirical research aimed at detecting the key entrepreneurial risks of the SMEs in Slovakia and the state of implementing the risk management process. 487 SMEs participated in this research. Out of 487 participants there were 64 % of the micro-companies, 24 % of the small-sized companies a 12 % of the medium-sized companies. From the point of view of the line of business the structure was as follows: 16 % industry; 24 % trade; 1 % agriculture; 12 % building industry; transport, information 6 %; 9 % accommodation, catering; 7 % business services; other types of services 22 %; other services 3%. The addressed owners and managers of the SMEs in Slovakia were to determine maximally three risks out of seven ones they consider as the key risks in their business. Out of the total number of 487 addressed SMEs we determined the percentage of the identified key risks of the SMEs in Slovakia as follows: the most serious risks were the market risks – 26 %; the financial risks – 21 %; the economic risks – 19 %; the personal risks – 11 %; the operational risks – 9 %; the legal risks – 7 %; the security risks – 6 % and the other risks – 1 %. Figure 1 presents the share of identified key risks of SMEs in Slovakia in 2017.

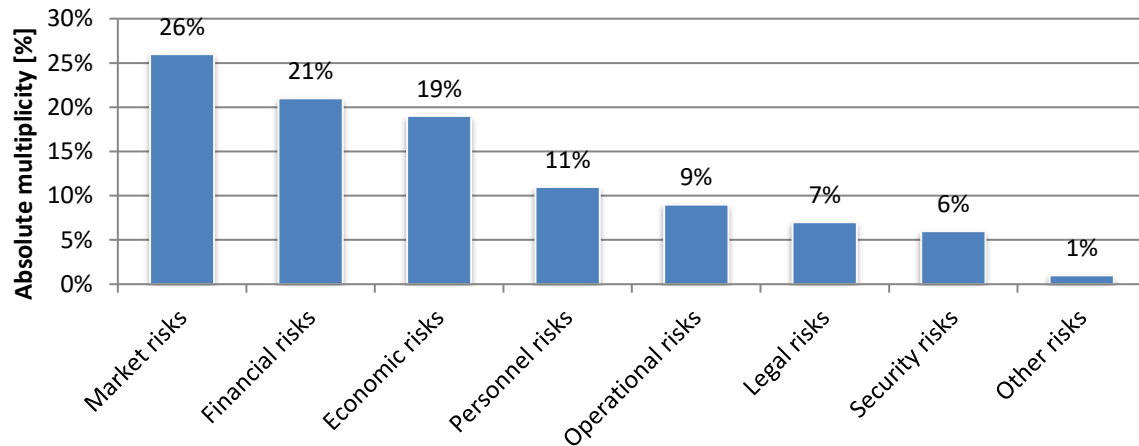


Figure 1: Share of identified key risks of SMEs in Slovakia in 2017 (Authors' results)

The next step for fulfilling the stated goal was to assess the dependence between market risk and the duration of the SMEs' business, i.e. up to what extent the type of the perceived market risk depends or does not depend on the duration of the SME's business in Slovakia. It was to assess the dependence between the identified market risk and the size of the SME's business, too. The first most serious risk was selected for the assessment – the market; the quantitative method analysis of variance was utilised. The necessary information for the analysis of variance is given in the Table 1 and Table 2.

Table 1: The basic statistical characteristics (BSCs) of individual perceived market risk of the SMEs according to the size of Enterprise (Authors' results)

	BSCs	Micro sized enterprise	Small sized enterprises	Medium sized enterprises
Market risks	μ	45.020	41.930	45.000
	σ	0.215	0.177	0.163
	κ	0.919	1.163	-0.026
	$\sigma_{\bar{x}}$	0.015	0.019	0.026

Table 2: The basic statistical characteristics (BSCs) of individual perceived market risk of the SMEs according to the duration of the business (Authors' results)

	BSCs	Less than 1 year	From 1 to 5 years	From 5 to 10 years	More than 10 years
Market risks	μ	48.571	46.7164	40.0000	45.1149
	σ	0.1995	0.1972	0.1817	0.0160
	κ	2.4744	1.4617	1.9230	0.7599
	$\sigma_{\bar{x}}$	0.0399	0.0389	0.0330	0.0440

The Table 1 and Table 2 of the characteristics of the level and variance specifies more closely the individual characteristics of the statistical set of individual perceived risk in the stated of the SMEs according to the duration of the business and to the size of Enterprise. The basic statistical characteristics (BSCs) are as follows: μ – average intensity of the risk to the enterprise, σ – standard deviation intensity of the risk to the enterprise, $\sigma_{\bar{x}}$ – variance intensity, κ – kurtosis of the risk to the enterprise.

3.1. Analysis of Intensity Dispersion of the SMEs' Perceived Market Risks in Dependence on the Duration of Business

Based on the investigated set, the market risk was identified as the key one (according to the SMEs' considerations). Based on the Bartlett's Test ($p\text{-value} = 0.151$) – the assumption of the homoscedasticity was fulfilled. The normality of the investigated set based on the Kolmogorov-Smirnov Test was also fulfilled. The $p\text{-value}$ of the test for the companies doing business shorter than one year - 0.09; the duration of business 1 – 5 years - 0.158; 5 to 10 years - 0.119 and the companies with the duration of more than 10 years - 0.125.

Table 3: Analysis of intensity dispersion of the SMEs' perceived market risks by the F-test (Authors' results)

Variance of SMEs according to the length of the business	Sum of Squares	Df	Average of Squares	F-ratio	P-value
Between Groups	0.0912	3	0.0304	1.1621	0.0325
Within Groups	7.2453	277	0.0262		
Total	7.3365	280			

After carrying out the analysis of the intensity dispersion of the SMEs' market risks in Slovakia by using the parametric F-test (its value is 0.0325 – see the Table 3) we can consider the data as statistically significant because the value is lower than the selected level of significance (0.0500).

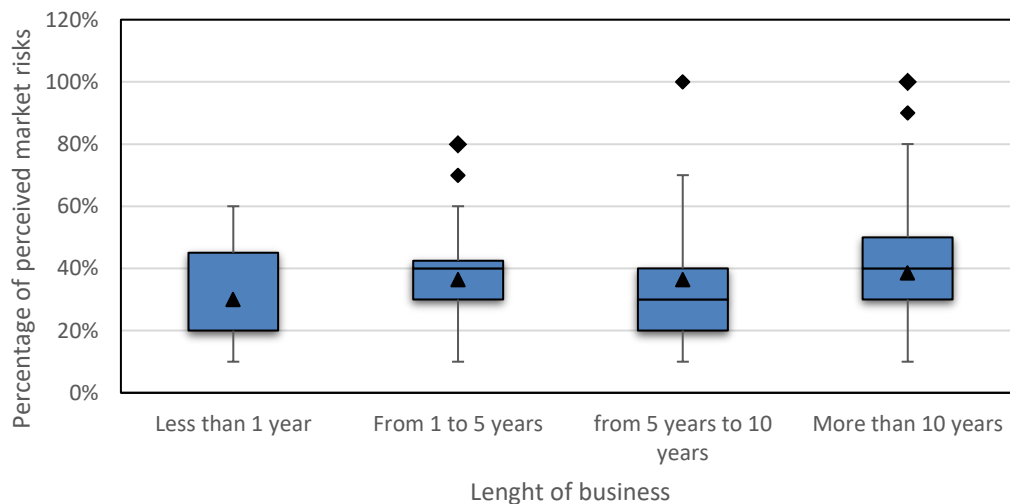


Figure 2: Results of the graphical depiction of the perceived market risks in dependence on the duration of the business by using Box and Whisker (Authors' results)

Based on this we can say that there is a certain level of dependence between the intensity of the SMEs' perceived market risks in dependence on the duration of the business of the investigated set of companies at the reliability boundary of 95 % (Figure 2).

3.2. Analysis of the intensity variance of perceived SME's market risks in dependence on the enterprise size

Based on the SME's survey results market risks were identified as the key and the most important risks. Using the Barlet test ($p\text{-value} = 0.284$), the main assumption of homoscedasticity can be considered as fulfilled. Also, based on the Kolmogor-Smirnov Test, the normality of the examined file was met.

The values (p-value) of the test were: 0.090 for micro-enterprises (total number of employees up to 10), 0.135 for small enterprises (10-50 employees) and 0.189 for medium-sized enterprises (20-250 employees).

*Table 4: Analysis of the intensity variance of SME's market risks using the F-test
(Authors' results)*

Variance of SME's according to the size of the enterprise	Sum of Squares	Df	MS	F	P-value
Between Groups	0.6007	2	0.0325	18.3681	0.0081
Within Groups	1371.6645	339	0.0403		
Total	1377.6725	341			

After analysing the variance of market risks intensity in conditions of the Slovak Republic using a parametric F-test, the value of which is 0.0081 (Table 4), the data can be considered statistically significant since the value is less than the chosen significance level (0.05).

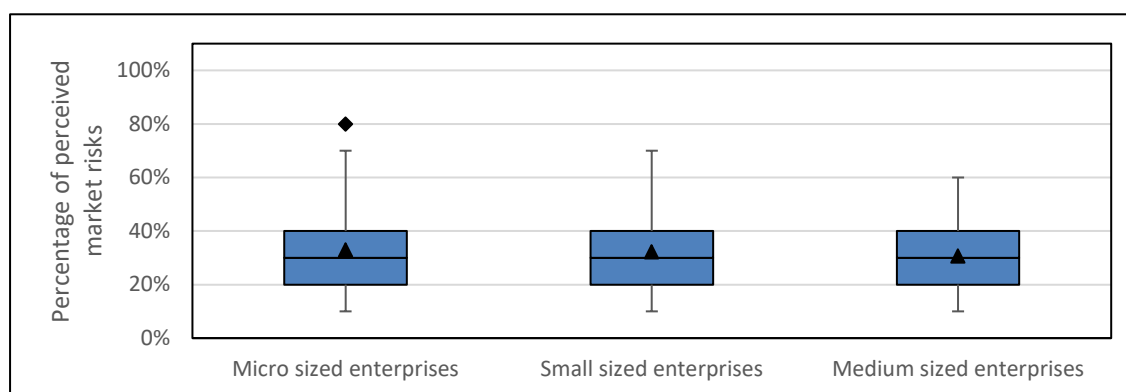


Figure 3: Results of the graphical representation of perceived market risks in dependence on enterprise size using Box and Whisker plot (Authors' results)

On the basis of the above, it can be concluded that there is dependence between the intensity of the market risks that SME's are experiencing and the size of the enterprise at the confidence level 95% (Figure 3).

4. DISCUSSION

Based on these facts we can say that there is a certain rate of dependence between the intensity of the perceived market risks of the SMEs in dependence on the duration of doing business and there is also dependence between the intensity of the market risks that the SMEs feel and the company size. The companies perceive the market risks most intensively within the first year of their existence. This is caused by their effort to find their place in the market in the framework of the existing competition. Just during this time period there occurs frequently a situation which is linked with an incorrect or too optimistic business plan which did not take into account the entrepreneurial risks adequately and the company is forced to finish its entrepreneurial activities (Belás et al., 2018; Havko et.al, 2016; Hudáková et al., 2015). From the point of view of the number of employees the micro-companies perceive the market risks most intensively. Just here the flexibility of the workforce is not their strength and they feel this fact more intensively if the demand is changed or the market stagnates. A too big dependence on the customers or suppliers can affect their price policy, a low utilisation of the production capacity and last but not least also their profits. The most frequent market risk sources – a strong competition in the line of business, stagnation of the market and unreliability of the suppliers

were taken into account for the needs of this analysis – all these facts can lead to a loss of the customers. It is obvious that the SMEs have to analyse the competitive environment all the time and to identify the possible risk sources but also opportunities. The Slovak SMEs are aware of the existence of the risks; however, they have no means or human resources to deal with them adequately. The tasks and responsibilities for work with the risks are not clearly defined in the companies (Holla et al. 2016; Haviernikova et al., 2016). From the point of view of the company categorisation according to the number of employees, the company director is responsible for the risk management in the micro-companies (72 %); in 21 % of these companies nobody is responsible for the risk management. In the small enterprises the company owner is responsible for the risk management – 53 %, the appointed managers only in an extent of 12 % and nobody is responsible for the risk management – 19 %. However, the situation in the medium-sized companies is completely different. Almost in 35 % of the companies the heads of the given departments are responsible for the risk management, the appointed managers are responsible in 25 % of the companies and the company owners create 12 %. The importance of the responsibility for the risk management is emphasised by the fact that only 8 % of the companies have no responsible person for the risk management area (Figure 4).

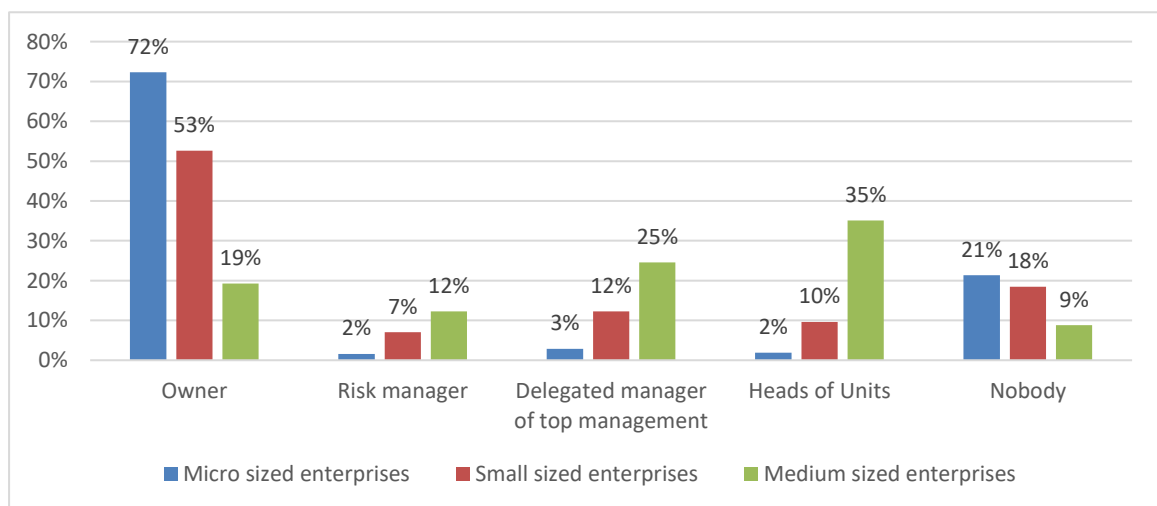


Figure 4: Responsibility for Risk management in Slovak SME'S according to the size of the business (Authors' results)

The owners and managers largely do not foresee the risks and do not prevent them and they respond to the negative situation only subsequently. The insufficient education in the risk management area can be the problem and also the fact that the standards of the risk management are not utilised in the business practice (Lusková et al., 2015). This is solved by involving external experts who can implement an effective risk management adapted to the needs of the company; however, here we can find unwillingness of the entrepreneurs to pay for this area. But the fact is that only to rely on insurance in the case of the market risks is unacceptable today.

5. CONCLUSION

From the long-term point of view the position of the SMEs in the national economy from the view of creating working positions, supporting the local economy or balancing the disparities of the regional development is important. The globalisation of the entrepreneurial environment moves the interests of the companies to the foreign markets. Slovakia is today a more competitive country than last year. While it took the 65th position in the Index of Global Competitiveness last year, the last index places it to the 59th position (GCI, 2017-2018).

However, this position compared with the developed EU countries is not very positive. The ineffectiveness of the government institutions, corruption and tax burden belong to the most serious shortages. These problems directly affect the SME development. The first year of doing business seems to be of key importance and just the unfavourable conditions for establishing and developing the entrepreneurial activities are often a barrier why more SMEs are not founded. The elimination of the obstacles and improvement of the effectiveness against bureaucracy would reduce the costs connected with doing business; they would improve their effectiveness and competitiveness abroad. As the article says the ability to utilise the competitive advantage and to overcome the market risks is connected with the company size as well as with the duration of doing business on the market. The larger numbers of employees the companies have and the longer they are on the market the better background they possess and are able to fight against the negative changes of the entrepreneurial environment. However, the qualified workforce which is able to utilise the market opportunities in the current turbulent entrepreneurial environment and at the same time to implement procedures and tools of the risk management is an assumption and in this way the resistance of the companies and ability to respond to the unfavourable changes of the environment is increased.

ACKNOWLEDGEMENT: *Publication of this paper was supported by the Scientific Grant Agency: The project VEGA No. 1/0560/16 - Risk Management of Small and Medium Sized Enterprises in Slovakia as Prevention of Company Crises. The project KEGA No. 030ŽU-4/2018 - Research of Risk Management in Enterprises in Slovakia to create a new study program Risk Management for the FBI University of Zilina.*

LITERATURE:

1. Buganová, K., Hudáková, M. (2015) *Increase of the competitiveness of enterprises through the implementation of risk management projects in Slovakia*. WMSCI 2015: the 19th world multi-conference on systemics, cybernetics and informatics, Orlando, Florida, Proceedings. Vol. II. - [S.l.] 2015, pp. 394-398.
2. Babczynski, M. (2003). Enterprise risk management. *Moderní řízení* 12/2003, pp. 29-31.
3. Belás, J., Dvorský, J., Kubálek, J., Smrčka, L. (2018). Important factors of financial risk in the SME segment. *Journal of International Studies*, 11(1), pp. 80-92.
4. GCI, (2017–2018). *Global Competitiveness Index*. Retrieved 15.06.2018 from <http://reports.weforum.org/global-competitiveness-index-2017-2018/competitiveness-rankings/>
5. Hamdani, Z., Hamdani, M., Zairi, B. (2018). Risk management in a changing world. *Advances in Intelligent Systems and Computing*, 783/2019, pp. 537-546.
6. Haviernikova, K., Srovnalikova, P. (2016) Selected categories of levies and their impact on economic results of small and medium-sized enterprises. *Actual Problems of Economics*. Volume 185/11, 2016, pp. 214-221.
7. Havko, J., Klucka, J., Haviernikova, K. (2016). *Risk management in cluster's cooperation in Slovak republic*. 3rd International Multidisciplinary Scientific Conference on Social Sciences and Arts, Albena, Bulgaria, pp. 577-584.
8. Holla, K., Ristvej, J., Moricova, V., Novak, L. (2016). Results of survey among SEVESO establishments in the Slovak Republic. *Journal of Chemical Health and Safety*. 23(2), 9-17.
9. Holla, K., Mitasova, V., Pavlenko, T. (2017). Risk assessment model verification in hazardous industrial processes. *Procedia Engineering*, 192, pp. 324-329.
10. Hudáková, M., Buganová, K. (2017). *Enterprise risk management as part of corporate social responsibility in the context of the globalisation of business*. 17th International Scientific Conference Globalization and Its Socio-Economic Consequences. University of Zilina, 2017. pp. 733-740.

11. Hudakova, M., Buganová, K., Dvorský, J., Belas, J., Dana, L. P. (2015). Analysis of the risks of small and medium-sized enterprises in the Zilina region. *Communications: scientific letters of the University of Žilina*. 17 (1). 34-39.
12. Klučka, J. (2013). *Planning and Forecasting*. 1st edition. Žilinská univerzita v Žiline. 2013.
13. Lopes R.H.C., Reid, I., Hobsonet P.R., (2007). *The two-dimensional Kolmogorov-Smirnov test*. In: XI International Workshop on Advanced Computing and Analysis Techniques in Physics Research April 23-27 2007. p. 1-12
14. Luskova, M., Buganova, K. (2015). Practical problems of university students' learning and performance assessment. *Turkish Online Journal of Educational Technology*. 2015, pp. 436-441.
15. Mihók, J – Vidová, J. (2006). *Riadenie podniku v kríze*, STU Košice.
16. Microsoft (2017). *Slovaks are optimistic in business, revealed Microsoft survey*. Retrieved 15.06.2018 from <https://www.microsoft.com/sk-sk/mic/press-2017-06-13.aspx>
17. Ojiako, U., Papadopoulos, T., Thumborisuthi, Ch., & Yang, Y. F. (2012). Perception variability for categorised risk factors. *Industrial Management & Data Systems*, Vol. 112, Issue 4, pp. 600–618.
18. Pacaiova, H., Nagyova, A. (2018). Risk based thinking – New approach for modern enterprises' management. *Advances in Intelligent Systems and Computing* 783/2019, pp. 524-536.
19. SBA. (2018). *Small and medium business in numbers in 2017*. Retrieved 17.06.2018 from http://www.sbagency.sk/sites/default/files/msp_v_cislach_v_roku_2017_infograf.pdf
20. SMEs. (2016). *Establishment and termination of SMEs 2016*. Retrieved 20.06.2018 from http://www.sbagency.sk/sites/default/files/pictures/vznik_a_zanik_msp_2016_final.pdf
21. SMEs. (2018). *The net growth of small and medium-sized enterprises has fallen steadily*. Retrieved 02.07.2018 from <https://ekonomika.sme.sk/c/20742633/cisty-prirastok-malych-a-strednych-podnikov-dlhodoboklesa.html#ixzz5LcCL5TsW>
22. Zhiqiang Mu. (2006) Comparing the Statistical Tests for Homogeneity of Variances. *Digital Commons@*, 8/2006. School of Graduate Studies- East Tennessee University, pp. 1-54.

DEVELOPMENT OF SAMOMARKETING COMPETENCES IN STUDENTS IN THE INTERACTIVE LESSONS

Natalia Buley

*Associate Professor at Department of Personnel Management and Personnel Policy,
Russian State Social University, Moscow, Russia
BuleiNV@rgsu.net*

Tatiana Demchenko

*Associate Professor at Department of Personnel Management and Personnel Policy,
Russian State Social University, Moscow, Russia
tstarshinova@mail.ru*

Irina Ilin

*Professor at Department of Personnel Management and Personnel Policy,
Russian State Social University, Moscow, Russia
ilinaiju@rgsu.net*

Mikhail Vinichenko

*Professor at Department of Personnel Management and Personnel Policy,
Russian State Social University, Moscow, Russia
mih-vas2006@yandex.ru*

ABSTRACT

The paper reveals the problems of developing self-marketing competencies for students. Modern marketing technologies are used at all stages of self-marketing from professional search to the formation of a young specialist. In the course of the research, methods such as a questionnaire using the Google Forms online service and the SPSSStatistics 23 software package were used, and sociological methods and methods of statistical analysis were used to analyze students' self-marketing strategies. According to the results of the research, the greatest interest was shown to the use of interactive technologies in the formation and development of self-marketing competencies while developing the competencies of students in vocational training programs, advanced training and masters. As a result, it was possible to assess the effectiveness of the mechanism for developing the competencies of students in educational organizations in Moscow and the Moscow region. For bachelors, round tables, business and role plays are the most preferred forms of interactive classes in developing self-marketing competencies. Brainstorming is necessary in the formation of self-marketing competencies for specialists. For master students, master classes and Case-study are most applicable for the development of self-marketing competencies.

Keywords: *self-marketing, innovative technologies, students, teachers, interactive classes*

1. INTRODUCTION

A tougher competitive environment forces employers to look for additional resources in the staff of organizations. The most promising in this regard is a well-established system of searching for personnel, training, application of modern technologies for the development of labor and creative potential. In this issue, studies are constantly being conducted. American, Chinese, Russian, Slovak scientists are increasingly focusing on the use of modern technology in training in the higher education system (Wolters et al, 2017; Zhang, 2017; Demcheko et al., 2017). In modern conditions, public control over the quality of students' training and the problems of competence development becomes urgent (Demcheko et al., 2017), research on the

problems of applying innovative forms of education (Gostev et al., 2015), including the study of the features of forming self-marketing competencies for students of various forms training (Gostev & Demchenko, 2014), satisfaction with the students' quality of interactive sessions. The main factors in the formation of an enabling environment for the effective implementation of higher education programs are: the timely improvement of the teaching system and the use of innovative teaching technologies (Ghazal, et al., 2018), the optimal implementation of the personnel policy aimed at increasing the satisfaction of teachers and students (Vinichenko et al. 2017), the role of teachers in the training system (Ilina et al., 2018), the improvement of training and retraining (Rogach et al., 2016), the use of improving pedagogy (Bartel et al, 2017, Lumsden et al, 2016, Miguel et al, 2017), time management technology (Currey, 2014, Alvarez, et al, 2017, Durak & Saritepeci, 2017). The conflict-free interaction between people (Lumina & Moskowitz, 2014), the motivation of teachers to conduct interactive classes (Lai et al., 2018), marketing and management in business management (Buley N.V. et al., 2017), and others become topical. It is important to use competently the knowledge and skills of young people who at least partially use modern technologies and innovative models (Landers & Armstrong, 2017), social networks (Zdravkova, 2016).

2. GENERATION OF THE DATA

The methodology of studying the competences of self-marketing among students during interactive sessions was based on the integrated use of sociological methods, using statistical analysis methods. The student self-marketing strategy was a set of his actions aimed at finding the most favorable conditions, factors, circumstances, specific from the point of view of selecting the elements of the self-marketing mix complex. To solve problems on verification of the theoretical positions of self-marketing, an empirical study was conducted on the basis of Russian universities. In accordance with the goals set, the empirical base of the research was determined by the study group - the faculty and students of the Moscow region. The subject of the study are teachers (full-time teachers or part-timers) and students of full-time and part-time forms of education of educational organizations that carry out educational activities under the programs of higher education (baccalaureate, specialty, magistracy). The subject of the research: the totality of self-marketing competencies, views, attitudes, opinions of higher education teachers on the forms of interactive classes and their impact on the process of forming competence; strategies for self-marketing of graduates and the factors that determine them. The aim of the study is to identify the basic practices of conducting interactive sessions and determine their role in forming the competencies of student self-marketing. The research program was formed taking into account the need to monitor key competencies of students and determine the nature of employment trends for graduates. The questionnaires are built on a modular basis, in accordance with which the thematic blocks containing questions whose dynamics are monitored annually are formed. Some of the questions are variables and introduced for the first time. The study of teachers provides for the study of the following thematic blocks and indicators:

1. Basic practices of interactive classes in teaching:
 - a) the taught disciplines and areas of training;
 - b) methodological approaches to the evaluation of graduates' competencies in the field of self-marketing;
 - c) use of interactive classes in the academic work in forming the competencies of self-marketing;
 - d) the complexity of preparing for interactive classes;
 - e) the resources used, in preparation for interactive classes;
 - f) the role and effectiveness of interactive classes in the formation of professional competencies.

2. Conditions and factors for conducting interactive classes:
 - a) Motivation of teachers to conduct interactive classes;
 - b) Motivation of teachers' work to form self-marketing competencies for students;
 - c) Desired and expected changes in the work related to the need to build the competencies of student self-marketing.
3. General information about the teachers:
 - a) sex;
 - b) age;
 - c) the level of education;
 - d) scientific degree;
 - e) D. Academic rank;
 - f) self-education;
 - g) advanced training;
 - h) use of a foreign language in professional activities.

The study of students provides for the study of the following thematic blocks and indicators:

1. Evaluation of students' satisfaction with the forms of conducting classes:
 - a) students' satisfaction with traditional forms of conducting classes;
 - b) student satisfaction with the quality of the educational material provided;
 - c) students' satisfaction with the quality of interactive classes;
 - d) Student satisfaction with the quality of interactive sessions with elements of gaming.
2. Student progress:
 - a) results of passing the USE;
 - b) the results of the session;
 - c) key achievements in educational and scientific activities;
 - d) ways of preparing for the training sessions conducted in an interactive form;
 - e) costs of education and self-education;
 - f) the cost of self-marketing.
3. Labor activity during training:
 - a) the reasons for entering the labor market;
 - b) organization, scope and remuneration;
 - c) connection of the position held and the direction of training;
 - d) the impact of the work on the formation of key competencies and academic performance;
 - e) the effectiveness of the formed competencies of self-marketing during interactive sessions;
 - f) prospects for further formation of self-marketing competencies;
 - g) planned career.
4. Organization of self-marketing:
 - a) the skills of presenting yourself and your opportunities in the labor market in order to interest the potential employer;
 - b) the results of a study of their own workforce;
 - c) the components of the image, which help the specialist to present himself to the employer as a professional;
 - d) the organization of advertising in the labor market for the profitable sale of knowledge, skills and habits;
 - e) skills demonstrating their competencies and best qualities to surrounding people, the employer.
5. General information about students:
 - a) place of study;

- b) place of residence;
- c) sex;
- d) age;
- e) form of training;
- f) The direction of training

The selection of educational organizations for the study was carried out according to the lists of organizations received in the previous wave of research, primarily in the 2016/2017 academic year. The sampling procedure includes the following stages: calculation of the number of educational organizations; sample of teachers of educational organizations; sample of students of the educational organization. In every higher education organization it was planned to interview at least 50 teachers and students. The study was conducted in the period December 2017 - July 2018. The total population was 818 educational organizations that carry out educational activities for higher education educational programs - undergraduate, special, magistracy programs; 4 399 000 people, the sample size - 700 people, with 4.7% sampling error, with a confidence probability of 95% (Table 1). Six research institutions of higher education were covered in Moscow. For the purpose of forming a representative sample for interviewing respondents, a multi-stage sampling was used, based on a phased selection. In the process of constructing a sample population in the first and second stages, the population was divided by cluster sampling into relatively compact structural parts, namely, clusters. The organizations of Moscow and the Moscow region were selected as a cluster. The selection of organizations in the region was random. At the second stage, selection of respondents working in the organization was carried out using a quota sample. The respondents' quotas were: gender, age and education of the respondent. The study used the method of self-completion of the questionnaire by the teacher after she was transferred to him by the interviewer. The interviewer took the filled out questionnaire, having preliminary checked it in terms of quality and completeness of filling. In order to obtain a qualitative result of the collection of primary sociological information, a briefing was conducted on completing the questionnaire. Study tool - questionnaire. In the study, the following methods were used in a comprehensive manner: a questionnaire using the Google Forms online service (the results of the survey were exported to the SPSSStatistics 23 software package, in order to identify statistical dependencies); content analysis; secondary analysis of sociological research data; methods of mathematical data processing. Respondents took part in the online survey, the average age of which was 29.8 years, divided by gender in favor of women (86%). The average salary of the respondents was 39,000 rubles. The sample of the study of students was built on the basis of the long-term principles of the study, taking into account the corrections that were made in connection with the changes that occurred in the structure of the studied population. In each higher education organization it was necessary to interview at least 24 students, this amount was distributed evenly at the rates. Particular attention was paid to the distribution of the entire sample of students on bachelor's, specialist and master's programs.

Table following on the next page

Table 1: Selective population: name of the institution and gender

				Number of teachers interviewed, people	Number of students interviewed, persons
HEI	Modern Humanitarian Academy	What's your gender	Male	94	93
			Women's	110	110
	Moscow City Pedagogical University	What's your gender	Male	4	4
			Women's	24	24
	Russian Humanitarian Social University	What's your gender	Male	8	9
			Women's	17	16
	State University of Management	What's your gender	Male	8	8
			Women's	25	26
	MGI them. E.R. Dashkova	What's your gender	Male	13	13
			Women's	22	23
	International Academy of Business and Management	What's your gender	Male	3	3
			Women's	22	21
Total	6			350	350

3. RESULTS

The structure of the employment of teachers in different educational programs (Table 2) is characterized primarily by a significant proportion of teachers who teach on bachelor and master's programs (78,% and 52.8%). The share of teachers engaged in specialty programs is insignificant - 24.4%, which is explained by the transition to a multi-level system of higher education.

Table 2: Question: "What programs do you teach in this institution?"

Name of the program	% of the respondents
Bachelor's program	78,6
Specialty	24,4
Master's Courses	52,8
Postgraduate and / or doctoral studies	24,3
Additional professional programs - retraining and further training	32,6
Training courses	8,7
Other	2,4

The share of teaching postgraduate students and doctoral candidates was 24.3%, which is explained by a significant share of the classroom in postgraduate programs. The share of high school teachers engaged in teaching through the retraining and advanced training program reached 32.6%, which is explained by the increase in the requirements of employers for the quality of vocational training.

Table 3: Question: "Using interactive lessons in the teaching work?"

Name of the program	% of the respondents
Bachelor's program	64,3
Specialty	43,8
Master's Courses	70,2
Postgraduate and / or doctoral studies	43,5
Additional professional programs - retraining and further training	72,6
Training courses	42,4

The practice of interactive lessons in the study (Table 3) shows that the greatest interest in this form of education is manifested in the training of students in vocational training and advanced training programs and masters (72.6% and 70.2%).

Table 4: Question: "Motivation of teachers to conduct interactive classes?"

Name of the program	% of the respondents
High	18,6
Average	43,8
Low	24,3
Absent	13,3

As the main problem, it should be noted the average and low interest of teachers to conduct interactive classes - 68.1% (Table 4), which is connected with the high complexity of preparing for interactive classes, this fact was noted by 84% of respondents. Table 5 presents the most preferred forms of interactive training, depending on the curriculum.

Table 5: Question: "The rating of the most preferred forms of interactive classes in the development of self-marketing competencies?"

Name of the program	Undergraduate	Specialist	Master
Round table	1	2	3
Brainstorm	2	1	3
(brainstorm, brainstorm)	1	2	3
Business and role-playing games	3	2	1
Case-study (the analysis of concrete situations, the situational analysis)	3	2	1

For bachelors, round tables (debates, debates), business and role plays (table 5) are the most preferred forms of conducting interactive classes in the development of self-marketing competencies.

Brainstorming (brainstorm, brainstorming) is important in the formation of self-marketing competencies for professionals. For masters, the most important for the development of self-marketing competencies is Case-study (case studies, situational analysis) and master classes.

4. DISCUSSION

A graduate of a higher education institution should be able to use his potential competently in building a career (Kirillov et al., 2017). The development of self-marketing competencies is the main element of building an effective one. A graduate should have a set of competences that allow him to effectively promote himself in the labor market, increasing the market value of the workforce. The ability to respond flexibly to changes in the requirements of employers, the lack of fear to change their lives to "360" degrees, openness to everything new, undoubtedly, these qualities are the competitive advantages of the graduate. Individual students have innate leadership qualities, clearly see their future, they have brilliant skills of self-presentation, and do not have deep theoretical knowledge. Other students, knowing basic knowledge and individual skills of professional activity, do not understand how to apply their skills competently for development in the professional sphere, find their vocation in professions not related to the direction of preparation, arguing their position by the absence of suitable vacancies and the requirement of work experience. Consider the full cycle of student self-marketing, from the origin of the idea to the promotion of the employer. The idea of self-marketing can appear in the student long before entering the university. Choosing the direction of training, higher education institution, region, country for study, the applicant conducts an independent marketing research market segment of higher education. The ratings of higher education institutions are analyzed, the cost and quality of training entrants try to predict their potential demand in the labor market. If an applicant is a prize-winner and a laureate of the All-Russian and International Olympiads, then for him among other competitive advantages of the university, scientific activity and international relations come first. The idea of self-marketing of the entrant is considered, first of all, from the point of view of utility for the employer or the possibility of satisfying the existing needs of the labor market. Analysis of the results of the Unified State Examination, the minimum passing points, the deficit or excess of applications for certain areas of the training market, allows the graduate to really assess the level of knowledge requirements and take them into account in the process of developing the concept and strategy of self-marketing. This stage of self-marketing includes the collection and study of information: the results of the USE, the dynamics of the average USE score, a critical review of the results of the USE by regions of Russia. The result of the analysis is the decision to enter the university with certain rating positions. This step is the most important in the way of self-marketing of the future freshman. The obtained results of the research show that the use of interactive classes in the academic work is proportional to the number of classes conducted in higher education and is most used in the preparation of bachelors (64.3%). However, the greatest interest in this form of education is manifested in the training of students in vocational training and advanced training programs and masters (72.6% and 70.2%). The motivation of teachers to conduct interactive classes is generally quite high (62.4%) and promotes the development of the necessary competencies for students in self-marketing. It is important for teachers to develop all forms of interactive classes, taking into account the level and specifics of students' training. At the same time, the most popular forms of interactive classes for the development of self-marketing competencies for bachelors are round tables (discussions, debates), business and role games. This is due to the fact that in these classes the primary skills of self-marketing are developed and consolidated. For masters, more complex forms of participation in the educational process are more important, where they improve their skills and reach a higher level of analysis of the situation and actions in the labor market.

Therefore, for them, the brainstorming (brainstorm, brainstorming) within which innovative ideas are born is more urgent.

5. CONCLUSION

As independent management objects in developing the competencies of self-marketing can act: the quality of professional and skills; the quality of intellectual and spiritual abilities; image; skills of self-presentation. The condition of effective self-marketing is: knowledge of employers' desires and needs, quick and flexible response to their demands. This is provided by studying the possibilities and use of various methods, forms and methods of self-marketing. In the theory and practice of marketing, the general theoretical foundations of self-marketing are formulated, however, the rapid development of the educational services market, increased attention to the quality of education, changes in the pricing policy of higher education institutions, and increased competition between employers require constant research into methods and means for self-marketing of graduates. In the modern educational system, it is necessary to use competently all the methodological and methodological apparatus. It is important to emphasize the conduct of interactive classes on the forms that are most in demand by students, allow most effectively develop the competencies of self-marketing.

LITERATURE:

1. Alvarez, S., Nikendei, C., Schultz, J.-H. (2017). Development of a didactical training concept for peer tutors in gross anatomy. *Anatomical sciences education*, 10(5), 495-502.
2. Bartel, Alexander, Hagel, Georg and Wollf, Christian (2017). Effective integration of gamification and learning management systems for creating gamified learning arrangements. *3rd International Conference on Higher Education Advance. HEAd'17*, Polytechnic University of Valencia, Valencia, Spain.
<http://dx.doi.org/10.4995/HEAd17.2017.5349>
3. Buley N. V., Melnichuk Y.A., Makushkin S.A., Vinichenko M.V., Melnichuk, A.V. Marketing in management structure of commercial activity of enterprise International Journal of Applied Business and Economic Research. 2017. T. 15. № 12. C. 251-259
4. Currey M. (2014). The regime of genius: The routine of the great people. M.: Alpina Publisher.
5. Demcheko, T.S., Karácsony, P., Ilina, I.Y Vinichenko, M.V., Melnichuk, A.V. (2017) Self-Marketing Of Graduates Of High Schools And Young Specialists In The System Of Personnel Policy Of The Organization Modern Journal of Language Teaching Methods (MJLTM) ISSN: 2251-6204. www.mjltm.org
6. Durak, Hatice Yildiz, Saritepeci Mustafa (2017). Nvestigating the Effect of Technology Use in Education on Classroom Management within the Scope of the FATiH Project. *Cukurova university faculty of education journal*. T:46. V:2. P.441-457. DOI 10.14812/cufej.303511
7. Ghazal, S., Aldowah, H., Umar, I., Bervell, B. (2018) Acceptance and satisfaction of learning management system enabled blended learning based on a modified DeLone-McLean information system success model. *International Journal of Information Technology Project Management*. 9(3), c. 52-71.
8. Gostev A. N., Demchenko T. S. Russian traditions in the system of student government // *Russian education and society*, 2014, № 4, T. 56, стр. 3-26.
9. Gostev A. N., Demchenko T. S., Borisova E. (2015) Corruption in the system of higher education: Problems and ways to prevent them. *Russian education and society*, 2015, № 3, T. 57, стр. 163-188.

10. Ilina, I.Y., Oseev, A.A., Vinichenko, M.V., Kirillov, A.V., Kaurova, O.V., Nakhratova, E.E. (2018). Transformation Of Social Status Of Teachers Of Russian Universities. *Modern Journal of Language Teaching Methods*, 8(3), 381-392.
11. Kirillov A.V., Ushakov D.S., Vinichenko M.V., Makuchkin S.A., Melnichuk A.V. (2017). Career Opportunities for the Management's Personnel Reserve. *Eurasian Journal of Analytical Chemistry*, 12(5b), 723-733. DOI 10.12973/ejac.2017.00205a
12. Landers, R.N., Armstrong, M.B. (2017). Enhancing instructional outcomes with gamification: An empirical test of the technology-enhanced training effectiveness model. *Computers in human behavior*, 71, 499-507. DOI: 10.1016/j.chb.2015.07.031
13. Lumina S Albert and Moskowitz D. S. (2014). Quarrelsomeness in the workplace: An exploration of the interpersonal construct within the organizational context. *Organizational Psychology Review, February 2014; vol. 4, 1: pp. 27-48. doi:10.1177/2041386613492786.*
14. Lumsden, J., Edwards, E.A., Lawrence, N.S., Coyle, D., Munafo, M.R. (2016). Gamification of cognitive assessment and cognitive training: a systematic review of applications and efficacy. *JMIR SERIOUS GAMES*. 4(2), e11. DOI: 10.2196/games.5888
15. Miguel, S.E., Sorolla, G.R., Gato, M.E.P., Guillem, J.M.A. (2017). Gamification in business training. *Direccion y organization*, 62, 35-40.
16. Rogach, O.V., Frolova, E.V., Kirillov, A.V., Bondaletov, V.V., Vinichenko, M.V. (2016) Development of favourable learning environment and labor protection in the context of harmonization of social interaction of educational system objects. *IEJME — MATHEMATICS EDUCATION*, VOL. 11, NO. 7, 2547-2558. ISSN: 2468-4945.
17. Sokolvyak, B.Z. (2017) Main Problems and Prospects for the Development of Territorial Educational Complexes, *Contemporary Problems of Social Work*. Vol. 3. No. 2 (10). P. 55–61. DOI: 10.17922/2412-5466-2017-3-2-55-61.
18. Vinichenko, M.V., Karácsony, P., Demcheko, T.S., Ilina, I.Y., Makuchkin, S.A. Improvement of youth personnel policy: Social inspection (2017) *Eurasian Journal of Analytical Chemistry* 2017 12(7b):1069-1077 DOI: 10.12973/ejac.2017.00232a ISSN: 1306-3057.
19. Vinichenko, M.V., Karácsony, P., Demcheko, T.S., Melnichuk, A.V., Makuchkin, S.A. Satisfaction of employees of Moscow region organizations by implementation of youth personnel policy (2017) *Eurasian Journal of Analytical Chemistry* 2017 12(5b):697-704 DOI 10.12973/ejac.2017.00203a ISSN: 1306-3057
20. Wolters, C.A., Won, S., Hussain, M. (2017). Examining the relations of time management and procrastination within a model of self-regulated learning. *Metacognition and learning*, 12(3), 381-399.
21. Zdravkova, K. (2016). Reinforcing social media based learning, knowledge acquisition and learning evaluation. *2nd International Conference on Higher Education Advance. HEAd'16*, 21-23 June 2016, Valencia, Spain, *Social and Behavioral Science*, 228, 16-23.
22. Zhang, W. (2017). Using classroom assessment to promote self-regulated learning and the factors influencing its (in) effectiveness. *Frontiers of education in China*, 12(2), 261-295.

SOCIAL ENTREPRENEURSHIP: PROBLEMS OF FORMATION AND DEVELOPMENT

Alexander Shatsky

*Applicant at Russian state social University, 129226, Moscow, Russia
kratida@yandex.ru*

Daniil Volkov

*Expert at Russian State Social University, 129226, Moscow, Russia
VolkovDV@rgsu.net*

Helena Hramushina

*Head of department of logistics at Russian State Social University, 129226, Moscow, Russia,
KhramushinaEV@rgsu.net*

Martiros Folosyan

*Specialist at Russian State Social University, 129226, Moscow, Russia
mfolosyan@mail.ru*

ABSTRACT

This study of social entrepreneurship is a fairly new area of research. It is very interesting from different disciplines. However, currently existing theories still do not develop a common understanding of this phenomenon. The existence of multiple interpretations of social entrepreneurship and different approaches to its interpretation and conceptualization greatly hinders its study and even implementation. In this paper, social entrepreneurship is considered in a fairly broad sense of the term as an entrepreneurial activity of social orientation, which includes social work, the activities of non-profit and philanthropic organizations, as well as companies focused on making a profit, but at the same time setting themselves and social objectives. The purpose of the study is identify the main conditions and factors that act as incentives, or on the contrary, obstacles to the formation of various types of socially – oriented entrepreneurial activity in modern Russia. The paper proposes a conceptual model that identifies the socio-economic mechanisms of sustainable and reliable functioning of social entrepreneurship, but at the same time draws attention to the factors that impede or slow its formation and development. The model is based on the results of Desk research, secondary analysis of data obtained through surveys of respondents operating in the field of social entrepreneurship, as well as through the use of qualitative methods of collection and analysis of information by the expert survey.

Keywords: *social entrepreneurship, services of social entrepreneurs, philanthropic organizations, social orientation, socio-economic mechanisms, digital economy*

1. INTRODUCTION

The topic of social entrepreneurship has recently become more and more discussed and popular among scientists of different directions: economists, financiers, sociologists, philosophers, political scientists. This topic is relatively new and quite promising. There is no single approach to understanding and reflecting the essence of this process. The analysis of scientific literature on this issue shows that many issues of social entrepreneurship have not yet been adequately disclosed, and this socio-economic phenomenon has not yet received a clear interpretation and conceptualization. Due to objective reasons related to the history of the practice of social entrepreneurship, the priority in its study belongs to foreign economists who have contributed to the development of the theory and concept of social entrepreneurship.

A key role in the topic of the essence of social entrepreneurship made B. Drayton, J. Mair and I. Marty, who were among the first to study the theoretical foundations of this phenomenon. The main scientific categories, concepts and conceptual models explaining the nature, forms and mechanisms of social entrepreneurship were formed within the framework of many scientific theories. First of all, among them are the theory of "collective behavior" and "mass society" (S. Lipset), the theory of relative deprivation (T. Herr, D. Davis), the theory of resource mobilization (M. Zald, J. McCarthy, CH. Tilly), theory of social action (A. Touraine). Today, domestic scientists and practitioners are also working on the topic of social entrepreneurship. The term "social entrepreneurship" in science is relatively new and allows for a broad interpretation. In this paper, social entrepreneurship is considered in a fairly broad sense of the term as a social entrepreneurial activity, which includes social work, the activities of non-profit and philanthropic organizations, as well as companies focused on making a profit, but at the same time setting themselves and social objectives (Mair N., Marti L., 2006; Mill J. C., 1981). In the narrower sense of this concept, social entrepreneurship is given an intermediate position between the spheres of traditional entrepreneurship and charity: from the first it differs in its focus on social changes, the resolution of social problems; and from the second – the commercial nature of activity. We have specifically moved away from a narrower interpretation of social entrepreneurship, which is quite often used in the domestic scientific literature, as in this case, social entrepreneurship breaks away from its infrastructure, on the basis of which it is supported and developed (Nason J. W., 1989, Nielsen W. A., 1985). As a consequence of the narrow interpretation of the term, the possible forms of social entrepreneurship are significantly narrowed, and its social essence is significantly diminished. This leads to the fact that in law-making and in practice it is reduced exclusively to socially responsible activities of small and medium-sized businesses aimed at solving social problems that ensure the implementation of two basic conditions (Volkov D.V. et al, 2016). First, employment of persons with disabilities and other vulnerable groups. Second, the provision of services and production of goods in certain areas. For example, the promotion of vocational guidance and employment, social services for citizens, health services, physical education and mass sports, assistance to victims of natural disasters, providing cultural and educational activities, promoting the involvement of socially disadvantaged groups of citizens and other and others (Simpson S., Turkin S., 2001, Wythnow R., 1992). All the rest is actually taken out by the Russian laws beyond social entrepreneurship and the corresponding help and support from the state, as it happens in other countries, to subjects of social entrepreneurship in due measure is not provided (Turkin S., 2003). The separation of the concept of social entrepreneurship from the concept of charity in Russian science violated the principle of a systematic approach to the study of this social phenomenon (Folosyan, M.E., 2016). Therefore, for a comprehensive understanding of the problems of formation and development of social entrepreneurship, we will consider and interpret this phenomenon as a system that is characterized by a number of interrelated parties. These parties cover the mission, purpose, motivational structure, functional characteristics of the activities, especially the interaction of organizations, individuals, businesses, state and municipal institutions, charity mechanisms in market conditions (Martin R.J., Osberg S., 2007, Yakimets V. N., 2005). A reduced approach to the interpretation of social entrepreneurship, as it dominates in Russian science, leads to underestimation and distortion of the social essence of this phenomenon in practice and hinders its formation and development. Social and entrepreneurial activity is of great importance for society and the state, providing a long-term positive impact on the economy as a whole, and the solution of significant social problems. Social entrepreneurship is aimed at obtaining double benefits from doing business: generating income and solving important social, socially significant problems. In many countries, philanthropic (charitable) organizations, foundations and non-governmental organizations play a key role in the development of social entrepreneurship and create the necessary infrastructure

for its development and support (Zhabin D.V. et al, 2017, Vinogradova M.V. et al, 2016, Maloletko, A.N., 2016). A significant role in its formation is played by state support, as well as support at the municipal level. In Russia, social entrepreneurship is much less developed than in other countries. According to GEM (General business monitoring Report), the indicators of its development in Russia are 6.5 times lower than in the United States and are among the lowest among all countries participating in this project (Krestnikov I., Levshina E., 2002). In fact, traditional forms of social entrepreneurship in other countries are poorly represented in Russia (Babakaev S.V. et al, 2017). This situation may indicate a lack of necessary conditions for its establishment, sustainable operation and wide spread and the presence of serious barriers that stand in the way of social entrepreneurship. In the works of domestic scientists, the favorable and hindering factors of the formation of social entrepreneurship have not yet been systematically studied, despite considerable achievements in their identification and evaluation. Among the main factors contributing to the development of social entrepreneurship, Russian scientists and specialists are, first of all, the following forms of its support:

1. state support at the Federal and regional level;
2. non-state forms of support for social entrepreneurship from Funds and other financial organizations;
3. the creation of self-regulatory organizations of social entrepreneurs;
4. providing access to infrastructure;
5. legislative registration of the activities of social entrepreneurs;
6. promotion and dissemination of the ideas of social entrepreneurship;
7. the use of social innovations to involve new human and material resources in the economic turnover, the creation of mass movements in order to unite people to solve social problems (Grishin, Gurina, Moskovskaya, Sidorov).

The weak development of social entrepreneurship in Russia is explained by many scientists mainly by the insufficient manifestation of the above-mentioned factors of support for social entrepreneurs. Accordingly, the development of social entrepreneurship is seen in the way of giving more weight and importance to these areas of support for social entrepreneurs. However, it seems to us that this somewhat simplifies the overall picture of the development of this phenomenon due to the fact that there are serious obstacles and problems in the way of social entrepreneurship, without which it is difficult to expect its further spread.

2. METHODS

The purpose of this article is to identify and identify the main conditions and factors that create problems and obstacles to the formation of various types of socially – oriented entrepreneurial activity in modern Russia and inhibit the impact of the above factors related to its development. As the proposed conceptual model, in which we try to explain the main range of problems that block the socio-economic mechanisms of sustainable and reliable functioning of social entrepreneurship, the position is made, in the form of a scientific hypothesis, about its certainty by four main groups of factors. Among them (Wexler A. F., 2002, Dorado S., 2006, Drayton B., 2002):

- socio-political factors associated with the peculiarities of the development of state institutions and the type of management of society.
- socio-economic factors related to the peculiarities of the Russian economy and financial sector
- factors of social consolidation related to the peculiarities of social feelings and perceptions that determine different models of economic behavior.
- worldview (ideological) factors associated with the peculiarities of the perception of the world order, determining the direction of economic activity and entrepreneurial activity.

To verify this situation, the authors conducted in-depth informal interviews with 24 representatives of the "group of specialized consciousness", who acted as experts on the issue under study. The experts were selected according to the following criteria: they are associated with entrepreneurship, have an entrepreneurial approach to solving problems, are aware of the severity of social problems and the need to solve them, are distinguished by a formed sense of social responsibility and willingness to participate in solving important social problems. The purpose of this study was to identify the main problems of the formation of social entrepreneurship in Russia in the context of the totality of the existing objective and subjective obstacles to its development and functioning.

3. RESULTS

The study showed a sufficiently high degree of concordance of experts' assessments regarding the importance (conditional weight) of each group of social factors. Since the study was not quantitative, but qualitative, it would not be very correct from a scientific point of view to rank these factors by their significance. Just note that all of them play an important role and in certain situations and historical moments their impact, according to respondents, can be decisive. Among the socio-political factors hindering social entrepreneurship, respondents identified (Alford, S. H. et al, 2004, Darden-Phillips C., 2013, Bornstein D., 2004, Bornstein D., 2015):

1. a high degree of centralization and bureaucratization of social development management;
2. the tendency to monopolize the state bureaucracy in the sphere of social issues;
3. the transfer of the center for solving social problems at the Federal and regional levels, limited opportunities at the municipal level to participate in solving social problems and in promoting business;
4. focus on mega-projects in the social sphere of large cities and weak attention to social micro-projects of local importance.

The respondent's statements regarding the socio-economic reasons hindering the development of social entrepreneurship can be reduced to the following main blocks (groups) of factors (Wheatley, S. C., 1997, MacDonald H., 1996):

1. nationalization and corporatization of the economy, business consolidation and growth of operational, technical and economic barriers to the activities of small and medium-sized entrepreneurs;
2. lack of financial resources, problems of obtaining loans and microfinance business;
3. underdevelopment of economic, social and engineering infrastructure in medium and small towns, as well as settlements, which can objectively become the main zone for the development of social entrepreneurship;
4. high tax burden and lack of necessary preferences for start-up entrepreneurs, high administrative and bureaucratic barriers to starting and running a business.

The respondent's opinions on the emotional and moral factors on which the type and features of social consolidation or disintegration of society and the prevalence and manifestation of different models of economic activity, including those related to social entrepreneurship, are based can be reduced to the following General vision of the situation characteristic of the Russian society. Here we can highlight a number of the following points (Baker T., Nelson R., 2005, Andrews F. E., 1956, Maloletko A., 2017):

1. lack of solidarity, low level of trust, social passivity, lack of tolerance and tolerance to "outsiders";
2. deformation of social and moral qualities, a sense of social responsibility;
3. callous, indifferent attitude to people with disabilities, to the poor and other socially vulnerable groups and segments of the population;

4. manifestation of "caste" and "group selfishness".

Among the ideological factors that are serious obstacles to the development of social entrepreneurship, respondents note a number of features associated with the manifestation of the so-called national mentality (Apresyan R. G., 1998, Andrews F. E., 1950). These include:

1. the widespread paternalistic type of mass consciousness with the dominance of ideas about the leading role of the state in solving social problems with its craving for authoritarianism and antidemocratism;
2. suspicious attitude towards entrepreneurs as a social group and charity as a form of activity;
3. largely irrational and distorted sense of justice and equality;
4. mass ideas of lawlessness and arbitrariness on the part of "the powers that be" and "the powers that be";
5. the manifestation of the features of "wild capitalism" among entrepreneurs and business people, the primacy of profit over the social mission, the attitude as to eccentricity and lack of business acumen to the activities aimed at solving important social problems, the lack of "fashion" for social entrepreneurship.

Many respondents also drew attention to serious shortcomings in the legal regulation of entrepreneurial activity, which is largely inadequate to many modern forms of innovative business and social entrepreneurship. In fact, the existing laws in Russia overlap the existing advanced schemes and practices of doing business, which are widespread in other countries, the ability to operate within a clear legal framework, thereby putting this activity at risk of its qualification as a pseudo business (fraud), with all the ensuing legal consequences.

4. DISCUSSION

The results of the analysis of the experts' ideas obtained in the course of our in-depth individual unstructured interview on the problems of the formation of social entrepreneurship in modern Russia have significantly confirmed the hypothesis of a complex synergetic effect of a whole set of factors hindering the sustainable development of this phenomenon, as well as supplemented and detailed the model of their study presented by us. This allowed, in our opinion, a somewhat different look at the problems of the formation of social entrepreneurship in the Russian society. In particular, according to the non-formalized statements of experts on this problem, there is a strong impression that in today's Russia there is a special, contradictory, largely unique combination of multidirectional institutional properties and qualities of economic, social, political, moral (socio-cultural) organization of the Russian society, which creates an unpleasant not only investment climate, but also in General social and political atmosphere for the development of social entrepreneurship (Austin J. et al, 2006, Barendsen L., Gardner H., 2004, Volkov D.V. 2016). Despite the abundance of acute and unsolved social problems that are characteristic of today's Russia, and the inefficiency of many social institutions, which according to a number of authoritative scientists would have to run the socio-economic mechanism for the development of social entrepreneurship, this is still not happening and its action remains largely blocked. It is believed that the main impetus and motive for the emergence of social entrepreneurship is the inefficiency of individual social institutions (Dis G.J., 2001). However, as practice shows, in countries with developed economies and a high standard of living, social entrepreneurship is even more common than in developing countries, where there are more egregious social problems, a greater gap in the standard of living of the population, less equitable distribution of social resources. Most likely, the main role here seems to be played by four subjective factors (Baker T. et al, 2005, Spear R., 2006, Verkhovskaya O., Dorokhin M. V., 2010):

1. the emergence of a new type of entrepreneur's consciousness, which combines a clear vision of the social mission, business entrepreneurial approach, the primacy of solving an important social problem over a possible economic benefit;
2. the development of a new type of "state thinking", which is expressed not only in the declared social policy, but also in the real attitude of the "ruling class" and "economic elite" to the real social problems that are particularly acute in the provincial, non-capital Russia;
3. the spread of a new type of consciousness of the Russian society, which will be able to part with the paternalistic ideology of total dependence on the state, on state assistance in solving all social problems, to overcome the feeling of "social dependency" and "little man", on which nothing depends;
4. the formation of a new type of social relations based on civil feelings of solidarity and social responsibility for the situation in the state and society.

Here we can agree with the authors who identify as a key condition for the formation and development of social entrepreneurship solidarity and trust of people, which is the basis of social resources of this type of business. Solidarity and trust of people, when they are United by a common goal, increases the overall economic efficiency, allowing to enter into economic circulation on the basis of social entrepreneurship, many material and human resources that were previously used little in economic activity (Moskovskaya A., 2011). One can argue with the authors who believe that the main problem of social entrepreneurship is the question of the necessary state support and the speedy legislative registration of social entrepreneurship in the form of a special law on social entrepreneurship. Without a doubt, the proposals to identify and clearly enshrine in the law the concept of "social entrepreneurship", the criteria for its allocation among other forms of economic activity, areas of activity in which it is desirable to develop it, to establish measures of state support and incentive mechanisms for the development of such enterprises is an important and necessary step (Novikova, 2014; Gurina, 2015). But, in our opinion, this stage has not yet come. Before fixing and formalizing this type of activity "from above" - to create necessary conditions for its development, to define in the law the legal framework of its functioning – it is necessary, in our opinion, to give wider opportunities to be formed socially-oriented business activity "from below", to provide bigger space of freedom for its formation and to focus on educational work, on carrying out propaganda of the available experience and attempts of its scaling. On the part of the state and society it is necessary to help the formation of this movement "from below", from the level of municipalities (Thompson J., Doherty, B., 2006, Vinogradova M., Maloletko A., Shatsky A., 2017). First of all, creating a favorable external environment and helping different forms of social entrepreneurship, in the broad sense of the term, to show their relevance, vitality and relevance, to receive social support at the level of local communities and municipalities. It would be extremely useful and relevant to create a system of "business incubators", "business angels" and venture investors investing in new forms of socially-oriented entrepreneurship on the basis of established practices and innovative experience in the social sphere. Only after the movement has taken shape at the local level can a framework law be introduced for regulation, which will simply outline the General contours of the phenomenon and give the municipal communities maximum autonomy to support this highly relevant socio-economic endeavour.

5. CONCLUSION

Premature government regulation of this phenomenon before it becomes a reality can have the opposite effect. Instead of creating for it social and economic pillars of sustainable formation and development, state support, in its usual centralized paternalistic manifestation, can simply strangle it in its "administrative and bureaucratic embrace". At the same time, we believe that in order to further confirm our hypothesis and develop a regulatory model for the formation and

development of social entrepreneurship, we need more extensive and representative studies that can most convincingly and reliably answer the entire set of questions arising in connection with the study of this subject area of scientific knowledge, which we plan to conduct in the near future.

LITERATURE:

1. Alford, S. H., Brown, L. D., Letts, C. W., 2004. Social entrepreneurship: leadership that facilitates social transformation. Working Paper, Center for Public Leadership. In John F. Kennedy School of Government.
2. Andrews F. E. Philanthropic Foundations. New York, 1956. P. 11.
3. Andrews F. E. Philanthropic Giving. New York, 1950. P. 166.
4. Apresyan R. G. Philanthropy: charity or social engineering? Social Sciences and modernity. 1998. No. 5. - Pp. 51-60.
5. Austin J., Stevenson H., Wei-Skillern, J., 2006. Social and commercial entrepreneurship: same, different or both? Entrepreneurship: Theory & Practice 30 (1), 1-22.
6. Babakaev S.V., Kaurova O.V., Kulyamina O.S., Maloletko A.N., Vinogradova M.V. The social aspects of pension system modernization in modern Russia. 2017. Journal of Advanced Research in Law and Economics 8(2), c. 352-356
7. Baker T., Gedjlovic E., Lubatkin M., 2005. A framework for comparing entrepreneurial processes across nations. Journal of International Business Studies 36, 492–504.
8. Baker T., Nelson R., 2005. Creating something from nothing: resource construction through entrepreneurial bricolage. Administrative Science Quarterly 50, 329–366.
9. Barendsen L., Gardner H., Is the social entrepreneur a new type of leader. Leader to Leader. 34, 2004. 43-50 (Fall).
10. Bornstein D. How to change the world. Social entrepreneurship and the power of new ideas. How to Change the World: Social Entrepreneurs and the Power of New Ideas. M.: "Alpina Publisher", 2015. 496 p. ISBN 978-5-9614-5178-8.
11. Bornstein D., 2004. How to change the world: Social entrepreneurship and the power of ideas. Oxford University Press.
12. Burlingame D. F. Altruism and Philanthropy: Definitional Issues. Indianapolis, 1993. P. 8.
13. Cical J., Thomas Lyons. Social entrepreneurship: a mission to make the world a better = Understanding Social Entrepreneurship: The Relentless Pursuit of Mission in an Ever Changing World. M.: "Alpina Publisher", 2014. - 304 p.
14. Darden-Phillips C. Your chance to change the world. A practical guide for social entrepreneurship. Your Chance to Change the World. The No-fibbing Guide to Social Entrepreneurship. - M.: "Alpina Publisher", 2013. - 280 p.
15. Dis G. J. The value of social entrepreneurship. M., 2001. (Electronic resource.) URL: <http://www.fuqua.duke.edu/centers/case/documents>
16. Dorado S., 2006. Social entrepreneurial ventures: different values so different process of creations, no? Journal of development Entrepreneurship 319-343.
17. Drayton B., 2002. The citizen sector: becoming as entrepreneurial and competitive as business. California Management Review 44 (3), 120-132.
18. Folosyan, M.E. (2016) The History of Development in Armenia Freedom of Conscience and Religion, *Contemporary Problems of Social Work*. Vol. 2. No. 1 (5). P. 128–135. DOI: 10.17922/2412-5466-2016-2-1-128-135 (International bibliographic description).
19. Grishin Y. S. Social entrepreneurship as an innovative legal framework for the provision of property needs. Bulletin of Nizhny Novgorod University. N. I. Lobachevsky. 2013. No. 3(2). P. 50-52.

20. Gurina A.V. Problems of social entrepreneurship in Russia and ways of its reform. Actual problems of law: proceedings of the IV international. Science. Conf. (Moscow, November 2015). M.: Buki-Vedi, 2015. - P. 91-93. URL: <https://moluch.ru/conf/law/archive/179/9051/> (accessed: 31.05.2018).
21. Krestnikov I., Levshina E. Corporate philanthropy: myths and reality. The results of sociological research. Moscow: CAF, 2002.
22. MacDonald H. The Bills of Dollars That Made Things Worse. City Journal, Autumn, 1996. Vol. 6. No. 4. P. 26.
23. Mair N., Marti L., 2006. Social entrepreneurship research: A source of explanation, prediction and delight, Journal of World Business, Volume 41, Issue 1, February 2006, Pages 36-44
24. Maloletko A. The approaches to methods and mechanisms of formation of the national risk management system of socio-economic development and ensuring the economic security of the state. 25th International Scientific Conference on Economic and Social Development. "XVII International Social Congress (ISC-2017)". Book of Proceedings. ISSN 1849-7535. pp. 567-575
25. Maloletko, A.N. (2016) The Economic Security of the Some Public-Private Partnerships, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 44-48. DOI: 10.17922/2412-5466-2016-2-2-44-48 (International bibliographic description).
26. Mandeville B. the Fable of the bees. M., 1974. P. 236.
27. Martin R. J., Osberg S., 2007. Social Entrepreneurship: The Case for Definition, Stanford Social Innovation Review, pp. 29-39. Spring.
28. Mill J. C. Fundamentals of political economy. T. III. M., 1981. S. 371.
29. Moskovskaya A. Social entrepreneurship in Russia and in the world: practice and research / Resp. ed. A. A. Moscow; National. Research. University "Higher school of Economics". M.: Izd. house of the Higher school of Economics, 2011. - 286 p.
30. Nason J. W. Foundation Trusteeship: Service in the Public Interest. New York, 1989. P. 2.
31. Nielsen W. A., The Golden Donors: A New Anatomy of the Great Foundations. New York, 1985. P. 427-430.
32. Novikova N. No. Conceptual approaches to the legal regulation of social entrepreneurship in Russia. Vestnik of Tver state University. Series "Right". 2014. No. 1. p. 50-54.
33. Shaker A. Zahra, Eric Gedajlovic, Donald O. Neubaum, Joel M. Shulman, 2009. A Typology of Social Entrepreneurs: Motives, Search Processes and Ethical Challenges, Journal of Business Venturing 24(5):519-532. September 2009, Pages 519-532
34. Sidorov N. So. Social entrepreneurship and entrepreneurship in the social sphere (theory and practice). — M.: Publishing house FGOUVPO "goo", 2015. - 80 p.
35. Simpson S., Turkin S. Social dimension in business: business, society, power, non-profit partnership "Social investments", Moscow, 2001.
36. Spear R., 2006. Social entrepreneurship: a different model? International Journal of Social Economics 33 (5/6), 399-410.
37. Thompson J., Doherty, B., 2006. The diverse world of social enterprise: a collection of social enterprise stories. International Journal of Social Economics 33 (5/6). 399-410.
38. Tsekoev, K.A. & Kaurova, O.V. (2017) Characteristics of Implementing State Programs in the Russian Federation, Contemporary Problems of Social Work. Vol. 3. No. 1 (9). P. 47-54. DOI: 10.17922/2412-5466-2017-3-1-47-54.
39. Turkin S. Social investments in the business. A Handbook for managers" Moscow: Russian University, 2003
40. Verkhovskaya O., Dorokhin M. V. Report "Global entrepreneurship monitoring". Russia - 2009. GRADUATE SCHOOL OF MANAGEMENT, NY, 2010. P. 59.

41. Vinogradova M., Maloletko A., Shatsky A. Social entrepreneurship within the framework of multi-agent system. 25th International Scientific Conference on Economic and Social Development "XVII International Social Congress (ISC-2017)" Economic and Social Development . Book of Proceedings. ISSN 1849-7535. Pp. 642-643
42. Vinogradova M.V., Kulyamina O.S., Larionova A.A., Maloletko A.N., Kaurova O.V. (2016) Digital technology in the field of educational services. International Review of Management and Marketing. 6 (2), 281-287
43. Volkov D. V. Public-private partnerships as a variety of society-economic adaptation. Contemporary Problems of Social Work. 2016. Vol.2. No. 1 (5). P. 65-72. Maloletko A.N., Maloletko N.E. Document Individual economic security: Reverse mortgaging (2016) Actual Problems of Economics 184 (10), pp. 242-250
44. Volkov D.V., Akhtian A.G., Dgibabov M.R., Semennikova A.I., Kusina O.A. The effective use of human capital through the reduction of working time. International Journal of Environmental and Science Education. 2016. T. 11. № 18. C. 35-46.
45. Wexler A. F. Why business sponsorship and charity. N. Novgorod, 2002.
46. Wheatley, S. C. The Politics of Philanthropy: Abraham Flexner and Medical Education. Madison, 1988. Apresyan R. G. charity Dilemmas. Social Sciences and modernity. 1997. No. 6. P. 56-67.
47. Wythnow R. Rediscovering Community: the Cultural Potential of Caring Behavior and Voluntary Service. Indianapolis, 1992. P. 44.
48. Yakimets V. N. Social investments of Russian business: mechanisms, examples, problems, prospects. Proceedings of the Institute of system analysis of the Russian Academy of Sciences (ISA RAS). Vol. 18. M. 2005.
49. Zhabin D. V., Turkov M. M., Volkov D. V. The potential of using the information of the fiscal data operator. Social policy and sociology. 2017. Vol. 16. № 5 (124). P. 25-33.

RUSSIAN EDUCATION FOR CHINESE STUDENTS: REASONS OF DEMOTING

Dina Tanatova

*Russian State Social University, Russia
TanatovaDK@rgsu.net*

Vardgues Pogosyan

*Russian State Social University, Russia
PogosianVG@rgsu.net*

Ivan Korolyov

*Russian State Social University, Russia
KorolevIV@rgsu.net*

ABSTRACT

China is the major exporter of educational migrants. Universities around the world are competing for Chinese students. Russia is also interested in Chinese students studying at its universities. Therefore, the number of Chinese students in Russia is lower than in the USA, Western Europe, Japan and some other countries. The study of statistics on Chinese students' migration, combined with the analysis of the primary sociological data about their motives to study in Russia, evaluation of universities in other countries, the employment prospects of self-realization, has shown that the Russian education for the Chinese is less attractive than the education in other technologically developed countries. The factor of attraction to Russian universities is Russian culture and economic cooperation between Russia and China. For the Chinese with the education received in the universities of the USA, Western Europe, Japan, the labor market is much wider, than for those Chinese who received Russian education. The research has shown the problem areas of Russian – Chinese cooperation and the possibilities of their solution.

Keywords: *Chinese students, educational mobility, Russian universities, Russian education*

1. INTRODUCTION

Contemporary state intensive development is impossible without improving the quality of human capital, which, in turn, is determined by the level of the population educational potential. These days the authorities of PRC is actively takes measures, aimed at increasing the proportion of highly educated specialists in the economically active population structure. The coefficient of prospective students' admission to the Chinese universities is to increase to 50% (Zhao Xinying, 2016). Nevertheless, the possibilities of the Chinese education system are not enough to solve the stated educational objectives. China's current education reform plan aims to internationalize education (China INC, 2015), and the training of Chinese students abroad is seen by China's authorities as an element of the country's modernization (Xiao Xiaoping, 2018). The current demographic situation in China in combination with China's active economic and educational policy has created a powerful flow of academic migrants moving to study at foreign universities. Universities of different countries, competing in the international market of educational services, are interested in attracting foreign students, as it improves the economic performance of the educational organization, as well as a positive impact on its international ranking (Zhilcova S., 2016, p. 82). On being integrated into the global educational environment, Russia also seeks to attract Chinese students to its universities. The growing Russian-Chinese cooperation in the field of energy, logistics, Finance and other sectors of the economy enables this goal. Only in 2017, the volume of trade between China and Russia reached 84.07 billion us dollars, having shown an

average annual growth of 20.8%. In 2018, the volume of trade between China and Russia may exceed \$100 billion (ChinaPRO, 2018). The economies of the two countries require qualified specialists capable of equally successful operation in the economic and socio-cultural space of both Russia and China, who are fluent in Russian and Chinese. The Russian educational system with the ability to train specialists of the required qualification increases the number of Chinese students in its universities every year. However, the attractiveness of Russian universities for the Chinese is much lower than the attractiveness of universities in the US, Western Europe and some Asian countries. The focus of research interest in the article is aimed at the educational mobility of Chinese students. Their motivation in choosing the country of study, the features of interiorization in the labor market. The study identified the problems of Russian-Chinese educational cooperation. The main research goal is to figure out the reasons of for the competitive loss of Russian universities in the struggle for Chinese students taking place within global educational market.

2. METHODS

For comparative analysis of quantitative and qualitative characteristics of higher education systems in Russia and China, general trends of Russian-Chinese educational exchanges, methods of analysis of research results, formal analysis of documents, statistical analysis, comparative studies were used. Statistical analysis of the data covers the period from 2008 to 2017. To determine the attractiveness of Russian universities for Chinese students, 18 semi-formalized interviews were conducted with Chinese students aged 19 to 27 years studying at various universities of Russia (RSSU, Lobachevsky University, Lomonosov Moscow state University, BSU, Sechenov University, MSTU “STANKIN”, Industrial University of Tyumen. The interviewees differed in the length of their stay in Russia. The shortest term was 6 months; the longest one was 8 years. The interview was accompanied by audio and video recording, which was transcribed and analyzed.

3. RESULTS AND DISCUSSION

Since the introduction of Dan Sayopin’s policy of “reform and openness” in 1978, the total number of Chinese citizens that are studying and has already studied abroad has exceeded 5 million. In recent years, the educational mobility of the Chinese has intensified. According to the Ministry of education of the PRC, the number of students studying at foreign universities in 2017 was 608 thousand 400 people, an increase compared to the previous year by 11.74% can be pointed out (Ministry of education of the PRC, 2018). Figure 1 shows Dynamics of annual changes in the total number of Chinese students, studying abroad.

Figure following on the next page

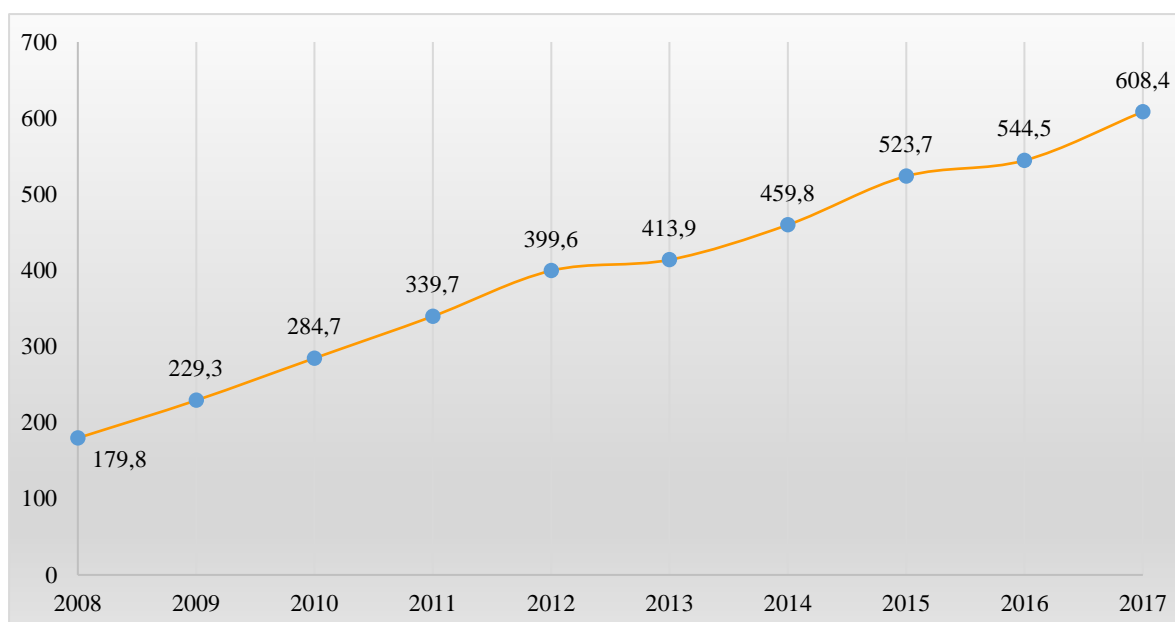


Figure 1. Dynamics of annual changes in the total number of Chinese students, studying abroad (thousand people) (Zhao Gang Andrew, 2018)

Chinese students make up the majority of all international students in such countries as the United States, England, Canada, France, Japan, South Korea and Australia (Krasnova G., Belous V., 2016, pp. 46-49). The distribution of Chinese students in the countries in which they have the largest representation is as follows: 260 thousand 914 people study in the US, 90 thousand 245 people study in Australia, 89 thousand 788 people study in Japan, 86 thousand 204 people study in the UK (Figure 2).

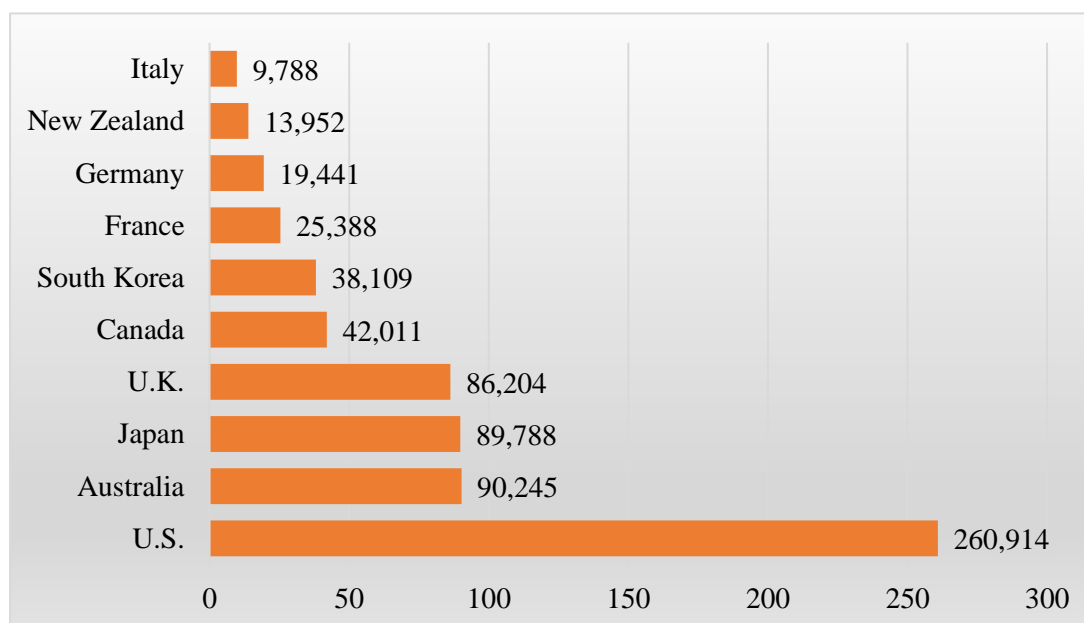


Figure 2. Distribution of Chinese students studying abroad by country (people) (Deidre McPhillips, 2016)

The most attractive for Chinese students are American universities that are traditionally focused on collective self-regulation while maintaining a balance between the right of educational institutions to academic freedom and their responsibility to the state and society (Tanatova D., 2009, p. 156-167). The attractiveness of the US universities for the Chinese is increasing every year.

While in 2010 the share of Chinese students studying at the US universities was 12.8% of the total number of Chinese students studying outside China, in 2016 it increased to 32.9% (Figure 3). The attractiveness of the USA and Western Europe universities is formed by the use of technologies and standards of these countries in the production cycles of the Chinese economy. The attractiveness of Asia-Pacific countries in educational exchanges is supported by their geographical proximity to China.

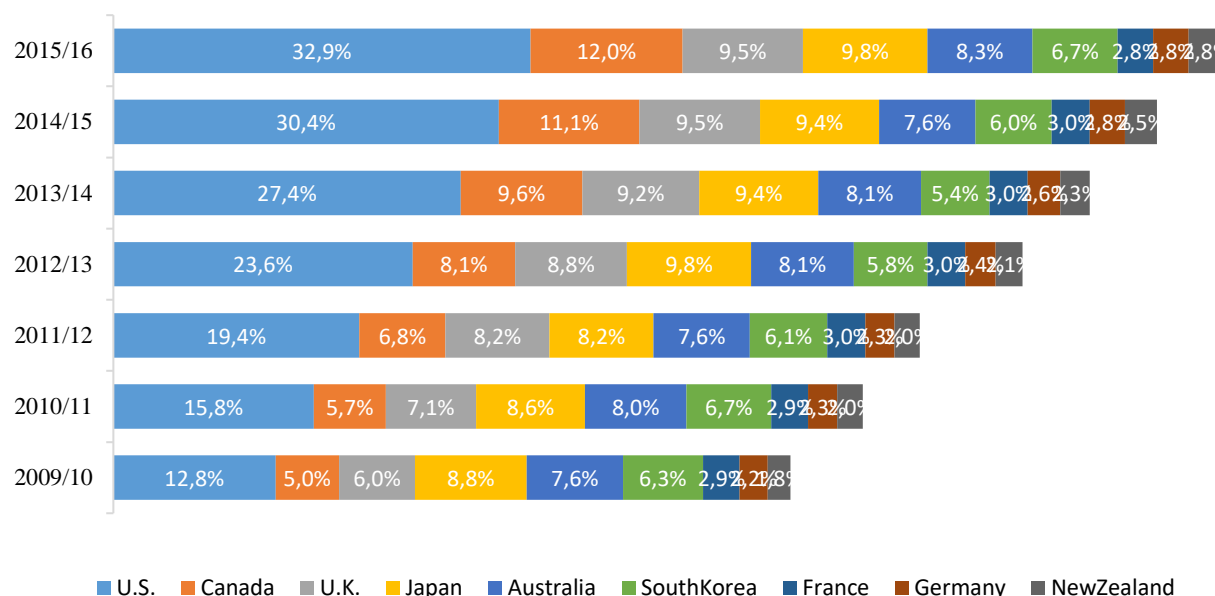


Figure 3. Distribution of Chinese students not studying at Chinese universities by country
университетов (EOL, 2017)

In recent years, along with the traditional geographical directions of educational mobility, Chinese students are interested in relatively new educational locations located in the Eurasian countries. The reason for this was China's economic policy. In 2013, Chinese President Xi Jinping for the first time at the official level put forward the initiative to restore the ancient “The Silk Road” – “One belt - one Road”, aimed at promoting cooperation between China and the countries along the Silk road (People's daily, 2013). The state Committee for development and reform, the Ministry of foreign Affairs and the Ministry of trade of China published a joint document “Excellent prospects and practical actions for the joint creation of the Silk Road Economic belt and The Maritime silk road of the XXI century”, designed to promote the implementation of this concept (Ministry of foreign affairs, the P. R. of China, 2015). The number of students studying in the countries of “One belt - one Road” in 2017 was 66 100 people, which is 15.7% more than a year earlier (People's daily, 2018). The leading place in the number of Chinese students studying in the country among the Eurasian States belongs to Russia. The number of Chinese students studying in Russian universities is growing every year. If in 2015, the number was 209 people (ICEF Monitor, 2016) in 2017 it increased to 28,000 students (Dai Hui, 2018). The number of participants in academic exchanges between Russia and China by 2020 should be increased to 100 thousand people (Official website of the President of the Russian Federation, 2017). For promoting Russian higher education in the world educational system, Russia annually allocates 15 thousand places under a special quota for foreign citizens' tuition - free education (Ministry of education and science of Russia, 2018). The key factor, that distinguishes the Russian educational system in the global educational space, is an affordable tuition fee. In Russia, tuition fees are lower than in the universities of the USA, the UK, Canada, Australia, Singapore or Japan (Table 1.) (Infinity Financial Solutions, 2013).

Table 1. The tuition fees and the cost of providing the basic needs in different countries per person per year (in U.S. dollars)

Country	Annual Fees (\$)	Annual Cost of living (\$)	Annual Total (\$)
Australia	25375	13140	38515
USA	25226	10479	35705
United Kingdom	19291	11034	30325
United Arab Emirates	21371	6004	27375
Canada	18474	7537	26011
Singapore	14885	9363	24248
Japan	6522	12642	19164
Russia	3131	6310	9441
China	3983	4783	8766
Taiwan	3270	4987	8257
Spain	1002	6004	7006
Germany	635	5650	6285

This factor is very important for students coming to study at Russian universities, which was determined by analyzing the answers to the questions of the semi-formalized interview conducted by the authors. The interviewees, on comparing the tuition fees in Russia with the cost of studying at universities in other countries, note that in Russia this cost is lower. Nevertheless, the number of Chinese students attracted by Russian universities is inferior to the number of universities in many countries in the global education market. Education received by the Chinese in Russia, does not give those advantages in the labor market, as education received in the US, Japan, Western Europe. Lee Wong (Pushkin institute), on comparing Russian and European education, comes to conclusion, that getting European education is more preferable: “Education in Europe is international. There are more opportunities. These are forums and conferences. In addition, in Russia scholarship is not very big. Education in other countries will provide more opportunities for career development”. Those Chinese students that are interested in Russian culture and Russian language are motivated to study at Russian universities. Zhao Lu, a MSU student, justifying his choice of a Russian University as a place of education, claimed: “It is better to study language here, because Chinese teachers are those who teach Russian in China”. Those Chinese students that are sure in the potential of Russian Chinese economic relations come for studying to Russia. Jizhun Hao, a student of RSSU said: “Today China and Russia have friendship. And today many companies need translators. But you need to speak Russian well. Language can interfere”. Statistics of the distribution Chinese students by types of specialties is confirmation of Chinese students studying in Russia cultural, linguistic and economic educational orientations (2016). The largest number of them received education of humanitarian orientation: Russian language, economy, culture and art and other fields of Humanities (Table 2) (Chzhan Gochen, 2016).

Table following on the next page

Table 2. Distribution of Chinese students studying in Russia by the types of specialties (2016 г) (people)

Specialty	People
Russian language	6249
Economics	4384
Culture and art	1146
Law	104
Other fields of human sciences	4702
Building	597
Geology and minerals	556
Medicine	229
Aeronautics and astronautics	241
Mechanical engineering	559
Electronic technology	369
Physics and mathematics	379
Astronomy	66
Marine technology	27
Forest resources	22
Other	302

As an illustration of the differences in educational orientations of Chinese students studying at Russian and American universities, we present the statistics of the year of distribution of Chinese students studying in the United States by specialty (2016). In the US universities, the most popular specialties among Chinese students are business / management, engineering and mathematics / computer science (Figure 4).

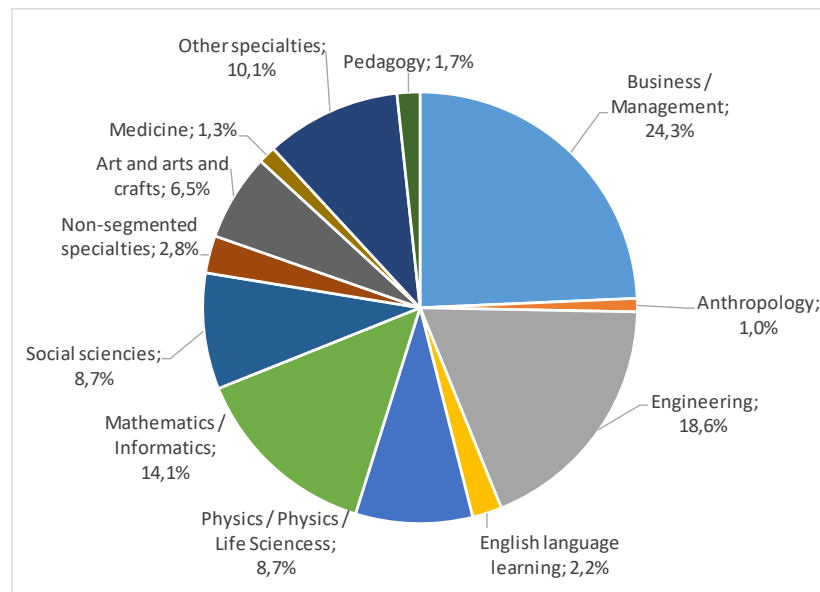


Figure 4. Distribution of Chinese students studying in 2016 in the US universities by the type of specialties (%.) (EOL, 2017).

The transition of China's economy to the use of advanced Western technologies and industries, as well as the widespread use of American and European business models in its economy explains the reasons young Chinese preferring not Russian universities, but universities of these countries. The key problem of development of cooperation between Russia and China in the educational sphere is employment. Graduates of American and European universities, due to close economic cooperation between countries and the existence of transnational companies can usually find a

good job in almost all countries of the world. The space of professional self-realization of Chinese graduates of Russian universities is much narrower. In the arguments of respondents about the tracks of their professional development is clearly expressed the desire to return after receiving Russian education to work in China. Jing (BSU), weighing the possibilities of professional self-realization, claims: “I will leave, because there are more opportunities for my professional development in China”. Zhang (RSSU) agrees with her: “Yes, I will return to China. I think I will have the best development in China”. Dongfang (MSU) considers the desire of Chinese students to return home through the prism of the economy: “In Russia, the salary is less than in China, so many Chinese will leave”. Stepan Tien (Lobachevsky University) agrees with him: “For the Chinese in Russia there are no good prospects, as wages in Russia are lower than in China”. Deep cultural differences between countries, unclear prospects in the Russian labor market, as well as China's announced policy on the return of its citizens who received education abroad (only in 2017, 480 thousand 900 Chinese University graduates from different countries returned to China (Ministry of education of China, 2018)), are factors of repatriation for Chinese students. Nevertheless, studying in Russia gives Chinese students some competitive advantage in the Chinese labor market. Zhi Wong, student of MSTU “Stankin” is sure of it. He claims: “I think a Chinese employer will always prefer a specialist who has received an education in Russia than someone who studied in China”. Zhixian Sao adds: “It is not difficult for a Chinese who has graduated from a Russian University to find a good job in China. Because we have experience of staying abroad, language practice, etc. Now in China there are special opportunities for those who have received education abroad”. At the same time, on comparing Russian and American or European education as a factor contributing to employment, Russian education loses. Zhang (RSSU), speaking about the attitude of Chinese employers to universities in different countries, claims: “Even if it is a good University in China, employers are still biased towards Chinese education. Though having a Russian education, you still need to pass an interview and confirm your qualification. Whereas the diploma obtained in Europe and the United States facilitates employment”. Lee Wong (Pushkin Institute) agrees: “In China, people don't know much about education in Russia. Employers do not know about what universities can be considered as good ones in Russia. In China, it is difficult. I think the employer will give preference to an employee who has received an education in America. Everyone thinks that there is good education in America”. That is, specialists who graduated from Russian universities lose to those who studied in Europe or the United States. The largest employers of China: Huawei, ZTE, Agricultural Bank of China, industrial and commercial Bank of China, Great Wall, Brilliance, Dongfeng/ Dongfeng, Representatives of the Union of entrepreneurs of China, Industrial area Greenwood Park and others have expressed interest and willingness to employ specialists with knowledge of both Russian and Chinese languages (CCN, 2018). Although, there are not so many large joint ventures that could recruit graduates in Russia and China (Suy Venhun, 2014).

4. CONCLUSIONS

In contemporary global world, the educational characteristics of the population determines the quality of the state's human capital. China, that aspires to occupy a leading position as an economic entity in the world economy, needs highly qualified specialists. To increase the human potential of its economy, China is turning to the global education system, systematically increasing the number of its citizens sent to study in other countries. Within the implementation of such programs, Russian-Chinese cooperation in the educational sphere, based on the principles of mutually beneficial cooperation, adequately fits. Within the high level of differentiation of the world market at the regional and country level, Russia's competitive advantage in the international educational sphere is its rich cultural and historical heritage, the interest in which is traditionally high among the Chinese. Russian culture is a key motivator for Chinese students to enter Russian universities.

The growing pace of development of military, economic and humanitarian ties between Russia and China within the framework of strategic partnership also contributes to the expansion of educational exchanges. An important factor in choosing Russia as a country of education is the cost of education available to Chinese students. However, Chinese specialists that have graduated from Russian universities lose to those who studied in Europe or the United States, as Russian universities cannot provide their graduates with the benefits that graduates of American or European universities receive. Since the Chinese demand for Russian education is also formed by economic ties between Russia and China, which are much inferior, for instance, to the us-Chinese trade and industrial relations, Russia is not a place of professional self-realization for Chinese graduates of Russian universities, and most respondents are critical of the prospect of staying in Russia after graduation. Elimination of the problems and risks identified within the study of the organizational plan, combined with the intensification of Russian-Chinese economic relations will significantly enhance academic exchanges, increase the attractiveness of Russian universities for Chinese students.

LITERATURE:

1. China INC. (2015). Great Chinese campaign for foreign students. Retrieved 11.06.2018 from http://china-inc.ru/news/velikij_kitajskij_pokhod_za_inostrannymi_studentami/2015-12-09-437
2. ChinaPRO. (2018). In 2018 the volume of trade between China and Russia will exceed \$100 billion. Retrieved 09.04.2018 from <http://www.chinapro.ru/rubrics/1/17154/>
3. Chzhan Gochen (2016). Enhance the image of students living in Russia, strengthen the work of students studying in Russia. Retrieved 13.07.2018 from <http://www.eduru.org/Portals/103/images/2016062001.ppt>
4. Dai Hui (2018). Russian education creates a reserve of talents. Retrieved 25.06.2018 from http://www.jyb.cn/zgjyb/201806/t20180608_1103688.html
5. Deidre McPhillips (2016). Where in the world Chinese students are studying // US News. Retrieved 08.07.2018 from <https://www.usnews.com/news/best-countries/articles/2016-10-25/an-international-education-for-chinese-students-abroad>
6. EOL (2017). 2017. China. Study abroad. Retrieved 17.07.2018 from <http://www.eol.cn/html/lx/report2017/yi.shtml>
7. ICEF Monitor (2016). A record number of Chinese students abroad in 2015 but growth is slowing. Retrieved 24.05.2018 from <http://monitor.icef.com/2016/04/a-record-number-of-chinese-students-abroad-in-2015-but-growth-is-slowing/>
8. Infinity Financial Solutions (2013). New figures show soaring cost of studying abroad. Retrieved 22.05.2018 from <https://www.infinitysolutions.com/blog/new-figures-show-soaring-cost-of-studying-abroad/>
9. Ministry of education and science of Russia (2018). Reception of foreign citizens within a quota. Retrieved 11.04.2018 from <https://минобрнауки.рф/проекты/прием-иностранных-граждан>
10. Ministry of Education of the PRC (2018). In 2017, the number of students studying abroad and returning to China doubled.. Retrieved 02.05.2018 from http://www.moe.gov.cn/jyb_xwfb/gzdt_gzdt/s5987/201803/t20180329_331771.html
11. Ministry of foreign affairs, the P. R. of China (2015). Vision and actions on jointly building silk road economic belt and 21st-century maritime silk Road. Retrieved 11.06.2018 from http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1249618.shtml
12. People's daily. (2013). President Xi Jinping delivers speech at Nazarbayev University. Retrieved 19.06.2018 from <http://en.people.cn/90883/8392768.html>

13. People's daily. (2018). The number of students studying abroad last year exceeded 600,000 people Retrieved 12.06.2018 from http://paper.people.com.cn/rmrbhwb/html/2018-03/31/content_1845124.htm
14. Suy Venhun (2014). The responses of the RIAC report "Internationalization of Russian universities: The Chinese vector». Retrieved 26.07.2018 from <http://russiancouncil.ru/analytics-and-comments/analytics/otklike-na-doklad-rsmd-internatsionalizatsiya-rossiyskikh-vu/#3>
15. Xiao Xiaoping (2018). How do international students influence China's modernization? Retrieved 24.07.2018 from <http://www.chinaqw.com/hqhr/2018/05-29/191166.shtml#cyhd>
16. Zhao Gang Andrew (2018) Whether there will be 2018 critical for the Chinese market of foreign education? Retrieved 16.06.2018 from <http://edu.sina.com.cn/zl/oversea/2018-01-11/doc-ifyqqieu5716240.shtml>
17. Zhao Xinying. (2016). China has 1 in 5 of all college students in the world: report - China - chinadaily.com.cn. Retrieved 29.05.2018 from http://www.chinadaily.com.cn/china/2016-04/08/content_24365038.htm
18. Zhiltsova S. (2016). Education as a factor of competitiveness BRICS. Financial Life. 1. P.82-93.
19. Krasnova G.A., Belous V.V. The Chinese students abroad. Akkreditaciya v obrazovanii. 3(87). PP. 46-49. (In Russ).
20. Official site of the Russian President (2017). China-Russia Joint Statement on Further Deepening the China-Russia Comprehensive Strategic Partnership. Retrieved 07.06.2018 from <http://kremlin.ru/supplement/5218/>
21. Tanatova D.K. (2009) Assessment of the quality of education: international experience. Social Policy and Sociology. 4(46). PP.156–167. (In Russ).
22. Tanatova, D.K. (2016) Internet As a Culture and Culture on the Internet, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 99–105. DOI: 10.17922/2412-5466-2016-2-3-99-105.
23. Lkhanyam, S. & Yudina, T.N. (2017) Mongolian Technical Vocational Education and Training for Enterprises, *Contemporary Problems of Social Work*. Vol. 3. No. 3 (11). P. 95–103. DOI: 10.17922/2412-5466-2017-3-3-95-103.

PECULIARITIES OF SOCIOALLY RESPONSIBLE TOURISM IN RUSSIA AND PROSPECTS OF ITS DEVELOPMENT

Elena Kryukova

Russian State Social University, Moscow, Russia
krjukovaem@rgsu.net

Olga Kaurova

Russian State Social University, Moscow, Russia
KaurovaOV@rgsu.net

Valeriya Khetagurova

Russian State Social University, Moscow, Russia
vhetag@yandex.ru

Dina Makeeva

Russian State Social University, Moscow, Russia
makeevadr@rgsu.net

ABSTRACT

In accordance with the concept of sustainable development, the factors that stimulate the development of tourism are determined by its dependence on socio-economic, cultural and natural resources. The subject of the study was the study of the features of the formation and development of a new type of activity, called socially responsible tourism, as well as the prospects for its development under Russian conditions. The meaning of such an activity entrusted with rights and duties is to combine the pleasure of visiting sights in unique places and assisting in carrying out community service work in the receiving region. When studying the methodological foundations of socially responsible tourism, historical prerequisites were identified that led to the emergence of various varieties of it, such as social, volunteer, ecological, religious, sustainable, solidarity, fair tourism. Based on the experience that exists in the world, taking into account the specifics of the Russian practice of project implementation, the study has developed recommendations for improving the legal framework and developing special regulatory documents; to popularize the ideas of socially responsible tourism in the country; to expand the network of volunteer centers in the Russian Federation; on the creation of accessible for the population tourist projects and programs of this direction; on the spread of progressive world and domestic experience and techniques; to attract public attention to volunteer programs and projects; on the development of social tourism as one of the most common forms of tourism in the country, taking into account the accumulated experience in supporting the rights of socially unprotected strata of the population.

Keywords: *socially responsible tourism, sustainable development, volunteer tourism, eco-tourism, social tourism, destinations, tourist industry*

1. INTRODUCTION

The development of tourism is influenced by numerous factors that determine the need for adaptation to new conditions. Changes occurring in the conditions of the life of society, global processes can influence the tourism system directly or indirectly. In June 2012, in Mexico, the leaders of the Group of 20 (G20) in the declaration following the meeting for the first time in history introduced a block that reflected the need for tourism and travel as a means of creating jobs, decent work, global economic growth and poverty reduction.

Such a breakthrough was achieved through the efforts of the World Travel and Tourism Council and the World Tourism Organization. The sustainable development of tourism is determined by its ability to maintain its qualitative and quantitative indicators for a long time, without damage to the natural environment of the territory that is interested in this phenomenon (Novikov V., 2006, pp. 6-18). Therefore, the necessary condition for sustainable development of tourism is that all actors involved in this process, responsibly and with mutual respect, perform their functions. As a consequence, the emergence of a new type of activity, called responsible tourism. According to the dictionary SI. Ozhegova, the term "socially responsible" is defined as essential to society or vested with rights and duties in the performance of any activity for society. The last twentieth anniversary was marked by the spread of new popular ideas and principles of responsible tourism, as the world conceptual trend of citizens' recreation. The meaning of this activity is to combine the pleasure of visiting sights in unique places and assisting in carrying out community service in the receiving region. The concentration of responsible tourism is an individual brought up on the moral and moral values of responsibility and consciousness. The philosophical basis of responsible tourism lies in cultural exchange, consolidation among the peoples of the world. At the heart of such tourist trips lie the principles of economic and social justice, with respect for the culture of local communities and the environment. At the head of responsible tourism is the leading role of the host party, that is, the local community, which has the right to participate in the process of sustainable tourism development on its territory (Novikov V., 2011, pp. 261 - 267). Social responsibility presupposes the use of an ethical principle based on moral values and norms when making decisions. Responsibility implies compliance with rules and norms that are not defined by law, but affect the quality of life of certain social groups or communities. The availability of travel for all strata and categories of the population is an important component in the development of responsible tourism. The key figure in the tourist system should be a person with his individual characteristics: health, physical condition, age, on the basis of which an affordable tourist offer for obtaining quality services should be formed. Responsible tourism or long-term tourism is reduced to applying the principles of long-term development in the tourism industry, that is, it touches on the issues of convergence of economic development, social approach and respect for the environment. In accordance with the Charter of the World Tourism Organization, responsible tourism should be "sustainable to the long-term perspective in an ecological, economic and ethical and social respect to the local population".

2. METHODS

The purpose of the study is determined by the problems of the formation and development of socially responsible tourism in the Russian conditions. As a result of the work carried out: the role of socially responsible tourism in the transition to the sustainable development model has been identified; The mechanism of social conditioning of a new type of activity and its objective necessity is revealed; an analysis of the implementation of projects in the field of socially responsible tourism has been carried out, and its main directions are shown. When studying the methodological foundations of socially responsible tourism, historical prerequisites were identified that led to the emergence of various varieties of it, such as social, volunteer, ecological, religious, sustainable, solidarity, fair tourism. The features of realization in the Russian conditions of projects in various types of responsible tourism are considered; their goals, objectives and principles are analyzed; the structures and functions of a new type of activity, ways of increasing the social efficiency of its functioning are justified; ways of improving and sustainable development of socially responsible tourism are suggested. In accordance with the tasks assigned, the methodology of the study was also developed. One of the main methods of research was comparative-analytical, based on a detailed study of the experience of modern theorists and practitioners in the field of tourism.

We also used the socio-retrospective method of research, based on the study of archival materials with the aim of recreating the historical and cultural process of the development of socially responsible tourism in Russia. In addition, a synergistic method of research was used, which consisted in the extensive use of theoretical luggage of related sciences (ecology, sociology, history, geography, economics, etc.). Also, a statistical method was used to process the survey results. The basis of this research is the general scientific principles, methods and approaches of research: dialectical, systemic, civilizational.

3. RESULTS

Responsible tourism is not considered to be one kind of tourism. It includes a set of measures and recommendations on the journey for the tourist service providers and traveling with a specific solution to the practical tasks of conducting public works. At the heart of responsible tourism is a sparing and careful impact on the cultural and natural environment of the destination, on local communities from both the tourists themselves and the tourist industry enterprises. To date, the following types of responsible tourism are distinguished: social, ecological, religious, volunteer, solidarity, fair, sustainable. The Federal law "On Amendments to the Federal Law" On the Basics of Tourism in the Russian Federation "of 2007 defines social tourism as "tourism that is wholly or partly carried out at the expense of budgetary funds of state extra-budgetary funds (including funds allocated within the state social assistance), as well as employers' funds ". This law refers to social tourism as one of the priority areas: "priority directions of state regulation of tourism activities are support and development of domestic, inbound, social and amateur tourism", but the mechanism for implementing these priorities, unfortunately, is not considered. The existing social tourism in modern Russia has its own historical roots. In the Soviet times, a system of state support for the rest of every working citizen operated, mainly through a system of trade unions and youth organizations. But in a modern market economy there is no well-established system of social tourism at the state level. It is realized by islets, in disunity, or in the form of corporate social support, the employer or organization sends their employees to departmental health resorts or through tour operators; or, secondly, regional social programs are implemented to support needy categories from among the local population. At present, in Russia, the experience in the field of organizing social tourism, accumulated in European countries, has become increasingly popular. Cooperation with the World Tourism Organization and the International Organization of Social Tourism is growing. At the same time, the current situation with the organization of recreation for people with disabilities, disabled people, youth and pensioners in Western countries differs from that in Russia. Implemented projects are of interest from the point of view of the degree of involvement and cooperation of partners and clients, mechanisms of work, forms of public-private partnership. Increasing the burden on the environment as a result of uncontrolled growth of tourism can cause negative consequences - to damage the environment and local communities. In the territories, massively visited by tourists, problems began to appear in social development, culture and ecology. This fact makes us think about the protection of historical, cultural and natural values (Khetagurova V., Iakovleva I., Bryukhanova G., Denikaeva E., Tolbuzina T., 2015, pp.79-90). In 2004, the World Tourism Organization formulated the concept of sustainable tourism development. A continuous process of sustainable tourism requires monitoring the impact of the state of the environment and taking precautionary measures or intervention. This was the prerequisite for the emergence of such an environmentally oriented type of tourism, as ecological. Foreign scientific schools of ecological tourism differ sharply from Russian, by their approach to the analysis of ecological tourist activity. Four scientific schools - American, Australian, German and Mexican - are clearly distinguished here. But all of them are united by common - ecological tourism contributes to the protection of the environment and the preservation of the well-being of the local population,

differs from natural tourism by the presence of obligations towards the protection of the environment and the development of regions. Another type of responsible tourism is religious, generally regarded as a kind of cultural-cognitive. The motivation of religious tourism is interest in the religion or religions of the country, acquaintance with religious rituals, traditions, rituals and customs, visiting places of pilgrimage, religious buildings. Religious, as a kind of socially responsible tourism, unites religious values with the natural, cultural, historical heritage of the region and contributes to making a labor contribution to improving life in temples and monasteries. Volunteer tourism is a new and little-known phenomenon in our country, but despite this, it has the right to be a kind of tourism, and this is borne out by the fact that in 2011 at the Moscow International Tourism Fair MITF in the format of "Ecotourism" the volunteer tourism was declared as new direction. It is based on humanity and mercy. Socially useful activity on a voluntary basis is a powerful tool for the economic growth of the society, cultural maturity and positive social changes (Azarova E., 2008, pp.180-181). To date, more than 1.6 million tourist volunteers are taking part in the volunteer tourism industry [Kahn S., 2014, pp. 15–20). According to the principles of the organization and their form, volunteer tourism can be divided into two types, fundamentally different from each other: classical volunteer movement and tours within the framework of the volunteer movement (Stefan L., 2010, pp.4–6). Solidarity tourism became another form of responsible tourism. Solidarity - attracts the local population at different stages of the formation of the tourist project, unites them in regional tourist and other communities, stimulates respect for the personality, nature and culture of the region. Solidarity tourism includes forms of "alternative" tourism, which emphasize the person and communication, is part of the program of regional development. In other words, solidarity tourism is when the efforts of local communities unite and, with the help of tourism, solve the tasks of a single place. Since the moment the concept of sustainable development of mankind has been formed, sustainable development has become a priority in tourism. Sustainability principles relate to environmental protection, social, cultural and economic aspects of tourism development, and an appropriate balance should be established between these three aspects in order to guarantee the long-term sustainability of tourism. Sustainable tourism - directly improves, supports the economic, ecological, social and cultural well-being of the region by deducting a part of the profit from the product to optimize the resource or technological base of the services provided (for example, increasing workplaces or local taxes). Another kind of responsible tourism is fair tourism. Fair - helps to equalize the differences in regions, equalize the financial conditions of participation in the projects of different regions and advocate for a more equitable distribution of resources created - these are the basic principles of this type of tourism. The World Tourism Organization (UNWTO) initiated the Global Code of Ethics for Tourism, the concept of which was endorsed by the United Nations Commission in 1999. It includes the basic principles aimed at the development of tourism. It is a reference point for all stakeholders in tourism with a view to minimizing the impact of the negative impact of the tourism sector on the environment, the way of local communities, cultural heritage, provided that the benefits of tourism are maximized.

4. DISCUSSION

Despite the fact that in Russia there is experience in implementing projects of various types of responsible tourism, but as an established case, this idea was of no interest to anyone. There are regional projects, of which little is known at the federal level. Starting from the experience existing in the world, the enthusiasts of the tourism industry started work on the idea of creating a responsible tourism market in the Russian Federation. In 2015, the International Center for Responsible Tourism in the Russian Federation and CIS countries was established in Russia by agreement between the International Network of ICRT Network and ANO "European Club of Professionals", its main goal is to unite the efforts of regional authorities, business efforts,

scientists, non-profit organizations, the private sector to promote responsible tourism in Russia. The Center for Responsible Tourism in Russia (ICRT RUSSIA) today unites more than 80 objects and 40 regions, cooperates with large enterprises that invest in social responsibility and sustainable development of the regions - Severstal, Rusal, and En +. Contacts have been established with the media, working with federal events - OTR, Intourmarket, "Rest", the forum "Import Replacement in Tourism", etc. (Dyachenko I., Khetagurova V., Bryukhanova G., Sosnov M., Bryantseva M., 2015, 1603-1613). ICRT RUSSIA is represented in the Ministry of Culture of the Russian Federation, the Ministry of Economic Development, the Federation Union, the Agency for Strategic Initiatives for Promotion of New Projects, Rosturizm, ASI. The task of the COT is to encourage travelers to consciously treat the territories where they go to rest and make their personal contribution to the development and improvement of the social and economic conditions of life in certain regions. ICRT Russia & CIS collects best practices in environmental, agrarian, volunteer, religious and other forms of tourism. The concept of COT is the promotion of ideas and principles of responsible tourism in the territory of the Russian Federation and the CIS countries, for the Russian-speaking population abroad, the collection of the best Russian practices and the exchange of experience at the international level. Socially responsible tourism is one of the ways to increase civic activity, when such basic components as social entrepreneurship, charity, volunteerism, corporate social responsibility are added to the journey, which in total contribute to the sustainable development of tourist regions. It is interesting to see the experience of implemented tourist projects by some Russian volunteer organizations. The revival of the volunteer movement in our country is associated with the holding of the Winter XXII Olympic Games and the XI Paralympic Games in Sochi in 2014. More than 25,000 volunteers took part in the Olympic and Paralympic Games. The experience of the Games on working with volunteers and unique methods promoted the emergence of organizations and the growth of volunteer initiatives. And as a consequence, the continuation of the Sochi 2014 program was the opening of the Association of Volunteer Centers, whose goal was to promote volunteer organizations, monitor the development of the movement in the country, create an infrastructure for supporting the movement, form a culture of volunteerism, and involve participants in large-scale national projects. The experience of volunteers during the 2018 FIFA World Cup in Russia is an example of a successful project. To date, the Association includes 30 organizations of social sphere and tourism, education, ecology, health, physical culture and sports. The most significant volunteer programs in the field of tourism in the country were proposed either by regional tourism development centers or by volunteer training centers. The Moscow Tourism and Hotel Committee established the Volunteer Tourist Center of Moscow, whose activities deserve special attention and appreciation. The volunteers of this center became participants in numerous tourist events, among them: the "Night of Museums" action; international tourist exhibition "Intourmarket", Travel-media festival "Peredvizhenie" in Pereslavl-Zalessky; educational forum "Seliger"; "AIESEC Moscow: Russia through the eyes of foreigners"; "Leisure / Leisure"; Festival Artfootball; program of City Sightseeing Moscow, operating on the principle of Hop On Hop Off; Moscow urban forum; Historical festival "Times and Epochs. Middle Ages"; The Moscow bicycle; The UNWTO Congress. Speaking about the interest shown by tourists to nature-oriented tours, according to the assessment given in the report of the World Economic Forum on the demand for natural tourism, Russia ranks 73rd in the world. According to the Director General of the Center for Environmental Travels, in the structure of the tourist flow, there is a growing interest in this type of tourism, which began in 2016. This center reached a level of work with foreign tourists, which was observed only in the 90s. But at the same time, domestic demand for ecological tours shows a tendency to decrease. It should be noted that the popularity rating of environmental protection zones among Russians, compiled by Mindscan, specializing in monitoring media and social media, revealed that in 2017, which was declared the "Year of

Ecology" in Russia, interest in environmental zones in Russia has increased significantly. If in 2016 the average number of mentions per month was 11,188 in the media and 24,729 in social networks, in January 2017 this figure was 15,584 and 29,547 respectively. The main reasons for the low popularity among Russian tourists of ecological tours, as well as visits to specially protected natural areas, include: the almost total lack of information on ecological tourism and the possibilities of specially protected natural areas as tourist destinations; underdevelopment of necessary infrastructure (Makeeva D., Kryukova E., Shadskaya I., Mukhomorova I., Egorova E., 2017, pp. 793-800). Analysis of the shares sold on the territory of the Russian Federation allows us to conclude that at the present time such programs of socially responsible tourism as event ones, including sports, archaeological, and volunteer projects, are most popular and popular. One of the most famous projects of responsible tourism Absolute Siberia in the Irkutsk region, which deals with international tourism. In 2006, the company launched the Baikal Ice Marathon project, which is held annually according to the standards of responsible tourism. Part of the money earned at this event is directed to the project "We'll bring back the reindeer." In the vicinity of Baikal there is a unique region - Tofalaria, in which the concept of ethnographic tourist routes is realized. Popular in Russia, acting for several years the program of responsible tourism:

- ecological projects for the protection of Lake Baikal, implemented in the form of summer camps in nature reserves and national parks on the lake: "The Great Baikal Trail": the project "Into the Khabar-Daban Debris"; "The Reserve Island", "In the taiga region of the Baikal region", "The land of the Barguzin sable", the camp of the "Baikal coastal service", "On the shores of the enchanted Ina", "Balan-Tamura stars", "The giants of the Siberian taiga", "Shumilikhi river valley", "Sunny Beach" and many others;
- an environmental project implemented in the Baikal region of Buryatia "We will save Baikal", the main purpose of which is the development of fishing and tourism in the region;
- environmental projects within the framework of the worldwide voluntary action "Let's Do It! World Clean Up »;
- ecological projects within the national park "Ergaki" - ecotropical "Path to Lake Raduzhnoe", "Path to Lake Svetloye", "Kamenny Gorodok", "Siberian Hunter Trail";
- volunteer programs of the Ecological and Educational Center "Zapovedniki";
- ecological projects of the Volunteer Center "Burunduk" in Moscow;
- starting in 2015, archaeological work is being carried out in the Krasnodar Territory. At the excavations of the ancient Greek sanctuary of the goddess Demeter and Cora-Persifon, volunteer tourists are invited;
- another major project of responsible tourism was the excavation of the ancient settlement and necropolis on the Kerch Peninsula in the Crimea - Kyz-Aul.

It is becoming increasingly popular such a long form of socially responsible tourism as volunteer assistance in museums. Volunteers from different parts of the world organize volunteer help in museums to organize anniversary events, seminars, press conferences, participate in the systematization of exhibits, help implement information technology systems, participate in the restoration of storage facilities, contact sponsors and visitors, participate in scientific work. An example is the activities within the "Friends of the Hermitage Club", programs at the State Darwin Museum, the Polytechnic Museum, the State Museum of History of the Gulag in Moscow. The most known actions of socially responsible tourism in the field of museum volunteering were "Useful Weekend" and "Night of Museums". The popularity of tourist volunteering is constantly growing in our country, as evidenced by the fact that several times the "Volunteer Vacancies Fair" has been held in St. Petersburg. Also, the organizers plan to create a site with volunteer vacancies by the type "HeadHunter". These and other facts once again confirm the prospects for the development of tourist volunteering in our country.

But volunteer tourism in Russia is developing quite poorly, apparently because of lack of demand. Only single firms offer volunteer ecological tours to Lake Baikal. And also there are museum programs in the Hermitage and the State Tretyakov Gallery. The cost of such tourist products is very individual. Russia has every opportunity to develop social tourism. Social payments to poor citizens and their social support are increasing, and now the question arises of how to encourage them to spend even more on rest and treatment. It is on this that the length of active labor activity of citizens depends. It is necessary to study and apply the European experience in the development of social tourism (holiday checks in France and the platform eCalipso of the International Organization for Social Tourism (OITS), since Europe is the closest to us abroad, and we will become much closer to it culturally and socially if we work together. To develop social projects in tourism. Active introduction of social tourism in Russia will contribute to improving the quality of life and health of the Russian nation, promoting sustainable social and economic development of the regions. In this regard, the Russian government is highly interested in cooperation with the UN World Tourism Organization (UNWTO) and the International Organization for Social Tourism (OITS), participation in their work. Recently, Rosturizm developed the concept of introducing an incentive system for domestic tourism using checks "Rest." "The check is a payment and settlement tool that is put into circulation to provide targeted assistance to tourists and facilitate the availability of recreation to all segments of the population. Such checks are successfully used in France, Switzerland, Italy and a number of other European countries. Implemented in Europe, a project entitled "Promoting inter-national exchanges of tourism in the off-season in Europe and the mobility of pensioners", for Russia can be trans-regional. In our country, at least, no less than two dozen regions that have the most significant tourist and recreational potential with cultural-cognitive, ethnographic, health-improving tourism, opportunities for active recreation. In addition to the established traditional tourist centers (Moscow, Moscow region, St. Petersburg, Leningrad region, the Republic of Karelia and other regions included in the Central and North-Western federal districts), all regions with special economic zones of tourist and recreational type can be included here: Altai Territory ("Turquoise Katun"); The Altai Republic (Altai Valley); Irkutsk region ("Gate of Baikal"); The Republic of Buryatia ("Baikal Harbor"); Stavropol Territory (Grand Spa Yutza); Primorye Territory ("Russky Island"); Kaliningrad Region ("Curonian Spit"); Lipetsk region ("Yelets"); Krasnodar Territory ("New Anapa"), as well as the regions of the North Caucasus, Southern Federal District, the Republic of Bashkortostan, the Republic of Tatarstan and many others. All these regions at the initial stage could become participants of the Russian consortium for the development of social tourism. A similar project could be developed and implemented provided that agreement was reached in its promotion by several regions of Russia, their authorities, private structures and users of the product from among the enterprises and organizations. The project could begin with the creation of a common information field for demand and proposals, and its configuration can be determined in the course of interaction. To launch the project, the interest of the relevant federal bodies and the creation of an expert group for the preparation of the relevant platform are needed.

5. CONCLUSION

Thus, using the experience of foreign countries and the available developments in the Russian Federation in the development of volunteer tourism and tourist volunteering, the following recommendations can be proposed:

- improvement of the legal framework in the field of tourism volunteering, development of special regulatory documents;
- popularization of the culture of volunteerism among the population, especially among the youth, as part of a normal life;

- expansion of the network of volunteer centers in the Russian Federation with the aim of developing the infrastructure of tourism volunteerism and volunteer tourism in the country;
- Creation of accessible for the population tourist volunteer projects and programs, development of volunteer tours;
- generalization and popularization of the world and domestic experience of tourist volunteering, study and dissemination of progressive techniques in this field;
- reforming the vocational training system and introducing additional disciplines for the field of volunteer tourism in the curricula of the training area "Tourism";
- discussion of problems of development of volunteer tourism in the course of systematically organized seminars, conferences, various actions, round tables.
- attracting public attention to domestic volunteer programs and projects in the field of tourism through the media.

The implementation of the above recommendations will contribute to the development of the volunteer infrastructure in modern Russia, but further research is required to develop projects and a set of measures to support the spread of volunteer tourism in the regions of the country. Social tourism as a kind of responsible tourism has all chances to become one of the most widespread forms of tourism in Russia, as we have accumulated experience in supporting the rights of socially unprotected strata of the population, but we need our own program for the development of social tourism (Kataeva V., Kaurova O., Koludarova S., Sulyagina J., Fomicheva T., Kryukova E., 2015, pp. 2813-2820). The rich natural and cultural-historical heritage of the country forms the basis for the sustainable development of inbound and domestic tourism in general and for social tourism, all the more. Calculations show that the development of social tourism in Russia as a system will make it possible to bring the contribution of tourism to GDP to 10 percent, which will contribute to the overall improvement of the Russian nation and the sustainable development of regions as tourist destinations (Kryukova E., Vetrova E., Urzha O., Alieva Z., Konovalova E., Bondaletova N., 2016, pp. 239-346). For Russia it is especially important that tourism besides the economic component for the Russian regions contributes to the preservation and development of their cultural potential, historical heritage, harmonizes relations between the numerous peoples inhabiting the country, between Russians and the peoples of other states. Thus, tourism should be a right that is accessible to all (Dusenko S., Avilova N., Lapochkina V., Kosareva N., Adashova T., Makeeva D., 2016, pp. 1638-1645). To create a system for the development of social tourism in Russia, drawing on the world experience, it is important to emphasize a few points. First, unlike the Soviet period, many Russians have a desire that social tourism become transboundary, not limited only to the domestic market of travel services, so that on the social line Russian citizens travel abroad, and we come to foreigners of medium income, including people with disabilities, which provides for the development of closer international ties. Second: for the creation of a system of social tourism, a corresponding federal target program is needed, taking into account the domestic experience accumulated in the world and oriented at supporting persons with disabilities. Third: the creation of a system of social tourism will require not only the efforts of the executive branch, but also the legislative one, since the law needs to clearly state the rights and responsibilities of employers, their benefits in case of social support for poor citizens and people with a modest income level. Tourism is the motor that triggers communication and action of the participants in the transformation process, and not just conversations, lectures and publication of reports. What is the difference between responsible tourism and sustainable development? Sustainable development is the goal. The goal can only be achieved through concrete actions. Responsible tourism always has an action, a way of achieving the goal. This is a concrete practice, a concrete plan, a concrete example, concrete objects and projects.

Responsible tourism - specific changes in the development of regions, territories, which lead to their economic growth.

LITERATURE:

1. Association of volunteer centers. (Date of circulation 05.09.2018). [Electronic resource]: URL: <http://volunteers.com.ru/>
2. Azarova E. (2008). Psychological determinants and effects of volunteer activity: dis. Cand. crazy. Sciences: 19.00.01. – Kemerovo, 2008.
3. Dyachenko I., Khetagurova V., Bryukhanova G., Sosnov M., Bryantseva M. (2015) The estimation of possible products and imported raw substitution. Biosciences Biotechnology Research Asia. 2015. T. 12. № 2. P. 1603-1613
4. Dusenko S., Avilova N., Lapochkina V., Kosareva N., Adashova T., Makeeva D. (2016) Educational technology in the field of Russian tourism and hospitality. Research Journal of Pharmaceutical, Biological and Chemical Sciences. 2016. T. 7. № 4. P. 1638-1645.
5. Ecotourism. Basic concepts and terms. (Date of circulation 02.09.2018). [Electronic resource]: <http://en.france.fr/en/information/21447>
6. Federal Law "On Amending the Federal Law" On the Basics of Tourism in the Russian Federation "in 2007 (Date of circulation 02.09.2018). [Electronic resource]: <http://base.garant.ru/12151852/>
7. Interview with N. Dronova: how to be a tourist and philanthropist at the same time. (Date of circulation 07.09.2018). [Electronic resource]: URL: <https://www.asi.org.ru/article/2016/09/26/nataliya-dronova-turizm-kak-blagotvoritelnost-puteshestvuya-pomogaj/>
8. Izmistieva E. (2014). Volunteer tourism: as a new trend brings more harm than good // Greenhouse of social technologies. 2014. 09 December. (Date of circulation on 03/09/2018). [Electronic resource]: URL: <http://te-st.ru/2014/12/09/voluntourism-does-more-harm-than-good/>
9. Kahn S. (2014). Voluntourism Explodes In Popularity. Who's It Helping Most? // NPR. 2014. July 31. (Date of circulation on 03.09.2018). [Electronic resource]: URL: <http://www.npr.org/blogs/goatsandsoda/2014/07/31/336600290/as-volunteerism-explodes-inpopularity-whos-it-helping-most>
10. Kashirin, S.V. (2016) Improving Public-Private Partnership Mechanism in the Sphere of Tourist Services, Contemporary Problems of Social Work. Vol. 2. No. 2 (6). P. 17–25. DOI: 10.17922/2412-5466-2016-2-2-17-25.
11. Kataeva V., Kaurova O., Koludanova S., Sulyagina J., Fomicheva T., Kryukova E. (2015). Barriers of inequality in social institutions of Russia / Biosciences Biotechnology Research Asia. 2015. T. 12. № 3. P. 2813-2820.
12. Khetagurova V., Iakovleva I., Bryukhanova G., Denikaeva E., Tolbuzina T. (2015) Ecological education as a basis for an ecological culture of the Russian society. Journal of Environmental Management and Tourism. 2015. Vol. 6. No. 1 (11). Pp. 79-90
13. Kryukova E., Vetrova E., Urzha O., Alieva Z., Konovalova E., Bondaletova N. (2016) Problems of attracting foreign investment in Russia. Journal of Applied Economic Sciences. 2016. T. 11. № 2. P. 239-346.
14. Makeeva D., Kryukova E., Shadskaya I., Mukhomorova I., Egorova E. (2017). The Economic Aspect of the Russian Federation On The Example Of Ecological Tourism. Sgem International Multidisciplinary Scientific Conference on Social Sciences And Arts. 2017. № 1-3. Pp. 793-800.
15. Novikov V. (2011). Tourist activity as a socially responsible phenomenon. Tourism and Recreation: Fundamental and Applied Research: Proceedings of the International Scientific

- and Practical Conference. Baltic Academy of Tourism and Entrepreneurship, St. Petersburg, April 27-28, 2011. - St. Petersburg: DA RK
16. Novikov V. (2006). Characteristic features of tourism of the 21st century are sustainable and innovative development. Problems of development of tourist and hotel-restaurant business in Russia and abroad collection of articles. Issue 10 - M. MATGR.
 17. Socially responsible tourism. (Date of circulation 02.09.2018). [Electronic resource]: <https://icrt-russia.ru/>
 18. Stefan L. (2010). Voluntary ecological tourism as a factor of intercultural communication: materials of the annual international Internet conference, 2010. (Date of circulation 02.09.2018). [Electronic resource]: URL: <http://www.imek.org/?q=node/1950>
 19. The Regional Tourism Information Center is looking for volunteers. (Date of circulation 02.09.2018). [Electronic resource]: URL: http://www.dobro39.ru/volontery_kaliningradskoj_oblasti/nashi_novosti/regionalnyj_informacionnyj_centur_turizma_iwet_volonterov1/
 20. The site of the interregional public organization "The Great Baikal Trail". (Date of circulation 01.09.2018). [Electronic resource]: URL: <http://greatbaikaltrail.org/en/projects/summer>
 21. Vishnyakova, V.A. (2016) The Programs of State Support of the Labor Market: Theoretical Aspect, Contemporary Problems of Social Work. Vol. 2. No. 2 (6). P. 81–87. DOI: 10.17922/2412-5466-2016-2-2-81-87.
 22. Volunteer Tourist Center of Moscow. (Date of circulation on 03/09/2018). [Electronic resource]: URL: <http://vk.com/volturmos>

PREPARATION OF STUDENTS FOR PARTICIPATION IN ART PERFORMANCES IN SPORTS AND SPORTS EVENTS

Elena Bakulina

*Russian State Social University, Russia
Bakulina-lena@yandex.ru*

Margarita Petrova

*Russian State Social University, Russia
petrovam.a.0811@yandex.ru*

ABSTRACT

Physical culture and sports events are understood as the sports-theatrical performances, demonstration performances of sports and art collectives. An important role of the events is to implement the educational function of sports and mass activities: promoting the attractiveness of sports and physical education and sports, providing necessary information about the forms and forms of physical education. In the development of sporting events, artistic means are used: illustration (organization of material in the form of demonstration performances by sports teams); the theatricality (the organization of a single action on the basis of a director's intention, which subordinates all the components of an event, the game with the audience (the organization of a game situation in which they act realistically, using knowledge and experience, based on the rules of the game). Nowadays, the urgency of the problem lies in the development and provision of special programs and sets of exercises for physical culture classes with students at universities, training performers for demonstration performances, entertainment and sporting leisure activities with different contingents of the population. The purpose of this study is to develop a set of exercises for the preparation of student participants for demonstration performances in sports teams of physical culture and sporting events.

Keywords: *Demonstration performances, sports teams, sporting events, sports festival, sports and art performances, physical culture, the opening ceremony of the performance*

1. INTRODUCTION

An important factor in the modern world is the growing awareness of physical culture as a part of the overall individual and society culture. However, along with the phenomenon of physical culture, the phenomenon of sport arises and develops, acquiring an independent status. This is quite a diverse and multifunctional phenomenon, which hardly fits into a single concept. The general objective basis of physical culture is the culture of motor activity. The conditions of life are ensured by the development of the processes of formation of a culture of motor activity that develops the process of the formation of the physical and sports culture of the individual. The goal of physical education is the comprehensive development of the physical and spiritual abilities of a person in the aspect of forming a person's physical culture - self-realization of a person in the development of his spiritual and physical abilities through physical activity, mastering other values of physical culture. Sayapina I. 2001. Physical culture promotes the development of intellectual processes - attention, perception accuracy, memory, reproduction, imagination, thinking, improve mental performance. Physical culture is also the most important means of shaping a person as a person. Exercises allow you to influence the consciousness, will, moral character, character traits of young men and girls. They cause not only significant biological changes in the body, but to a large extent determine the development of moral beliefs, habits, tastes and other aspects of the personality that characterize the character of a person. Scientific and technological progress, the rapid development of the mass media, the raising of the educational level of parents, the perfection of teaching methods-all this

undoubtedly determines the earlier and higher intellectual development of modern youth. Physical hardening to some extent determines the further life path of a person. Bykhovskaya I. 2010. Awareness of health and fulfilment filling gives confidence in their abilities, fills with vivacity, optimism and cheerfulness. In the conditions of integration and socio-economic, as well as political transformations of modern Russia, the issues of strengthening physical and spiritual health of a person and the formation of a healthy lifestyle acquire special significance. In addition, the worldwide trend is a huge increase in interest in the sport of higher achievements. This trend reflects fundamental shifts in modern culture. Saraf M. 1994. The processes of globalization were to a certain extent stimulated by the development of modern sports, especially the Olympic sport. Sport at all its levels is a universal mechanism for the self-realization of a person, for his self-expression and development. That is why in recent years, the place of sport in the value system of modern culture has grown dramatically. The world sport movement today is one of the most powerful and massive international movements. The Olympic sports community includes more than 200 countries. In the modern world there is a steady tendency to increase the social role of physical culture and sports. It manifests itself in:

- increasing role of the state in the development of physical culture and sports;
- wide use of physical culture and sports in the prevention of diseases and the strengthening of public health;
- prolongation of active creative longevity of people;
- organization of leisure activities and in the prevention of antisocial behavior of young people;
- involvement of working-age population in physical culture and sports;
- a sharp increase in revenue growth from sports entertainment and sports industry;
- the increasing volume of sports TV and radio broadcasting and the role of television in the development of physical culture, sports and the formation of a healthy lifestyle;
- Development of physical culture and sports and sports infrastructure, taking into account the interests and needs of the population;
- health and sports services, offered on the market in the variety of forms, methods and tools.

In accordance with the worldwide trend in our country, the development of physical culture and sports is becoming a key area of social policy. Mashkov D. 2011. Physical culture and sports development is an important component of the social policy of the state, ensuring the implementation of humanistic ideals, values and norms, giving people an opportunity to reveal their inner abilities, satisfy their interests and needs, and activate their human factor. The state is interested in the development of public management principles in the field of physical culture and sports. Public organizations have great opportunities to attract extrabudgetary funds for the development of physical culture and sports infrastructure, as well as to attract a large number of volunteers. Global events related to international participation, such as the Olympic Games, Universiade, World Championships, world youth festivals have always been characterized by spectacular opening ceremonies. Vanyukhina N. Skorobogatova F. Saglam I. 2014, Vydrin, V. Malinovskaya N. 2001, Gerasimov S. Tulchinsky G. Lokhina T. 2009. The subjects of mass-sports events are connected with the life of the country, its past, present, the most important events in the field of domestic and foreign policy, achievements, jubilee dates. The topic is always specific, as it reflects certain events in the life of a society. Opening and closing of these events should be conducted at a high level of preparation. The opening and closing ceremonies are in many respects an image event. Grinshtein, A. 2014, Grinshtein A. 1987, Petrov B. 2006, Petrov, B. 1969, Petrov, B. 1982, Petrov, B. 1986. This year the FIFA World Cup was held - the 21st FIFA World Cup, which took place in Russia from June 14 to July 15, 2018. Our country for the first time in its history held a world football championship. The final tournament of the World Championship was played at 12 football arenas in 11 cities of Russia: Moscow,

St. Petersburg, Samara, Saransk, Rostov-on-Don, Sochi, Kazan, Kaliningrad, Volgograd, Nizhny Novgorod and Yekaterinburg. The opening ceremonies of these events at the stadiums were memorable mass-sports shows. Shumovich A. 2008. For the first time in the history of the world championships, all 210 national associations that are members of FIFA, participated in the tournament. For such significant events, a spectacular opening ceremony is prepared. Sports holidays and performances are modern types of entertainment events, which represent a complex of various sports and cultural programs. The concept and functions of animation [Electronic resource]. Sporting events and physical culture shows are an effective mean of promoting physical culture and sports. Organization and conduct of events [Electronic resource]. Spectators and participants of sports games always look forward to this bright spectacle, which raises the prestige of the country along with the won medals. Script writers, directors, assistants, performers and volunteers are involved in the preparation. Mass sports and art performances at the stadium are not often held. They require an appropriate holiday situation associated with a political or civil event. The initiators of large-scale stadium performances are state bodies and organizations. Mass holiday. Features of the script and direction [Electronic resource]. Forms of mass sports and art performances are: mass gymnastic performances, thematic performances, held in vast areas - the streets, squares of the city, in the parks of culture and recreation, in stadiums. Other variants performance placements can be open areas or water. Subject animation [Electronic resource]. Sports and art performances at the stadium consist of a single integrated mass divided into episodes with the participation of large groups of participants, in accordance with the principles of imaginative presentation. Timofeeva O. 2011, Timofeeva O. 2010, Chikalova N. 2006.

2. METHODS

The main features of sports and art performances are one-time presentation and the use of specific expressive means (mass exercises, people formations, reformatations, group and solo performance). They obey a single theme and are united by a common dramatic plot, and expressive means contribute to the disclosure of the idea and the main theme of the presentation. The main stage is the stadium, which determines the installation conditions, and the main characters are the mass of participants and the main task of the director is to show the mass as a whole. Mass exercises are determined as exercises that are performed simultaneously by a large number of participants. To participate in events, students of educational institutions are involved. Guseva N.V.G. Shilko 2011, Kirkina E. Valeeva A. 2014, Chertikhina N. 2013, Chikalova N. 2006. They are performed with or without objects. In the mass sports and art performances a large number of items were tested, differing in form, color, target orientation and other characteristics. Examples of individual items include: sticks, scarves, flags, dumbbells, weights, maces, hoops, balls, cubes, ribbons. Of group items: poles, stairs, logs, gym benches, shields. Especially effective are transforming objects, for example, maces that turn into bouquets of flowers, pennants or umbrellas, banners, etc. Such items allow you to enter into the speech elements of surprise, and are always very spectacular. A characteristic feature of modern mass sports performances is their high saturation in content, along with mass numbers, performed by the strongest athletes. Action pluggable performances occur against the backdrop of a huge mass of participants. The success of plug-in performances depends not only on their content and quality of performance, but also on its presentation by the athletes involved. Among sports performances the most characteristic are: performances of representatives of sports and art gymnastics, acrobats, trampolines, wrestlers, boxers, fencers, performances on specially designed constructions and on special equipment. The background group performs the role of the second plan, supporting the main action in the stadium arena with color, drawing or movement. Mass performances of representatives of sports should be subordinated to a single topic and constitute a holistic, complete action.

Simultaneously with the preparation of the gymnastic exercises of the program, artistic design and musical accompaniment are developed, sport suits and various subjects for performing exercises are selected. The process of preparation of mass performances includes the preparation of the participants of the presentation, which is based on certain requirements for participants, the selection criteria, on the choice of the content of the preliminary training conducted during the rehearsal period. The success of the performance largely depends on the clarity and simultaneity of the exercises. It is impossible to achieve this without high consciousness, discipline and diligence. These qualities need to be brought up in the process of performances preparation. Mass physical education should contribute to the strengthening of friendship, organization, collectivism, education of a sense of responsibility to the team. The theme of the performance reflects certain events, facts. The idea is an author's assessment, the main idea that pervades all episodes and numbers, thanks to which performance becomes a logically finished composition. The idea and themes are inseparably linked with each other and together they constitute the ideological and thematic basis of the performance. The decision-making is the embodiment of the ideological and thematic basis of the idea with the optimal use of expressive means, specificity and the possibility of the genre. Along with the episodes of today, episodes of a historical nature are needed in the production. It is important that the action is always perceived from the position of the present day. The composition - staging plan is a schematic decision to the form of performance, determined by its content. It includes the number of schemes necessary for the given statement, which reveal the structural solution of individual mass performances, episodes and representation as a whole. The plans of the plan outline the transition of participants from one picture to another, rebuilding, by which the action develops and merges into a complete performance. It is necessary that participants in mass performances have specific training for performance. To the criteria of readiness to perform mass exercises in sports and art performances may be classified: functional, physical, technical preparedness. Reserves for improving the quality and entertainment of sports performances at the stadium consist in the above criteria, as well as in improving the special combat readiness, which reflects the culture of movements of participants in mass exercises and determines the entertainment performances. Mass sports and artistic performances is always colorful, musical - rhythmic, and remembered to the audience by the performance of the mass of participants who must perform all the movements, exercises, construction and rebuilding very synchronously and in concert with the music. The technique of preliminary preparation is developed, which is intended for teachers of physical culture. The results of these methods should improve the preparation of speakers in the sports mass performances. The tasks are:

1. in increasing the functional, physical, technical and special drill readiness for performances in mass compositions
2. in improving the performance indicators of mass exercises, consisting in synchronism, rhythm, technical performance.

Means of physical education:

1. Gymnastic "school of movements"
2. Drill exercises
3. Flexibility exercises
4. Complex of aerobic rhythmic gymnastics

Methods of physical education:

1. Pedagogical testing.

Ways to organize:

1. Frontal

2. Group
3. Individual
4. Simultaneous

Forms of conducting - lessons on physical culture

Preparatory part:

1. Drill exercises
2. Exercises for Active Flexibility

Main part:

1. Gymnastic "school of movements"
2. Complex of aerobic rhythmic gymnastics

The final part:

1. Stretching exercises

3. RESULTS

During the 2017-2018 academic year, educational and methodological work was conducted at the physical education classes at the Russian State Social University in Moscow. As a result, the motor skills and skills of 22 students from different directions of training of the Russian State Social University in Moscow were examined for the development of motor skills used in demonstration performances of students in sports and mass events. Physical training lasted 1 hour and 30 minutes. Exercises were conducted 2 times a week for 20 minutes in each lesson with an emphasis on mastering the techniques of movements in drill exercises, flexibility and rhythm. The complex of drill training included: drill techniques, construction and rebuilding, movement - drill step, marching (normal step), breaking, closing). Flexibility exercises consisted of stretching (stretching), development of active and passive flexibility, both with the partner and without it. The complex rhythmic gymnastics included general developmental exercises assessing the pace and frequency of the implementation of movements, the development of coordination abilities. At the end of the experiment pedagogical testing was conducted with a developed and tested battery of tests. The indicators of the subjects were evaluated according to the average indicator for each standard. The maximum value of the score is 5, the minimum is 0. The figure shows the motor skills and movement skills of the students of the RSSU.

Table 1: Indicators of motor skills and skills (movement techniques) in female students.

№ п/п	TESTS, units of measure							
	Age, years	Drilling exercises/ scores	Evaluation	Body inclination forward, cm	Evaluation	Step test, quantity time in 1 min	Evaluation	Average Score
1	18	4	4	-3	0	50	5	3
2	19	5	5	-3	0	50	5	3,3
3	19	3	3	+24,5	5	52	5	4,3
4	20	3	3	+16	4	54	5	4
5	18	3	3	0	2	54	5	3,3
6	21	3	3	0	2	45	3	2,6
7	18	3	3	+16	4	42	3	3,3
8	19	3	3	+16	4	47	4	3,6
9	20	3	3	+10	3	46	4	3,3
10	18	3	3	+10	3	55	5	3,6
Average X = 3,4								

It can be seen from the table that the average degree of development of motor skills for each quality in female students is 3.4 points. The technique of movements is estimated as average. Figure 2 shows the performance of motor skills and movement skills in students of the RSSU.

Table 2: Indicators of motor skills and movement skills among students of the RSSU.

№ п/п	TESTS, units of measure							
	Age, years	Drilling exercises/scores	Evaluation	Body inclination forward, cm	Evaluation	Step test, quantity time in 1 min	Evaluation	Average Score
1	19	3	3	+7	3	45	5	3,6
2	20	3	2	+9	4	45	5	3,6
3	18	4	1	+9	4	50	5	3,3
4	19	4	1	+6	3	37	3	2,3
5	21	3	4	+5	3	48	5	4
6	18	4	0	-6	0	50	5	1,7
7	20	4	2	+5	3	49	5	3,6
8	19	3	3	+6	3	49	5	3,6
9	18	3	3	0	1	49	5	3
10	18	3	3	+10	5	39	3	3
11	20	2	4	+10	5	52	5	4,3
12	21	3	4	+7	4	45	5	4,3
Average X = 3,35								

The indicator of the technique of performing exercises among students is 3.35 points, which corresponds to the average value of mastering the technique.

3.1. Discussion

The program of any physical culture and sporting event as one of the types of outdoor activities includes a variety of physical exercises that reflect the acquired motor skills. The festive program includes movements that were previously taught in physical education at a higher educational institution. The developed methodology prepares students for the organization of physical culture and sports events, performers of demonstration performances. Using the presented technique in preparation for sports - mass performances for performance at competitions it is necessary to increase the amount of time of control exercises at each training session in work with students. the results at the end of the study have an average value. Add special exercises each set of control tasks. For the successful holding of the sports holiday, organizational training is also necessary, including: script development, physically trained performers, sports event volunteers, rehearsals organization, light and sound director organization, invitation of guests, festive decoration of the event venue, information support of the event in the media.

4. CONCLUSION

Modern social culture cannot do without such a serious component as the animation activity. The concept of the development of culture and spirituality of the people also contains a spectacle as the most important element. A successful and massive event requires considerable experience, skill and knowledge from its organizers. The perception of the spectacle, the participation of a person in it are closely connected with the realization of the artistic and creative side of this mass theater, especially with animation activities. Currently, there is an urgent need for the development and provision of special programs for leisure time,

entertainment and sports leisure activities. Among all kinds and genres of art the main place is occupied by shows, the characteristics of which are the public significance and scale of the event. Spectacular culture educates every person and the whole team, teaches the ability to express feelings of people's solidarity. The show raises the mood, concentrates the creative energy of the masses, expresses collective emotions. Accumulating human emotions, reveals the true, ideal aspirations of people. In the spectacle, each person is a performer and spectator, a creator and participant in a special life with his own forms of collective behavior, conditioned by customs, rituals, ceremonies and rituals. Mass holiday has a variety of means of emotional impact. This is a living word, creating images, the speech of the presenter, occupying an important goal, connecting episodes, a poetic word that has a strong impact on the audience, as well as the means of art (music, song, artistic and documentary films, painting, choreography, sports, sound ...), which emotionally set the participants in a mass holiday, strengthen the impact of what is happening on the scenic platform of events, convey the feelings of actors, complement and move forward the action.

LITERATURE:

1. Bykhovskaya I. 2010. Sport in the modern world: socio-cultural analysis and social practice. Moscow: The Meaning
2. Vanyukhina N. Skorobogatova F. Saglam I. 2014. Lesson of the Universiade as a form of popularizing the ideas of a healthy lifestyle and forming the image of a sporting event. Vector of science of Togliatti State University. № 1 (27).
3. Vydrin, V. Malinovskaya N. 2001. The problem of the culturological approach to physical culture holidays and speeches. Protection of students' health: work experience of specialists Voronezh: VSU.
4. Gerasimov S. Tulchinsky G. Lokhina T. 2009. Management of special events in the sphere of culture: Textbook: SPb.: Lan Publishing House
5. Grinshtein, A. 2014. Fundamentals of the organization of sports and entertainment events SPb.: Science Time. N 7 (7).
6. Grinshtein A. 1987. Organization of mass military sports performances. Gymnastic performances (methodological developments for the students of SCOLIPC)
7. Guseva N.V.G. Shilko 2011. Physical education of students with the use of educational and extra-curricular technologies of physical culture and sports in the university. Bulletin of Tomsk State University. Tomsk. National Tomsk State University.
8. Kirkina E. Valeeva A. 2014. Sporting holidays and entertainment as a means of forming ideas about a healthy lifestyle in older preschoolers. ScienceTime. № 7 (7)
9. Mashkov D. 2011. Interrelation and peculiarities of interaction between culture, art and sport in physical culture and sports. Herald of sports science. № 5.
10. Petrov B. 2006. Mass sports and artistic performances. - Moscow: TVT Division
11. Petrov, B. 1969. Mass performances at the stadium. Leningrad
12. Petrov, B. 1982. Fundamentals of the direction of sports and mass views Leningrad
13. Petrov, B. 1986. Directing a mass sports and art theater. Leningrad
14. Saraf M. 1994. Sport in the system of culture. Moscow: Publishing house Higher military school
15. Shumovich A. 2008. Great events. Moscow: Mann, Ivanov and Ferber, Shulyatiev V.
16. Timofeeva O. 2011. Model of physical and demonstration performances in the physical education of students of a technical college. Omsk Scientific Bulletin.
17. Andreev, D.V. & Semin, V.G. (2016) Teacher's Role in Formation of the Didactic Situations in the Robotics Course, Contemporary Problems of Social Work. Vol. 2. No. 4 (8). P. 77–82. DOI: 10.17922/2412-5466-2016-2-4-77-82.

18. Sayapina I. 2001. Information, communication, broadcasting in the sociocultural processes of modern society - author's abstract. dis. Doct. Cultures, n .: Krasnodar.
19. Timofeeva O. 2010. Improving the effectiveness of physical education of female students on the basis of the use of preparation of physical culture demonstration: dis. ... can. ped. sciences; MGPU.
20. Chertikhina N. 2013. Complex development of vestibular stability in rhythmic gymnastics at the stage of initial preparation of dis ... kan. ped. sciences. M .: VGAFK.
21. Chikalova N. 2006. Methods of preparing schoolgirls for performances in the mass sports and artistic performances at the stadium: dis. ... can. ped. sciences. VGFKK.
22. The concept and functions of animation [Electronic resource]. - Access mode: http://dw6.ru/ponyatiye_i_funktsii_animatsii.html
23. Organization and conduct of events [Electronic resource]. - Access mode: <http://www.1step2market.ru/services/event-management/>
24. Mass holiday. Features of the script and direction [Electronic resource]. - Access mode: <http://teatr-igry.ru>
25. Subject animation [Electronic resource]. - Access mode: http://www.tactiv.ru/last/TAD_scenary-animation.html

CURRENT TRENDS IN THE PHARMACEUTICAL INDUSTRY IN RUSSIA

Elena Bryzgalova

*Russian State Social University, Russia
elenabryzgalova@mail.ru*

Marina Kovshova

*Russian State Social University, Russia
mkovshova@mail.ru*

Tatyana Gridneva

*Russian State Social University, Russia
GridnevaTM@rgsu.net*

ABSTRACT

This article highlights the features of the pharmaceutical market in Russia, inherent in the modern stage of development. Points of growth of the modern pharmaceutical market are revealed. Interaction of the state and business, innovative development of the Russian producers are considered. The implementation of the Federal target program "Development of the pharmaceutical and medical industry of the Russian Federation for the period till 2020 and further prospect" and its influence on the market are considered. The scheme of structure of market players is offered. The main pharmaceutical clusters currently existing in Russia are considered separately.

Keywords: *pharmaceutical market, innovations, innovative development, Russian manufacturers*

1. INTRODUCTION

In any country the state, structure, features of the pharmaceutical market directly and indirectly affect the health of the population, the social situations and demographic situations in the country, national security. Ultimately the state, structure, features of the pharmaceutical market are important for the economy in general. Therefore, in any country the research and analysis of the state and prospects of the pharmaceutical market deserve special and careful attention. For the last 5 - 8 years the Russian pharmaceutical market is recognized by experts as one of the fastest growing pharmaceutical markets in the world. In 2017, the volume of this market was estimated by the experts at more than 1,4 trillion rubles. From year to year the growth rates varied due to domestic and international political and economic developments. But according to the experts, the average growth rate of the Russian pharmaceutical market for the last 5 – 8 years is about 10 %.

2. THE STRUCTURE OF THE RUSSIAN PHARMACEUTICAL MARKET

Let's consider the structure of the modern Russian pharmaceutical market, let's determine its features and potential growth points. In modern conditions the products offered by the pharmaceutical market are, as a rule, high-tech. You should also pay your attention to the rapid obsolescence of certain products, such as antibiotics. In any country the pharmaceutical market is formed by the commercial and the state segment. The percentage of these segments depends on many factors, for example, on the types of insurance available to the population, the development of the chemical and the pharmaceutical industry, the policy pursued by the state in general in the field of public health, the level of prices for raw materials (including import taxes and duties). Figure 1 shows the structure of the modern pharmaceutical market in Russia.

In Russia at the moment, public procurement in monetary terms is 30 %, commercial procurement, in turn, is 70 %. Public procurement in hospitals, clinics, purchasing for various programs of preferential drug supply is carried out in accordance with the Federal law № 44-FZ "On contract system in procurement of goods, works, services for state and municipal needs" dated 05.04.2013 [1]. From one law version to another law version bidding under the Federal law № 44-FZ becomes more and more complicated. As a result, the government customers and the participants have various difficulties in procurement. But the utilization of this law has already shown its effectiveness. The level of corruption in the procurement area has decreased. One of the peculiarities of the Russian pharmaceutical market is the imperfection of the legislative regulation of this industry. This applies to registration, re-registration of medicines, preclinical and clinical trials. Often it takes too much time to conduct preclinical, clinical trials, registration of a drug. This does not contribute to the introduction of new drugs on the market, does not contribute to the development of the pharmaceutical market in Russia.

3. "PHARMA 2020"

The pharmaceutical industry is one of the strategic sectors for the country's economy. Therefore, since 2009, the government began to implement the Federal target program "Development of the pharmaceutical and medical industry of the Russian Federation for the period up to 2020 and beyond" (the common name "Pharma 2020"). The Ministry of industry and trade of the Russian Federation is directly implementing this program. Within the framework of this program, state funds are allocated for promising projects that can radically change the situation in the Russian pharmaceutical market. First of all, the attention is paid to the creation of full – cycle enterprises - from the development of an active molecule to the production of a finished drug. The success of this policy is demonstrated by such large enterprises as CJSC "Biocad", LLC "Generium", Group of companies "Pharmasintez" and others. Special attention in the program "Pharma 2020" is also paid to the restoration of production of pharmaceutical substances in Russia.

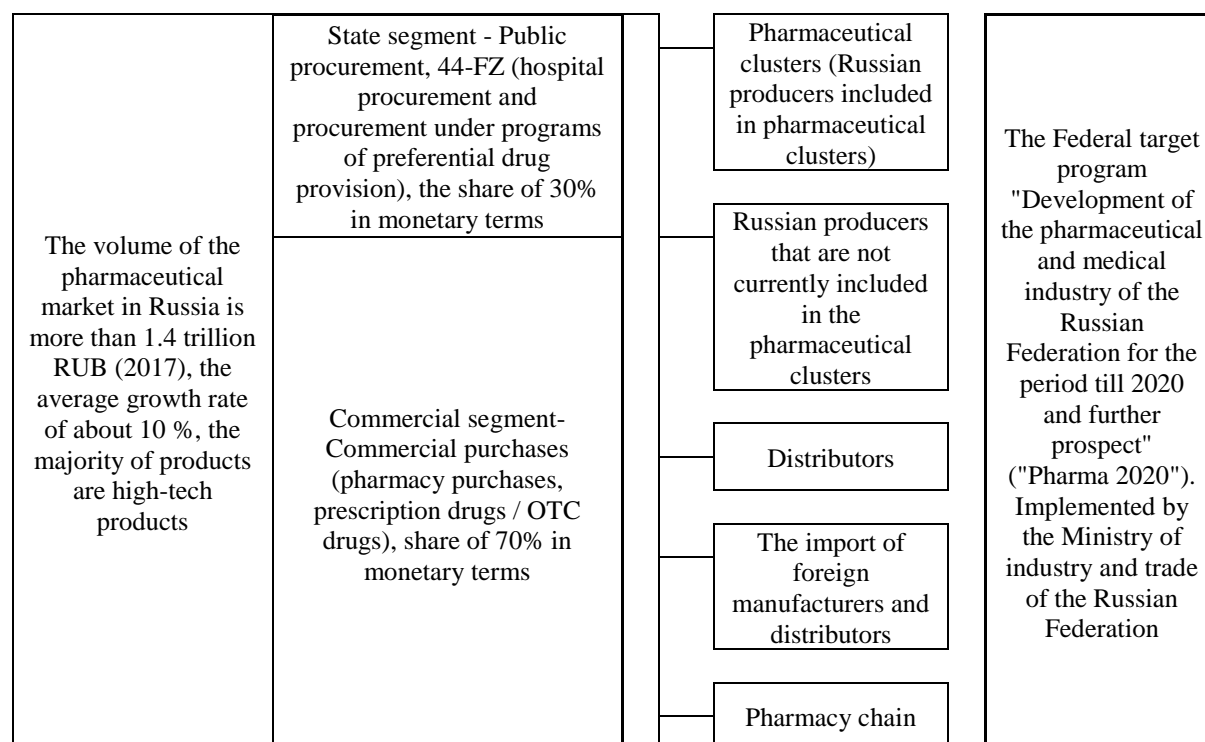


Figure 1: The structure of the modern pharmaceutical market in Russia.

4. THE SITUATION WITH SUBSTANCES

Due to the protracted economic crisis in the 90-ies years in Russia, the production of pharmaceutical substances was practically reduced to "zero". According to the experts, from 1992 to 2008 the volume of the pharmaceutical substances industrial output decreased by 18 times. Equipment and technologies of Russian chemical and pharmaceutical plants became obsolete. It was economically unprofitable to produce pharmaceutical substances at that time. For example, it was more profitable to use such raw materials from China or India. Now the situation is changing. Now in China we are seeing the significant increase in prices for pharmaceutical substances. For example, the price of the substance levomycetinum increased from 13 US dollars to 63 US dollars per 1 kilogram in the period from 2012 to 2018. And the volume of import of pharmaceutical substances to Russia in 2017 amounted to more than 2100 tons. In any country the production of the necessary amount of pharmaceutical substances for the manufacture of essential drugs is a matter of national security. Therefore, now the situation is such that the government is already forced to help manufacturers of pharmaceutical substances to bring their products to the Russian market. Because the shortage of substances produced in Russia is a threat to national security. At the moment, one of the leading Russian manufacturers of pharmaceutical substances are FSUE "SKTB "Technologist", "Usolye-Sibirsky Himfarmzavod", "Polisintez", "Bion". The main direction, which is set by the state, is import substitution. This direction contributes to the growth and development of Russian pharmaceutical manufacturers. The state subsidies are allocated to stimulate Russian producers. According to state programs, by the end of 2018, 90% of vital medicines should be produced in Russia. In the current economic situation in the pharmaceutical market, real results can be achieved with public and private partnerships, combining the forces of the state and business. An excellent example of this is the group of companies "Pharmasyntez", which produces a full range of drugs for the treatment of tuberculosis.

5. PHARMACEUTICAL CLUSTERS

Another feature of the Russian pharmaceutical market should be noted. According to the Federal program "Pharma 2020" the Ministry of industry and trade conducted a cluster policy. The state by its own means helps pharmaceutical producers to unite in territorial clusters. The experience of developed countries, such as Germany, France, UK, USA, showed the effectiveness of such clusters. This significantly contributed to the development of the pharmaceutical industry in developed countries. According to the Russian government Resolution [2], a pharmaceutical cluster is a group of geographically localized interconnected innovative drug developers, manufacturing companies, equipment suppliers and specialized services, infrastructure facilities: research institutes, universities, technology parks and other organizations that complement each other and enhance the competitive advantages of individual companies and the cluster in general. The focus here is on the synergetic effect of producers' activities within the cluster. The clusters are very attractive for the manufacturers because they (the manufactures) can reduce the cost of development and production. In each cluster there are public use centers (PUC) where employees from different companies work on different laboratory equipment. Not every research laboratory can afford to have all the necessary range of the most modern equipment. In the framework of the PUC, this problem can be solved faster and at less cost. The effect of using the common infrastructure is obvious. Pharmaceutical clusters also contribute to the development of regional economies. These are new work places for the population, the receipt of taxes to the regional budgets, the improvement of the overall social situation in the region, the improvement of the dialogue between the government and business. One of the most successful clusters is the North-Western cluster, located in Saint – Petersburg and Leningrad region. This cluster has more than 60 members. The core of the cluster are the following companies: North star, JSC, AstraZeneca, LLC, Novartis Pharma,

LLC, GEROPHARM, LLC, "Research and Production company "KEM". This cluster is located on the territory of the special economic zone (SEZ). The income tax for participants of the North-West cluster is 13.5 % instead of 20 %. The Kaluga cluster is situated in Obninsk (the Kaluga region). It has more than 50 participants. The core of this cluster is the group of companies STADA CIS, "Hemofarm", "Novo Nordisk", "Berlin-Pharma", "Astrazeneca Indastriz", "Mir-farm", "BION", "Field farm". In Yaroslavl and Pereslavl – Zalessky Yaroslavl cluster is situated. It has more than 30 participants. The main residents are such companies as "Takeda", "Teva", "R-Pharm", "Farmoslavl", "Ntpharma". The Ural cluster with more than 40 participants is located in Novouralsk. The largest companies located in the cluster are the plant "Medsintez", Bayer, "Plant Dizet". The Altai cluster is located in Biysk (The Altai region). This cluster has more than 35 members. The core of the Altai cluster is represented by ZAO "Evalar", CJSC "altaivitamins", NPF "Altai bouquet". Also, now medical and pharmaceutical clusters are in the process of forming in Moscow and the Moscow region, Vladimir, Irkutsk, Rostov, Samara, Nizhny Novgorod regions, in Tatarstan, in Stavropol Krai [9]. The formation of such clusters takes into account the presence of a number of large educational and scientific institutions (institutes, universities, academies, research institutes), the proximity of business centers, the availability of developed infrastructure. Pharmaceutical clusters are an excellent example of a combination of market mechanism and regulation of the industry by the state. This combination will continue to allow the Russian pharmaceutical market to develop steadily.

6. INNOVATIVE DEVELOPMENT OF RUSSIAN MANUFACTURES

At its core, the pharmaceutical market is an innovative market. In this market major players will be such companies which invest in the development, research and market launch of new drugs. This is especially true of socially significant diseases such as tuberculosis, diabetes, HIV infection, cardiovascular diseases. Now the major Russian producers try to send a portion of their profits to expanding their product portfolio of innovative drugs. Moreover, now the state stimulating policy for Russian pharmaceutical manufacturers is aimed at the development of new drugs in Russia. The course of the state is taken on innovative development. Many Russian major pharmaceutical manufacturers are well-appointed with modern innovation centers, where specialists conduct pre-clinical, clinical trials, develop drugs, develop active molecules, develop drug industrial technologies. Namely people provide the creation and development of innovative products and technologies. Business owners and managers should remember this. Innovation is one of the fundamental factors in the development of any high-tech business, including pharmaceutical. Consequently, the development of high-tech business provides by people who create and develop innovative products and technologies. Such people are one of the business developing factors. This is important to remember, as each business owner is always interesting to highlight the factors to change and to develop his business. Let's take a closer look at what kind of innovation centers, departments are currently available for some major Russian pharmaceutical manufacturers. "Pharmasyntez" group of companies specializes in the development and production of anti-tuberculosis, anti-tumor, anti-retroviral drugs and hospital antibiotics. At the end of 2017 the portfolio of drugs consisted of 115 items. According to the results of 2017, "Pharmasyntez" is among the TOP 3 the fastest growing pharmaceutical companies in Russia. "Pharmasyntez" has its own innovation center, which is now engaged in technology transfer, the establishment of the production of generic drugs at its plants, develops its own production technologies, is engaged in the search, development and implementation in medical practice of original drugs. The company invests in the development of innovative drugs up to 500 million rubles annually. At the moment, "Pharmasyntez" has approximately 300 developed candidate molecules, which may prove to be a cure for HIV infection. In 2016 the company's revenue amounted to more than 12 billion rubles. The total number of employees is about 1,500 people [18].

CJSC "BIOCAD" is one of the leading domestic pharmaceutical manufacturers of a full cycle. A complete cycle is a cycle from the search for an active molecule to the production of a drug in mass quantity and its promotion on the market. At the present stage, the company has three innovation clusters in the Moscow region and St. Petersburg, engaged in innovative developments (R&D centers). These structures of the company develop original drugs and are engaged in creation of the reproduced compounding. CJSC "BIOCAD" makes medicines for treatment of hepatitis, HIV infection, multiple sclerosis, cancer and other serious diseases. At the moment, the total number of employees is more than 1400 people, more than 650 of them are researchers, developers and scientists. In 2016 the company's revenue amounted to more than 11 billion rubles [11]. "AKRIKHIN" also has a research and development center (R & D Center). This is an independent research, analytical and technological center, equipped with the most modern technological equipment and analytical instruments. The center is engaged in the development of new drugs in socially important areas, such as the treatment of cancer, tuberculosis, diabetes, cardiovascular diseases. To date, the center has developed more than 50 new drugs. And since 2012, about 10 new drugs are introduced into production per year. The main "AKRIKHIN" activity is aimed at the development of generic drugs. Given the high competition in this market, the first (advanced) generics and the latest forms of already known combinations ("generic plus") are being developed. In 2016 the company's revenue amounted to more than 10 billion rubles [10]. The research division of the company "Generium" is currently developing drugs for the treatment of cancer, papillomavirus infection, hepatitis B, rare congenital diseases, etc. The company's equipment and the competence of employees allow to obtain almost any recombinant protein, monoclonal antibody and cellular product suitable for industrial production, for preclinical and clinical studies [14]. In 2016 the company's revenue amounted to more than 4 billion rubles.

7. TECHNOLOGICAL FEATURES

A large share of generic drugs is another feature of the modern Russian pharmaceutical market. This is due to the fact that the price of branded drugs is much more expensive than generic. Many teams in various research centers of Russian manufacturers are working on the creation of generics. This is a feature of the development of the pharmaceutical market at this stage. And this is due to the fact that in Russia manufacturers understand that at the moment in the current conditions the Russian buyer will prefer generic at a lower price to a branded drug. Therefore, generics are one of the areas of development of the pharmaceutical market not only in Russia. Now on the international pharmaceutical market there is a tendency to create biological products (based on biotechnology). These drugs are less toxic than those that were obtained by chemical synthesis. In the Russian market, this trend now exists. The fact is that the creation of many drugs by chemical synthesis is not possible. There is also another important point for developers and manufacturers. The active molecules obtained by biotechnological methods, are extremely difficult to reproduce. Therefore, the probability is very low that such a molecule will be developed generic.

8. THE SITUATION WITH DISTRIBUTORS

In Russia at the moment, in the commercial segment the channel of sale of medicines to the direct consumer (an individual) has the following form: a manufacturer – a distributor (wholesale intermediary) – a pharmacy network – a buyer [8]. Many distributors of medicines began their activities in the 90s years. In the niche of distributors now there are only major players. Such large distributors seek to diversify their business. They are already betting not only on wholesale trade. Large pharmaceutical distributors try to become manufacturers as far as possible. An example of this is the PROTEK group of companies. Diversification of business under the scheme "production-distribution-retail".

The production segment includes JSC "Pharmaceutical Company "Sotex", where the full cycle is the manufacture of injection solutions, followed by filling of ampoules and syringes, their packaging and labeling. "Protein contour", LLC has developed and has patented three technologies for the production of recombinant human erythropoietin (INN epoetin Alfa). JSC "Rafarma" produces antibiotics and anticancer drugs [19]. The group of companies "Ensifarm" is a supplier of pharmaceutical ingredients to the Russian market for 20 years. The group of companies "Ensifarm" acquired "Biochemist", JSC for manufacturing pharmaceutical medicines and drugs together with "Access Bayesians", JSC [17]. Also, large Russian pharmaceutical distributors are strengthening their position by purchasing retail segment. They try to acquire pharmacy chains. For example, the group of companies "PROTEK" acquired a large, well-known network "Rigla". The network is famous in different regions. This policy helps to strengthen the position of distributors in the market. It is also worth noting that there is the lack of qualified personnel in the pharmaceutical industry in the field of development and production. At the moment, the manufacturing companies seek to smooth a significant shortage of engineering and scientific specialists by concluding of contracts with higher education institutions which provide such trainings. At first, such institutes as the Saint-Petersburg state chemical-pharmaceutical Academy, the Pyatigorsk state pharmaceutical Academy, the Stavropol state medical Academy, the Irkutsk state medical University, the Ural medical Academy, the Skolkovo Institute of science and technology.

9. CONCLUSION

So, at the moment among the modern features of the development of the Russian pharmaceutical market are the following:

- Russian pharmaceutical market is fast growing (the growth rate is about 10% per year),
- public procurement in monetary terms is only 30 %,
- imperfection of legislative regulation of the industry,
- effective cooperation between the state and business, business is supported by the state ("Pharma 2020»),
- acute shortage of substances produced in Russia,
- the Russian full circle manufacturers take a course on the innovative development,
- large share of generic drugs in the market,
- the presence of trends in the creation of biological products (based on biotechnology methods),
- the sales channel of medicines to the direct consumer (an individual) in the commercial segment has the following form: manufacturer-distributor (wholesale intermediary) - pharmacy chain-buyer,
- the diversification of the business of distributors under the scheme "manufacture – distribution – retail»,
- there is a shortage of qualified personnel in the pharmaceutical industry in the field of development and production.

LITERATURE:

1. Federal law № 44-FZ "On contract system in procurement of goods, works, services for state and municipal needs" dated 05.04.2013.
2. Resolution of the government of the Russian Federation of 17 February 2011 No. 91. The Federal target program "Development of pharmaceutical and medical industry of the Russian Federation for the period up to 2020 and beyond".

3. Bryzgalova E. Analysis of modern features of interaction of production and marketing spheres in pharmaceuticals [Text] / E. Bryzgalova // Current state and ways of development of science and practice: view of young scientists: materials of the international conference of postgraduates and undergraduates (March 25, 2017). - Yaroslavl-Moscow: "Chancellor" Publishing House, 2017. – p. 30 – 33.
4. Bryzgalova E., Kovshova M. Innovation centers as a factor of pharmaceutical business development // International academic bulletin: Proceedings of the scientific-practical conference "Academic science in the XXI century: problems and prospects" (Ufa, March 10-11, 2018). – 2018. - No. 3(23) – p. 90 – 92.
5. Evstratov A., Ryabova G. Main trends and prospects of development of the pharmaceutical market of the Russian Federation // Young scientist. — 2014. — No. 19. — p. 299 – 304.
6. Lin A. Slepnev D., Rumyantsev M. Total import dependence pharmaceutical market-a threat to the national security of Russia // economic revival of Russia. - 2014. - No. 1. - p. 141-149.
7. Lin A., Filippova T. Production of domestic insulin complete cycle – priority drug safety of Russia // Innovations in the nation's health: collection of materials of the II rus. science.-practice. Conf. with international. participation. SPb.: SPHFA publishing house, 2014.
8. Pushkarev O. Some features of the complex promotion of pharmaceutical products in the Russian market // Bulletin of Economics, law and sociology / O. Pushkarev, A. Grachev. — No. 4. — 2011. p. - 97-101.
9. Slepnev D., Ivanov A. Cluster development of domestic pharmaceutical industry // Economics and management: scientific and practical journal. – 2015. - No. 4 (126). – p. 39 – 43.
10. akhrikhin.ru (date of application 04.03.2018) Official site of JSC "Akrikhin".
11. biocad.ru, (date of application 04.03.2018) Official site of JSC "Biocad".
12. biotech2030.ru, (date of application 16.06.2018) Official information resource of the state coordination program of biotechnology development in the Russian Federation until 2020 "BIO-2020".
13. economy.gov.ru, (date of application 04.03.2018) Official website of the Ministry of economic development of the Russian Federation.
14. generium.ru, (date of application 04.03.2018) Official site of JSC "Generium".
15. gmpnews.ru, (date of application 25.08.2018) Official portal "GMP news".
16. minpromtorg.gov.ru, (date of application 16.07.2018) Official website of the Ministry of industry and trade of the Russian Federation.
17. ncpharm.ru, (date of application 16.07.2018) official website of "En Si Pharm".
18. pharmasyntez.com, (date of application 04.03.2018) Official site of group of companies "Pharmasyntez".
19. protek-group.ru, (date of application 16.07.2018) Official site of group of companies "PROTEK".
20. rosminzdrav.ru, (date of application 25.08.2018) Official website of the Ministry of Health of the Russian Federation.
21. zdrav.expert, (date of application 25.08.2018) Official portal "Zdrav expert".

LABOR MOBILITY OF MIGRANTS FROM THE EURASIAN ECONOMIC UNION MEMBER COUNTRIES ON THE RUSSIAN MARKET OF LABOR: STATUS, PROBLEMS, SCENARIOS OF DEVELOPMENT

Galina Osadchaya

*Professor, deputy director for research, head of Center methodology studying of socio-political processes of Eurasian integration of the Institute for socio-political researches RSA,
Moscow
osadchaya111@gmail.com*

Irina Leskova

*Associate professor, professor of the department of sociology,
Russian State Social University, Moscow
leskova.i@yandex.ru*

Tatiana Yudina

*Professor, head of the department of sociology,
Russian State Social University, Moscow*

ABSTRACT

The purpose of the study - a comprehensive analysis of the formation of the labor market within the Eurasian Economic Union (EAEU) as a dynamic social-economic system which involves a variety of relationships and interaction of its subjects. It emphasizes the process is complex and contradictory. Creating labor market EAEU requires each Member State of EEA to provide social and legal guarantees, including providing equal rights to employment, wages, social protection. The key focus is on the mobility of labor migrants, ensuring freedom of movement of workers and differentiation in the Russian labor market of migrant workers from the EEA. analyzed Employment profiles of representatives of various socio-demographic and ethnic groups, informal and illegal employment. Relying on an extensive information database of the results of research showing the trend of mobility of citizens of Member States of EAEU, identified problematic links in a new integration space. Research has shown that by restraining factors of movement of workers in the EAEU include incomplete development of normative and legal regulation, lack of experience in management of migration processes in the format of a labor market and a migration infrastructure. There is no single database by industry data, specialties, regions and employers needed by the recipient country of labor, not a unified database of the executive authorities of the Member States EAEU (tax, law enforcement, immigration, social, employment). Issue of general education, vocational training, knowledge of the language of the host countries for migrants are not completed. Saved informal employment of foreign nationals, over-exploitation and forced labor of migrants. EAEU in a shortage of highly skilled workers and the workforce with the necessary technical skills, jobs remain unfilled. Training should be comprehensive and acquire the character of a common goal. Serious attention should be paid for migration policies of the participating countries.
Keywords: *Eurasian economic union, integration processes, movement of labor, labor market, migrant workers, labor mobility*

1. INTRODUCTION

Establishment of the Eurasian Economic Union was in 2015, but expert's community still discusses for efficiency and timeliness of the integration processes in Eurasia, while maintaining the balance of criticism and approval. Two different expert opinions can be called.

The first did not approve the creation of the EAEU and doubt that the Union will maintain itself in the future. Eurasian skepticism intensified with a sharp collapse of the Russian currency and the cheapening of the ruble against the Kazakh and Belarusian national currencies. The second one calls a new integration Union as the main priority of Russia in the second decade of the XXI century, a timely and civilizational choice of the participating countries - attractive project for Russia, Armenia, Belarus and Kazakhstan [19, 20]. Ensuring freedom of movement of labor in the EAEU is the impulse to achieving stability of the economies of the Member States to improve their standard of living and employment growth, social balance integration association. Labor mobility contributes to the redistribution of labor from depressed areas in regions with high economic activity of the union, while taking the social burden from depressed areas and more efficient use of labor resources. According to experts, despite the economic difficulties, vector migration associated with the move to permanent residence or as part of labor migration, will be directed from the EAEU member states in Russia.

2. METHODS

This article was prepared on the results of the following surveys:

1. Nationwide study of the Soviet way of life, conducted by CII USSR Academy of Sciences in 1982, N = 5522, a questionnaire. Sample multi-territorial stratified using the quota selection to the last stage. Signs of representation: gender, age, spatial localization. Allocated to the population of Moscow.
2. All-Russian research conducted in 2008 in the framework of the project "Social changes in modern Russia: the measurement methodology and social practices" RSSU. Head Osadchaya G.I., Vozmitel A.A., N = 2017, questionnaire. Sample multi-territorial stratified using the quota selection to the last stage. Signs of representation: gender, age, spatial localization.
3. All-Russian study "The image of Russians living in the Soviet and post-Soviet Russia: a comparative analysis and assessment of change." Head Osadchaya G.I.
 - Russia: a survey conducted in June 2016 by the method of personal formalized interview at respondent residence. The study used a multi-stage stratified sampling territorial using quota selection to the last stage. National Sample: General study population is urban and rural population, permanently living on the territory of the Russian Federation, at the age of 18 years and older. Sample size - 1500 interviews at the place of residence of respondents. Statistical error: +2,5 %.
 - Moscow: The survey was conducted in June 2016 by personal interview of a formalized according to the place of residence (N = 600). Applied multi-territorial stratified sampling using quota selection to the last stage, which represents the adult permanent resident population of Moscow based on: administrative district of Moscow, gender, age. over 18 years. Statistical error: +2,5 %.
4. Research "Migrants from the Member States EEA on the Moscow labor market." Conducted polls (semiformalized interview) in June 2015 and June 2016 (Project Managers Osadchaya G.I., Yudina T.N.). Interviewed 100 migrant workers from Armenia, Belarus, Kazakhstan and Kyrgyzstan, selected by snowball for one feature - arrived in Moscow since 2000.

3. RESULTS

The structure of labor migration in the Russian labor market is characterized by the active replacement workers from the countries of the EAEU migrant with workers from other countries. [16] Differentiation of the Russian market of labor of migrant workers from the EAEU and other countries determined by the cost associated with obtaining a patent for the right to perform work. Russian employers prefer workers from the EAEU countries because of the lowest costs in their employment.

Internal problems impeding the movement of the workforce in the EAEU include the incompleteness of the development of regulatory and legal regulation. The supranational regulator and the national governments of the member countries are making efforts to harmonize the legal norms, but are still far from solving problems, for example, in the sphere of pension provision. Work is under way to toughen the responsibility for using the labor of undocumented foreign workers. However, the implementation of even the already adopted legislative regulations on the regulation of labor relations faces many obstacles. According to experts, the problem of exploitation of labor by unscrupulous employers of citizens of Kyrgyzstan in Russia and Kazakhstan is acute. There is a problem with the status of workers from Armenia, who entered Russia before Armenia's accession to the Unified Energy System. Kazakhstani experts note that labor migrants in Russia have problems with the implementation of a simplified order of employment, restrictions remain on the free movement of labor [14], undocumented status of a labor migrant, increases shadow employment and leads to the development of offenses in the labor sphere [10]. The problem is the lack of experience in joint management of migration processes in the format of a single labor market and a single migration infrastructure. There is no single database on the branches, specialties, regions and employers that the recipient countries need labor, a unified database of executive authorities of the EAEU member countries (tax, law enforcement, migration, social, employment) is not created. The issues of the general education system, professional training of the personnel, knowledge of the language of the host country's migrant are not worked out, which is necessary for the effective use of the labor migration resource. The training of specialists to carry out work in the territory of the EAEU requires complexness and acquires the character of a common cause. Today, there is a shortage of highly skilled workers and labor forces in the EAEU with the necessary technical skills, vacancies for specialists with such skills remain unfilled [11]. Among the main problems limiting the mobility of the staff is the underdevelopment of the social infrastructure - rental housing, kindergartens, the legal system of affordable social services. The labor market, as the main market in the EAEU, is not effectively used by the labor force of the citizens of the EAEU member countries, which is determined by the existing adaptation model, which, according to experts, requires reform and is a serious obstacle to the adaptation and integration of migrants into the Russian community.

4. DISCUSSION

4.1. The attitude of the local population of Russia to migrant workers from the EEA countries

There are psychological barriers to the freedom of movement of labor in the EEA, namely, the rejection of a part of the local population of migrant workers as equal members of society. The more significant the socio-cultural distance between migrant workers and the local population, the less desirable. The youths that support the labor migration are fewer than the others, which faces the need to find work after graduation and takes the first steps in settling family life, fearing competition from migrants. In assessing the advantages and disadvantages of labor migration (ISPI RAS study, June 2017) negative judgments predominate. The majority believes that a massive influx of migrants can provoke an increase in unemployment, an increase in competition for jobs; because of migrants there is a dumping in the sphere of labor market services, which leads to a decrease in the wages of local workers. When Migrants exert additional pressure on the social infrastructure - schools, kindergartens, medical institutions fear a large concentration of migrants who try to impose their own culture, denying the views of the host country. In the respondents' opinion, this can lead to interethnic conflicts (Table 1).

Table following on the next page

Table 1: Estimation by Russians of the consequences of the arrival of migrant workers from the EAPP countries to Russia, % of respondents

№ п/п	Positions	Yes	No	Difficult to answer
1	Facilitate the elimination of labor shortages, mitigate problems in a number of industries, occupying jobs that are unattractive for local residents	40	40	20
2	Contribute to the increase in the revenue side of the state budget due to an increase in the amount of revenues from fees and taxes	26	50	23
3	Facilitate the solution of the demographic problem in Russia	27	49	25
4	Migrants contribute to the enrichment of the culture of the host country with new elements, the development of tolerance of the local population	18	58	24
5	Mass influx of migrants can provoke an increase in unemployment in the country, increased competition for jobs	4	5	21
6	Because of migrants there is a dumping in the service sector and in the labor market, which leads to a reduction in the wages of local workers	6	3	21
7	Migrants support an additional burden on the country's social infrastructure: schools, kindergartens, medical institutions	9	0	20
8	Large clusters of migrants can try to impose their own culture, categorically denying the views of the host country. As a result, this will lead to interethnic conflicts	3	4	23

Sociological research records the growth of ethnic intolerance of Russians in relation to migrant workers. According to the subjective assessment of the respondents, in the circle of their acquaintances in the last 25-30 years, the number of those who do not treat people of other nationalities 2.5-3 times (Table 2).

Table 2: Attitude towards people of a different nationality, % of respondents
The answer to the question: "Do you think that the people you constantly meet in your life (at work, in the family, in the circle of acquaintances ...) do not treat people of other nationalities well?"

	1982, Russia [1]	2008, Russia	1982, Moscow	2016, Moscow
Very little; minority	92,6	76,6	89	74,2
Most; Almost all	7,4	23,4	8,9	25,8

Manifestations of hostility toward foreigners, xenophobic sentiments threaten the social cohesion of the society, integration processes affect the social well-being of migrants. Although most of the interviewed from the member states of the EAEU prevail a normal, even mood, and every third has a good, optimistic, a fifth of those who come from Kazakhstan and Kyrgyzstan often experience anxiety, irritation, fear, despair in Russia. Almost every third or fourth during his stay in Moscow felt uncomfortable, faced discrimination based on national or ethnic origin. The "indifferent" is more often given by migrants from Armenia, and one in seven from Kirghizstan and one in ten from Kazakhstan consider that Muscovites greet them unfriendly and even hostile. The attitude of representatives of the authorities of migrants from Kyrgyzstan

is even worse: one in four rated it as unfriendly and even hostile¹. The local population is alarmed by new forms of organized immigrants, ready to demonstrate their strength, which must be considered; not the correspondence of the behavior of a number of migrants to the peculiarities of culture, everyday practices, mentality, expectations and rules of the host society that make us think about regulating migration processes [3, 4, 8, 9, 18].

4.2. Scenarios for the development of labor mobility and proposals for improving the migration policy of the Unified Energy System

In the short term, two scenarios of labor mobility of the population in the EAEU are most likely to develop. First, the "extensive" scenario, will be based on the geographical expansion of the EAPS at the expense of new members. In 2015, an agreement was signed on the establishment of a free trade zone of the EAEA with Vietnam, is close to the integration into the EAEU of Tajikistan. One of the objective grounds for Tajikistan's accession to the EAEU is the large-scale labor migration of its citizens to Russia and Kazakhstan. Labor migration for the country has become a real mechanism for reducing unemployment and reducing the balance of payments deficit (through remittances). Over 30 appeals from different countries (Israel, Egypt, China, India, Iran, Pakistan, Zimbabwe, Tunisia, Syria, Jordan, Mongolia, Albania, etc.) were submitted to the Eurasian Economic Commission about the desire to conclude agreements with the EAEU in various forms. The most important can be the implementation of agreements between the leaders of Russia and China on the merger of two projects - the EAEU and the New Silk Road. And the most real mechanism for the development of integration between the EAEU and the listed countries can be a free trade area. Secondly, under certain circumstances, an "intensive" integration scenario can be implemented. Stabilization of the unified labor market of the EAEU can occur not only based on an increase in the number of member countries and, correspondingly, the number of labors, but also in the growth of the quality of labor resources through higher education and professional qualifications. The predominance of low-skilled labor in migratory flows exacerbates the problems of sociocultural adaptation of migrants in the host countries, exacerbates the situation with medical care, provision of housing, transport and social infrastructure. The low level of professional training reduces the opportunities for migrant workers to work in external labor markets, even within the EAEU, which leads to aggravation of socio-economic problems in the host countries. The main direction of reducing the issues raised is the expansion of the opportunities for studying the Russian language and raising its level among migrant workers. This requires the development of an infrastructure for learning the language and ensuring access to it for migrants. The expansion of the Russian language among migrants should not be an economic, but a social project [6]. However, now, a different approach prevails. Examination of the Russian language for migrants takes centers, universities, organizations for a fee. The main problem is that they practically do not teach migrants, because there is not enough time. For example, labor migrants applying for a patent should prepare for a comprehensive exam for thirty days of stay in the country! We emphasize that it is impossible to learn Russian, history and the basis of Russian legislation in such a short period of time. It is obvious to experts that there is less training for migrants than business at examinations. Let's note the importance of studying the Russian language in the EAEU area. In many countries of the former USSR, Russian plays an important role and is the working language of the Eurasian Economic Commission, the CIS, the Shanghai Cooperation Organization and the Collective Security Treaty Organization. Considering the large flows of labor migrants from Kyrgyzstan, Armenia and Tajikistan to Russia, the study of the Russian language by labor migrants is a guarantee of getting a higher-paid workplace and successful integration into the host community.

¹ The study "Migrants from the EAEU member countries on the Moscow labor market" (see Methods section).

The priority direction of the development of labor mobility in the EAEU should be the formation of an innovative economy, in which qualified workers and highly qualified specialists will be in demand. Innovative economy is an objective basis for the development of innovation infrastructure and a single educational space. It is important to create favorable conditions for stimulating the mobility of highly qualified specialists and students within the EAEU. It is necessary to strive to create a single labor market for highly qualified specialists and scientists, as well as an educational space for students and graduate students through the mechanism of development of innovative and educational infrastructure. At the same time, it is important not to allow "brain drain" from the EAEU countries to third countries. Education is an important tool for deepening integration in the EAEU in the second scenario. A single labor market requires common approaches in the training of personnel. Now, there is no unified educational system in the EAEU, only the system of recognition of diplomas of education and qualifications (with the exception of medical, pedagogical and legal education). The formation of a unified economic policy in the EAEU calls for the creation and development of a unified educational space. Mobility of highly qualified specialists is an important factor that will positively affect the national labor markets of all EAEU states. Graduates of the universities of the single economic space could work in any country of the EAEU and compete more successfully both on national and general labor markets. There is a need to make the working and living conditions of migrants normal, to eliminate exploitation and corruption in the migration segment. A "migrant-dependent" economy that exploits the exploitation of undocumented, cheap and disenfranchised migrant workers willing to work for lower wages and tolerate poor working conditions, sometimes ill-treatment - must be eliminated. It is necessary to toughen the punishment of employers (right up to criminal prosecution), delaying or not paying salaries, selecting a document or restricting freedom of movement for migrant workers. It is necessary to oblige employers using migrant workers to build or rent temporary accommodation for migrant workers that meet minimum requirements and minimum living standards (for example, temporary accommodation towns). It is advisable to stimulate employers' employers with tax instruments, which make it possible to include migrant workers in the system of intra-corporate health insurance. For example, to reduce the rate of social charges on the wage bill for employers who invest in corporate life and health insurance programs for Russian workers and migrant workers. It is necessary to toughen the measures of supervision and control over the process of employing migrant workers by employers, the conditions of their work, employment and social obligations. Strengthen penalties, possibly by criminal prosecution of employers who knowingly exploit migrant workers. However, it is important that the punishment is toughened in parallel with the simplification and liberalization of registration procedures, procedures for issuing permits to employers and migrant workers (patents and work permits). It is important to check the living conditions of migrant workers living in workplaces. At present, although huge fines have been imposed on employers using the labor of irregular migrant workers, this segment of employment has not yet been completely eradicated. According to national experts, combined with the availability of clearance procedures, the proposed measures would significantly reduce the illegal employment of undocumented labor migrants in the country's economy. Trade-union organizations need to intensify the inclusion of labor migrants in their ranks. Due to the national specifics of the development of labor relations in Russia, the trade unions in their majority oppose the use of migrants in principle and do not readily include them in their ranks, the more they defend their rights. It is important for trade unions and labor inspectorates to establish systematic monitoring of compliance with working conditions, safety practices at enterprises and industries, social living conditions of migrant workers. Unification of the migration policies of the member countries is necessary. The Russian migration policy has focused more on regulation of immigration, as well as on problems of integration of immigrants in the country.

In the Concept of the State Migration Policy of the Russian Federation for the period until 2025, the creation of conditions and incentives for the resettlement of compatriots living abroad, emigrants and certain categories of foreign citizens to the Russian Federation for permanent residence is indicated as tasks; development of differentiated mechanisms for attracting, selecting and using foreign labor; the promotion of educational migration and the support of academic mobility, etc. The policy of the Republic of Belarus, which regards migration as a component of demographic development, is rather close to the Russian position. Kazakhstan actively accepts ethnic Kazakhs (the return of the Orolman program) to maintain the ethno-cultural balance and attract labor migrants to compensate for the shortage of labor resources. At the same time, Armenia and Kyrgyzstan are oriented towards stimulating emigration, developing ties with the diaspora and attracting its resources to expand national economies.

5. CONCLUSION

1. Economic and political success of the EAEU is an instrument for ensuring social security and peace in the region. The formation of the Eurasian model of social interaction is a long process at all stages of Eurasian development - from understanding the importance of the EAEU own social policy to its legal design, the formation of social institutions and governing bodies for managing the implementation of the social strategy of the Eurasian Union.
2. The capacity of the Russian market, its need for labor resources and, above all, for workers, as well as the state of the labor markets of Armenia, Belarus, Kazakhstan and Kyrgyzstan, have determined the vector of labor mobility of citizens from the EAEU member states to Russia. New conditions for labor mobility of citizens of the EAEU member states in the Eurasian integration space have changed the structure of labor migration in the Russian labor market by actively replacing migrant workers from other countries.
3. The deterrent factors ensuring the freedom of movement of labor in the EAEU are: the incompleteness of the development of regulatory and legal regulation; lack of experience in joint management of migration processes in the format of a single labor market and a single migration infrastructure; underdevelopment of social infrastructure; ineffective use of the workforce of citizens of the member countries of the EAEU.
4. Psychological barriers to the freedom of movement of labor in the EAEU are, on the one hand, the rejection by some of the local population of migrant workers as equal members of society, on the other, the non-conformity of the behavior of a part of migrants with the characteristics of culture, everyday practices, mentality, expectations and rules of the host society.
5. In the future, the two most likely scenario scenarios for integration in relation to the labor mobility of the population in the EAEU are likely to be implemented. The first scenario is "extensive", it is based on the geographical expansion of the EAEU at the expense of new members; the second scenario is "intensive", due to the improvement of the quality of social and labor relations.
6. The stabilization of the unified labor market of the EAEU is determined by:
 - The formation of an innovative economy in which skilled workers and highly qualified specialists will be in demand;
 - Unification of migration policies of the member countries of the organization;
 - An increase in the number of member countries, the size of the workforce, the growth of the quality of labor resources through increased levels of education and professional qualifications;
 - Expanding opportunities for learning the Russian language;
 - Creation of decent working and living conditions for migrants;

- Eradication of exploitation and corruption in the migration segment of the Russian economy;
- The inclusion of labor migrants in the ranks of trade union organizations.

And the last. It is important that "Eurasianism" becomes not only the idea of elites, but also the idea of society, which is achieved not by general rhetoric about the importance of integration, but by trust in power and social guarantees. Citizens should be sure that their interests in the integration process will be heard and observed. A unified program for media support of the project is needed for all countries, which will include information on the benefits of integration, supported by real actions and positive information about the neighbors by union, using modern methods and tools of information promotion of ideas: social networks, expert community, education, etc.

LITERATURE:

1. Vozmytel A., Osadchaya G. The way of life in Russia: the dynamics of change // Sociological research. - No. 1, 2010. - P. 17-27.
2. Kostava A. Regional leadership of Russia as a precondition for balanced socio-economic development of the EAEU // Economics and Entrepreneurship. 2017. № 3-1 (80). S. 417-420.
3. Migrants from Armenia and other EAEU countries can expel from Russia. URL: <http://newsarmenia.am/news/society/migrantov-iz-armenii-i-drugikh-stran-eaes-bez-trudovoykh-dogovorov-mogut-vydvorit-iz-rossii/>.
4. The Ministry of Labor and Social Protection of the Republic of Belarus. Supply and demand for occupations that are in demand in the labor market of the Republic of Belarus on 12.01.2016. URL: <http://www.mintrud.gov.by/ru/rynok>.
5. Mukomel V. Migrants in the Russian labor market: employment, mobility, intensity and wages // Statistics and Economics. Number 2017. 6. pp 69-79.
6. Osadchaya G. Formation of a single labor market of the Eurasian Economic Union: effects for Russia // Sociological studies. Number 2017. 11. pp 53-64. DOI: 10.7868 / S0132162517110071.
7. Polozhihina M. Economy neighborliness as the direction of development of the Eurasian Economic Union // In: Big Eurasia: development, security and cooperation. Yearbook INION. 2018. pp 323-326.
8. Why there was a shootout at Khovanskoye cemetery. URL: https://www.kpsport.ru/daily/26529.7/3545890/?geo=1&utm_campaign=kpsport (14 May 2016);
9. Rogoza A. Who brought the Tajiks to the assault of the largest capital market? https://www.kpsport.ru/daily/26737.4/3764480/?geo=1&utm_campaign=kpsport.
10. The problem of migration in and around Russia (the meeting of the Scientific Advisory Board of the Chairman of the Federation Council). M. 2015.
11. Information on the number and needs of organizations for employees of occupational groups in Russia on October 31, 2016 Statistical Bulletin. M., 2017. S.131-135.
12. Sardaryan A., Petrochenko A. Current status and labor market problems in the countries of the EAEC // News of Saratov University. New episode. Series: Economy. Control. Right. 2018. 18. T. number 1. pp 19-27.
13. Smirnov D. The structure features of the Russian labor market in the context of Eurasian integration // Economics and Entrepreneurship. 2016. № 6 (71). S. 654-660.
14. Sulaimanova M. Migrants from the CD even after the republic's accession to the EAEU face problems. URL: <http://old.kabar.kg/EAES/full/106591>.

15. Tkachuk S., Mityaev D. "Soft power" of science and education in the development of the Eurasian economic integration // Economic strategies. 2018. T. 20. № 2 (152). S. 182-189.
16. Labor migration in the EAEU at the beginning of 2016 (report JAC) URL: <http://evrazklub.ru/analitik/trudovaya-migratsiya-v-eaes-na-nachalo-2016-goda-doklad-eak.html>.
17. Florinskaya Y., Mkrtchyan H. Migrants are losing interest in Russia // Russia's economic development. 2015. 22. T. number 12. pp 87-90.
18. The number and staffing requirements of large and medium-sized enterprises of the Republic of Kazakhstan. The electronic version of the newsletter, 17 series. 2017. pp 150. URL: www.stat.gov.kz.
19. Leskova I.V., Ermakov D.N., Andruschenko G.I., Raspopov S.V., Khmelevskaya S.A. Relevant aspects of the integration of post-soviet countries in the project of the Eurasian economic space // Review of European Studies. 2015. T. 7. № 6. C. 231-238.
20. Leskova I.V., Osadchaya G.I., Yudina T.N. Eurasian economic Union: peculiarities of integration processes // В сборнике: Economic and Social Development Book of Proceedings.
21. Varazdin Development and Entrepreneurship Agency; Russian State Social University. 2017. C. 695-701.
22. Yudina T.N., Osadchaya G.I., Leskova I.V., Dolgorukova I.V., Kireev E.Y. The Eurasian Economic Union: Migration risks//Mediterranean Journal of Social Sciences. Vol. 6. 1 July 2015. Issue 4. P. 451-457.
23. Molodikova, I.N., & Yudina, T.N. (2016) Migration Strategies of Ukrainian Migrants: EU or Russia, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 62–71. DOI: 10.17922/2412-5466-2016-2-3-62-71.
24. Osadchaya, G.I. (2016) Eurasian Economic Community Integrated Labor Resources Market: First Results of Formation, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 86–90. DOI: 10.17922/2412-5466-2016-2-3-86-90.
25. Vishnyakova, V.A. (2016) The Programs of State Support of the Labor Market: Theoretical Aspect, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 81–87. DOI: 10.17922/2412-5466-2016-2-2-81-87.

BASIC NEEDS DETERMINING THE TRANSFORMATION OF THE SYSTEM OF EDUCATION IN THE INFORMATION AGE

Grigory Kuzmenko

*Professor of department of philosophy,
Russian State Social University, Moscow
rgsu-centr@mail.ru*

Olga Skorodumova

*Professor of department of philosophy,
Russian State Social University, Moscow.
obsel@mail.ru*

Ibragim Melikov

*Professor of department of philosophy,
Russian State Social University, Moscow.
immelikov@gmail.com*

ABSTRACT

The article examines the factors conditioned by the nature of the development of the information society and determines the need to change the education system in the direction of forming the qualities of the future specialist relevant to the needs of the modern era. The experience of both developed countries and Russia is analyzed. The features of the processes of changing the nature of the acquisition, formation and assimilation of knowledge that determine innovative changes in education are considered. The idea of the necessity of finding effective methods, models of protection of its uniqueness and preservation of institutional identity for the national systems of higher education, is substantiated in the conditions of the ongoing process of internationalization of spiritual life.

Keywords: *social philosophy, pedagogy, education, postindustrial society, human capital, innovations*

1. INTRODUCTION

The processes occurring in the countries that are leaders in postindustrial development, in the pool of which the Russian Federation is included, are determined by objective needs of humanity, which has reached a new stage of its development [13]. "Postindustrial revolution", which, according to social philosophers, began in the mid-20th century, is directly related to the emergence of information technologies of a new quality, to the computerization of spheres of human life and society. Peculiarities of postindustrial development dictate new requirements imposed on a person and on those social institutions that ensure his/her vital activity, first of all, on the institution of education. The priority of this social institution in the social structure is currently predictable. The qualitative growth of the information component in modern society and the development of means related to this component pressed material resources (land, capital, etc.) and brought a nonmaterial resource – knowledge – to the fore. This circumstance has become a subject of close examination by domestic and foreign researchers, especially in recent decades [for more details: 2, 8, 10, 12, 19, 21]. In socio-humanitarian sciences, an interdisciplinary cluster has been formed, where phenomena of postindustrial society and knowledge as its key resource are viewed from different perspectives. Hence is the increased research interest in modern education and forms of its institutionalization.

2. PROBLEM STATEMENT

The main goal of education is a requirement to increase the "capitalization of a person", i.e. ultimately his/her competitiveness in a variety of markets for goods and services. The result of training should be expressed in the student's adequate and effective response to challenges of the social environment through processing, production (generation) and introduction of new knowledge into the scope of his/her activities. In this case, the specific "relevance" of modern education should be noted; it is focused on the fact that the knowledge produced by students must meet pressing needs of society and, thus, be of applied nature. The attributive characteristic of modern education is expressed in this phenomenon – a direct link between education and continuously changing social existence, in particular – between educational institutions and economic, political and other structures. Criticism of applied nature of the modern ideal of education is a subject of scientific discussions. Some researchers rightly believe that "applied knowledge cannot be self-sufficient" [3]. In particular, there arises a problem of continuity in the development of scientific knowledge, its close connection with the scientific worldview, with the general genesis of science, which reflects a deep worldview process. Transformation of applied science into a certain set of technological data and techniques is one of the threats resulting from trends in modern education. Taking it into account in the context of postindustrial transformations is a condition for the formation of a situation of searching for mechanisms for their prevention [9]. Global educational trends raise an issue of ensuring the competitiveness of the educational system of the Russian Federation, the requirements for its postindustrial model of education [4-5, 11, 16]. Hence appear the prospects for such organizational form of education, implemented in the Russian Federation, as the state-public administration. This approach can be exemplified by an increase in the role of an employer in the teaching process of a higher education institution, the emergence of external basic departments in the structure of faculties. Another characteristic feature of modern education is its pronounced dynamism of the teaching process. The variability of curricula and their methodological support is increasing – this increases the potential for students' free choice of the content, forms, methods, and means of training. The permanent rotation of training programmes provides a significant advantage over the classical system. Such innovations play a great role during the reform of the education system in the Russian Federation, more widely – in countries-leaders of the postindustrial era, when searching for the ways to improve education that meet the needs of the time [15].

3. METHODS

The comprehensive analysis of the modern educational model assumes the study of provisions of modern educational concepts, both domestic and foreign ones, in the context of the development of the world labor market. It is necessary to make theoretical conclusions from the monitoring of the problems of the education system (all its levels). Similar actions should be supplemented by consideration of normative legal documents, recommendations of consulting agencies, implementation of market research of the educational services market. The latter includes research in the sphere of promotion channels, competitors, consumers, prices, advertising, sales promotion methods, personnel, training process, the internal marketing environment of educational institutions. The following results should be a logical outcome of the chosen research strategy: the identification of mistakes and problems at all levels of the education system; the process of generalization, the formulation of new ideas for the structure of education; primary testing of knowledge; setting new tasks, developing or selecting the most effective forms of educational activity. In this article, it is impossible to conduct such a full analysis of the educational model. However, some important issues can be considered.

4. RESULTS

The pace of development of the postindustrial society correlates with a number of factors: the quality of communication, the information transfer rate, the ability to operate knowledge, etc. The effectiveness of the educational environment of such society depends on the extent to which these factors are taken into account. Financing for education is a key criterion for the awareness of the importance of this circumstance at the state level. Reflecting the degree of attention paid by the state to education, expenditures on this sphere are considered one of the key indicators of social development. In this position, Russia looks decent, compared with other countries-leaders. This requires a little explanation. Comparing the expenditure on education of developed countries, including Russia, it is necessary to take into account that the level of national expenditure on education is a relative value that is calculated as the total volume of public and private expenses on education during a calendar year, including state budgets of all levels, private funds, foreign loans, grants and donations from international institutions and nongovernmental organizations. Collectively, this is called a budgetary system and only its cumulative overview can give a complete picture of government funding. The total expenditure of the budgetary system on certain directions may significantly differ from those that are included in the federal budget. That is why, for example, a share of expenditure on education in Russia that is rather modest on a scale of the federal budget (3.7% of all expenditure items of the federal budget for 2017) increases up to 10% when considering it in a scale of the budgetary system [1]. This circumstance makes it possible to understand the stable position of the education system of the Russian Federation among the advanced countries, which is often not fully understood. Such misunderstanding creates a peculiar paradox in the media: the supposedly "low" funding, which is spoken about in the information space, does not interfere with the high achievements of Russian students at various international venues - contests, academic competitions, and other events. For example, in 2017 Russian students won 18 gold, 14 silver and 6 bronze medals at international natural-science competitions. This is the unofficial first place in the world competition rating. Despite this, it should be noted that there are still serious problems in Russian education: geographical and financial inequality of the applicants' opportunities, the weak readiness of university graduates to work effectively after graduation, the low internationalization of higher education institutions, etc. [for example: 15, 18]. The following aspects are also significant: the early and more careful selection of the most successful students, which is weakly expressed in the Russian educational system "preschool – secondary – higher education", the support of the highest motivation of a child, and subsequently – of a young man, both from the family and educational institutions. The latter circumstance plays an important role in the formation of students' moral and volitional qualities that make it possible to strive for high performance in studies and, subsequently, in the professional activity. In general, these problems are comprehensive in nature as they affect many important parameters, for example, the position in the list of the countries, which are more suitable for educational migration. The first lines of this list are traditionally occupied by Great Britain, Canada, the USA, Germany, France, Australia, and Japan. Russia is not on this list of leaders. Project "5 – 100" implemented by the Government of the Russian Federation, according to which 5 leading universities of Russia must enter the 100 leading universities of the world, aims to establish modern university culture in higher education. It is planned that this will be the basis for improving the rating of Russian universities on a number of criteria [6]. To qualitatively update Russian universities means to go from the autarky of a classical university to new generation universities. Such a university is aimed at implementing 3 main functions: teaching, scientific research, and practical implementation. The system analysis of modern leading universities such as Stanford, MIT, Cambridge, Warwick, gives a matrix of an innovative university [6-7]. The system of modern education and the problem of training specialists of a qualitatively new level largely depends on the needs of modern society.

At the beginning of the 21st century, the emphasis in analyzing the social realities of the information society shifted towards interest in knowledge as a special kind of information. In the early stages of the development of the information society, the avalanche-like growth of information and its value neutrality led to the situation of "information shock." The task was to allocate the most significant, ordered and value-oriented information in the information flow, based on which a person can carry out effective actions. Later, the specificity of knowledge was revealed, which consists in the fact that knowledge is action-oriented. In order to be successful in the modern world, it is necessary to quickly update the available knowledge and activities. In this regard, there are specific risks that could be called the risks of hyperactivity. They are connected with the fact that a specialist in the labor market is forced to constantly change the profile of activity in order to be in demand. In modern society, it is difficult to determine what part of the available knowledge is needed for a specialist to solve a particular non-standard problem. In search of compensation, large amounts of information are attracted. Knowledge loses its consistency and integrity, often turning into a mosaic set of separate fragments that provide certain sections of activity. The contradictory nature of this situation is that, on the one hand, it is possible for a person to choose a wide field of non-standard creative solutions, and on the other hand, the expansion of the information richness of a person, including at the level of knowledge, has a limit. The constant change of activity generates fatigue, depression, which is attempted to be removed by going to new, and as a rule, game types of activity. This only aggravates the situation. This kind of hyperactivity leads to serious consequences up to mental illness. The information revolution and the building of an information society in developed countries present a number of requirements for the modernization of the education system. In connection with the growing flow of information and the threat of a kind of "information shock," one of the most important conditions for adapting to the modern information environment is the development of student search skills. The ability not only to find information, but also to assess its scientific nature, to use it for its intended purpose becomes an important need. The character of vocational training is also changing. If the specialist who received the education in the 20th century, in general, had enough knowledge to carry out his professional activities, then the dynamism of the information society requires special qualities associated with constant retraining and a kind of "reprogramming" of oneself depending on the changing needs of an intensively developing business environment. As a result, a specialist does not only need to master certain knowledge, but, first of all, to master the methodology of searching for a new one. In addition, the success in the market directly depends on knowing how to adapt knowledge to professional needs. It is generally accepted that in the electronic economy based on knowledge, information, image and connections, constant self-education plays a dominant role and one of the main objectives of education is the formation of abilities for innovation in this field. One of the basic prerequisites for solving this problem is the creation of a special innovation environment, including at the learning stage. The most important element of this environment is the atmosphere of trust. The implementation of the principle of trust is a decisive incentive for cooperation, both at the stage of obtaining knowledge, and at the stage of its use. At the same time, in the implementation of the global process of reforming education, it is necessary to take into account the fact of cultural differences. Globalization spreads over regions with different cultures and educational institutions. It is very characteristic that in any case, each national culture seeks to preserve its identity and identity. In this regard, the phenomenon of globalization gives rise to numerous discussions, during which it becomes clear that a number of key issues related to the integration of different value systems remain without due clarification. This perspective in the field of education requires openness, which raises a whole new set of questions: what limitations are imposed on the methods of instruction used by the national mentality of the students, which culture is easier to teach the tools of the thought of another culture, and how will those who assimilate in their community learning in

another country the rules of a "different" culture, how they will solve the problem of cultural, or rather, civilizational self-identification in conditions of real domination by "European of measurement in education" (the Treaty of Maastricht, 1993). The key globalization problem of the correlation between global and local, general and "special" is reproduced today at the European level, as evidenced by the principle of the so-called "organized diversification", put forward by the European Association of Universities (EUA). Its representatives consider this principle as the basis for integrating national educational systems into a single European educational space. This principle declares respect for almost all components of national education systems: the structure, institutional forms, areas of training and even the content of training programs. Will such an optimistic attitude to create a new cultural non-unified unity be realized? This question has got no positive answer yet. At the same time, this declaration clearly articulates the following: existing diversity should not be an obstacle to integration processes. The presence of this requirement is alarming and inspires fears about the extent to which the globalization of higher education, initiated by international educational corporations, will be painful and destructive for the national education systems. It is obvious that in the modern world it is already impossible to exist, hiding in the shell of one's own identity [17]. However, with all the understanding that "globalization cannot be stopped," and therefore it is impossible to evade the "challenge" of globalization, the importance of accounting for "otherness" is becoming increasingly recognized in the global professional community. As a result, philosophical discourse replaces the apologetic reasoning about globalization as a means of forming a single "megaculture" or "megasociety", reflecting on the need for national cultures and education systems to effectively protect their uniqueness and maintain their institutional identity in the context of the ongoing process of internationalization of the spiritual life. As a possible solution to this complex of problems, it is possible to propose the idea of a global-national model of higher education, which implies the inclusion in the curricula of two levels of goals, competencies and methods: 1) "global" ones, specific to the current socio-economic challenges, the specifics of intercultural communication; 2) and "national" ones, correlating with the first level, but at the same time reflecting the experience of the national higher school, the specifics of the country's political, socio-economic and cultural development. The readiness of the younger generation for revolutionary changes in education is confirmed by a wide range of studies. For example, in 2018 the Russian State Social University (RSSU) held a round table on the results of scientific research, the empirical base of which included materials of the survey of different categories of students in higher and secondary education institutions of the People's Republic of China. Let us recall that China is currently a leading state in the implementation of innovations in educational processes; as a result, it occupies top positions in international educational ratings, in particular – among universities. Based on the analysis conducted, the following trends in the methodology of teaching a modern Chinese student have been revealed. Firstly, the area of traditional methods in teaching tends to decrease, as the analysis shows – the younger the respondent, the less he/she is interested in this area. Secondly, there is a multiple request for innovations in teaching methods. It is important to note that the key elements of this request of the younger generation of Chinese students are as follows:

- modernization and automation of the learning process, the use of modern technology (multifunctional gadgets), modern software, Internet technologies;
- introduction of new interactive forms of training, the emphasis on modern pedagogical and psychological technologies, the use of new forms of motivation (leadership, the formation of a competitive environment, game and other simulation models), stimulation of creative approaches to mastering the training material;
- the use of event marketing techniques, the supply of sociocultural services, the organization of cultural programs of different topics and different levels of complexity in the field of the student's specialization;

Obviously, the data obtained at the round table in the RSSU fit into the existing educational trends.

5. SUMMARY FINDINGS ARE AS FOLLOWS

1. Nowadays, the most obvious problems of Russian education are as follows: formalism and rapid obsolescence of knowledge; the detachment of training programs from interests, students, and employers.
2. The generalization and study of world trends in education led to the formulation of the basic principles of a new educational model. Among them are the following ones: the strategy is more important than tactics, the quality of the learning process is more important than the structure of the educational system; the goals of the educational system are the same, and the means of their achievement are different.
3. A new generation university should be created and function on the basis of relevant theoretical and applied research based on three principles:
 - a) the educational value of knowledge;
 - b) the need for learning through action;
 - c) unification of professional sciences and humanities.

In this regard, the promising areas of university evolution are as follows:

1. Corporate universities, which are not only training centers but also strategic partners of companies in their adaptation to a rapidly changing business environment;
2. Business schools as factories of new knowledge of effective management of organizations. They are engaged in the development and implementation of programs in close connection with the business. The internationalization of education and research is a priority here;
3. Online education, which includes distance education as an opportunity for online education. It is characterized by its availability at anytime from anywhere in the world (if the Internet connection is available), individual user customization (viewing speed, training intensity), free-of-charge basis and equal access to training.

It is obvious that the postindustrial strategy of education implements mechanisms of adjustment for new needs, controls the results of education, rather than its process, develops the export of educational services, seeks to support technological educational "start-ups" and spread successful educational models to the whole system.

6. CONCLUSION

A new generation university is an educational organization striving to form a postindustrial personality on the basis of the development of professional qualities, worldview attitudes, and value orientations. Such a person, who has modern professional, philosophical and social competencies, can better adapt in postindustrial society, integrate into its social institutions and effectively fulfill his/her "human capital". An incentive for intercultural communication that is natural in the mobile and global world is also important [17]. In this regard, joint scientific, technical and humanitarian training can form a demanded personality of the 21st century – an innovator [20, 14].

LITERATURE:

1. Moiseev, I., Zeiman, A., Shishkov, V., & Dergachev, V. (2016, December 14). *Issledovanie RBK: skolko Rossiya na samom dele tratit na svoikh grazhdan* [RBC Study: How much Russia Actually Spends on Its Citizens]. Retrieved August 27, 2018, from <https://www.rbc.ru/economics/14/12/2016/584fd32e9a7947c251265ede>

2. Gref, G.O. (2015). Obrazovanie v novoi modeli rosta [Education in a New Growth Model]. In *XVI Aprelskaya mezhdunarodnaya nauchnaya konferentsiya po problemam razvitiya ekonomiki i obshchestva, 7-10 aprelya 2015 g., Vysshaya shkola ekonomiki, pri uchastii Vsemirnogo banka. Programma plenarnykh zasedanii* [XVI April International Scientific Conference on the Problems of Development of Economy and Society, April 7-10, 2015, Higher School of Economics, with the participation of the World Bank. Program of Plenary Sessions]. (p. 6). Moscow: The HSE Publishing House.
3. Evreeva, O.A. (2014). Optimalnaya model dopolnitelnogo obrazovaniya v VUZe [Optimal Model of Supplementary Education in the University]. In *Sbornik materialov XV nauchno-prakticheskoi konferentsii "Kultura. Dukhovnost. Obshchestvo"* [Collection of Materials of XV Scientific and Practical Conference "Culture. Spirituality. Society"] (pp. 113-118). Novosibirsk.
4. Zaitseva, L.A. (2014). Filosofiya innovatsii: innovatsionnye tekhnologii – arkhitektory budushchego [Philosophy of Innovation: Innovative Technologies – Architects of the Future]. In *Trudy Vserossiiskoi nauchnoi konferentsii "Inno-vatsionnye strategii razvitiya nauki, tekhniki i obshchestva. Sotsialnaya innovatika – 2014"* [Works of the All-Russian Scientific Conference "Innovation Strategies for the Development of Science, Technology and Society. Social Innovation – 2014"] (pp. 32-36). Moscow: All-Russian Research Institute of Geological, Geophysical and Geochemical Systems.
5. Zaitseva, L.A. (2015). Kvantovyi mir i vakuum idei [Quantum World and Vacuum of Ideas]. *Filosofiya i kultura*, 3, 355-363.
6. Clark, B.R. (2011). *Sozдание predprinimatelskikh universitetov* [Creating Entrepreneurial Universities] (p. 240). Moscow: HSE Publishing House.
7. Clark, B.R. (2011). *Podderzhanie izmenenii v universitetakh* [Sustaining Change in Universities]. Moscow: HSE Publishing House. (p. 312).
8. Clark, B.R. (2011). *Sistema vysshego obrazovaniya* [The Higher Education System]. Moscow: HSE Publishing House. (p. 360).
9. Koval, T.I. (2013). Rossiiskoe obrazovanie: razlichnye urovni i obshchie trudnosti [Russian Education: Different Levels and Common Difficulties]. In *Sbornik nauchnykh trudov po materialam Mezhdunarodnoi nauchno-prakticheskoi konferentsii "Nauka i obrazovanie v XXI veke"* [Collection of Scientific Works on the Materials of the International Scientific and Practical Conference "Science and Education in the 21st Century"] (Part 23, pp. 61-62). Tambov: Publishing House of Tambov Regional Public Organization "Business-Science-Society".
10. Kochetkov, V.V., & Kochetkova, L.N. (2009). Istoki i perspektivy globalizatsii [The Origins and Prospects of Globalization]. *Sotsialnaya politika i sotsiologiya*, 3, 290-305.
11. Kudzh, S.A. & Nazarenko, M.A. (2014). Filosofskie aspekty upravleniya ka-chestvom innovatsii [Philosophical Aspects of Innovation Quality Management]. In *Trudy Vserossiiskoi nauchnoi konferentsii "Innovatsionnye strategii razvitiya nauki, tekhniki i obshchestva. Sotsialnaya innovatika – 2014"* [Proceedings of the All-Russian Scientific Conference "Innovative Strategies for the Development of Science, Technology and Society. Social Innovation – 2014"] (pp. 5-11). Moscow: All-Russian Research Institute of Geological, Geophysical and Geochemical Systems.
12. Kudzh, S.A., Kochetkova, L.N., & Nazarenko, M.A. (2015). Filosofiya upravleniya kachestvom [The Philosophy of Quality Management]. *Vestnik MGTU MIREA*, 1(3(8)), 1-9.
13. Kuzmenko, G.N. (2011). Mirovozzrencheskie osnovaniya sotsialnykh innovatsii [Worldview Foundations of Social Innovations]. *Sotsialnaya politika i sotsiologiya*, 5(71), 13-18.

14. Lee Kuan, Y. (2015). *Iz tret'ego mira – v pervyi. Istoriya Singapura (1965-2000)* [From Third World to First. The Singapore Story (1965-2000)]. Moscow: Mann. Ivanov. Ferber. (p. 576).
15. Matronina, L.F. (2014). Menedzhment obrazovaniya: rossiiskaya spetsifika [Education Management: Russian Specificity]. In *Trudy Vserossiiskoi nauchnoi konferentsii "Innovatsionnye strategii razvitiya nauki, tekhniki i obshchestva. Sotsial'naya innovatika – 2014"* [Works of the All-Russian Scientific Conference "Innovative Strategies for the Development of Science, Technology and Society. Social Innovation – 2014"] (pp. 156-160). Moscow: All-Russian Research Institute of Geological, Geophysical and Geochemical Systems.
16. Matronina, L.F. (2013). Filosofiya kachestva: sovremennye podkhody [Philosophy of Quality: Modern Approaches]. *Nauchnyi Vestnik Moskovskogo gosudarstvennogo tekhnicheskogo universiteta grazhdanskoi aviatsii*, 182, 46-51.
17. Melikov, I.M., & Gezalov, A.A. (2014). Dialog kultur i kultura dialoga: kontseptualnye osnovy [Dialogue of Cultures and Culture of Dialogue: Conceptual Foundations]. *Voprosi filosofii*, 12, 24-35.
18. Nazarenko, M.A. (2012). Kachestvo trudovoi zhizni prepodavatelei vuzov v sovremennykh usloviyakh [Quality of Working Life of University Teachers in Modern Conditions]. *Integral*, 5, 122-123.
19. Ortega-y-Gasset, H. (2010). *Missiya universiteta* [Mission of the University]. Moscow: State University – Higher School of Economics. (p. 144).
20. Otyutsky, G.P. (2011). Ideya Universiteta kak voploshchenie soderzhaniya i smysla universitetskogo obrazovaniya [The Idea of the University as an Embodiment of the Content and Purpose of University Education]. In *Problemy i perspektivy razvitiya obrazovaniya v Rossii* [Problems and Prospects for the Development of Education in Russia] (pp. 350-354). Novosibirsk.
21. Skorodumova, O.B. (2008). Kultura informatsionnogo obshchestva: osobennosti i tendentsii razvitiya [Culture of the Information Society: Features and Trends of Development]. *Vestnik Rossiiskogo Filosofskogo obshchestva*, 2, 75-77.
22. Bindukova, T.A., & Mudrakova, O.A. (2016) Use of Remote Technologies in Educational Process As Means of Increasing Interest in Studying School Subjects, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 130–136. DOI: 10.17922/2412-5466-2016-2-2-130-136.

THE SOCIO-ECONOMIC RISKS OF THE INTEGRATION PROCESSES WITHIN THE EURASIAN ECONOMIC UNION

Galina Osadchaya

*The Institute of Social and Political Studies of the Russian Academy of Sciences, Russia
osadchaya111@gmail.com*

Egor Kireev

*The Institute of Social and Political Studies of the Russian Academy of Sciences, Russia
yegorkireev@gmail.com*

Igor Seleznyov

*The Institute of Social and Political Studies of the Russian Academy of Sciences, Russia
igdrake@yandex.ru*

ABSTRACT

This article considers the Eurasian integration risks for Russia. The authors suggest singling out three groups of risks (economic, social and substandard ones), which have to be taken into consideration within the context of the integration processes in the Eurasian area. They stress that Russia needs a meaningful approach to defining a scenario for the Eurasian integration development, a regular monitoring of the processes influencing the Russians' living standards. Otherwise, as the authors' research shows, the integration processes will be challenged by the locals and can cause disintegrating intentions. In the authors' opinion, the main aspect of risk minimization is to apply a management approach of diversity. The authors insist on the need to follow the science-based strategy of the Eurasian integration, to use the social and economic approaches and policies being endorsed by the public.

Keywords: *Eurasian Economic Union, socio- economic risks, integration, social diversity*

1. INTRODUCTION

These days the Science community admits the strategic importance of forming the Eurasian Economic Union to Russia. It lies chiefly in tightening links with its traditional partners in a new format, creating the conditions for effectively countering risks and threats being inevitable in the modern dynamically developing geopolitical processes, and in raising the well-being of the people and increasing the competitiveness of a national economy. Like any social and economic process, the Eurasian integration has its opportunities and risks being used and handled, the future of the Union depends heavily on. It is important to understand which risks might lead to threats, which of them is objective or subjective and what could be done to minimize them. The successful resolution of contradictions, inevitably arising in such complicated processes as integration, will create a stable social base for the Eurasian integration unions in the Russian Federation, will be the key to supporting the formation of a single labour market and social stability in the country; it can also assist in overcoming the separatism of a nationally minded Russian elite.

2. METHODS

The theoretical and methodological premises of the study were based on the main concepts contained in the risk theories by N. Luhmann, A. Giddens and U. Beck. As the empirical basis for this article we used the results of the survey, conducted at the Institute of Social and Political Studies of the Russian Academy of Sciences, February 2015 by using an urban representative sample of Russia (in towns with a population above 100,000 people; in 8 Federal Districts, 69

territorial entities of the Russian Federation, 138 localities). 1,500 people aged between 18 were interviewed.

3. RESULTS

One can divide all risks, which impeded integration, into economic, social and non-traditional or substandard risks. For instance, economic risks include issues related to welfare growth, digital economy, employment and unemployment. Social risks include migration risks and the problems in integration, social work with migrants, a support reduction for the integration among the host population of the countries participating in the Eurasian integration; the maintenance of a high level of social cohesion and solidarity; the need to solve the challenges related to diversity management. A rise in crime, drug traffic, etc. can be referred to substandard risks.

3.1. Economic risks

Being part of the Eurasian Economic Union deals with the financial outlays of Russia. The Director of the Institute for the Economy, corresponding member of the Russian Academy of Sciences R. S. Grinberg thinks that “historically, the objective to foster integration in the former Soviet Union has been extremely difficult turning this integration into a long and costly process for Russia. But there is no other solution. Assuming that the sheer economic aspects of the integration are promising under certain conditions, there is no substitute for the Russian generosity. Moscow should not be miser and fight for every rouble or dollar in its actions, gas or nongaseous wars. If Russia is really out for consolidating the former Soviet Union, it has no choice but to pay for the integration. These are losses in the short term, but in the long term this is a clear win for everyone including Russia” [10]. Now, there are other schools of thought. According to the 2014 calculations of S. Yu. Glazyev, presented for the annual report of the Integration Club to the Chairwoman of the Federation Council of the Federal Assembly of the Russian Federation, all the countries stood to gain. Belarus’s economy will have the largest overall of the integration affect, whose gross domestic product (GDP) will increase by 3,2 times, as compared to its increase by 1,7 times in a no-integration scenario. The winning amount of Kazakhstan between 2011 and 2030 will be more than \$120 billion in 2011 prices. By 2030 Russia will have added just under \$500 billion in 2011 prices to the GDP growth rate. In his opinion, an additional GDP growth rate is formed not only due to the direct affects connected with the enlargement of cooperative ties. No less important is the gradual harmonization of the technological base and the formation of standard requirements for production efficiency. In addition, he took into consideration the additional affects, connected with income redistribution within the cooperative ties and the redistribution of financial resources. Risks may relate to both the growth of labour demand, labour force competition in certain regions, social tensions about the competition for employment in the most favourable regions (concerning wages), increasing social pressures on the host regions’ budgets, a rise in xenophobia, ethnic culture and inter-ethnic conflicts, nationalism, offences and the increased pressure on opponents’ authority to liberalize the migratory processes and opponents to the integration processes. One can refer the risk for expanding integration unions themselves to risks as well. If anything, states with different economic and demographic potentials join together. There are serious contradictions because of differences in economic levels. As for the principle of free labour force movement having laid the foundation for the very concept of the single economic space, the Customs and Eurasian Economic Unions, it becomes one of the challenges as well. In practice, this principle is not a catalyst for economic development at all. It appears that the Russian migration policy is currently aimed at attracting labour force to replace the unrequested vacancies of a low-skilled physical labour. The problem is that such labour migrants contribute to conserving low-paid jobs that affects the whole labour market; it eventually hinders the modernization of the

economy. Capital takes no interest in technically upgrading production if being a cheap labour. Thus, this cheap labour hinders the technological progress and the development of labour migration within the Eurasian Economic Union bears the risk of slow down the technological development without the appropriate social policy. In addition, labour migration, simultaneously to some extent, generates social and socio-cultural tensions in the host countries; it does not contribute to the mass consciousness accepting the integration ideas as well. Therefore, the formation of the EEU single social space appears to be the most important priorities for the integration process. The development of political and social instruments for migration management within such structures as the Customs Union and the Eurasian Economic Union should take into consideration the fact that over the lifetime of the new independent post-Soviet states, where a generation, being brought up other educational, historical, political, social and conceptual attitudes, has taken shape [14]. However, up to now, the “regulation” of migratory flows has been focused on increasing the value of working patents; it can be justified in the interests of fiscal authorities, but it is completely useless for security. Such tensions can be reduced by building an institutional balance that represents the interests of all the political and social sectors of the EEU member States involved, harmonizing and clarifying the national legal norms, the administrative acts, the public and civil institutions of the member countries being responsible for the continuous process of free labour movement, the efficiency use of labour, developing mechanisms for the use of labour, knowledge, qualification and capabilities in the working process, and social security coverage of all participants in it.

3.2. Social risks

One of the most significant social risks within the Eurasian integration is a decline in human welfare. It should be noted that the Russians’ level of expectations from the Eurasian integration is very high. For instance, ¹ 51% of the respondents consider that the creation of the Eurasian Economic Union will lead to the positive changes in their life, with 21% of them being unsure. According to these perceptions, a special responsibility falls upon the country’s ruling elites. Failed expectations and disappointments are a way to decrease confidence in authorities, apathy, confrontation, social disaffection and pressure in the society. The fears of declining the Russians’ living standards also have to do with the fact that the countries being part of or being going to be part of the Eurasian Economic Union significantly differ in their economic, politic-military, demographic potentials, state structure, level of development and non-balanced trade relations preserved between them, which itself points to the fact that it is difficult to build a truly equal cooperation in this integration union and to implement the objectives to create the Eurasian unity. One of the priority goals of the Eurasian integration is a “desire for establishing a single market for labour within the Union” [6] that intensifies migratory processes within the new integration space and tells upon the daily lives of all localities, mainly large cities fulfilling the most important financial, economic, political, and social functions. It should be noted that free movement of labour within the Eurasian Economic Union provides additional opportunities for a person, employers, sending and receiving countries. But there are risks, there may be negative effects. As our analysis shows, the vector of migration having to do with a change of permanent residence and labour migration is directed today, according to the exports’ forecasts, will be directed from all the EEU member States to Russia. However, 32,0% of the

¹ The survey, conducted at the Institute of Social and Political Studies of the Russian Academy of Sciences, April 2014 by using an urban representative sample of Russia (in towns with a population above 100,000 people; in 8 Federal Districts, 69 territorial entities of the Russian Federation, 138 localities). 1, 000 people aged between 18 were interviewed.

respondents,² do not approve or rather do not approve labour migration inside the Eurasian Union. Practically, one third of them think that the inter-ethnic relations between the original inhabitants and the arrivals from the EEU countries in their region can be characterized as tense or hostile. The respondents believe that attracting a significant number of labour migration leads to the complexity of ethno-cultural and ethno-social dispersibility; it poses a threat to security in regions, and migration is an increase in crime across the country and international tension. They are fearful of the local residents being displaced from their privileged positions and increasing a social pressure. We note that the responses to these questions are largely negative within the major metropolitan areas among the citizens of Moscow and St. Petersburg receiving the vast majority of migrants. It can be explained by the fact that while the historical roots are common, the population of the EEU member States has considerable characteristics in culture and everyday life. The movement of migrants within the new integration union deals with their overcoming a culture shock, recovering the break-up and stable unconscious patterns of behaviour and regulation, creating a new identity being acceptable both to theirs and the host society's. Most Russians focus on the one-sidedness of acculturation, they expect migrants to adapt to the culture of the host society. In this, there is not always an accent on ethnicity in these speculations. It is referred to the old and new generations of Russians whose standards of conduct are different, the Russians' desire to impose their socio-cultural practices including wearing, slang, leisure activities and moral code on migrants. Deviations from standard conduct are perceived as a threat to the personal security and are going to be markers for the categorization of people into "us" and "them". The diversity of the distinctive features gives rise to the diversity of discriminations, income inequalities, the disposition of rights, the exclusion of certain ethnic groups, an unequal access to social goods and services, etc. All this leads to social problems, instability and social pressure. Minimizing these risks has to do with the creation of the socio-economic and cultural conditions for adapting non-residents, the system of forming the positive public opinion about the integration, ethno-complementary relations in the Russian society, tolerance among various population groups. These days one of the challenges in creating the Eurasian Economic Union is a social deprivation: rental housing system, a shortage of kindergartens and the poor development of the legal system for accessible social services. That means, there is a need to solve this problem systematically. In this regard, the important condition for minimizing the integration risks is to build the system of a cultural and competent social service that implies implementing a number of comprehensive measures within and among States, namely, training courses designed for social workers specializing in the issues of migrant acculturation, the creation of a network for psychosocial rehabilitation centers, the development of adaptive programmes for migrant family and children, the participation of non-profit organizations with a social orientation in providing social services. The important aspect of minimizing the social risks is to implement the approach of diversity management. As a rule, any integration union expands the opportunity of the member States' social diversity. An increase in the ethno-cultural diversity entails not only an increase in risks, but to be used as both a resource for social development and the social capital of an integration union. The approach of diversity management implies a focus on integrating diversity. A special attention is paid to pluralistic community development based on a constant monitoring and evaluation of this development within this model. So, the concept of diversity management means that various ethnic groups may attain equal rights in all spheres of society but given the key norms and values of the community being accepted by them at the community level. This model allows for various forms of social diversity.

² The survey, conducted at the Institute of Social and Political Studies of the Russian Academy of Sciences, February 2015 by using an urban representative sample of Russia (in towns with a population above 100,000 people; in 8 Federal Districts, 69 territorial entities of the Russian Federation, 138 localities). 1,500 people aged between 18 were interviewed.

The implementation of such concept, as a whole, can contribute to strengthening social cohesion and solidarity within the Eurasian Economic Union. The Russian domestic social and migration policies, implemented within the Eurasian competences, are called upon to actively and dynamically respond to the new conditions of labour movement and the change of employment. Regional and urban authorities, business structures, non-governmental organizations and civil society also take responsibility for creating conditions that lead to shape a single market and social security. Building reasonable migration and social policies serves as tools for security. Regionally self-regulatory mechanisms in the area of labour migration, including the creation of recruitment agency networks for job search, employment and supply of information on social security and consultations on law for labour migrants migrant; the creation of a common database for questions relating to the employment of population, job vacancies in the Russian Federation, networks of social centers for supporting labour migrants and their legal protection, developing the public associations of migrants themselves, etc., remain to be developed.

3.3. Substandard risks

It should be emphasized that the creation of a single economic space could cause new non-traditional threats to Russia's security about opening its borders, especially the Central Asian ones. The influx of Afghan drugs may increase into Russia, additional problems, having to do with illegal migration, the spread of cross-border criminal and terrorist networks, substandard goods being put on the food market, may become a threat to public health. In regard, the joint actions to protect the EEU borders, to harmonize the EEU border policy and legal base on a Single System for Expert Control by the member States of the Eurasian Economic Union, to unify the national standards for expert control, quality and safety of goods and food products to be placed on the EEU external border are of great importance. We need:

- to harmonize the administrative and penalty responsibility systems for the offence in the fields transferred to regulate supranationally;
- to set up a legal mechanism for the collection, compilation and exchange of statistical data on two-way trade;
- to develop effective mechanisms for data connections, joint action on countering terrorism, extremism, organized crime, illegal migration, the spread of drugs and other challenges and threats on the EEU external borders.

4. DISCUSSION

To manage the risks of integration, it would be useful to look at the experience in creating the European Union. While identifying the joint actions of the EEU member States, it makes it possible to take into consideration the most fortunate /unfortunate practices. Along with a common policy to provide regulation in various aspects of economic action, policies in migration, employment and social matters are an integral part of the European Union's competence. Migration policy is initially serviced by a single market. It is a system of institutional and policy frameworks around which the joint protection of the EU external border has a key role to play. In this, the European Union has come a long way from a government-to-government cooperation to a closer interaction at the supranational level about the admission and stay on its territory, establishing the same rules for the entry, exit, withdrawal and movement of immigrants. [5;19]

5. CONCLUSIONS

A single programme for media support of the Eurasian integration is needed for all countries that can include information about the benefits of integration for people, backed by tangible action, positive information about the EEU neighbours by using the modern techniques and IT

tools for idea promotion: forms of social media, expert community, institutions, etc. The EEU needs the support of the media, science community and society as a whole. Unfortunately, the level of support for the Eurasian integration is decreasing, although it still remains a certain level of confidence [20]. One of the conditions for social threat prevention and successful integration is to develop a common cultural infosphere. It is important not to be in a hurry, but to solve the problems based on the science-based strategy of the Eurasian integration using the social and economic approaches and policies being endorsed by the public. Consequently, Russia needs a meaningful approach to defining a scenario for the Eurasian integration development, a regular monitoring of the processes influencing the Russians' living standards. Otherwise, the integration processes will be challenged by the locals and can cause disintegrating intentions.

LITERATURE:

1. «Rossiya dolzhna platit' za integraciyu» v Kazahstane protiv edinoj valyuty <http://www.regnum.ru/news/polit/1917297.html>. [Data obrashcheniya 22 aprelya 2015 g]
2. Ageev A., Loginov E. Novaya bol'shaya vojna: hroniki horosho zabytogo budushchego//EHkonomicheskie strategii № 6-7, - 2014 g.- S. 16-34.
3. Antonova V.K. Affirmative action, Multiculturalism and Diversity management – osnovnye podhody k upravleniyu mnogoobraziem. Dostup na: [URL: <http://www.hse.ru/data/2012/10/07/1244340710/Lekciya%20№%202.pdf>]. Data obrashche-niya: 23.11.2015
4. Bukina Anna Andreevna Social'naya i kul'turnaya integraciya na postsovetsoj chasti evrazijskogo prostranstva: gendernyj aspekt // Pravo i sovremennye gosudarstva. 2017. №2.
5. Dargel' V. Nadnacional'naya sostavlyayushchaya v migracionnoj politike Evrosoyuz-a//Vlast'. 2011, №12, S. 154-158.
6. Dogovor o Evrazijskom ehkonomicheskom soyuze" (Podpisan v g. Astane 29.05.2014) (red. ot 10.10.2014, s izm. ot 23.12.2014) (29 maya 2014 g.) http://www.consultant.ru/document/cons_doc_LAW_170264/ [Data obrashcheniya 3 mar-ta 2015 g]
7. EHkonomika segodnya. 26 marta 2015 g. <http://rueconomics.ru/47584-za-vstuplenie-v-eaes-armeniya-poluchit-47-mln-dollarov> [Data obrashcheniya 10 aprelya 2015 g]
8. Filatov Anatolij Sergeevich Evrazijskij soyuz: idejnye osnovaniya i politicheskaya real'nost' // Kul'turologicheskij zhurnal. 2017. №1 (27).
9. Glaz'ev «Sankcii napravleny na razval evrazijskoj integracii» <http://www.ati.su/Media/Article.aspx?HeadingID=5&ID=3898> [Data obrashcheniya 6 aper-lya 2015 g]
10. Grinberg R.S. Formirovanie Evrazijskogo soyuza: shansy i riski//Analiticheskij vestnik № 6 (524). «O roli Rossijskoj Federacii v evrazijskom integracionnom processe: perspektivy razvitiya i uglublenniya ehkonomicheskoy integracii». 350 zase-danie Soveta Federacii FS RF. 26 marta 2014 g. S.18-30.
11. Integracionnyj barometr EABR – 2017 <https://eabr.org/analytics/integration-research/cii-reports/integratsionnyy-barometr-eabr-2017/>
12. Integracionnyj barometr. 2014. http://www.eabr.org/r/research/centre/projectsCII/integration_barometer/index.php?id_16=32343.] [Data obrashcheniya 22 aperlya 2015 g]
13. Kalmykov N. N., Ogneva YU. I. Drajvery i riski evrazijskoj integracii: vzglyad ehkspertov // Arhont. 2017. №1.
14. Karabulatova I.S., EHbzeeva YU.N. Transkul'turnaya lichnost' v migracionnyh pro-cessah Tamozhennogo soyuza // Social'no-gumanitarnye znaniya, 2017, №5. S.190.

15. Kotlyarov I. V. Integracionnye processy v chelovecheskom izmerenii (sociologicheskie trendy) // Sociologicheskij al'manah. 2017. №8.
16. Medushevskij Nikolaj Andreevich Kirgiziya na puti integracii v Evrazijskij soyuz // Vestnik RUDN. Seriya: Mezhdunarodnye otnosheniya. 2014. №4.
17. Minehkonomrazvitiya o VVP Rossii. <http://www.interfax.ru/business/417686> Moskva. 19 yanvarya. INTERFAX.RU [Data obrashcheniya 2 aprelya 2015 g]
18. Nikolaev I. Kak upadet uroven' zhizni. 03 fevralya 2015
http://www.echo.msk.ru/blog/nikolaev_i/1485840-echo/ [Data obrashcheniya 16 aprelya 2015 g]
19. Potemkina O. Immigracionnaya politika ES: ot Amsterdama do Lissabona//Mirovaya ehkonomika i mezhdunarodnye otnosheniya. 2010. №4. - S.42-51.
20. Pozitivnoe otnoshenie grazhdan k evrazijskoj integracii plavno snizhaetsya.
<https://regnum.ru/news/2361811.html>
21. Stupakov Nikolaj Valer'evich Rol' integracionnogo sotrudnichestva evrazijskih gosudarstv v obespechenii vzaimodejstviya i kompromissa interesov ehkonomiki, po-litiki, oborony i bezopasnosti: itogi Sammita SHOS 2017 g // Mezhdunarodnoe so-trudnichestvo evrazijskih gosudarstv: politika, ehkonomika, pravo. 2017. №11.
22. Usmanova Tufa Dzhumaevna, Azimova Madina Turdyevna Internacionalizaciya rynka truda v usloviyah rynochnoj ehkonomiki respubliki Tadzhhikistan // Social'no-ehkonomicheskie yavleniya i processy. 2017. №3.
23. Valovaya Mariya Dmitrievna EVRAZIJSKIJ EHKONOMICHESKIJ SOYUZ I OS-NOVNYE TRENDY RAZVITIYA INTEGRACIONNYH MEGAPROEKTОВ // Mezhdunarodnaya trgovlya i trgovaya politika. 2016. №4 (8).
24. Vinogradova, M.V., Babakaev, S.V., & Koroleva, V.A. (2016) Integration of Russia into the System of Global Collaboration for a Better World As a Sociological Problem of Identity Search, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 122–133. DOI: 10.17922/2412-5466-2016-2-3-122-133.
25. Ziyadullaev Nabi Saidkarimovich Formirovanie Evrazijskogo ehkonomicheskogo so-yuza: riski i shansy v period turbulentnosti // Rossijskij vneshneehkonomicheskij vestnik. 2015. №5.

INNOVATION IN EDUCATION: PROBLEMS AND PROSPECTS

Olga Evreeva

*Russian State Social University, Russia
evreevaof@rgsu.net*

Olga Lobazova

*Russian State Social University, Russia
lobazovaof@rgsu.net*

Gennady Otyutskiy

*Russian State Social University, Russia
otyutskij@rgsu.net*

ABSTRACT

The focal point of the paper is the study of one of the actual challenges of the modern educational philosophy, i.e., the problem of innovations in education. The focus of the paper is the essence of innovations in an educational process. We proceed from the idea that it is critical to outline the reasons that determine innovations. Of much importance is the understanding of the goals and the prospects of innovative educational processes. Our major finding is that they stem from global economy's challenges emerging in the conditions of postindustrial society both at global and local levels. Consequently, education, as a unique resource for the development of society, is a subject for transformation of its structure and content. Another important finding is the critical role of innovative education as the major shaper of the relations that will determine the future of our civilization. The authors' conclusions emerge as a combination of empirical facts from the sphere of Russian and foreign educational experiences, and as the provisions of selected educational concepts and strategies.

Keywords: *investments in innovations, innovations in the educational sphere, innovation policy, education paradigm, knowledge, functionality, efficiency*

1. INTRODUCTION

In 2004, the distinguished innovation expert K. Laflami attempted to highlight the relevance of the new type of thinking, "We live in the time of restructuring which mainly targets the globalization of markets. The competition among countries is becoming more intense, and enterprises are constantly searching for new products and the new system of production management. New technologies and the formation of labor in such societies begin to play a dominant role ... Education provides workforce experts whose world view focuses on innovation and practical activities with these new technologies" [Laflami, 2004]. Experts believe that modern educational paradigm has undergone a deep change. The result of this change is an initial conceptual scheme with training elements and instruction methods. The scheme emerges as the transformation of an educational system's model. This transformation leads to a set of ways to organize educational processes. And this means that the way of managing the educational system is a subject to revision. In our research the term "educational system" encompasses "a united integrated single entity, an ordered set of interacting elements specially created for the realization of the social functions of education" [Voronina, 2008]. Central to the entire discipline is the idea that the instruction typical of the "heavy manufacturing era" reconceptualizes itself into the postindustrial educational paradigm. The old traditional system tends to become more and more transformed. In the West this process is underway for 50 years, in Russia it is the activity of the decade. The result of this transformation is the concept of "educational services market".

The concept stems from the idea to serve, reproduce and transform the economic, social and political infrastructure of society. It assists to respond to the “global challenges” of the time. Experts believe that the core component of these almost global challenges, i.e., globalization, emerges not only from the mechanism for transforming the world into a single system with the help of level integration and unification criteria. It also includes the disclosure of the goals, priorities and values of those who acquire the greatest benefit not only from the “formation” of those very challenges, but also from the answers to them. Almost 100 years ago, namely in 1917, in his distinguished work “Imperialism, the Highest Stage of Capitalism”, V.I. Lenin skillfully characterized public relations at the highest stage of capitalism. His ideas are as follows, “Capitalism reaches the special stage of development when domineering monopolies and financial capital, as well as the export of capital become of great importance. They stimulate the segmentation of the world by international trusts and the partition of the entire territory of the earth by the largest capitalist countries” [Lenin, 1969]. According to V.I. Lenin, the class structure of society, therefore, changes in some ways. The significant aspect of this process is the personalization of financial capital. Over time, the financial oligarchy merges with the bureaucratic apparatus of the state and a new stage of capitalist relations develops. This stage is state-monopoly capitalism. There is evidence that the activities of transnational companies (TNNs) (national in terms of capital, but international in terms of their activities) in the modern world are proof of this. A primary concern is that they created the extensive network of enterprises in Western Europe, Canada and in several developing countries. To date, TNCs control more than 50% of world industrial production, 68% of international trade, 40% of licenses, patents, know-how markets, and almost 100% of world trade of raw materials [Meshkov, 1996]. Their highest ambition is to receive super profits and power. They determine others’ goals and values and, if there is a conflict of values, they sacrifice the values of others’, not their personal interests.

2. METHODS

Nowadays educational sphere is a part of economic relations. It functions often not just as an equal economic partner, but as one whose prospects for development (future capitalization) tend to surpass the growth of all other economic niches. Therefore, both financial investments and investments in the form of innovations are equally significant [Shchedrovitskii, 1998]. The researchers of innovations in educational sphere singled out the following levels of innovative instruction:

- innovations at the macrolevel and regional level, affecting overall economic growth;
- innovations at the microlevel (the level of educational organizations), directly providing profit.

The innovations correlate, firstly, with the national reach of the educational sphere and, secondly, with the nature of national impact on it. The wide reach presupposes a highly intensive influence of governmental bodies and less independence of educational institutions, the opposite situation is typical of the narrow reach [Bystrova and Filippenkova, 2015.]. This study has identified that the state innovation policy at the macrolevel emerges from targeted investments in the innovation and educational process along with other areas that contribute both to the development of innovative potential and to the creation of an innovative structure. The innovative process at the macrolevel leads to a change in the value and consumer qualities of the product or service, and, therefore, the change in the educators-customers’ relationships [Akhmedova *et al.*, 2016], [Otiutskii, 2014], [Rezhabek, 1995]. Innovative policies emerging from meaningful structural changes in the educational system, affecting social, economic and cultural components, form a general favorable innovation background. They also create important conditions for innovative development [Santo, 1990].

One of the most significant findings to emerge from this study is that innovations at the regional level primarily target a favorable educational climate. They support those structures, the activities of which are directly related to the promotion of innovations regardless of where they are located. Another important finding is that innovations at the microlevel stimulate innovative activities directly in educational institutions. The most important parameter at this stage is upgrading of the available educational product, which forms the basis of educational services. Systemic changes in the activity of an educational institution also correlate with innovations in the field of major professional educational programs. They function as complexes to satisfy the educational need for knowledge, skills and abilities specified within the framework of special professional educational standards [Parsons, 1994], [Skorodumova, 2014], [Skorodumova, 2016]. And this means that the structure and contents of major professional educational programs are subject to transformation.

3. RESULTS

The demands of the modern market largely determine the goals, methods and means of state educational policy. And the goals are already quite clear, i.e., the preparation of highly professional single-skilled experts in the field of the latest technologies, informatics, marketing, etc. These professionals can meet the challenges of a global economy in postindustrial epoch. This is the dominant target which emerges from the world market mechanism. This target is of primary importance for education both at the planetary and regional levels. And the educational system responds to these challenges with innovative reforms. There is a prevalent assumption that modern education is susceptible to a crisis. However, central to the entire discipline is the idea that there is no modern educational crisis. Our central finding is that there is the crisis of thinking, the crisis of personal identification of people who have grown up in other economic and social realities. The results of our study indicate that for those whose moving into adulthood and formation occurred in the 70-80's of the 20th century in the USSR, education has always seemed to be the process of instruction, upbringing and development of a personality. Eventually, education was a critical instrument to develop a well-educated personality with high moral principles. It was a fantastic idea, the ultimate conceptualization of social engineering thought, the results of which are still very useful for the most adventurous citizens. Despite the deeply rooted romanticism of the Soviet educational system, of much practical value were its pragmatic aspirations which stemmed from economic expediency. The idea of advanced professional education played a critical role in it. This idea resulted in the creation and development of the Soviet economic base. The spheres of activity of most gigantic corporations, including state monopolies, operating at labor markets, stem from the development and introduction of modern technologies, that can bring the greatest profit and power. These technologies must meet the serious quality requirements, i.e., they must be functional and effective, easy to use and flexible, reliable, and modifiable. The same criteria of quality, efficiency and functionality, as well as the reliability and modifiability, are relevant for the intending personnel who will create and service these technologies. Consequently, education is a unique resource for the development of society, changing its structure and main components. It determines the image of the relationships at the interpersonal level, and at the level of people and nature. These relationships are critical for the future of civilization, based on the personality formed by the new educational system [Markovich, 1997]. "It is not so much the storage and transfer of knowledge that is the main task of modern educational system, but the production (generation) and the introduction of new knowledge into public life. It determines the viability of the various forms and levels of this system. It is important to note that new knowledge must satisfy the desires of society based on the idea to meet the needs, and their future destiny will necessarily be associated with the transition from the university theoretical plane to the space of practical application. In this regard, the attributive characteristic

of education should be the relationship between educational institutions and the economy, education and society” [Evreeva and Kochetkova, 2016]. Back in 1939, the Austrian economist Josef Alois Schumpeter introduced the term “innovation”, so popular today in the scientific community. The scientist declared that the pace of economic development depended directly on the quantity and quality of innovation. The development of the methodological and conceptual foundations of innovation since the end of the last century was conducted mainly by Western sociologists, e.g. V. Lundvall, R. Whitley, L. Winner. The subject of their research was intra-organizational and interorganizational social interaction in the process of innovation, as well as the importance of socio-economic modeling of the innovation process [Kuzmenko, 2011].

4. DISCUSSION

There is a growing body of literature which classifies innovations in the field of general education. For example, the whole variety of possible changes resulting from innovation are divided into the categories which are as follows.

- Status changes – changes that determine the new place of the educational institution in the market.
- Substantial changes – changes in the content of an educational program.
- Management changes – changes in the forms and methods of educational processes’ management.
- Technological changes – changes in methods and the forms of training.
- Organizational changes – changes in the forms of educational process’ organization.

In the innovation process of higher education systems there are the forms which are as follows.

- General methodological innovations, i.e., the model of the creation of unconventional universal technologies, e.g., the creation of a distance education model.
- Intrasubject innovations, e.g., the introduction of copyrighted original teaching methods.
- Administrative innovations, e.g., successful decisions of managers of different levels and structures, leading to an increase in the effectiveness of the educational process.
- Managerial innovations, e.g., changing the competencies of the personnel of the educational institution.
- Organizational innovations, e.g., innovations related to changing the structure of an educational institution.
- Technological innovations, e.g., the introduction of new technologies for the implementation of an educational process.
- Ideological innovations, innovations which follow the imperatives of the time, e.g., the widespread courses of computer literacy or English.

Interestingly, one of the most memorable innovations in the field of administrative changes was the introduction of the basic principles of quality management, as well as the principles of the Total Quality Management (TQM). This innovation became an integral part of the management system of higher educational institutions. The existence of such a system today is one of the mandatory accreditation indicators [Iudina, T.N., 2015]. An example of technological innovation is one of the latest ways of structuring educational and methodological material for activating independent learning or the actualization of distance education of students – the creation of the so-called “cases”. This type of technology contributes both to further computerization and to the democratization of a modern education system. Managerial innovations concentrate on teachers’ competencies. These innovations also include the change in the overall organizational structure of educational institutions, including both the

reorganization of old and the creation of new chairs, laboratories, departments [Zaitseva, 2014]. In modern scientific literature, it is customary to single out the stages of innovative activities which are as follows.

- The opening phase which encompasses the process of forming an innovative concept based on the results of scientific research, both applied and theoretical.
- The stage of invention, as the process of creating a sample of some material or conceptual object.
- The testing phase, i.e., a partial application process with a view to understanding the consequences and results.
- The distribution phase, i.e., the process of widespread adoption.
- The extended use phase, i.e., the period of intensive use.
- The stage of reducing the scale of application, i.e., the process of gradual replacement of old technologies with new ones.

This scheme is a simplified version of real innovation in education [Istrofilova, 2014]. As far as the main levels of innovation in the educational environment are concerned, they are as follows:

- A conceptual stage
- An organizational and activity stage
- A scientific and methodical stage

The research indicates that the conceptual level is an effective essential instrument which is necessary for modern educational environment. At the next level, it is critical to attract specialists and scientific consultants to bring into action innovative implementations and their approbations. At this level, apart from professional educators, a critical role belongs to the material and technical support of innovations, without which the updating process is unthinkable. At the scientific and methodological level, the variational part of the innovation process emerges from the development and the approbation of programs, curricula, teaching and methodological complexes. Currently, Russia is actively introducing new standards for the educational system, which orient it towards integration into the global educational environment [Kochetkov and Kochetkova, 2009]. This process comes along with a cardinal revision not only of the form, but also of the content of an educational process at all its levels and in all its forms, i.e., both general and professional. Supplementary education has also become the field of innovation.

5. CONCLUSION

Of much importance is the fact that the goals, content, forms, the methods of educational activities, and the ways of managing them follow the changing reality. The reality stems from acceleration and the unpredictability of development, both economic and technological, the annual doubling of the information field, the “democratization” of the truth, the freedom of choice, and multitudinous culturalism. There is much evidence that nowadays there is no other choice than continuous renewal and restructuring in a very uncertain direction [Bazilevich, 2006]. Expectations are that an educational system must form a personality that will have flexible thinking and professional mobility, readiness for continuing education, openness, tolerance to the society, and easy adaptability to rapidly changing life circumstances. Other critical qualities are the ability to recognize problems and quickly identify them, to eradicate shortcomings, and to generate new ideas. It is the imperative of the time to think creatively, to have the skills of working with ever-growing information, analyzing it and using for personal purposes. It seems that the need for a professional expert who pursues his own values, ideals, feelings, convictions, and freedoms will gradually subside because of economic expediency.

Less expensive and more manageable subjects of labor relations are sure to prevail over independent professionals. But this is a subject of a further research.

LITERATURE:

1. Akhmedova, M.G., L.I. Bystrova, R.V. Vasiukov, E.V. Kaluzhskaia, T.I. Koval, G.N. Kuzmenko, O.F. Lobazova, G.P. Medvedeva, I.M. Melikov, G.P. Otiutskii and O.B. Skorodumova, 2016. *Filosofskie problemy sotsialnogo upravleniia* [The philosophical problems of social management]. Moscow.
2. Bazilevich, V.D., 2006. *Neortodoksnaia teoriia I.A. Shumpetera. Istoriia ekonomicheskikh uchenii* [The history of economics studies]. Kiev: Znanie.
3. Bystrova, L.I. and A.S. Filippenkova, 2015. *Obshchestvo znaniia kak globalnyi rubezh mirovoi tsivilizatsii. Krasnovskie chteniia. Materialy nauchno-prakticheskoi konferentsii* [The Proceedings of scientific conference “The society of knowledge as a global boundary of world civilization”].
4. Evreeva, O.A. and L.N. Kochetkova, 2016. *Obrazovanie v kontekste sovremennogo sotsialnogo diskursa. Sotsialnaia politika i sotsiologiia* [Social politics and sociology], 1(114): 91.
5. Istrofilova, O.I., 2014. *Innovatsionnye protsessy v obrazovanii* [Innovative processes in education]. Nizhnevartovsk: Izdatelstvo Nizhnevart. gos. un-ta.
6. Iudina, T.N., 2015. *Integratsiia obrazovaniia i nauki kak effektivnaia osnova podgotovki sotsiologov dlia sotsialnoi sfery. Materialy Ivanovskikh chtenii* [Materials of the Ivanovo readings], (issue 4), pp: 290-296.
7. Kochetkov, V.V. and L.N. Kochetkova, 2009. *Istoki i perspektivy globalizatsii. Sotsialnaia politika i sotsiologiia* [Social politics and sociology], 3: 290-305.
8. Kuzmenko, G.N., 2011. *Mirovozzrencheskie osnovaniia sotsialnykh innovatsii. Sotsialnaia politika i sotsiologiia* [Social politics and sociology], 5(71): 13-18.
9. Laflami, K., 2004. *Analiz paradigm obrazovaniia. Sotsiologiia obrazovaniia: teorii, issledovaniia, problem* [Sociology of Education: Theories, Studies, Problems]. Kazan.
10. Lenin, V.I., 1969. *Imperializm kak vysshaia stadiia kapitalizma* [Imperialism, the Highest Stage of Capitalism]. Izdatelstvo politicheskoi literatury, Vol. 27. Pp: 387.
11. Markovich, D.Z., 1997. *Obrazovanie kak resurs razvitiia. Obrazovanie: traditsiia i innovatsii v usloviakh sotsialnykh peremen* [Education: tradition and innovation in the context of social change]. Moscow
12. Meshkov, A.A., 1996. *Osnovnye napravleniia issledovaniia innovatsii v amerikanskoii sotsiologii. Sotsiologicheskie issledovaniia* [Sociological studies].
13. Otiutskii, G.P., 2014. *Informatsionno-antropologicheskoe izmerenie postindustrialnogo obshchestva. SOTIS - sotsialnye tekhnologii, issledovaniia* [SOTIS – social technologies, research], 1: 64-81.
14. Parsons, T., 1994. *Funktsionalnaia teoriia izmeneniia. Amerikanskaia sotsiologicheskaiia mysl* [American sociological ideas]. Moscow, pp: 466.
15. Rezhbek, E.I., 1995. *Chto takoe postindustrializm. Innovatsionnye podkhody v nauke* [Innovative approaches in science]. Rostov-on-Don, pp: 30-31.
16. Romanovtseva, O.V. (2016) The Competence Approach in Education, Contemporary Problems of Social Work. Vol. 2. No. 4 (8). P. 83–91. DOI: 10.17922/2412-5466-2016-2-4-83-91.
17. Santo, B., 1990. *Innovatsiia kak sredstvo ekonomicheskogo razvitiia* [Innovation as the means of economic development]. Moscow.
18. Shchedrovitskii, P., 1998. *Gorizonty innovatsionnogo dvizheniia v sovremen nom otechestvennom obrazovanii. Innovatsionnoe dvizhenie* [Innovative activity].

19. Skorodumova, O.B., 2014. Transformatsii sistemy obrazovaniia v usloviakh perekhoda k obshchestvu znaniia. Sbornik Filosofiia otechestvennogo obrazovaniia: istoriia i sovremennost [Conference Proceedings: Philosophy of domestic education: history and modernity], pp: 68-71.
20. Skorodumova, O.B., 2016. Transformatsiia informatsionnogo obshchestva i potrebnosti obrazovaniia. Novaia nauka: Strategii i vektory razvitiia [New science: Strategies and vectors of development], 2-2(64): 151-154.
21. Voronina, E.V., 2008. Innovatsionnyi proekt obrazovatel'nogo uchrezhdeniia: opyt opisaniia innovatsionnykh proektov shkol dlia uchastiia v prioritetnom natsionalnom proekte "Obrazovanie" [The innovative project of an educational institution: experience in describing innovative schools' projects participating in the priority national project "Education"]. Moscow, pp: 8.
22. Zaitseva, L.A., 2014. Filosofiia innovatsii: innovatsionnye tekhnologii - arkhitektory budushchego. Trudy Vserossiiskoi nauchnoi konferentsii "Innovatsionnye strategii razvitiia nauki tekhniki i obshchestva. Sotsialnaia innovatika – 2014" [The Proceedings of the All-Russian Scientific Conference "Innovative Strategies of the Development of Science, Technology and Society. Social Innovation – 2014"], M.: VNIIGeosistem, pp: 32–36.

CUSTOMISATION OF THE FIRST MAURITIAN MOOC: ALIGNING WITH CHALLENGES OF THE MODERN WORLD FOR EDUCATION AND KNOWLEDGE MANAGEMENT

Gundeea Narrainen Seeruttun

ABSTRACT

The MOOC, Massive Open Online Course, is present in our landscape since 2008. The objective of such courses is to train a maximum of students via an online platform which requires an access to internet, motivation and willingness from the participant. Teaching requires organisation. With more and more courses being offered online teachers are constantly being asked to change their teaching style. Thus the organisation as well as the monitoring of students is changing. Online courses have taken another turn with the innovation, which are the MOOCs. MOOCs are non-fee paying courses, delivered mostly by recognised universities, course organisation and management was bound to change. By default MOOC courses are offered over a period of 1 to 1 and a half month, by course providers allowing courses to be hosted on their platforms, learning resources are often in the form of video lectures. Interactions with tutors are either synchronous or asynchronous. The appropriate evaluation mode for the high number of registered users for this type of course, is often the peer to peer evaluation. Another form of evaluation is the online quiz either assessed automatically or assessed by the system. With less than 10% successful completion rate for MOOC courses, Jordan 2013, and keeping in mind the Mauritian context, the Open University of Mauritius decided to offer a personalised MOOC, which could be referred to as a HOOC. A HOOC is defined by the literature as Hybrid Open Online Courses. By hybrid Daniel Peraya suggests blended courses that is online training and face-to-face sessions. It would be more a question of tutoring and guiding students rather than teaching them.

Keywords: course management, customization, high-scale education, HOOC, MOOC, MOODLE, innovation

1. INTRODUCTION

MOOCs are considered as a trend by some and for others it is an innovation in distance teaching and learning. When distance learning was launched there was a specific type of organisation around the way distance learning is conducted. Distance learning systems comprises of 'planning, organizing, leading, and controlling... institutional framework and the funding system... three major subsystems, the material subsystem involving production of materials, the service subsystem of support for students, and the administrative subsystem for management of tutors', United Nations Educational, Scientific, and Cultural Organization, Paris (France) 1992. MOOCs are an extension of distance learning with changing parameters. The planning phases are the same for both distance learning and MOOCs, for MOOCs production of material is different as it is mainly focused on video lectures, support of students are done mainly by tutors or peers and administration takes place only if the participant wants a certification. Technology-based training emerged as early the 1960s and was complementary to instructor-led education on workstations and mini-computers. Internet technology made possible the first fully online university accredited course. This accreditation could be obtained from the US Jones International University in 1996. From the year 2000 to 2008 registration for distance education courses was on the rise for both developed and developing countries. Distance learning as a self-instruction mode of learning was not enough and teachers and institutions decided to opt for blended learning that is a mix of online courses and on campus sessions. Blended is also called hybrid. Like distance learning when MOOCs emerged in 2008, it was courses offered to a mass of students and totally online.

With the poor percentage of users successfully completing the different courses some institutions decided to offer blended MOOCs, which are now called HOOCs.

A hybrid course has the following main characteristics:

- Participants are not mere listeners and passive participants but are actors of their learning
- There are more interactions that take place in such teaching methods in terms of students and tutors, peer to peer, between student and course content and between students and external resources.
- Integrated evaluation mechanism targeted towards students and teachers

Our main objective is to try to show the effectiveness of a HOOC in terms of organisation and course structure. The methods used in this paper are: a survey questionnaire, interviews of 2 facilitators and 2 students and observation. What we have observed is that the fact that this course has been organised in a blended mode has helped the participants to reach the end of the training, participants felt more motivated by the course as they did not have a sense of loss in the mass community of students, they tend to say that they had an identity, and once students had the experience of a platform be it MOODLE or a MOOC platform then the massive aspect of the course did not matter.

2. LITERATURE REVIEW OF CUSTOMISATION AND HYBRID MOOCs

Customisation of the course has been undertaken by the OUM by two aspects: first the organisation of on campus presentations, facilitation sessions and second a MOODLE platform which acted as a support to the existing course on the Coursera platform. Since the first MOOC had been launched, what can be seen in the landscape of distance learning is that MOOCs are taking different forms. We came across cMoocs, xMoocs, HOOCs and more and more MOOCs are being customised and defined as ‘hybrid’. Such existing MOOCs will be discussed in the following paragraphs.

2.1. Description of the EDCMOOC

The Coursera MOOC E-Learning and Digital Cultures (EDCMOOC) was launched in 2013, and was offered on a period of 5 weeks. This course is described as ‘an "xMOOC" platform, with teacher-defined structure, content, and assignments, EDCMOOC had a social, non-hierarchical approach to the process of the MOOC itself.’ Waite, Mackness, Roberts, & Lovegrove, 2013 have described the EDCMOOC a "hybrid" MOOC. Usually a hybrid MOOC is defined as such as it cannot ‘neatly fit the categories of cMOOC or xMOOC’, but where MOOC categories are concerned we have to be careful as these categories are often ‘oversimplified and require critical attention’, Ross J., Sinclair C., Knox J., Bayne S., Macleod H., 2014. This MOOC ‘engaged participants with some discourses that inform understandings of the digital in education and popular culture – particularly utopian and dystopian narratives, and affirmations of and challenges to the notion of the human.’ Teaching was delivered to students ‘through a teacher- curated and -annotated selection of resources on weekly themes, including short films, open-access academic papers, media reports, and video resources.’ The weekly activities were discussion forums on the Coursera platform, ‘blogging, tweeting, an image competition, commenting on digital artefacts created by EDCMOOC teaching assistants, and two Google Hangouts. The Google hangouts was used as a platform for the course team to reply to current discussions, emphasis was laid on learner-led group formation, and social media was used. For this course the sole mode of assessment was the creation a multimodal, web-based digital artefact. This artefact could grant a "statement of accomplishment" to the participants. 3 peers reviewed this assignment. Even a distinction could be obtained if the participants excelled for the assignment and the artefact they submitted ‘exceeded a certain

mark threshold'. This EDCMOOC contained no quizzes or tests and no pre-defined learning objectives, Ross J., Sinclair C., Knox J., Bayne S., Macleod H., 2014.

2.2. The eFAN-Maths MOOC

The eFAN MOOC « Enseigner et Former Avec le Numérique » hosted by Cahan and Lyon Universities under the direction of Eric Bruillard paved the way for the eFAN-Maths MOOC, which materialised between April and June 2014. The number of enrolled students for this course amounted to 10000 approximately. Participants were active in the sense that they participated in the proposals for education projects submissions which was the sole assessment of this course. Participants were not mere listeners and information grabbers but were involved in true interactions which changed the students role to designers of teaching and learning. The eFAN Maths MOOC, Mathematics Teaching and Training with ICT, « Enseigner et Former Avec le Numérique en Mathématiques ». This project had been driven under the responsibility of Ghislaine Gueudet and comprised of the following institutions : the same 'ENS' as for the MOOC eFAN, the 'IFÉ', the 'IREM' network ('Instituts de Recherche sur l'Enseignement des Mathématiques'), the 'ESPE' network, and research groups. This course had a duration of 5 weeks and started on the 17th November 2014. On the 27th of November, more than 3000 participants had registered, from various countries (Belgium, Haïti, Polynésie Française, Maroc, Turquie, Arabie Saoudite, Sénégal, Chili, Mexique and from different parts of France. Participants had also various job description such as primary school teachers, secondary school teachers, students from master programmes, or those preparing for a PGCE (Postgraduate Certificate in Education) programme equivalent to the training for teachers of primary and secondary schools. The MOOC had a MOODLE platform as support for participants to upload their projects but no other information has been obtained concerning the use of the MOODLE platform. Only available is a screen capture of how the MOODLE platform was set up.

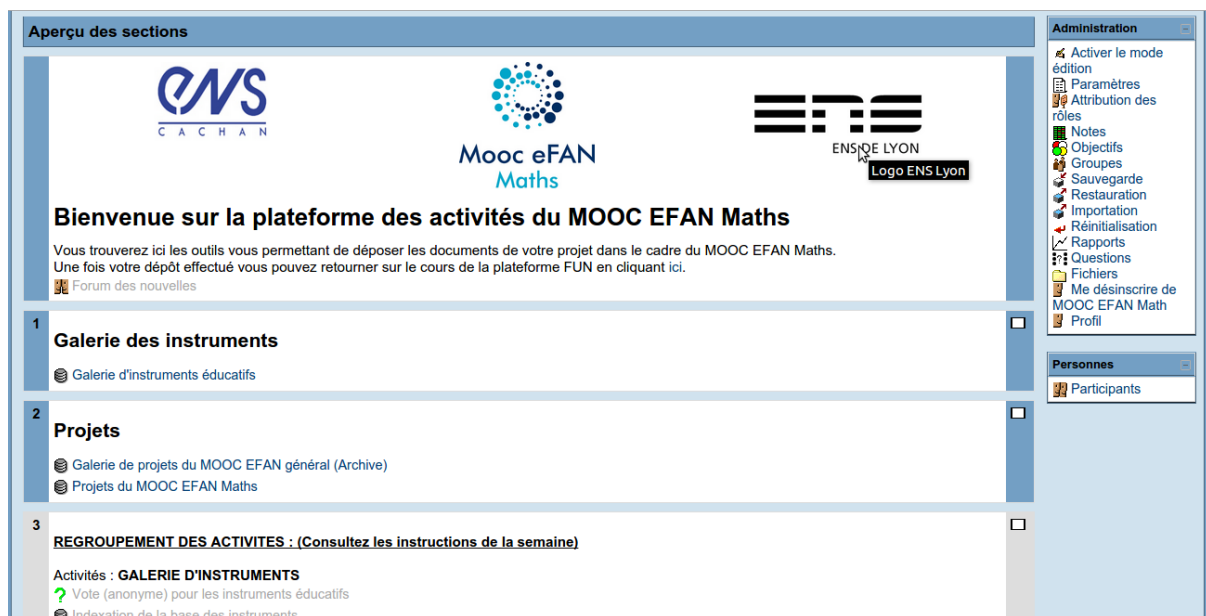


Figure 1: How the MOODLE platform was set up

Course structure:

The course description is as follows:

- Week 0 : the 'Pre-MOOC' was based on the introduction of the course and the introduction of submissions of projects
- Week 1 : tools gallery, usability gallery, mathematics in a pedagogical perspective

- Week 2 : Analysis of mathematics tasks, analysis of students activities using a ‘grille « élève’, », student’s check list.
- Week 3 : analysis of start up in class, analysis of teacher’s role. Working on the projects.
- Week 4 : reflection on the pooling of projects, evaluation and evolution of resources. Working on the projects.
- Each week participants could view a video. This video included a recap of the previous week’s activities, the new activities of the week were introduced, these new activities were wrapped around a course in a video course material. Activities comprised of tools, discussions and documents and tips to go deeper in the learning process. A quiz inline with what has been done during the week closed a week’s session.
- Participants could engage at different levels for this course: follow the videos and do some activities, undertake all the assignments required by the course, propose a project and complete it, the MOOC could be followed by groups thus diminishing the engagement time for each participant and encouraging co-education and mutual support.
- Submission of a final project after four weeks granted a certificate of participation to the participant for the eFAN MOOC. A final quiz is proposed by the FUN platform and 70% good answers granted a statement of accomplishment.

2.2.1. Brief analysis of the eFAN Maths course

Some participants regretted the choice of the conceptors of offering only an elementary course for mathematics. Other students talked about the complexity of using the MOOC platform and the MOODLE platform. Still it is to be noted that this course had 3200 registered users, with 150 projects submitted. Some projects had been submitted by an individual and could thus be used to form groups. The platform dedicated to projects remained open for projects submissions till 2015.

2.3. Stanford Machine Learning MOOC

The Stanford MOOC is a ten weeks course launched in 2012. It happened to coincide with the Vanderbilt beginning of semester. The MOOC ended but there was still 4 weeks for the semester to be over and for students to apply what they have learned. Fisher who decided to include the MOOC course in his traditional classes introduced some topics which were not in line with the MOOC course but which he thought important for the Vanderbilt context. The teacher ‘wrapped’ his course around an existing MOOC and this put into light a new version of the ‘flipped classroom’, making use of video lectures, automatically graded quizzes and programming assignments available on the MOOC platform . On campus sessions were focused on ‘interactive discussions’ and ‘more challenging material’ Derek O. Bruff, Douglas H. Fisher, Kathryn E. McEwen, Blaine E. Smith, 2013.

2.3.1. Brief analysis of the course

The students reacted enthusiastically to this proposed combination of MOOC and on campus course. They found the video lectures have been designed successfully. They thought that the MOOC is appropriate as a self- paced learning option. Their interaction was done locally rather than through the online community. Students had issues in incorporating the online and on campus mechanisms of the course.

3. THE CONTEXT

The Open University of Mauritius offered the Emerging Trends & Technologies in the Virtual K-12 Classroom in collaboration with the University of California Irvine, the Education USA office and the U.S embassy of Mauritius in December 2013. December was an appropriate timeframe to offer this course as in Mauritius teachers are on holidays and more incline to

follow new courses offered. This project started in October 2013 and was up and running in December 2013. Thanks to the main facilitator who had been approached by the American Embassy found in Mauritius Island and the willingness of the Director of the Open University of Mauritius to launch an innovative way of teaching. For him the MOOC is ‘a trend and can add value to open online courses’. This project had been materialized in 3 months. Before launching such a course in parallel to the Coursera course much work had to be done, as this is where the organisational aspects are crucial for the success of such an educational project. The main facilitator did not want to launch the course, as a default MOOC course would run. Instead she wanted a much more personalized MOOC and more important an institutionalised one. We will thus, first begin by explaining how the course Emerging Trends & Technologies in the Virtual K-12 Classroom has been organised by Coursera. Then we will give details about the course management undertaken locally by the Open University of Mauritius in parallel as a support to the existing course found on Coursera. Before we begin with the course description we will briefly introduce the Coursera MOOC platform. ¹Coursera is an education platform that partners with top universities and organizations worldwide, to offer courses online for anyone to take, for free’. The Emerging Trends & Technologies in the virtual k-12 classroom course is part of the ‘Virtual Teaching program’ specialization offered to teachers in the United States. In an effort to open education in the third World countries, the United States had the mission to build up learning hubs by promoting education through MOOCs. The MOOC seemed to be the solution as it was free of charge and had a diversity of courses, which could suit a large audience. Most of these courses did not need any prior prerequisites.

4. DESCRIPTION OF THE COURSE ON COURSERA PLATFORM

This Coursera course was targeted for teaching working with children of 5 to 18 years old. The course objective was to show to teachers how they could make use of technologies in order to enhance student’s learning. The course duration is of 5 weeks and covers the following topics:

- Week 1: Role of Technology in the Virtual Classroom
- Week 2: Emerging Trends and Technologies: Social Learning
- Week 3: Emerging Trends and Technologies: Game-based Learning & Badging
- Week 4: Utilizing Open Content: From e-Books to Learning Object Repositories
- Week 5: Review’

The course comprised of:

- Video lectures which are released at the launching of the course on a specific date. All videos are available for consultation during the duration of the course. These videos are also available on YouTube as a standalone video lecture for viewing by anybody.
- Lecturers slides and notes derived from video lectures
- Weekly announcements from the instructor
- Discussion forums
- An assignment graded by Peers
- Peer assessment of 3 classmates
- 4 weekly quizzes comprising of 5 multiple choice questions
- A final quiz comprising of 35 multiple choice questions
- Weekly readings
- Completing pre-course and pot-course surveys
- Sample of a week on the Coursera platform:

¹<https://www.coursera.org/about/>

▼ Module 4: Open Content in Virtual Education
Welcome to Module 4 (2:04)
Module 4: Interview & Reflection with Melissa
Lecture 1: Introduction to Open Educational Resources (13:05)
Lecture 2: Open Math Resources (5:50)
Lecture 3: Open Science Resources (5:04)
Lecture 4: Digital Multimedia Applications and Resources for the Classroom (6:35)
Lecture 5: Open English Language Arts Resources (5:00)
Lecture 6: Open Business Resources (5:58)
Lecture 7: Open Language Acquisition Resources (6:19)
Lecture 8: MOOCs (20:33)
▼ Feedback, Review & Final Quiz
Final Course Reflection

Figure 2: Course on Coursera platform

Coursera evaluation consisting of assessments:

- There are three types of assessments
 1. Four five-question multiple-choice quizzes, each quiz can be done three times and the student is shown what was wrong each time the quiz is completed.
 2. One written assignment of 1500 words, where the student designs and justifies a learning activity in educational technology. (3 peersgrade each assignment)
 3. A final quiz of 35 multiple choice questions can be done three times. No studentsfeedback on their wrong answers is available after each take.

Description of the course devised by the Open University of Mauritius in the following terms:

- Open registration to all primary and secondary teachers of Mauritius
- Sorting of eligible participants for the course
- Organisation of 6 face to face sessions as follows:

Face to face sessions for Mauritian teachers	Coursera – All teachers around the world
Week 1 – Orientation session for Mauritian participants	
Week 2 – Resources to help student to be able to complete the week on Coursera	Week 1: Coursera
Week 3 – same as Week 2	Week 2: Coursera
Week 4 - same as Week 2	Week 3: Coursera
Week 5 - same as Week 2	Week 4: Coursera
Week 6 - Resources to help student to be able to complete the week on Coursera	Week 5: Coursera

Table 1: Organisation of 6 face to face sessions

- It is important to note that 115 participants have been sorted out of the 600 who have registered for this course, as the Open University of Mauritius could not handle more than 60 participants per face-to-face session.
- Face to face sessions consisted of:
 - Content expert live presentation
 - Peer presentations
- A MOODLE platform was accessible to local students to facilitate integration to the live Coursera platform. This MOODLE platform was accessible only to students accepted by the OUM.
- The MOODLE platform consisted of the following:
 - Video and audio format of guest speaker presentations
 - Video format of Peer presentations
 - Discussion forums
 - Polls
 - Internet interesting links
 - YouTube videos
 - Announcements
 - Coursera Course Description
 - PowerPoint presentations on the topic of the week
 - Sample of a week content on MOODLE platform:



Figure 3: Sample of a week content on MOODLE platform:

The OUM evaluation consisted of:

- Portfolio (75%) which was optional for participants who wished to be considered for the scholarship if they would fulfill the OUM requirements.
 - Reflection: Your learning experience throughout the course. (15%)
 - Research Findings (10%)
 - Application (40%) (students had to choose 2 technologies)
 - Formal Aspects (10%)
- Participation in discussion forums(15%)
- Attendance (10%)
- Bonus: Completion of Coursera requirements (10%)
 - Individual Assignment, 5 Peer Assessments, Final Quiz
 - Statement of Accomplishment

5. METHODOLOGY

The methods we used for this research is a survey questionnaire comprising of 39 questions divided into 7 parts, interviews of 2 facilitators and 2 students and observation. The total number of participants for the Emerging Trends course was 115. The survey questionnaire had been sent to all participants who followed the course. Since this course had been done in December 2013 and the questions being in French not all participants filled in the survey. Interviews conducted were designed in away to guide the answers of the interviewers but they also could voice out their own opinion. Observation was made possible by the data collected from the MOODLE platform.

6. RESULTS AND ANALYSIS

Concerning the organisation of this hybrid course access to a MOODLE platform locally was made possible to students before they could access the Coursera MOOC. This type of course structure had been put in place as according to the main tutor it was difficult for participants to navigate on both platforms for a first time, the participants stress could thus be managed in an easier way, at the end of the first face to face session after feedbacks were given participants felt relieved, at the beginning all this was not known to them as they embarked for the course they knew what was awaiting them, how to go about the course and where to navigate to. Participants tend to find it easier to access the MOOC platform once they were familiar with the MOODLE platform and this was stated by 90% of the respondents of the survey. We wanted more details concerning the participants' choice and some of the answers that were recurring are as follows : 'once MOODLE had been used it was easier for Coursera', 'it is more interesting to begin with what is easy', 'the platforms are similar', and 'more at ease'. From the responses we can state that participants' perception of the use of the MOODLE platform slightly differs but as a whole participants tend to find Coursera MOOC easier once they have gone through the linear structure of getting familiar with a MOODLE platform prior to beginning the course on a MOOC platform. We wanted to further our questioning in terms of MOODLE being an advantage prior to using Coursera MOOC and half of the respondents found that in fact using MOODLE was an advantage and another half found that it was not an advantage and they stated their opinions in the following manner: 'both are platforms', 'it is not difficult at all', 'Moodle helps us to get acquainted with these types of Content Management System', 'better understand the course', 'to familiarise with discussions', 'there are more interactions, easier to interact with others', 'if like me you are not familiar with forums', 'easier to understand'. When participants were asked their opinion about the way the course had been organised they replied that they thought it was a good organisation (48 respondents), 8 respondents knew about the MOOCs and said that they were at ease with the course organisation, the remaining respondents stated that overall the way the course had been structured was a good initiative. As participants had to be active on two learning platforms that is MOODLE and Coursera MOOC, participants had to point out differences if any between the two platforms. A number of participants found that the MOOC hosted on Coursera platform is user friendly (8), 24 respondents found that there were no differences between the two learning platforms, 16 respondents stated that the MOOC enables more contacts internationally and 32 participants found that MOODLE is more private. These figures show that a smaller and dedicated platform like MOODLE makes participants feel more at ease than in the MOOC as respondents qualify MOODLE as 'easier to communicate', 'some peers can be recognised as well as the tutor', 'more accurate', 'available for those who wish to find solutions to a specific matter'. Out of the 115 active participants who accessed the MOODLE platform, a majority that is 105 respondents found that the local discussion forums were worthy of interest compared to 4 who stated that the forums were of no interest to them. The following table is a comparison of the participants' opinion concerning interactivity in the discussion forum for MOODLE and Coursera MOOC.

	MOODLE					COURSERA MOOC				
	Definitely	Moderately	Slightly	Not at all	Total	Definitely	Moderately	Slightly	Not at all	Total
Did you find it easy to voice out your opinion?	84	6	12	6	108	72	12	12	12	108
Did you feel comfortable while interacting in the discussion forums ?	84	18	6	0	108	72	24	0	12	108
When you interacted in the forums did the tutor respond ?	90	6	6	6	108	60	12	12	24	108
When you interacted in the forums did your peers respond?	78	18	6	6	108	60	12	18	18	108

Table 2: Participants' opinion concerning interactivity in the discussion forum for MOODLE and Coursera MOOC

A majority of participants found that it was easy for them to give their opinion on the MOODLE discussion forum. 84 respondents found that it was easy for them to interact in the forums. They all agreed that the tutor did respond to them in the forum. 78 participants that is more than half of the participants stated that their peers responded to them. The same questions had been asked concerning the Coursera MOOC discussion forums and the answers were slightly less. So it seems that participants had benefitted from discussion forums on both platforms. Respondents were asked if they felt that they had an identity on the Coursera MOOC and most of them said that indeed they felt that they possessed an identity so even though the MOOC had a massive number of participants students did not feel unnoticed. The limited number of registered participants locally has enabled the scheduling of face to face sessions. There were 2 sessions per day, one in the morning and one in the afternoon. Each session had duration of 2 hours and was conducted over six weeks. Participants had to engage themselves to be present for the face to face sessions in order to be able to register for this hybrid course. When asked about the on campus sessions most participants found that these sessions were very useful (62) and useful (26), partly useful (4) and no one found the sessions useless. In a nutshell we can say that most participants were satisfied with these sessions as the total number of satisfied participants amounts to 88 over 92. It is to be noted that 108 participants felt at ease to follow the course even though there was a significant number of worldwide participants following this course on the Coursera MOOC. They stated that the number of registered participants for the MOOC did not affect their learning. Coming to face to face sessions the OUM had to sort out the numbers of participants as they could only offer tutoring for a class of 60 participants at a time. 108 students said that they were satisfied as the tutors have been able to respond to their queries. 80 participants found that the face to face sessions helped them in the interaction process of this type of course. Participants were asked what they thought about the face to face sessions and the following table summarises their opinions:

Table following on the next page

	14 november 2013	21 november 2013	28 november 2013	5 december 2013	12 december 2013
Of no interest	0	1	0	0	0
Good but could have been better	29	15	4	8	4
Mandatory	19	15	11	15	24
Very useful and enriching	67	70	83	49	37
Total of respondents	115	101	98	72	65

Table 3: How did you find the face to face sessions on campus?

From the collected data it appears that as weeks went by, participants seldom gave their opinion concerning the face to face sessions. The highest number of appreciation is that of these on campus sessions being useful. Only one respondent found that these sessions were useless.

7. CONCLUSION

To conclude we will say that the hybrid MOOC in the Mauritian context proved to be a success in a nutshell as participants were active on both platforms: MOODLE and MOOC. For the majority of students it was important to attend scheduled face to face sessions as they did not have prior experience in online learning. For those who had online experience, they stated that both platforms were equivalent, those who had lesser experience of online learning qualified MOODLE as more 'private'. At the time that this research had been conducted it was understood that MOOCs more specifically HOOCs were at their mere beginnings. This first HOOC had shed light on the motivation of an institution to propose such a course. Tutors were ready to be part of such an experience for free, students were willing to free themselves and spare time for this course, to engage in the course till the end and to achieve a successful completion rate compared to what had been reported in the literature.

LITERATURE :

1. Aldon G., (2013). MOOC, Formations à distance, Formations hybrides. Available on the Internet:
http://revue.sesamath.net/IMG/pdf/mathematice-gillesaldon_article747.pdf (accessed July 2015)
2. Anderson T., (2013), Trouver sa place dans le nouvel univers de l'enseignement et des apprentissages en réseau. Available on the Internet:
http://www.esen.education.fr/fileadmin/user_upload/fad/e-education/anderson_t_fr.pdf (accessed July 2015).
3. Cisel, M., Bruillard, É. (2012). Chronique des MOOC. Available on the Internet:
http://sticef.univ-lemans.fr/num/vol2012/13r-cisel/sticef_2012_cisel_13rp.html#auteurs. (accessed July 2015)
4. Demaizière F., Grosbois M., Numérique et enseignement-apprentissage des langues en Lansad – Quand, comment, pourquoi ? Et les Moocs / Cloms ? Available on the Internet
<http://alsic.revues.org/2691#tocfrom1n29> (accessed July 2015)
5. Dépelteau, F. (2000). La démarche d'une recherche en sciences humaine, presse de l'Université de Laval, Bruxelles, De Boeck Université, op. cité par NKOUM.B.A, (2005)
6. Depover C. (2014). Quels modèles économiques et pédagogiques pour les MOOC ?, *Distances et médiations des savoirs* [En ligne], Available on the Internet:
<http://dms.revues.org/530> (accessed July 2015)
7. Epelboin Y. , MOOC in Europe. Disponible sur Internet: http://www.eunis.org/wp-content/uploads/2013/11/MOOC_in_Europe1.pdf(accessed July 2015)

8. Minichiello F., (2013). Le phénomène des MOOCs (Massive Open Online Courses), *Revue internationale d'éducation de Sèvres*. Available on the Internet: <http://ries.revues.org/3453> (accessed July 2015)
9. Roland, N. (2014). Baladodiffusion et apprentissage mobile : approche compréhensive des usages étudiants de l'Université libre de Bruxelles, *Revue STICEF*, Volume 20. Available on the Internet: <http://sticef.org> (accessed July 2015).
10. Rosselle M., (2013). Les MOOC : des dispositifs d'enseignement-apprentissage à personnaliser. Available on the Internet <https://ateliermooceiah2013.files.wordpress.com/2013/05/rosselle.pdf> (accessed July 2015)
11. Rosselle M., Caron PA., Heutte J., (2014). A typology and dimensions of a description framework for MOOCs.
12. Cress U., Delgado Kloos C., (2014). European MOOCs Stakeholders Summit 2014, eMOOCs 2014, Feb 2014, Lausanne, France.
13. Santally Issack M. (2013). Towards an Open Education Model for Mauritius.
14. Viswanathan, R. (2012). Teaching and Learning through MOOC. *Frontiers of Language and Teaching*
15. Peraya D. (2006). Distance learning: a device of mediatized formation and communication. An approach to the processes of mediatization and mediation
16. Linard M. (2003). La distance en formation : une occasion de repenser l'acte d'apprendre,
17. Quintin J.J., Depover C., Degache C., (2005). Le rôle du scénario pédagogique dans l'analyse d'une formation à distance Analyse d'un scénario pédagogique à partir d'éléments de caractérisation définis. Le cas de la formation Galanet.
18. Henri F., (1993). Formation à distance, matériel pédagogique et théorie de l'éducation: la cohérence du changement.
19. Albero B., Arnim K., (2009). Attitudes et préférences des usagers face à la formation ouverte et à distance. Les leçons d'une enquête», *Distances et savoirs* 1/2009 (Vol. 7) , p. 31-37
20. Valdes D., (1995). Enseignement à distance et dispositifs intégrés de formation, Vers de nouvelles formes de formations: Les formations hybrides.
21. Sandeen C., (2013). Assessment's Place in the New MOOC World
22. Sunar A. S., Abdullah N. A., White S., Davis H. C. (2015). Personalisation of MOOCs The State of the Art
23. Jordan K., (2014). Initial Trends in Enrolment and Completion of Massive Open Online Courses
24. Waite M., Mackness J., Roberts G., Lovegrove E., (2013). Liminal Participants and Skilled Orienteers: Learner Participation in a MOOC for New Lecturers
25. Ross J., Sinclair C., Knox J., Bayne S., Macleod H., (2014). Teacher Experiences and Academic Identity: The Missing Components of MOOC Pedagogy.

ASSESSMENT OF THE FINANCIAL RISKS OF THE SMALL AND MEDIUM-SIZED ENTERPRISES IN SLOVAKIA

Maria Hudakova

*University of Žilina, Faculty of Security Engineering, Slovakia
maria.hudakova@fbi.uniza.sk*

Matej Masar

*University of Žilina, Faculty of Security Engineering, Slovakia
matej.masar@fbi.uniza.sk*

Katarina Buganova

*University of Žilina, Faculty of Security Engineering, Slovakia
katarina.buganova@fbi.uniza.sk*

ABSTRACT

The category of the SMEs is considered to be the most flexible, the most effective and the most progressive part of economy both in the developed countries and in Slovakia. The SMEs are very sensitive to the changes in the entrepreneurial environment and therefore it is important for them to know the risks that threaten their business activities. Several studies worldwide say that a reliable risk management ensures fewer negative surprises, a higher financial stability of the company and provides opportunities for achieving profits. The essence of this article is, based on our empirical research realised in 2017, to assess the financial risks perceived by the owners and managers of the SMEs in Slovakia. Based on the results, we found out the financial risks were considered the second most serious risks that negatively affect the entrepreneurial environment of the SMEs. The selected statistical methods and tools used show that the perceived financial risks do not depend on the company size but they are dependent on the duration of their business in the Slovak conditions. The overall research results emphasise the importance to deal with the entrepreneurial risk assessment in the SMEs not only in Slovakia but also in other countries.

Keywords: *Financial risks, Risk assessment, Small and medium-sized enterprise (SME), Statistical tools*

1. INTRODUCTION

The dynamic development of the small and medium-sized business is one of the basic assumptions of the country's economic development (Hudáková & Lusková, 2016). According to the current data by the Slovak Business Agency (Slovak Business Agency, 2017) the SMEs in Slovakia create 99.9 % of the overall number of the entrepreneurial subjects. The micro-companies employing fewer than 10 employees create 97 % of the SMEs. More than three quarters of the SMEs are active in the areas as business services, trade, building industry and industry. The SMEs provide jobs for almost three thirds (74.1 %) of the active workforce and create more than one half (52.7 %) of the value added. Compared with other EU countries the Slovak SMEs are lagging behind as to the achieved share of creating the value added. Compared with 2015 the profit of the SMEs increased by 3.3 % and in the absolute value also the year-on-year gross production increased (by 2.2 %). The share of the SMEs on the overall volume of the turnover in the selected lines of business achieved in 2016 from 34.2 % in the industry to 83.8 % in the selected market services (Slovak Business Agency, 2018). In 2016 all Slovak SMEs working in the double-entry bookkeeping system showed a moderate improvement almost of all financial indicators analysed. Based on the achieved median values we can say that from the point of view of the size they achieve standard values of the financial indexes.

The low asset turnover, lower profitability and permanently low share of the SMEs utilising the bank loans can be considered the most problematic areas. In spite of the year-on-year improvement of the financial indicator results, a lower number of the SMEs were in a good financial condition situation according to the Altman index in 2016 than in 2015 (Slovak Business Agency, 2018). According to the data of the Register of Organisations of the Statistical Office of the Slovak Republic the trend of declining the number of newly established SMEs stopped in 2016. According to the year-on-year comparison, the number of newly established SMEs increased by 11.8 % to 58,838 subjects. The number of terminated SMEs after the previous decline increased by more than one third (Slovak Business Agency, 2018). Based on the data from the analysis of the financial analysis of the newly established and terminated SMEs issued by the Slovak Business Agency we can say that the biggest problems of the SMEs are the payment discipline and profitability. In spite of a relatively good property structure and acceptable results of the indicators of liquidity, the SMEs have recently achieved the worst results in the area of meeting payments overdue and all profitability indicators. Due to the low turnover, the companies were not able to generate profit and thus pay the growing amount of obligations. Due to this fact, their indebtedness increased and they were forced to finish their entrepreneurial activities. The newly established entrepreneurial subjects were typical of a surplus of liquidity, low indebtedness and slowly growing profitability (Slovak Business Agency, 2018). The company exists in a space which is under permanent changes and the majority of these changes is caused or aroused by people themselves. The way of coping with these changes depends also on the ability of the enterprise to adapt to and accept the variability of the everyday life. The assessment of the actual situation related to the possible risks and especially to the financial risks should be in the interest of each company, no matter if the enterprise is small or large (Agarwal & Ansell, 2016). According to various global surveys and studies (The American Institute of CPAs, 2017; Global trends 2025, 2017; Global risk management survey, 2018; CGMA, 2017; FERMA, 2017) it can be said that risk management means a significant contribution to increasing the performance, value, and competitiveness of enterprises in dynamic changes of both the external and the internal environment. Investing in prevention will greatly save the financial costs compared to the cost of dealing with the consequences of negative events (Fraser & Simkins, 2016; Bogodistov & Wohlgemuth, 2017; Gates et al., 2012; Wegner et al., 2017). According to the investigations by the Slovak authors who are dealing with this area (e.g. Hudáková et al., 2017; Kelíšek & Klučka, 2017; Sira et al., 2016; Klučka & Grünbichler, 2016; Habaník et al., 2013) only a few SMEs in Slovakia pay sufficient attention to the financial risks. They do not create sufficient assumptions or preventive measures for assessing the risks which would prevent the financial problems or the financial crisis of the company.

2. RESEARCH OBJECTIVE A METHODS

The financial risks belong to the most serious ones in every company, no matter if it is a small or a medium-sized one. As the analysis of the current state of the SMEs in Slovakia shows, and based on the results of the studies in Slovakia in the introduction of this article, the financial risks represent the most serious problems resulting in terminations of the Slovak SMEs and they are especially the payment discipline and profitability. The goal of this article is, based on the acquired and processed data from our specific research, to assess and evaluate the dependence between the intensity of the perceived financial risks and the company size and also the dependence between the intensity of the perceived financial risks and the duration of the SME's activities in Slovakia. The duration of the business and the number of employees in the company are important factors that can but need not affect the intensity of the financial risks and the method of their management. The results acquired from the research are based on the entrepreneurial experience of the SME managers and owners and their attitude to the risk as

well as the ability to manage the risk. In order to meet the objective stated the empirical research methods (questionnaires, interviews with competent persons of SMEs), statistical methods, i.e., the analysis of variance using quantitative tools of statistics (percentages, averages, homoscedasticity, Bartlett's Test, Kolmogorov-Smirnov Test, F-test, Kruskal-Wallis Test, Box-and-Whisker Plot) and software MS Excel were used. To fulfill the goal of the quantitative method "analysis of variance" was used (Ojiako et al., 2012). The analysis of variance was determined by the parametric or non-parametric tests. For using the calculation of the parametric tests two basic conditions had to be met: the resulting p-value of the intensity of the key risks of the homoscedasticity test (identity of variances) and the normality test; they were to verify the intensities of the risks that must be higher than the level of significance of 0.05.

3. RESULTS

In 2017 the investigators of the project VEGA No. 1/0560/16 "Risk Management of Small and Medium Sized Enterprises in Slovakia as Prevention of Company Crises" supported by the Scientific Grant Agency realised an empirical research aimed at detecting the key entrepreneurial risks of the SMEs in Slovakia and the state of implementing the risk management process. 487 SMEs participated in this research. Out of 487 participants there were 64 % of the micro-companies, 24 % of the small-sized companies a 12 % of the medium-sized companies. From the point of view of the line of business the structure was as follows: 16 % industry; 24 % trade; 1 % agriculture; 12 % building industry; transport, information 6 %; 9 % accommodation, catering; 7 % business services; other types of services 22 %; other services 3 %. The addressed owners and managers of the SMEs in Slovakia were to determine maximally three risks out of seven ones they consider as the key risks in their business. Out of the total number of 487 addressed SMEs we determined the percentage of the identified key risks of the SMEs in Slovakia as follows: the most serious risks were the market risks – 26 %; the financial risks – 21 %; the economic risks – 19 %; the personnel risks – 11 %; the operational risks – 9 %; the legal risks – 7 %; the security risks – 6 % and the other risks – 1 %. Chart 1 presents the share of identified key risks of SMEs in Slovakia in 2017.

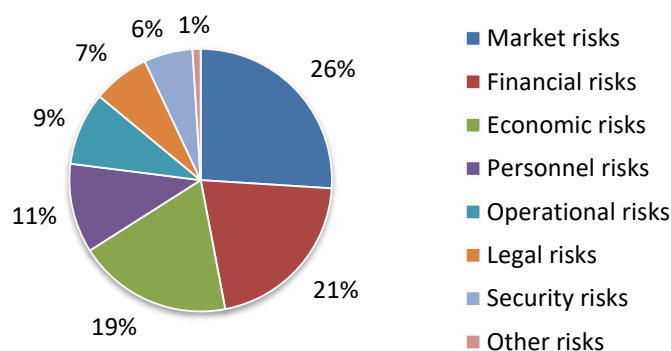


Chart 1: Share of identified key risks of SMEs in Slovakia in 2017 (Source: authors' results)

This research shows other detections from the point of the risk management in the Slovak SMEs:

- in 61 % of the SMEs participating in the research just the owner of the company is responsible for the risk management,
- 44 % of the SMEs do not create any space for discussing the key risks in the enterprise, only 20 % of them discuss this area on a monthly basis (majority of the micro-companies do not create any space for discussing the risks, the small companies pay attention to the risks once in half a year and the medium-sized enterprises mostly discuss this problem on a monthly basis, see the Chart 2),

- even 89 % of the SMEs have no catalogue of risks, just the medium-sized companies are those that create the catalogues of risks (37 %); the small companies – 12 %; the micro-companies only 5 %,
- only 42 % of the medium-sized companies deal with searching for the causes of the risk development, the small companies look for the causes of the risks only in the case of the most serious risks, similarly as the micro-companies,
- only 54 % of the medium-sized companies take into account the possible consequences of the risks and the probability of their development when stating the risk values.

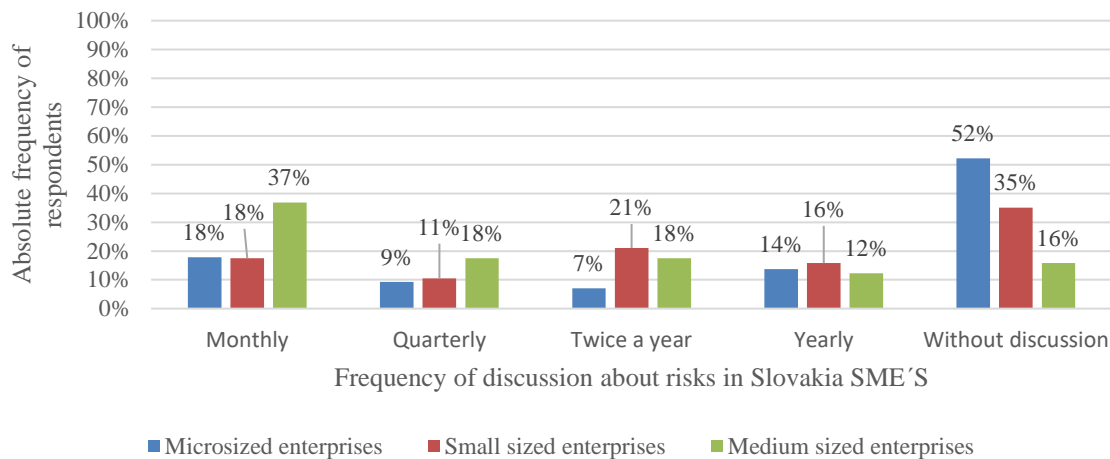


Chart 2: Assessment of the SMEs that create space for discussing the key risks
(Source: authors' results)

The second most serious risk was selected for the assessment – the financial risk, and the quantitative method analysis of variance was utilised. The next step for fulfilling the stated goal was to assess the dependence between financial risk and the duration of the SMEs' business, i.e. up to what extent the type of the perceived financial risk depends or does not depend on the duration of the SME's business in Slovakia. It was to assess the dependence between the identified financial risk and the size of the SME's business, too. The necessary information for the analysis of variance is given in Tab. 1 and Tab 2.

Table 1: The basic statistical characteristics (BSCs) of the individual perceived the financial risk of the SMEs according to the size of Enterprise (Source: authors' results)

	BSCs	Micro-sized enterprise	Small sized enterprises	Medium sized enterprises
Financial risks	μ	37,590	35,250	37,778
	σ	0,168	0,142	0,163
	κ	2,725	0,519	3,122
	$\sigma_{\bar{x}}$	0,012	0,018	0,031

Table 2: The basic statistical characteristics (BSCs) of the individual perceived financial risk of the SMEs according to the to the duration of the business (Source: authors' results)

	BSCs	Less than 1 year	From 1 to 5 years	From 5 to 10 years	More than 10 years
Financial risks	μ	33,636	36,7308	37,5676	37,2917
	σ	0,0924	0,0210	0,1849	0,01316
	κ	-0,4482	-0,32761	2,4539	3,1547
	$\sigma_{\bar{x}}$	0,0085	0,0230	0,0342	0,0249

The table 1 and table 2 of the characteristics of the level and variance specify more closely the individual characteristics of the statistical set of individual perceived risk in the stated of the SMEs according to the duration of the business and to the size of Enterprise. The basic statistical characteristics (BSCs) are as follows: μ – the average intensity of the risk to the enterprise, σ – standard deviation intensity of the risk to the enterprise, σ_x – variance intensity of the risk to the enterprise, κ – kurtosis of the risk to the enterprise.

3.1. Analysis of the intensity variance of perceived SME's financial risks in dependence on the enterprise size

The financial risks were identified as the second most important key risks for SMEs. Using the Barlet test (p-value = 0.391), the main assumption of homoscedasticity can be considered as fulfilled. Also, based on the Kolmogor-Smirnov Test, the normality of the examined file was met. The values (p-value) of the test were: 0.085 for micro-enterprises (total number of employees up to 10), 0.171 for small enterprises (10-50 employees) and 0.231 for medium-sized enterprises (20 - 250 employees).

Table 3: Analysis of the intensity dispersion of the SMEs' perceived financial risks by the F-test (Source: authors' results)

The variance of SME's according to the size of the enterprise	Sum of Squares	df	MS	F	P-value
Between Groups	2.60	2	0.0130	31.914	0.0681
Within Groups	731.05	278	0.0263		
Total	733.65	280			

After analysing the variance of financial risks intensity in conditions of the Slovak Republic using a parametric F-test, the value of which is 0.0681 (Tab. 3), the data can be considered statistically nonsignificant since the value is higher than the chosen significance level (0.05).

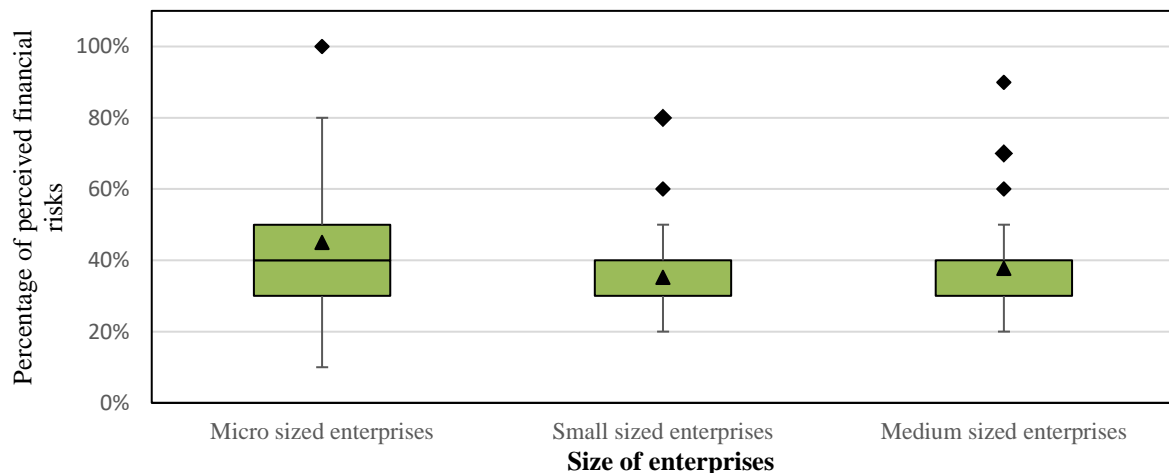


Chart 3: Results of the graphical depiction of the perceived financial risks in dependence on enterprise size using Box and Whisker (Source: authors' results)

On the basis of the above, it can be concluded that there is no dependence between the intensity of the financial risks that SME's are experiencing and the size of the enterprise at the confidence level 95% (Chart 3). From the point of view of the dependency hypothesis, this result can be considered correct since the financial risks are very specific. The size of the enterprise only partially impacts them (as evidenced by the p-value close to significance level).

3.2. Analysis of the intensity variance of perceived SME's financial risks in dependence on the Duration of Business

The financial risk was identified as the second most serious key risk of the SMEs. Based on the Bartlett's Test (p -value = 0.138) – the assumption of the homoscedasticity was fulfilled. The normality of the investigated set based on the Kolmogorov-Smirnov Test was also fulfilled. The p -value of the test for the companies doing business shorter than one year - 0.078; the duration of business 1 – 5 years - 0.109; 5 to 10 years - 0.115 and the companies with the duration of more than 10 years - 0.116.

Table 4: Analysis of the intensity dispersion of the SMEs' perceived financial risks by the F-test (Source: authors' results)

The variance of SMEs according to the length of the business	Sum of squares	Df	Average of squares	F-ratio	P-value
Between Groups	7,9721	3	0,0266	0,6558	0,0480
Within Groups	169,7004	338	0,0405		
Total	177,6725	341			

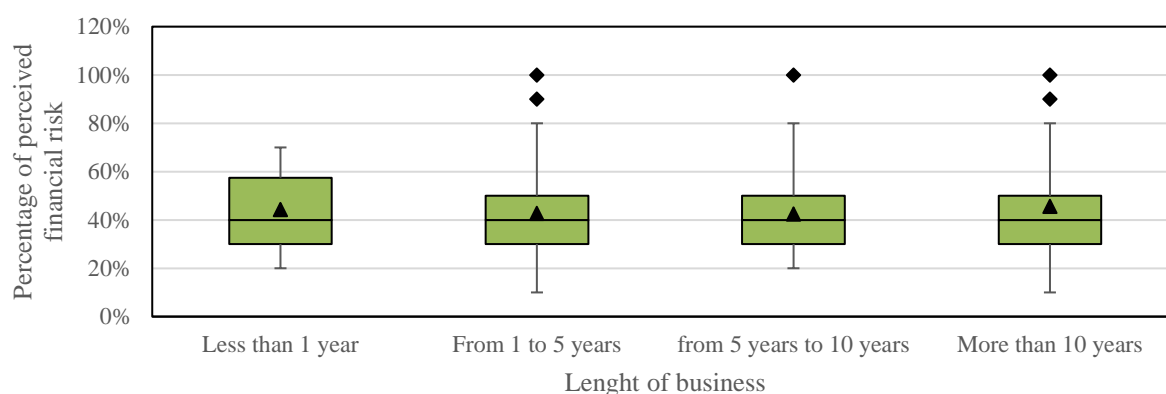


Chart 4: Results of the graphical depiction of the perceived financial risks in dependence on the duration of the business by using Box and Whisker (Source: authors' results)

After carrying out the analysis of the intensity dispersion of the SMEs' financial risks in Slovakia by using the parametric F-test (its value is 0,0480 – Tab. 4) we can consider the data are statistically significant because the value is lower than the selected level of significance (0.05). Based on this we can say that there is dependence between the intensity of the SMEs' perceived financial risks in dependence on the duration of the business of the investigated set of companies at the reliability boundary of 95 % (Chart 4).

4. DISCUSSION

Based on the results of our research and processed calculations by the basic statistical characteristics and the dispersion analysis of the SMEs' financial risk we can say that the financial risks are not dependent on the company size but they depend on the duration of doing business in the conditions of Slovakia. The current issue of financial risk management is getting the same level of SME. This is also evidenced by further processed survey results that point to the greatest intensity of the SME's financial risk sources:

- inadequate business profit,
- unpaid receivables,
- inability to pay liabilities (insolvency),
- company indebtedness.

The research results point out the independence of the financial risks of the company size, however, the dependence on the duration of doing business in Slovakia and they can be affected by various business aspects. According to the SME owners, the number of employees does not influence their financial situation in the enterprise, i.e. the employees' failure rate or the failure of the human factor does not lead to any substantial financial losses of the SMEs. However, the SME owners perceive the dependence of the financial risks and the duration of doing business. Especially at the beginning of the company, there can be a stronger influence of the financial risks. This can be caused e.g. by an incorrect calculation of the start-up capital, by the high initial investments, very often by underestimated calculations of the unit costs, by incorrect pricing of the products and services, by mistakes in bookkeeping (taxes, insurance) and by insufficient or unsuitably ensured financial resources (own resources, resources taken from other sources). According to the Slovak Business Agency, one of the most frequent causes of terminating a company is the insufficient profitability and the problems with the payment discipline (Slovak Business Agency, 2018). This statement complies with the results of our research as well as with the results by other authors in Slovakia (Klučka & Grünbichler, 2016; Ključnikov & Popesko, 2017) and abroad, e.g. in the Czech Republic (Kozubíková et al., 2017; Belás et al., 2018; Brachert et al., 2017). Compared to the results of the 2013 statistical survey, it can be concluded that financial risks are still among the key risks of SMEs. Even in 2013, they were identified as the second most important risks with a 22% share of overall risks, but this year the dependence between perceived risks and the size of the enterprise was identified and was no dependence between the perceived risks and the duration of doing business of the SMEs (Hudáková et al., 2014; Belas et al., 2014).

5. CONCLUSION

The SME owners or managers in Slovakia should create a space for the financial risk assessment and take a positive attitude towards it. The ISO 31 000: 2009 Risk Management – Principles and Guidelines can help them implement the risk management process effectively. The goal of the ISO standard is to make the risk management system implementation in the company more effective. It is generalising the definitions of the basic terms, principles and risk management processes by utilising the latest knowledge and creates the necessary structure for the successful operation of the risk management in the international context. We can recommend the SMEs the following possibilities for reducing the financial risks – e.g. to create a financial reserve, to ask for a short-term or medium-term loan, to prevent wastage, to increase the income (by extending the offered portfolio, by reducing the prices). The reserve serves for overcoming an unfavourable time period and for ensuring the continuity of the entrepreneurial activity (paying the obligations and preventing the company insolvency). If the entrepreneur has not enough financial means, he/she can ask for a short-term or medium-term loan and it will help him/her overcome the problematic time period. The making of the loss can have various causes; however, if the entrepreneur has excessive costs, it is necessary to prevent wasting and to increase incomes. The wastage can be prevented by utilising various quality management tools (e.g. the Lean Management). The increase of the incomes can be reached by extending the offered portfolio or by reducing the prices. The SMEs identify the financial risks only on the basis of the accounting data and according to the profitability rate, i.e. after they develop. Based on the current experience a lot of managers utilise their knowledge from the past. However, any risk assessment based only on own experience and feelings is currently insufficient. The factors investigated – the duration of doing business and the number of employees – revealed that their influence on the extent of the financial risk can be never underestimated. Therefore the owners or responsible managers of the Slovak SMEs should re-assess their attitude to the financial risk management, consider the rate of performing the financial risk sources and to realise steps to reduce them.

ACKNOWLEDGEMENT: Publication of this paper was supported by the Scientific Grant Agency: The project VEGA No. 1/0560/16 - Risk Management of Small and Medium Sized Enterprises in Slovakia as Prevention of Company Crises. The project KEGA No. 030ŽU-4/2018 - Research of Risk Management in Enterprises in Slovakia to create a new study program Risk Management for the FBI University of Zilina.

LITERATURE:

1. Agarwal, R. & Ansell, J. (2016). Strategic Change in Enterprise Risk Management. *Strategic change-briefings in entrepreneurial finance*. 2016, Vol. 25, Issue 4, pp. 427–439.
2. The American Institute of CPAs (Certified_Public_Accountants). (2017). Retrieved 16.07.2018 from <http://www.aicpa.org/Pages/default.aspx>.
3. Belás, J., Dvorský, J., Kubálek, J., & Smrčka, L. (2018). Important factors of financial risk in the SME segment. *Journal of International Studies*, 2018, 11(1), pp. 80–92.
4. Belás, J., Macháček, J., Bartoš, P., Hlawiczka, R., & Hudáková, M. (2014). Business risks and the level of entrepreneurial optimism of SME in the Czech and Slovak Republic. *Journal of competitiveness*, 2014, Vol. 6, Issue 2, pp. 30–41.
5. Bogodistov, Y. & Wohlgemuth, V. (2017). Enterprise risk management: a capability-based perspective. *Journal of risk finance*, 2017, Vol. 18, Issue 3, pp. 234–251.
6. Brachert, M., Hyll, W., & Titze, M. (2017). On the simultaneity bias in the relationship between risk attitudes, entry into entrepreneurship and entrepreneurial survival. *Applied Economics Letters*, 2017, Vol. 24, Issue 7, pp. 477–480.
7. CGMA. (2017). *Global Management Accountant - Global State of Enterprise Risk Oversight 2nd edition*. Retrieved 15.07.2018 from <http://erm.ncsu.edu/library/research-report/cgma-report-on-the-global-state-of-enterprise-risk-oversight>.
8. FERMA. (2017). *European Risk and Insurance Report. Executive Summary of the FERMA, Risk Management Benchmarking survey*. Retrieved 19.07.2018 from <http://www.ferma.eu/risk-management/>.
9. Fraser, J. R. S. & Simkins, B. J. (2016). The challenges of and solutions for implementing enterprise risk management. *Business horizons*, 2016, Vol. 59, Issue 6 Special Issue: SI, pp. 689–698.
10. Gates, S., Nicolas, J. L., & Walker, P. L. (2012). Enterprise Risk Management: A Process for Enhanced Management and Improved Performance. *Management Accounting Quarterly*. 2012. Vol. 13, Issue 3, pp. 28–38.
11. *Global risk management survey, seventh edition. Navigating in a changed world*. (2018). Retrieved 16.07.2018 from <https://www.iaa.nl/SiteFiles/Global%20Risk%20Management%20Survey-7.pdf>.
12. Global trends 2025. (2017). *A Transformed World*. Washington D.C.: US Government Printing Office. Retrieved 23.07.2018 from www.dni.gov/nic/NIC_2025_project.html.
13. Habanik, J., Hostak, P., & Kutik, J. (2013). Economic and Social Disparity Development within Regional Development of the Slovak Republic. In: *Economics and Management*, 2013, 18(3), pp. 457 – 464.
14. Hudáková, M., Dvorský, J., Lusková, M., & Schönfeld, J. (2017). The Market Risk Analysis and Methodology of its More Effective Management in Smes in the Slovak Republic. *Montenegrin Journal of Economics*, 2017. Vol. 13, Issue 2, pp. 151–161.
15. Hudáková, M. & Lusková, M. (2016). Global environment impacts on enterprise risk management. *Globalization and its socio-economic consequences: the 16th international scientific conference*, Slovakia, Zilina: ZU - University of Zilina, pp. 694–701.

16. Hudáková, M., Buganová, K., Lusková, M. (2014). Small and Medium-Sized Enterprises Business Risks in Slovakia. *WMSCI 2014: the 18th World Multi-Conference on Systemics, Cybernetics and Informatics*, Orlando, Florida, USA, pp. 240-245, 2014.
17. Kelíšek, A., & Klučka, J. (2017). Strategic Approaches to Risk Management in a Modern Enterprise, *Contemporary Research on Organization Management and Administration*, 2017. Vol. 5, Issue 2, pp. 46–53.
18. Ključnikov, A. & Popesko, B. (2017). Export and its Financing in The SME Segment. Case Study From Slovakia. *Journal of Competitiveness*, 2017, Vol. 9, Issue 1, pp. 20–35.
19. Klučka, J. & Grünbichler, R. (2016). Risikomanagement: Vebreitung, Bedeutung und zukünftige Erwartungen: Ein Vergleich zwischen Österreich, Slowakei und Deutschland. *Controller Magazin, Arbeitsergebnisse aus der Controller-Praxis*, 2016, Vol. 41, Issue 5, pp. 49–54.
20. Kozubíková, L., Dvorský, J., Cepel, M., & Balcerzak, A. P. (2017). Important characteristics of an entrepreneur in relation to risk taking: Czech republic case study. *Journal of International Studies*, 2017, 10(3), pp. 220–233.
21. Ojiako, U., Papadopoulos, T., Thumborisuthi, Ch., & Yang, Y. F. (2012). Perception variability for categorised risk factors. *Industrial Management & Data Systems*, 2012, Vol. 112, Issue 4, pp. 600–618.
22. Sira, E., Vozarova, Kravcakova, I. & Radvanska K. (2016). Using of risk management at small and medium- sized companies in the Slovak Republic, *Economic annals-XXI*, 2016, Vol. 156, Issue 1-2, pp. 71–73.
23. Slovak business agency. (2018). *Analysis and surveys of business environment*, Retrieved 16.07.2018 from <http://www.sbagency.sk/analyzy-a-prieskumy-podnikatelskeho-prostredia>.
24. Slovak business agency. (2017). *Report on the State of Small and Medium-sized Enterprises in the Slovak Republic in the year 2017*, Retrieved 23.07.2018 from <http://www.sbagency.sk/stav-maleho-a-stredneho-podnikania>.
25. Wegner, D., Zarpelon, F. M., Verschoore, J. R, & Balestrin, A. (2017). Management practices of small-firm networks and the performance of member firms. *Business: Theory and Practice*, 2017, Vol. 18, Issue 1, pp. 197–207.

ISLAM AND CHRISTIANITY IN THE CONTEXT OF MODERN CULTURE

Irina Leskova

*Associate professor, professor of the department of sociology,
Russian State Social University, Moscow
leskova.i@yandex.ru*

Kristina Muslimova

*Post-graduate student of department of sociology,
Russian state social university, Moscow
myslimo@mail.ru*

Sergey Zyazin

*Post-graduate student of department of sociology,
Russian state social university, Moscow
wasatyay@mail.ru*

ABSTRACT

The dialogue between Islam and Christianity, Muslim and Christian culture has historical and religious roots, not only the fate of both world religions and cultures depends on its capabilities, but also of humanity. The article focuses on the problems of social mechanisms of harmonization of relations between Muslim and Christian cultures. It is actualized that modern society requires a new vision of the world in all its manifestations. The consequences of global globalization processes, affect all spheres of society, promote the growth of pluralism and interpenetration of cultures. Traditions that are religious, become religious culture. Secular culture and socio-cultural environment activated religious structures and institutions, launched the processes of desecularization, revitalization of religion and religious renaissance. Very important that Russia's experience in the matter of religious interactions is unique, has a centuries-old way of maintaining Muslim and Christian of its confessional identity. Russian social and humanitarian science has significant achievements in the study of Islam and Christianity, the conceptual foundations of peaceful coexistence, the legal traditions of the two world religions and many tangential themes. The dialogue of the Muslim and Christian cultures has not yet become the subject of systematic sociological comprehension. Particularly noted is the fundamental scientific jurisdiction.

Keywords: *desecularization, the Bible, the Koran, Muslim and Christian cultures, social harmonization mechanisms, revitalization of religion, religious renaissance*

1. RELEVANCE

Globalization not only returned many nations to an active role in history, but also revised the significance of cultures for world history. Civilizations, formed on the foundation of their religions, are forced to rethink the meaning of religion for the revival of their culture. Historical reality dictates the rules and calls to realize the meanings of religious cultures and the importance of religion for the modern person as a whole. Religion has always fulfilled fundamental functions in the life activity of human society - self-identification, ritualization of life, social integration, world perception, communication, etc. These functions are especially relevant today, in the period of large-scale sociocultural changes, the spread of postmodern ideas that call into question traditional values. There is an explicit scientific position, according to which in a world where chaotic and uncontrolled processes of social change are taking place, people seek to unite around traditional sources - identity, ethnic consciousness, religious

components. Umberto Eco, a famous philosopher, semiotic, media expert, called this trend "a return to the New Middle Ages" [19]. We emphasize that in the context of the global advance of terrorism, the preservation of traditional Christian and Muslim identity is extremely important, since it is the identity that was formed historically, preserving cultural national codes, can serve as a basis for modeling the policy of inter-confessional consent and is the guarantor of religious stability. At the same time, a new geopolitical vision and the ongoing globalization processes created irreversible conditions, when it will never be possible to live in separate civilizations, having passed state and canonical boundaries. The world has become a crossroads of all religions, where a new meeting of Christianity and Islam takes place. Today, Christianity professes about 33% of the world's population, Islam - almost 23%. By the middle of this century, the number of Muslims and Christians can catch up. The interaction of civilizations is an indispensable condition, and as a result, the perception of the values of other cultures. Interaction and mutual influence are a complex and contradictory process, caused by changes of varying degrees. Pitirim Sorokin noted that "... such interaction, no matter how painful it may be, is a necessary condition for any culture to be creatively developed throughout its existence. The creative forces of any culture can be exhausted, and then the cultures and societies become "dead and uncreative". Cultures and societies that do not change form and find new ways and means of transferring values become inert and unproductive " [14, c. 433]. Having a common to all mankind orientation, world religions reflect the national life of a certain ethnos. Religion starts the process of reproduction of certain traits laid in culture, way of life, customs, traditions, while acting as a specific form of uniting and alienating people of one ethnic identity, but of different creeds [21, 22]. Analyzing the problem of dialogue between the two cultures is primarily connected with clarifying the essence and content of such concepts as "religious culture", "Muslim culture", "Christian culture» [20]. By religious culture we mean a special sphere of culture where the content and goal-setting of actions by all actors is aimed at understanding all the complexities of human metaphysical coexistence, community and the world as a whole, at the base of which irrational dogmas are laid. The most important component of religious culture is the performance of religious rituals. There are religious culture material (in its basis is a religious cult) and spiritual. The religious basis becomes the core of the national culture, the uniqueness of which depends on the features of the vision and interpretation of the world. Achievements of scientific progress could not remain in the side of religious culture. Gradually a new attitude to the world around us is formed, a new type of religious culture, which, in turning to God, uses the new cognitive abilities of man. The current state of religious culture reflects the relationship between culture and religion, in which the experience of a future culture, including Russian society, is implicitly embedded. There are both internal factors of the development and transformation of religious culture - it is the internal logic of the development of religion itself (modernization, reforms within some religious faiths), and external ones are social and political processes, the development of information technologies. Against the background of modern transformations of religious culture, new information technologies that have the function of communicative and informational enrichment of culture through the establishment and reproduction of both the connection between man and God, and with the use of modern technologies, acquire special relevance among external factors that influence public consciousness (politics, ideology, science). clergy and coreligionists. Muslim culture in a narrow sense can be imagined as the culture of Muslim peoples following and preserving orthodox Islamic values and customs. In a broad sense, one can interpret both the classical and modern culture of all peoples professing Islam and living on the territory of its spread [2]. In its most general form, Christian culture is a special order of building a society based on Christian worship and worldview.

2. METHODOLOGY

The question of methodological and theoretical grounds opens the prospect of introducing methods of interdisciplinary sciences widely used in the philosophy of religion, anthropology, religious studies, philosophy, history, sociology, and political science. Sociocultural and civilizational approaches are perspective. In the socio-cultural approach to the study of the socio-religious sphere, there are a number of key characteristics that point to its integration potential and, at the same time, can serve as arguments in favor of the expediency of its application in the studies of the above-mentioned sphere. Sociocultural approach focuses attention on the existence of integral characteristics of the superorganic world, and therefore implies an understanding of society and culture as a whole. The unity of the social and cultural gives grounds for characterizing such a world as a socio-cultural reality, and its phenomena as socio-cultural phenomena. The sociocultural approach presupposes understanding of culture and sociality as interpenetrating fragments of reality and is actualized in the conditions of modernization and secularization, when religion is increasingly moving beyond the range of strictly religious ideas and appears as a "multitude" of cultural values, values and meanings. An example of a cultural form that represents a way of being an individual in the realities of modern society can become a religious community (in the Islamic culture - Ummah). From the standpoint of the sociocultural approach, society, culture and the individual need to be considered integrated - as a complex indivisible unity. The culture itself in this case appears as representative, which encompasses beliefs, perceptions, worldviews and ideologies that people either perceive actively or recognize passively. The civilizational approach is used not only as a comparative method for studying the specifics of the development of various civilizations with their particular cultural values. The importance of the civilizational approach consists in "refusing to apply the principle of Eurocentrism, which is a narrow approach to analyzing world history, is a consequence of the lack of knowledge about the history of other peoples, and in a certain demonstration of superiority over other, non-Western civilizations" [2, p. 60]. The civilization approach gives the probability of realizing the analysis of the historical chronology of the development of all mankind as a multivariate and alternative process, denying development as a single "trunk" vector of civilizational historical development, empirically represented by the history of Western Europe. This approach promotes the identification of both unique and universal cultural values, as well as the specificity of the cultural values of individual civilizations. Regarding the attitude to religious culture, it is methodologically important for E. Durkheim to point out that, in fact, there are no religions that would be completely erroneous. All of them are correct in their own way; all of them, though in different ways, correspond to these conditions of human existence [4, pp. 174-177].

3. RESULTS

In the context of intercultural and interreligious relations, the term "dialogue" has been used since the second half of the 20th century. Analyzing the semantics, the meaning of the term "dialogue" is approximated to the term "discourse", however the traditions of using these terms are different. The significant and important distinctive markers between them is the fact that the "dialogue" emphasizes the interactive nature of the use of the language, whereas for the use of the term "discourse" it is important to understand the inclusion of communication in the social context " [9, p. 21]. Modern dialogue of cultures is not limited to religious dialogue. Religious dialogue is a theological dialogue. In this sense, the Muslim-Christian theological dialogue arose, developed and achieved significant progress in recent decades, mainly in the form of polemics. This, however, does not prevent the theologians who represent these religions, to find common values, to seek ways to move from the ethics of theological tolerance to the positions of broad worldview solidarity. The Muslim-Christian theological dialogue meets many challenges, as the processes of globalization contributed not only to the

constructive relationships of civilizations and, but also triggered a fundamentalist reaction in the form of Islamism and anti-Islamic motives in modern Christian eschatological futurology. In the face of growing threats to the future civilization, the identification of the positive potential for the further development of the Muslim-Christian theological dialogue is of particular importance. In general, the researchers distinguish three levels of the existing dialogue [20]. The first level is a modern dialogue between learned theologians who are Muslims and Christians. The most significant, according to J. Vardenburg, is the Muslim Christian Research Group, which was formed by fifteen scientists on the initiative of G. Caspar's father in 1977. This includes representatives of Islam, Catholicism and Protestantism, widely known for their own theological and historical research. This initiative is supported and developed through the Roman Pontifical Institute for Arabic and Islamic Studies, the Center for Islamic and Christian Studies at the University of Birmingham, the Center for Muslim Christian Understanding (Georgetown University, Washington, DC) and the Paris Institute of Arab and Islamic Studies. The second level of the dialogue is practical. There is a broader cooperation between Muslims and Christians in Western and Muslim countries, to ensure human rights, protect minorities, peacefully resolve conflicts, and seek ways to achieve justice and peace. The third level of the dialogue concerns studies that change the Eastern view of the West and the West about the East. The discovery of the cultural heritage of "others" does not allow us to see the "other" barbarians but opens the way from alienation and conflicts to tolerance. The first level of dialogue is of greatest importance today. But in the Middle Ages all three levels of dialogue were of great importance, because at that time stereotyped ideas about the "friend" were formed, the full overcoming of which has not yet been realized today. In the times of modernity and postmodern, a third level of dialogue has a significant impact on Christian-Muslim theological discussions, which is designed to deconstruct the stereotypical ideas rooted in scientific discourse.

4. DISCUSSION

Dialogue of cultures, the dialogue between Muslim and Christian cultures, predetermines the fact that there are some common principles and common life goals between the parties that enter into it "[9, p. 21]. In the opinion of A.M. Al-Rauhani, "the dialogue of cultures should be based on two basic principles: recognition of the existence of" the other "as its inalienable right; understanding of the "other" as a necessary cultural component. As for the understanding of the "other", this implies understanding of some peoples by others - their mental cultural, scientific and religious component, studying their economic and social situation - for easier detection of parallels, on the basis of which we should conduct a dialogue of cultures " [9, p. 21]. As we can see, for the dialogue, the figure of the "other" (interlocutor) is fundamentally important. In the interreligious dialogue, the subjects of dialogue are religions. The role of "another" is played by another religion. Under such conditions, in the model of "interreligious dialogue" the main initial condition (the essence of such a dialogue), according to the classical model of dialogue, should be the recognition of "another" - any religion that can potentially be a partner in a dialogue - equal in rights to its religion. Therefore, the initial condition for interreligious dialogue is the perception of another religion as an equivalent own. If we apply this principle to interreligious dialogue, then in the mechanism of dialogue another religion may be alien, but in the course of the processes of dialogue and interaction it properly becomes its own. And here the question arises: can this or that religion conduct an interreligious dialogue, defining another religion equal to itself, recognizing its doctrines to be equal to its own? Calls for equal treatment of "others" are contained in the sacred texts of world religions. That is, each religion is potentially ready to recognize the other as equal to itself and the basis for this is the sacred texts. Let us emphasize that the sacred texts are not the only source on which they rely in religions when presenting positions on other religions.

The answer can be found in the official position of a particular religion, indicated in official materials, documents, social doctrines (if any) in relation to other religions. For example, in the Christian religion, "others" are understood as "pagans" or "heretics", "sectarians," and in Islam a division into Muslims, "people of the Book" and "infidels" is accepted. We emphasize that there is clearly a clear division into "our" and "outsiders". In the presented distribution relative to other religions, their "alienation" is recognized. Obviously, this is far from being an attitude towards the "other" as an equal to itself, on the basis of which it is possible to build parity relations. Therefore, when conducting the Christian-Muslim dialogue, there should be an absolute taboo in the discussion regarding the content of the faith of each party.

5. CONCLUSION

The main direction of the solution of the problem raised is the construction of a dialogue between the two cultures on the basis of the commonality of meaningful values, which means excluding from the agenda of dogmatic or orthodox religious disputes that are not constructive and, as history shows, it is essentially impossible to find consensus in them is not about the truths of the mind, but about the truths of faith. In carrying out an equal dialogue, the prohibited activities should be the missionary activity of the parties aimed at turning the opponent to their own faith. Let's note, as a rule, the Orthodox side never resorted to missionary activity among Muslims. Otherwise, the Catholics and Protestants who are active today in missionary work, including in Islamic countries, have had a situation, however their missions "always had only one result: an outbreak of Muslim anger, the victim of which was not only visiting preachers but also local Christian communities. Between Muslims and Orthodox never and never encountered clashes on religious grounds precisely because Orthodoxy has always observed the main condition of good-neighborliness with Islam: non-interference in its internal affairs" [1]. It is precisely such characteristics and qualities of Orthodoxy and Islam as adherence to traditions, based on respect for our own history and culture, and the preservation of high demands on the moral standards of believers - can, in our opinion, become that common ground on which constructive dialogue between Muslim and Christian cultures.

LITERATURE:

1. Ikim Vladimir, Archbishop. Tashkent and Central Asia. Principles of the Orthodox-Islamic dialogue [Electronic resource]. URL: <http://www.mission-center.com/islams/vladimir.htm>
2. Islamic Encyclopedia [Electronic resource]. URL: <http://islamist.ru/>.
3. Kyrbayev N., Muslim civilization: the challenges of globalization // Svobodnaya Mysl. 2007. № 11. p. 141-154.
4. Classics of world religion: in 2 volumes/ [comp. and scientific. Ed.: Krasnikova A.]. Moscow: Canon +, 1998. Vol. 2. 1998. p. 432.
5. Koval T., Dialogue of religions: the boundaries of the possible // In the collection: "Alliance of Civilizations" (a difficult dialogue in the context of globalization) A collection of materials of the "round table". Responsible editor: Yakovlev P., 2010. p. 66-88.
6. Kulakova B., Alternative images of cultures: mutual understanding of Muslims and Christians // Scientific thought of the Caucasus. 2010. № 1 (61). Pp. 60-63.
7. Kulakov B.E. Symbolic codes of understanding in the field of the everyday life of Muslim and Christian spiritual culture // Polythematic network electronic scientific journal of the Kuban State Agrarian University. 2013. No. 90. P. 963-972.
8. Leskin D. The Islamic factor in the life of Russia: the experience of dialogue // In the collection: the science and culture of Russia. Samara, 2012. P. 67-76.
9. Manapova V.E. Representation of ethnic self-awareness in intercultural dialogue (philosophical and cultural analysis): diss. ... doc. philos. sciences. Makhachkala, 2013. 309 p.

10. Melnik S.V. Interreligious dialogue: the problem of semantics and criticism of the main strategies // Historical, philosophical, political and legal sciences, culturology and art history. Questions of theory and practice. Tambov: The diploma. 2012. № 2 (16): in 2 hours 4.II. P.129-134.
11. Orishev A.B., Mamedov A.A.A., Islam in Europe: the history of penetration // Socio-humanitarian knowledge. 2014. No. 6. P. 302-312.
12. Pomerants G.S., Clash or dialogue of cultures? Alternatives for Europe // Actual problems of Europe. 2005. № 1. P. 11-27.
13. Sakhrokov V.A., Islam-Christian dialogue for sustainable development of civilizations // Social policy and sociology. 2012. No. 7 (85). Pp. 61-74.
14. Sorokin P. The Man. Civilization. Society. M., 1992. 610 p.
15. Tukhtiyeva G.T. The Bible and the Koran as the basis of spiritual culture // G.T. Tukhtiev. SPb., 2003.
16. Fomenko E.A. Education of men in religious families: Christian and Muslim practices // Higher School. 2017. No. 1. P. 68-69.
17. Khalil M.A.M. Religious situation in Russia. sociological analysis of Christian-Muslim interaction // Bulletin of Voronezh State University. Series: Philosophy. 2009. № 2. P. 94-108.
18. Shakhov M.O. Muslim religious associations in the Russian Federation and the law / Mikhail Shakhov. - M.: ID "Medina", 2018. - 724 pp.) - (under the general editorship of Mukhetdinov D.V. - 2nd ed., Additional and revised).
19. Eco U. The Middle Ages have already begun [Electronic resource]. URL: <http://anthropology.ru/en/text/eko-u/srednie-veka-uzhe-nachalis>.
20. Waardenburg J. Muslim Perceptions of Other Religions. New York - Oxford: Oxford University Press, 1999. 350 p.
21. Leskova I.V., Osadchaya G.I., Yudina T.N. Eurasian economic union: peculiarities of integration processes // In the collection: Economic and Social Development Book of Proceedings. Varazdin Development and Entrepreneurship Agency; Russian State Social University. 2017. P. 695-701.
22. Osadchaya G.I., Leskova I.V., Yudina T.N. Everyday practices of Muscovites // In the collection: Economic and Social Development Book of Proceedings. Varazdin Development and Entrepreneurship Agency; Russian State Social University. 2017. P. 672-678.
23. Tereshina, O.V. (2016) Islamic Democracy and Islamic Fundamentalism (Political Islam), Contemporary Problems of Social Work. Vol. 2. No. 3 (7). P. 106–113. DOI: 10.17922/2412-5466-2016-2-3-106-113.

LAW AS A SOCIAL VALUE

Igor Loshkarev

*Russian State Social University, Russian Federation
loshkarev.1994@mail.ru*

Maria Lavrentyeva

*Russian State Social University, Russian Federation
LavrentevaMS@rgsu.net*

Yelena Chinaryan

*Russian State Social University, Russian Federation
berendeevaao@mail.ru*

ABSTRACT

The article is devoted to a comprehensive study of the problem of determining the social value of the law. During the study period, both general scientific and private scientific methods of cognition were used. The instrumental social value of the law is revealed, its performance as a powerful factor of progress. The social value of the law in the realization of the will of all subjects of legal relations, the maintenance of the development of social relations, as well as in its achievement of world significance, is grounded. A socially valuable property of the right to express and determine the amount of individual freedom in society is established. The ability of the right to exercise justice is defined.

Keywords: *will, society, social relations, general social regulator, law, freedom, social development, social value, justice, value*

1. INTRODUCTION

1.1. Introduction to the problem

At present, the human society is the result of people's cooperation with each other. It is a self-developing system of connections of individuals, which are united by group, class, economic, ethnic, family and other interests and relationships. Despite the complexity of the social structure, the diversity of its constituent parts, the society simply can not exist without orderly and stable relations connected with economic work and the division of human labor. A similar phenomenon, which organizes, regulates and regulates social relations, is the law. At the moment, the chosen path of development of the Russian Federation particularly updates the topic of the social value of the law. The system of public reference points and needs is changing, transformations are taking place in all spheres of society. The law also does not remain unchanged, its significance in the sphere of public life is increasingly increasing. In its content it reflects the formed social needs of members of society, taking into account all the changes that have taken place in the society. The law, along with this, is a means of quickly and qualitatively implementing the necessary transformations. The problem of determining the social value of the law at the current stage of development of Russian society is extremely significant, since without its comprehensive research it is not possible to improve properly the mechanism of legal regulation, to optimize the system of the law to socially fruitful functioning. The solution of this problem is the most important prerequisite for the subsequent progressive development of the Russian state.

1.2. Degree of knowledge of the problem

Despite the obvious urgency of carrying out a comprehensive study in the sphere of determining the social value of the law, the necessary attention to this problem in the scientific literature

was not given. Nevertheless, different authors did research on some aspects of the problem of determining the social value of the law. Some ways to solve this problem were revealed in fundamental research: L.T. Bakulin, P.V. Krashennnikova, L.A. Morozova, M.K. Suleimenov. In dissertational works: A.T. Baskakov, G.A. Golovchenko, M.A. Pronina, V.S. Sharonov. Some aspects of determining the social value of the law were examined in scientific articles: I.Kh. Babadzhanov, A.T. Baskakov, M.M. Brinchuk, V.N. Gerasimov, T.V. Parokhnenko, G.K. Iskakova, S.V. Kobylinskaya, G.N. Komkova, M.S. Koshelev, M.S. Kukushkina, G.S. Pratsko, M.S. Mayorova, D.A. Matantsev, V.V. Makeev, V.I. Shepelev, A.M. Ponomarev, N.Yu. Rasheva, N.D. Gomonov, A.S. Stradanchenkov, V.A. Tolstik, N.A. Trusov, S.N. Chernykh, V.A. Yusupov.

1.3. The results of previous scientific research of the problem

- It was found that the law can provide a stable and long-term order in the social relationships of members of society. This procedure operates constantly, without any unauthorized changes, continuously in time and throughout the territory of the Russian Federation.
- It is revealed that due to its properties, the law ensures the achievement of accuracy and certainty in the content of social relations. In this case, the main function is assigned to the formal certainty of the law. As a result, the legal regulation of social relations among members of society has clear boundaries¹.
- It was determined that with the help of the law it is securely possible to achieve a certain result. Its achievement is ensured by the support of the law by various measures of state coercion.
- It is established that the law forms an opportunity for the progressive development of the Russian Federation and members of society, of the national economy, and facilitates the resolution of various social conflicts.

2. METHODS

In the process of writing scientific article were applied both general scientific and special scientific methods of cognition. The general scientific methods that were used in the study include system analysis, synthesis, induction, deduction. Among the special scientific methods of cognition there are comparative legal, historical-legal, system-structural, formal-legal, analytical and statistical methods were applied. With the help of the historical-legal method, the specificity of the influence of historical conditions on the development of law and its emergence as a social value was revealed. The comparative legal method made it possible to compare the legal norms under study both with domestic law and with international law. On the basis of the system-structural method of cognition, structural links were established between legal elements, value elements and value-legal elements. With the help of a formal legal method, the analyzed norms of law, determination of value were processed and analyzed. The analytical method of cognition allowed us to investigate the problem of determining the social value of law, initially in its separate aspects, then in a complex form, as a single and integral phenomenon. With the help of the statistical method, various statistical data were analyzed that had a connection with the investigated problem and could be used in this study to resolve it.

3. RESULTS

It is revealed that the law has an instrumental value. Thanks to it, the actions of members of society become organized, sustainable, coordinated, and controlled. As a result, ordering elements are introduced into social relations, they acquire a civilized character. In the absence of the law, it is impossible to a state-organized society to organize the creation of material

¹ (Morozova, 2018, pp. 464)

goods, as well as their fair distribution. With the help of the law, these forms of property are consolidated and developed, which exist only under a given state system. It is an effective means of state administration. It is substantiated that the social value of law is expressed in the fact that it implements the will of all subjects of legal relations and thereby supports the development of social relations in which both the subjects of these legal relations and the society as a whole are interested. The supreme social value of the law lies in the impact on the actions and behavior of members of society by harmonizing their individual interests. The law does not deprive individual characteristics of private interests, does not suppress them, but coordinates them with the common interests of the whole society. The fuller and more qualitatively in the content of the law will be displayed given individual or private interests, the stronger will be social value of the law expressed. It was established that the social the value of the law lies in its property to express and determine the amount of individual freedom in society. At the same time, it does not determine the scope of freedom in general, but only establishes the measure and boundary of this freedom. The most complete law is the personification and bearer of public freedom, social activity, which are one with public responsibility. It also represents an order in which the lack of control, arbitrariness and self-will of individual members of society and social groups are as far as possible excluded from people's lives. Law and freedom are interrelated and inseparable. It is determined that the social value of law manifests itself in its ability to express the ideas of justice. In this case, the law acts as a criterion for the fair distribution of wealth, it establishes the equality of all members of society before the law, regardless of their social status, financial position, origin. The social importance of the law to establish justice is so obvious that on the basis of this it is possible to conclude that the law is a normatively fixed and realized justice. Historically, justice in the understanding of members of society always had a connection with law. It was revealed that the social value of the right is also contained in its manifest as a powerful factor of progress, a source of social development in conjunction with the historical course of social development. The role of the law becomes particularly significant against the background of the collapse of non-democratic regimes, the establishment of new market economic mechanisms. In such cases, it creates a qualitatively new sphere in which other forms of activity and communication are established. It is proved that at the present time the law has reached global importance. Its approaches are the main and the only permissible civilized way of resolving interethnic and interstate conflicts. It is endowed with the qualities of a general social regulator with the help of which the achievement of social harmony and social peace is effectively realized, and tension in society is removed. Environmental problems are also effectively resolved both at the domestic and international levels.

4. DISCUSSION

The right is undoubtedly one of the fundamental values of the common social culture that human society has developed over the period of its existence. For individuals of a society, the law has the meaning of social value. This shows its high social importance, the basis of morality. The law is a subsystem of the society, it directly depends on various changes taking place in society². In the scientific environment, the law does not have a single definition, in view of this, there is a multiplicity in its definition. In the whole history of the existence of mankind, it has been transformed and modified on the basis of the social order, the way of life of peoples, their cultural and moral development, geographical location, and so the definition of the absolute law has not been found yet. It is highly unlikely that it will be developed in the near future, since the evolutionary processes in society are continuously continuing and, along with this, the law also changes³.

² (Koshelev, 2015, pp. 268-270)

³ (Gerasimov, Parokhnenko, 2014, pp. 313-317)

Now in the scientific literature there are different types of legal understanding, as a rule their number is limited to two or three. Among them there are types of legal understanding such as: statist, sociological and natural-legal⁴. In the world there are a large number of legal systems, in the past, they were also large in number. The first systems of law arose in ancient times and received the name - Inca law, Roman law. Modern legal systems have names - Anglo-Saxon, Romano-Germanic system of law, along with them there are other systems of law. Law is not only a fundamental system of legal relations in society, but also one of the varieties of regulators of general social relations⁵. Discovering the social nature of law in the natural-historical aspect, it is necessary to take into account the fact that it is the result of the awareness of the members of society of the principles and ideals of social cohabitation. To understand the legal essence, its meaning as a social phenomenon it is necessary to conceive the society as a whole. The law arises only in the event that there is recognition of the rights and freedoms of not only one person, but the whole people. This also means recognizing the diversity of human society. In view of this, law plays the role of an equal measure for all members of society. In the process of the development of the society, not only human values, but also their content, have undergone changes. In this aspect the law, being relatively equal and fair scope of freedom of its own social value, is continuously replenished with new content and meaning. At present, as a rule, in each state, the natural rights and freedoms of members of the society are legally fixed in various regulatory legal acts. The state itself acts as a protector of these rights and freedoms, being a specific political organization of the society. It can operate only within the law. Despite subjective assessments from individual members of the society, justice is a generally valid value and is only practiced in a legal framework. In this case, the law, like justice, has such a social value, the significance of which is revealed by the need to fix civil rights and freedoms. With regard to individual members of society, the right in the role of social value implements another function - the constitution of the individual as a social agent. In this case, the law gives the member of society the right to choose, the right to have the right. Thus, it gives the person freedom of will. In the event that an individual renounces his own right, his waiver of the right to choose and free will is realized⁶. Such a concept as the realization of law denotes the practical embodiment of the content of the norms of law in all ways and in all forms. Thanks to this, the diverse interests of the widest possible range of subjects are satisfied. The realization of law plays the role of a basic, central legal category that delineates the functional purpose of the law as a way of regulating social relations and reveals, in connection with this, its social value⁷. According to Article 2 of the Constitution of the Russian Federation, a person is the highest value. Therefore, the state is obliged in every possible way to take care of the well-being of man, including his ecological well-being. In view of this, Article 42 of the RF Constitution establishes the right of every person to a favorable environment⁸. It is worth noting that the natural and inalienable rights of members of society contain the general social, natural-historical nature of law. It seems possible to conclude that the legal essence, as a social value, constitutes the rights and freedoms of members of society, the main content of any expression of true law. The law also fulfills the function of ensuring the security of the rights and freedoms of individuals, without which a civilized society can not exist. Unlike the natural law, which is given to a person from birth, the positive law is developed, formally recognized and protected by the state⁹. In no case should we forget that the basis of positive law is natural law, that the norms of positive law should not contradict the general social law and the freedoms of members of society.

⁴ (Suleimenov, 2016, pp. 360)

⁵ (Bakulin, 2017, pp. 384)

⁶ (Ponomarev, 2016, pp. 73-90)

⁷ (Sharonov, 2017, pp. 196)

⁸ (Brinchuk, 2017, pp. 115-121)

⁹ (Krashennnikov, 2016, pp. 256)

Failure to comply with this rule can lead to a gap between positive and natural law and to the undermining of public order. Before claiming the law to socio-cultural values, it is necessary to find out what is meant by them. With the help of values, human culture itself is expressed, all the achievements that society has been able to achieve at a certain point in its evolutionary development. These values are not formed from the momentary requests and preferences of society, but from requests and preferences that have long-term and important significance for the life of members of society. Values are more important to society than political goals, which can dramatically change¹⁰. The problem of determining value has a philosophical character and affects the volume of issues facing society since ancient times. This range of issues includes issues of utility and harm, justice and injustice, about the good and the ideal. The concept of "value" in philosophical literature was introduced by the German philosopher G. Lotze in the sixties of the nineteenth century. He defined this concept as a certain "significance of something in contrast to the existence of an object or its qualitative characteristics"¹¹. Currently, socio-cultural values are understood as specific life rules used by members of society in their daily lives, rules that determine the basic models of social behavior of an individual as much as possible and establish the attitude of members of society to their surrounding reality. Undoubtedly, these values are determined by the cultural and historical development of society, as well as continuously reproduced in the period of vital activity of members of society, are transferred from one generation of people to another¹². The social values of legal culture are expressed in the individual activities of individuals, they can be changed in connection with the development of the legal relations themselves. As a rule, the values of legal culture contribute to the improvement of the structure and state of the legal culture, have a beneficial effect on law, on members of society, on the legal institutions of society and the state¹³. In the event of a significant change in legal values, the level of legal culture is being replaced as a stage of gradual development. Each step of legal culture is the result of the past and plays a certain role in creating and shaping the future social and legal state¹⁴.

5. CONCLUSION

Summarizing, it should be noted that the fundamental values of the Russian society were emerged and formed during the entire period of the state's existence. If you pay attention to the history of the formation of fundamental values that are basic, it is possible to discover the fact that the Russian Federation is the center, the core of an individual society. This society has its own characteristics, which are inherent only to it. These features are different from those of the eastern and western civilizations, they have an individual and non-repeatable character. Law is a civilizational and cultural phenomenon, the accumulator of principles and natural ideas of members of society, defined by human and social nature. With the activity and progress of civil society, the law increases and strengthens its social and value potential. It is on a par with social development, most fully reflects all processes taking place in society and thus is its cultural part. Despite the many forms of its external manifestation, the law always plays the role of a sociocultural value. At the level of social consciousness, it is always perceived by members of the society as a form of good, an indispensable and indispensable condition of public life¹⁵. In the scientific literature there are two concepts: "values of law" and "values in law." Proceeding from this, it is possible to come to the conclusion that in the first case the law unites various elements of public culture - political, ideological, ethical, political.

¹⁰ (Stradanchenkov, 2010, pp. 165-168)

¹¹ (Yusupov, 2009, pp. 13-21)

¹² (Mayorova, Matantsev, 2017, pp. 115-117)

¹³ (Pronina, 2017, pp. 199)

¹⁴ (Golovchenko, 2016, pp. 169)

¹⁵ (Makeev, Shepelev, 2015, pp. 64-68)

In the second case, values are meant, in part or entirely settled by law. In view of this, such a category as "value" in legal science is legally defined, in certain cases it also has legislative support¹⁶.

LITERATURE:

1. Babadzhanyan I. (2012). Human life as a social value and the right to life. V. Salnikov, *The World of Politics and Sociology*. № 2. (P. 25-34.). St. Petersburg: Foundation for the Promotion of Science and Education in Law Enforcement "University".
2. Bakulin L. (2017). *Problems of the theory of law and the realization of law: the Textbook (the Textbook of the Kazan university)*. M.: Statute.
3. Baskakov A. (2008). *The abstract law as social value* (the Dissertation on the sociological scientific degree of Cand.Phil.Sci.: 09.00.11). (Ufa): [A. Baskakov].
4. Brinchuk M. (2017). On the supreme value in law. Matveev, *Bulletin of Udmurt University: economics and law series*. No. 5. (P. 115-121.). Izhevsk: Udmurt State University.
5. Gerasimov V., Parokhnenko T. (2014). Law as a social value: problems of understanding. I. Pigorev, *Scientific provision of agro-industrial production: materials of the International Scientific and Practical Conference*. (P. 313-317.). Kursk: Kursk State Agricultural Academy.
6. Golovchenko G. (2016). *The strategy of formation of legal culture of the person in modern Russia: the concept, objectives, main directions* (Dis on scholar step Candidate of Sciences: 12.00.01). (Krasnodar): [G. Golovchenko].
7. Kobylinskaya S. (2016). The human right to a decent life as the main value of a social state. A. Koshaev, *Scientific support of the agro-industrial complex: a Data List of articles based on the 71-th scientific-practical conference of teachers in R & D results for 2015*. (P. 386-388.). Kuban: FSBEI HE "Kuban State Agrarian University".
8. Komkova G. (2012). The category of "value" in the constitutional law of Russia. O. Balash, *Izvestiya of the Saratov University. New series. Series: the economy. Control. Law*. № 2. (P. 97-99.). Saratov: Saratov National Research University named after N.G. Chernyshevsky.
9. Koshelev M. (2015). Law as a value in Russian social philosophy of the late XIX - early XX centuries: an integrated approach to legal understanding. O. Shirokov, *Priority directions of development of science and education*. № 3 (6). (P. 268-270.). Cheboksary: LLC "Center for Scientific Cooperation "Interactive Plus".
10. Krashenninnikov P. (2016). *Times and right*. M.: Statute.
11. Kukushkina M., Pratsko G. (2017). Law as a socio-cultural value. S. Chernov, *Fundamental and applied research: hypotheses, problems, results: from the materials of the First International Scientific and Practical Conference*. (P. 122-127.). Novosibirsk: Center for the Development of Scientific Cooperation LLC.
12. Mayorova M., Matantsev D. (2017). The concept and significance of legal values in the cultural dimension. A. Demchenko, *Historical, philosophical, political and legal sciences, culturology and art. E. In surveys of theory and practice*. No. 8 (82). (P. 115-117.). Tambov: Publishing House "Gramota" LLC.
13. Makeev V., Shepelev V. (2015). Civil society and its needs for social-normative regulation. K. Plyasov, *Philosophy of Law*. № 4 (71). (P. 64-68.). Rostov-on-Don: Rostov Law Institute of the Ministry of Internal Affairs of the Russian Federation.
14. Morozova L. (2018). *Theory of State and Law: A Textbook. - 6th ed., revised and supplemented*. M.: Norma: INFRA-M.

¹⁶ (Komkova, 2012, pp. 97-99)

15. Ponomarev A. (2016). Methodological aspects of the analysis of the functioning of the value-normative system (by the example of law). V. Rudenko, *Scientific Yearbook of the Institute of Philosophy and Law of the Ural Branch of the Russian Academy of Sciences*. No. 4. (P. 73-90.). Ekaterinburg: Institute of Philosophy and Law, Ural Branch of RAS.
16. Pronina M. (2017). *Legal culture and the ideas of patriotism in modern Russia: theoretical and legal research* (Dis scholar step Candidate of Law Sciences: 12.00.01). (Moscow): [M. Pronina].
17. Stradanchenkov A. (2010). The social value of modern Russian legislation in the implementation of national projects and strategic directions of social policy (philosophical and culturological aspect). S. Chernov, *Science and Modernity*. № 1-1. (P. 165-168.). Novosibirsk: Center for the Development of Scientific Cooperation LLC.
18. Suleimenov M. (2016). *Law as a system*. M.: Statute.
19. Tolstik V., Trusov N. (2014). Concept of the content of law. M. Kleandrov, *State and Law*. No. 6. (P. 5-13.). M.: LLC "Integration: Education and Science".
20. Sharonov B. *Execution of law* (Dis scholar step Candidate of Sciences: 12.00.01). (Saratov): [V. Sharonov].
21. Yusupov V. (2009). Administrative law as a social value. A. Asadov, *Bulletin of the Ural Institute of Economics, Management and Law*. № 4 (9). (P. 13-21.). Ekaterinburg: Ural Institute of Economics, Management and Law.

MANAGEMENT OF SOCIAL AND ECONOMIC PROCESSES IN THE REGION: SOCIOLOGICAL APPROACH

Irina Dolgorukova

*Russian state social University, Russia
dolgorukovaiv@rgsu.net*

Tatiana Yudina

*Russian state social University, Russia
iudinatn@rgsu.net*

Tatiana Bormotova

*Russian state social University, Russia
dolgorukovaiv@rgsu.net*

ABSTRACT

The paper suggests an interpretation of the sociology of regional socio-economic processes as one of the areas of study within the framework of economic sociology, concentrating on analysis of socio-economic processes in the region, regional factors of development of socio-economic relations. The aim of the work was to analyze the main sociological approaches to managing social and economic behavior in the region. In the course of the work, the main tasks of the sociology of regional socio-economic processes are highlighted. The consideration of the socio-economic process as a change in the society, reflecting on its welfare, security conditions, political and economic stability and other spheres is presented. The factors that determine the socio-economic processes at the regional level are singled out. On the basis of the work done, it is concluded that today, in the conditions of gradual expansion of the socio-economic independence of the regions of the Russian Federation and the shift of responsibility for solving the problems of social and economic development to the regional level, the scientific approach to the organization of effective management of socio-economic processes in particular region, based on sociological diagnostics, constant monitoring and evaluation of their effectiveness.

Keywords: *socio-economic processes, regional management, economic sociology, sociological analysis of socio-economic behavior in the region*

1. INTRODUCTION

The appeal to the problems of social and economic development of the region is due to its important significance in the life of Russian society. Economic activity as a form of manifestation of social relations not only affects and changes every concrete person, his way of life, but also can enhance the material and spiritual potential of society, create a fertile ground for the practical realization of the abilities and talents of each individual, leads to the unification of nations, the preservation of its national spirit and national pride. The problems of managing social and economic processes in the region are related to its formation and adaptation to the ongoing changes in the field of economic and fiscal policy, adaptation to the dynamics of economic structures. A comprehensive system for managing social and economic processes in the region has not been fully established to-day. Its structure is constantly changing. The applied management system does not perform the functions of stabilizing and stimulating production. Today, in Russia and the world as a whole, the issue of uneven social and economic development of the territories, financial instability of depressed regions is very acute. The sociological approach to the analysis of social and economic problems of the region will allow to reveal social factors and consequences of the development of regional socio-economic

processes, based on the results of monitoring studies, systematically assess regional socio-economic problems.

2. METHODOLOGY

Regional socio-economic processes are studied by many humanities: economics, political science, psychology and others (see table 1). But today it is very important to understand how people are adapting to the economic environment of the region, what factors have a decisive influence on the development of regional economic relations, the system of free enterprise and what is the nature of this impact. Answers to such questions can only be given by sociology.

Table 1: Features of research of social and economic processes within the framework of various scientific directions:

№	Scientific direction	Personalities	Direction of scientific research
1	Economic theory	Adam Smith Richard Cantillon Karl Marx Jean Baptiste Say Johann Tyunen Alfred Marshall Josef Schumpeter	Study of problems of enterprise management; explanation of the general level of production; its composition for different types of products; various combinations of factors of production; ways to allocate remuneration for economic activity. Use of the mathematical apparatus and simplification of the connection between economic and other social variables.
2	Psychology	David Mcleland J. Shackle	Consideration of the personality characteristics that cause success in business (the pursuit of independence, a risk appetite, a thirst for success, imagination, counter-fatalism, etc.). Psychological features that impede successful entrepreneurial activity (stiffness, anxiety, conservatism).
3	Economic anthropology	Bronislaw Malinowski Carl Polanyi Margaret Mead	Research of national and ethno-cultural specifics of economic structures and processes: forms of ownership, technology, forms of exchange, etc. Analysis of the influence of religious features on the development of forms of entrepreneurial behavior.
4	Sociology	Max Weber Werner Sombart Neil Smelser Alberto Martinelli	Consideration of economic behavior as a specific case of social behavior and the study of economic behavior as complexes of roles and organizations; analysis of power patterns, status systems, communication networks of informal social groups. In the first place, a multifaceted influence of social factors on economic activity and, on the contrary, the influence of economic factors on social factors is put forward. Consideration of the economy as the most important social institution.

Today, within the framework of the study of economic processes, such an exploratory trend as economic sociology is actively developing. Economic sociology (N. Smelser first uses this term as the "sociology of economic life") is a special sociological theory that focuses on the study of the social aspects of the development of the economy as a social institution and its influence on life activity, interests, behavior, consciousness of the individual and social groups [16, P.52]. Sociology of regional socio-economic processes as one of the areas of study within the framework of economic sociology focuses on the analysis of socio-economic processes in the region, regional factors in the development of socio-economic relations. The methodological basis of the sociological approach to the management of regional socio-economic processes is:

1. The system approach (conjugation of the subject plane of economic activity with a functional and historical);
2. Process approach (consideration of socio-economic activities as a continuous performance of a set of certain interrelated activities and general functions: production, distribution, consumption, etc. And the fulfillment of each of the functions is also considered here as a process, that is, as a set of interrelated continuously performed actions);
3. Structural and functional approach (consideration of entrepreneurs as an unsustainable, changing by their characteristics social group that performs entrepreneurial function in the region);
4. Institutional approach (consideration of the economy as a social institution, based on certain norms, and patterns of behavior and realizing significant functions in society).

3. RESULTS

In modern conditions, the central role in the implementation of radical transformational transformations belongs to the processes of creating an atmosphere of civilized economic relations in society. To effectively solve complex problems of social and economic development of the region in the conditions of mass production of goods and services and the organic connection of plans of different industries, a systematic understanding of the processes taking place at regional levels, from specific enterprises to regional management structures, is required. The socio-economic process can be seen as a change in the society, reflecting on its welfare, security conditions, political and economic stability and other spheres. Its functioning determines the complex nature of socio-economic changes, in the structure of which the economic and social properties of processes are supplemented by political ones.

At the regional level, socio-economic processes are conditioned by:

- territorial specificity of economic development;
- traditions and customs of the economic life of the region;
- features of the regional management structure;
- Climatogeographic features of the region and other factors.

In order to analyze socio-economic processes at the regional level, it is necessary to understand what social processes are and what are the properties of their main varieties. Processes as such can be subdivided into:

- linear and nonlinear (the first flow in a certain direction, the latter can be arbitrarily changed or under the influence of certain factors);
- evolutionary and bifurcation (the first are aimed at ordering the elements of the system, the latter are aimed at their disorganization);
- single-factor and multifactor (the first proceed under the influence of the determinative factor, the latter are influenced by many factors).
- The Russian researcher O. Roy proposed the following classification of socio-economic and political processes [15. P. 22]:

- natural processes (carried out by a person in his interaction or contact with nature through the means of labor to create material or intellectual products);
- social processes (arise in the relationships of people associated with the production and / or distribution of products (produced through natural processes) and their consumption).

Both processes are closely related. In addition, according to the researcher, they can be actively regulated (for example, economics, planned, market, mixed types). As a result of this impact, socio-economic processes are determined by the totality of the processes of functioning of the socio-economic system as a whole at the concrete historical level of management and social organization. Regional socio-economic processes due to their specificity are due to geographical, ethno-national and other features of the territory on which they flow. Therefore, it is advisable to consider the following classification of regional socio-economic processes. Typology of socio-economic processes in the region:

1. Depending on the established boundaries in which the regional process is taking place:
 - Formal socio-economic processes (the boundaries between groups can be laid out formally, for example, in cases of direct indication or the introduction of special restrictive rules at the regional level, for example: regulation of the labor market);
 - Informal socio-economic processes (the creation of borders is an informal process that is not fixed by relevant official documents and unwritten rules, for example: the creation of shadow structures in the economy of the region)
2. Depending on the degree of order and normalization of the regional process, its control over centralized management impacts:
 - Institutional socio-economic processes (aimed at creating institutions that structure a certain model of society management, for example: the creation of regional branches of the national economy);
 - Non-institutional socio-economic processes (unfolding spontaneously and not suggesting a certain relationship with general trends of socio-economic development, for example: uncontrolled labor migration in border regions)
3. Depending on the duration:
 - Short-term socio-economic processes (has a duration determined by the current goal or a regulatory regional document that assigns a narrow scope to the time-limited task. As a rule, short-term processes are given up to one year)
 - Medium-term socio-economic processes (covering social changes in the foreseeable future, limited by the achievement of a number of intermediate goals, which constitute the conditions for the transition to a qualitatively new result that is not initially defined. The duration of the medium-term process varies from 1 to 5 years, depending on the objectives of the regional process)
 - Long-term socio-economic processes (assuming initially a given result and are formed on a multicomponent, multifunctional basis.) Long-term processes are generally poorly predictable and therefore are described mainly in the form of scenarios for regional development).

Regional government bodies carry out population management in the territory of a certain subject. Such a situation in the sphere of the organization of power is typical for the countries of the federative structure, such as the Russian Federation, which consists of the subjects of the federation. The activities of the regional authorities are based on the economic tasks that face a particular region, as well as taking into account the population living in the territory of the region.

Modern regional policy should be a clear, coherent system for the development, harmonization and implementation of priority areas for the development of subjects and municipalities, which includes a comprehensive set of flexible organizational, legal, methodological and information provisions. Regional policy on the part of the federal center should be directed exclusively at joint development and coordination of strategic and program documents for the development of the regions, as well as coordination of their implementation.

4. DISCUSSION

In modern scientific literature, the most important component of regional socio-economic processes is the cycle of "innovation-investment", which determines the logic of changing waves of socio-economic development at the regional level. The model of Nikolai Kondratiev, underlying the understanding of this cycle, provides for a comparison of the two most important economic processes - decline and growth [5, P. 58-109]. Achieved maximum, the tendency of productivity growth is replaced by its decline. At the same time, investments in the economy are declining, which inevitably leads to curbing innovations in the economy and the social sphere. Reduction of innovation, causing a decline in production efficiency, leads to the beginning of large-scale conflicts for the redistribution of property and resources. It is emphasized that social conflicts lead to a sharp rise in prices for products, goods and services, as well as to a reduction in labor costs in the labor market, which causes stagnation and stimulates new innovative breakthroughs. Many researchers recognize the close linkage to the activities of regional, city-forming enterprises (economic entities), regional production systems, which determines the pace, level and scale of the changes taking place in the course of these objects, as a feature of the social and economic processes in the region. For example, A.A. Gritsanov defines the term "enterprise" as an independent economic entity that produces and (or) sells products or provides services [18, P. 783]. The author emphasizes his important role in the course of social and economic processes in the region. The management models of regional enterprises largely determine the functioning of the system of regional management of socio-economic processes in general. The problem of considering the enterprise as a social subject was raised by the Belarusian sociologist O.V. By the boy. He stressed that from an economic point of view the enterprise is the primary production unit, with the legal one it is an indivisible legal entity, and with the social one it acts as a collective social subject-the work collective [18, P.784]. G.V. As social subjects, Osipov considers the personality, groups, institutions or organizations that function in society and interact with each other [11, p.788]. From this point of view, it is advisable to consider the enterprise as a social subject, since its actions are aimed at optimizing social interaction with the external environment, as well as interaction within the work collective. However, it is obvious that it is impossible to reduce the consideration of the system of managing socio-economic processes in the region to a microprocess alone. The mechanisms of economic activity in the region largely depend on the impact on it of global economic processes, the import of goods, the federal socio-economic policy.

5. CONCLUSIONS

Today, in the conditions of gradual expansion of social and economic independence of Russian regions and shift of responsibility for solving social and economic development problems to the regional level, the scientific approach to the organization of effective management of social and economic processes in the region, based on sociological diagnostics, constant monitoring and evaluation of them effectiveness. With regard to regional development, today it is important to distinguish between the two main approaches advocated by both scientists and politicians: the first is a more active alignment of the socio-economic situation of the regions through strong state support for weak regions; the second is to refuse alignment and focus on the "points", "poles" and

"locomotives" of development. In the current conditions, the state regional policy should be oriented towards improving the balance of the spatial development of the national economy by identifying and revealing the merits and advantages of each region, forming and facilitating the strengthening of new agglomerations of dynamic economic growth, and throughout Russia. In this setting, we are talking about the multi-polar development of the country's territory and the creation of effective regional and interregional areas of innovative-oriented advanced social and economic progress. The complexity of the regional socio-economic system requires a set of mechanisms for managing the sustainable development of regions. Complex management mechanisms for sustainable development of the region should be a set of institutions and institutional organizations that provide in the space-time continuum the formation of specified characteristics of the systemic modernization of the regional socio-economic system.

LITERATURE:

1. Dees J. Gregory The Meaning of .Social Entrepreneurship. 1998
<http://www.redalmarza.cl/ing/pdf/TheMeaningofsocialEntrepreneurship.pdf> (Date of the application: 27.07.2016)
2. Dolgorukova I.V. Ustojchivost' obshchestvennyh institutov i korporativnaya social'naya politika: problemy vzaimovliyaniya // Social'naya politika i sociologiya. 2016. T. 15. № 1 (114). P. 35-44 (In Russian)
3. Durkheim E. Norma i patologia [The normal and the pathological] in Sociology of crime. Moscow: 1966. (In Russian).
4. Durkheim E. O razdelenii obshchestvennogo truda. Metod sotsiologii [Division of labor in Society. Sociologic method] / Transl. from French and afterword by A.B.Gofman. – Moscow: Nauka, 1991. (In Russian).
5. Gembarenko, V.I. & Tupitsyna, I.N. (2016) Social Sphere in Modern Russia in Conditions of Financial and Economic Crisis: Deformation and Prospects for Development, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 34–40. DOI: 10.17922/2412-5466-2016-2-3-34-40.
6. Korotayev A. V., Grinin L. Ye. Kondrat'yevskiye volny v mir-sistemnoy perspective [Kondratieff waves in the world-system perspective] / Otv. red. A.A. Akayev, R.S. Grinberg, L. Ye. Grinin, A.V. Korotayev, S.YU. Malkov. Volgograd: Uchitel', 2012. P. 58-109 (In Russian).
7. Macusita K. Missiya biznesa: perevod s anglijskogo. - Moskva: Al'pina Pablisherz, 2010. - 191s.
8. Martinelli A., Smelser N.J. Sociologia economica. Bologna: Il Mulino, 1995.
9. Merton R. Sotsial'naya teoriya i sotsial'naya struktura [Social theory and social structure]. – Moscow: AST: Khranitel, 2006. – 874 p. (In Russian).
10. Orlitzky, Marc; Frank L. Schmidt, Sara L. Rynes (2003). «Corporate Social and Financial Performance: A Meta-analysis
11. Osipov V.G. - Sotsiologiya. Osnovy obshchey teorii [Sociology. Fundamentals of the general theory]. – M.: Norma, 2003. –788 p. (In Russian).
12. Parsons T. O sotsialnyh sistemah [The social system] / Ed. by V.F. Chesnokova and S.A. Belanovsky / T. Parsons. – Moscow: Acad. Project Publishing, 2002. – 356 p. (In Russian).
13. Parsons T. Sistema sovremennyh obshchestv [The system of modern societies] / Ed. by M.S.Kovaleva. – Moscow: Aspect Press, 1997. – 270 p. (In Russian)
14. Polan'i K. Ekonomika kak institutsional'no oformlennyy protsess [Economics as an institutionalized process]//Ekonomicheskaya sotsiologiya. 2001. T.3. № 2 (In Russian).
15. Roy O.M. Issledovaniye sotsial'no-ekonomicheskikh i politicheskikh protsessov [Research of socio-economic and political processes] / O.M. Roy. – SPb.:Piter, 2004. P. 22 (In Russian).

16. Sillaste G.G. Ekonomicheskaya sotsiologiya[Economic sociology]. – M.: Infra –M, 2015. – P.52(In Russian).
17. Smelzer N. Sotsializatsiya: osnovnyye problemy i napravleniya issledovaniy [Socialization: the main problems and areas of research]// Sotsial'naya psikhologiya/ Sost. Ye. P. Belinskaya, O. A. Tikhomandritskaya. - M: Aspekt Press, 2003. - P. 327-349 (In Russian).
18. Sotsiologiya: entsiklopediya [Sociology: encyclopedia]/ Compilers A.A. Gritsanov, V.L. Abushenko, G.M. Yevel'kin i dr. – Mn.: Knizhnyy dom, 2003. – 1321p. (In Russian).
19. Veber M. Khozyaystvo i obshchestvo: ocherki ponimayushchey sotsiologii. [Economics and Society: Essays on Understanding Sociology] — M. : Izd. dom Vysshey shkoly ekonomiki, 2016. – 445 p. (In Russian).
20. Zombart V. Sobraniye sochineniy v 3 tomakh [Collected works in 3 volumes]. – M.: Izdatel'stvo: Vladimir Dal', 2005 g. – 480 p. (In Russian).
21. Zwetsloot, G. From Management Systems to Corporate Social Responsibility, Journal of Business Ethics, 2003, 44, p. 201–207.

FEATURES OF INSURANCE OF ENTERPRISE RISKS IN INDUSTRIAL AND INNOVATION SECTORS

Renata Lenkovskaya

*Candidate of Law, Associate Professor, Associate Professor of the Department of civil-legal disciplines of Russian State Social University,
Moscow, Russian Federation
pravo1000@mail.ru*

Natalia Lutovinova

*Senior lecturer of the Department of civil law disciplines at Russian state University,
Moscow, Russian Federation
nlutovinova@mail.ru*

Andrey Smagin

*Teacher of the Department of civil-legal disciplines of Russian State University,
Moscow, Russian Federation
a-smagin999@mail.ru*

ABSTRACT

Taking into account the development of modernity, insurance of business risks is an optimal option for protecting business, and is also a sphere of possible development of entrepreneurship. The presented article examines entrepreneurial risks in the industrial and innovative sectors, their specific features of legal regulation from the theoretical and practical points of view.

Keywords: *insurance, business risks, industrial sector, innovative sector*

1. INTRODUCTION

The basis of the insurance legislation in our country is the Civil Code of the Russian Federation¹ and the Law of the Russian Federation “On the Organization of Insurance Business in the Russian Federation²”. The documents mentioned above contain provisions defining the General Provisions of insurance relations that make the basis of special acts regulating the business risk insurance in various industries [1, pp.90-97; 2, pp. 20-24; 3; 5, p. 65]. The business risk insurance in the industry has a number of features. Industry is an important sector of the Russian economy. It is industrial enterprises that produce not only finished products, but also machinery, equipment, etc. In addition, the Russian industry has such means of production and such goods that are not produced anywhere in the world. Since the concept of “industry” includes a number of industries such as heavy, light industry, nonferrous industry, business risk insurance also has its own specific features in each industry. High requirements for industrial facilities promote the organization of a safer work process and its quality. Undoubtedly, this fact plays an important role in reducing the number of industrial accidents. However, the dangerous nature of the work obviously affects the risks relating to an entrepreneur and his activities. In this case, the main purpose of insurance is to mitigate the financial consequences in case of the insured event [4, pp. 16-23; 6, pp. 59-64].

2. METHODS

During the study of the peculiarities of business risk insurance in the industrial and innovation sectors, the authors have applied: dialectical and metaphysical method, analysis, synthesis, as well as private law methods including formal legal and comparative legal methods.

3. RESULTS

Consider the following example. Being at the work place, the plaintiff N. got an industrial injury. The Accident Investigation Commission was created by the employer's order that included a technical labor inspector of Moscow City Organization "ProfAvia" K., the chief specialist of the Industrial Policy Authority of the Department of Science, Industrial Policy and Entrepreneurship of the Government of Moscow M., the head of the Department of Professional Risk Insurance of the Moscow Regional Branch of State Institution "Social Insurance Fund" of the Russian Federation Z. An investigation of the industrial accident was carried out, the scene was inspected, and the witnesses of the accident and the officials of the employer were interrogated. According to the results of the investigation, an Act on an Industrial Accident was drawn up, paragraph 9 of which stated that N. got the industrial injury because of the violation of the requirements of section 3 of the Labor Safety Regulations (LSR) 09-06.615-2011 "Performance of works on the horizontal forging machine" (hereinafter – HFM), namely: for tightening of the equipment fastener, as in the course of work there was a weakening of the equipment fastener, N. switched off the HFM and, without having waited for a complete stop of the flywheel, he began to tighten the equipment fastener. Screwing up the bolt with a wrench and trying to reach the bolt needed, N. accidentally pressed his foot on the pedal turning on the HFM drive, as the flywheel of the HFM was still rotating, and the switch pedal of the HFM drive was pneumatic, so the half-matrix closed and clamped the left hand of N., in which he was holding the wrench. According to the results of the investigation, an Act on an Industrial Accident was drawn up, according to which the plaintiff's fault was in violation of labor discipline, expressed in the fact that the employee violated the requirements of paragraph 3 of section 3 of LSR 09-06.615-2011, namely, he did not wait for the flywheel to stop before tightening an equipment fastener with a wrench. Besides, the above-mentioned Act established the violation by the senior master of shop B. of the job description of a senior master of a production site of forging shop, section 2 (the duty to control the observance by workers of production and labor discipline, rules and regulations of labor safety, safety measures and industrial sanitation). During the investigation of the accident, it was found that the horizontal forging machine periodically underwent preventive maintenance and it was in good condition at the time of the accident with N. In addition, when the horizontal forging machine is turned off with the "stop" button and the flywheel of the horizontal forging machine has completely stopped, the HFM pedal does not work. The HFM pedal only works if the flywheel of the horizontal forging machine is not completely stopped and continues to rotate. The Commission also established the fact of violation of labor safety requirements by the injured during the performance of his official duties. During the investigation of the industrial accident occurred to N., the Commission also found that the plaintiff received induction training when hiring, refresher briefing, as well as training on labor safety with the injured that is confirmed by his signatures on the fact sheets. According to clause 27 of the Resolution of the Russian Ministry of Labor No. 73 "On the Approval of Forms of Documents Necessary for Investigation and Accounting of Industrial Accidents and the Regulations on the Investigation of Industrial Accidents in Specific Branches and Organizations" dated October 24, 2002, upon proof of the fact of gross negligence of the insured contributed to the occurrence or increase of harm caused to his health, the degree of his guilt in percentage determined by the persons conducting the investigation of the insured event shall be indicated in an Act of Form H-1, taking into account the conclusion of a trade union or another representative body of the organization authorized by the insured [21, p. 59]. At the Court of Appeal, the parties have stated that the plaintiff continues to work in AO "Scientific and Production Center of Gas and Turbine Manufacture "Salyut", the period of his temporary disability has been paid in full, he received a one-time payment.

The territorial body of the Social Insurance Fund of the Russian Federation shall make appropriate payments under the Federal Law No. 125-FZ “On Compulsory Social Insurance against Industrial Accidents and Occupational Diseases” [12, pp. 92-94].

4. DISCUSSION

Russian insurance companies do not rush to conclude business risk insurance contracts with companies of this industry because even the process of drawing up a contract itself takes a long time. The reason for this is the fact that it is necessary to correctly weigh possible risks and expected losses. The opinion of independent experts proficient in a particular industry is also required. In addition, it is necessary to take into account the specifics of an insured company, as the importance of certain types of business risks may change depending on this [20]. During the insurer's assessment of an insured object, an insurance company's specialist should pay attention to a number of factors:

1. protection of a company (it means how the measures taken by the insured company can reduce the probability of an insured event; in this case, it is recommended to analyze the situation in similar companies);
2. identification of vulnerabilities in the production process (one can identify areas characterized by an increased concentration of risks, for example, depending on the level of fire safety);
3. calculation of insurance risks (possibility of the worst events that can lead to significant losses). [22, p. 42]

Technological and production risks have a special place in the industry. The reason for this is the ratio of possible losses and the frequency of accidents and other incidents. This is the main difference of insurance in industry from, for example, insurance in agriculture: the probability of occurrence of an insured event in the industrial sector is not as high as in agriculture, but the amount of losses is often much higher. For its part, this is due to expensive equipment and capital turnover. For example, a breakdown of equipment or an accident leads to a break or a complete stop of the production process threatening the entrepreneur with a loss of profit. In this case, it is necessary to ensure occupational safety and its thorough compliance not only at the enterprise level but also on the legislative [7, pp. 39-50; 8, pp. 51-61; 9, pp. 69-76; 10, pp. 36-38; 11, pp. 135-141]. Thus, Federal Law No. 116-FZ “On Industrial Safety of Hazardous Production Facilities”³ dated 21 July 1997 was adopted with regard to hazardous production facilities. In accordance with Article 11 of this Law, industrial safety requirements, inter alia, include:

- analysis and forecasting of the risk of accidents;
- planning and implementation of measures to reduce the risk of accidents;
- information support of activities.

The importance of insurance in industry increases with the expansion of production, mergers, desire to obtain additional income from business activities. Hence, business risk insurance in the industrial sector has its own development prospects. But, to a greater extent, industrial enterprises prefer to insure their risks comprehensively, that is, insurance of only business risks, or only property insurance, or liability insurance for an entrepreneur is not reasonable. Comprehensive insurance includes all major types of insurance:

- personal (life and health of employees);
- property (machinery, equipment);
- liability (causing harm to third parties or non-performance of obligations);
- business risks (investments, credit and currency risks).

Thus, an entrepreneur ensures his protection in all directions.

Nowadays the development of Russian innovative industry is gaining momentum. New technologies and improved production processes can be implemented at each company. Such innovations greatly simplify the activities of the company, contribute to its competitiveness and attract investment. However, this area is characterized by a high degree of risk, as the implementation of any innovation is accompanied by a number of problems:

- uncertainty of the result (due to the market reaction to the emergence of a new product);
- lack of resources (the need for various resources – financial, material and technical, personnel).

In addition, untested ideas do not win the desire of investors to contribute in such a project, especially during the early stages. Insurance in this industry is the mechanism that provides some protection of the insured in case of failure of the innovation project. Entrepreneurship in the field of innovation is aimed at finding innovations that can be applied in production processes of various industries and at gaining profit from these innovations. Since the object of the innovation process is associated with intellectual activity, there are a number of risks in the implementation of a new product. Mainly, this applies to the creator of a new technology, how ready he is to reveal the secrets of production or, on the contrary, to keep them secret. As in any other industry, innovation involves all major business risks. For example, financial risks are related to the purchasing power of money (its decrease or increase/ inflation and deflation) and to capital investment. In the innovation sphere, risks exist from the earliest to the final stage of the innovation project. Thus, the first stage is characterized by the risk of erroneous project selection. This is due to the incorrect analysis of the market situation, the strategy of the enterprise, as well as the interests of the organization's leaders. All these factors can lead to the collapse of the project which never had a chance to start. The risk of financial insecurity is the main problem of any innovative project. Attracting investors, both domestic and foreign, requires large costs. And we also need to convince them of the effectiveness and profitability of the innovation. However, even a positive decision of investors to invest in the project does not guarantee its success. Non-performance of contractual obligations by contractors entails a delay in the start of the project or a break that in any case has a negative impact on its result. Finding suppliers is a time-consuming process, and in the absence of the necessary equipment or technology among domestic producers, the entrepreneur is forced to apply abroad. This creates a burden on the additional costs and risks associated with foreign economic activity. The above risks predetermine the risks of unforeseen expenses leading to a decrease of income of the company. Additional costs may also be associated with intra-organizational situations: equipment failure, hiring of specialists and experts in a certain field. But, as with other sectors of the economy, innovation activity is characterized only by its own unique entrepreneurial risks. First of all, this is due to the justification of investing in a new technology as the result is unknown. The market may react differently to the appearance of an unknown product: either it will succeed and profit, or it will fail and lead to losses. In addition, it should be borne in mind that the new technology will be attractive for investment only when it is in demand in the market but not when it is created or implemented industrially. This requires a thorough analysis of the market situation and other innovative projects. Team work on the project is of great importance as well. The success of the entire project and its future implementation depend on how well the project is developed and how well the staff qualification meets the necessary requirements. Legal regulation of the industry has an impact on the innovation sector as a whole. Insufficient protection of authors of innovations and uncertainty of the rights to already created developments determine the attitude of all participants of innovative process to each other. Often, developers do not comply with the obligations of exclusivity and confidentiality. However, it is impossible to talk about the complete unsettledness of legal relations in this area.

Thus, Federal Law No. 209-FZ “On the Development of Small and Medium-Sized Businesses in the Russian Federation⁴” dated July 24, 2007 provides support from the state in respect of small and medium-sized businesses engaged in innovation activities. In addition, Federal Law No. 127-FZ “On Science and State Scientific and Technical Policy⁵” dated August 23, 1996 defines the need for state support for raising the level of living standards of citizens, ensuring the competitiveness of domestic producers and modernization of the economy. According to Article 16.3 of the Federal Law No. 127-FZ, state support may be expressed in the provision of:

- benefits, subsidies, grants, credits;
- educational services;
- information support;
- consulting support and assistance in the formation of the project documentation;
- necessary infrastructure;
- assistance in export.

5. CONCLUSION

Based on the above stated, the innovation industry needs more detailed regulation. In addition, due to the high-risk nature of innovation, it is necessary to legislate guarantees in the form of compulsory business risk insurance in this field. This will ensure proper protection of both authors, creators of new developments, and investors who invest their money in innovative projects. Having considered three branches of the Russian economy, it can be concluded that any business activity is characterized by typical risks, but also there are risks peculiar only to a certain sphere. And therefore, business risk insurance in the various fields of activity is defined as a measure of protection from possible negative consequences [13, pp. 109-116; 14, pp. 57-65; 15, pp. 89-93; 18; 19]. Also, business risk insurance in these industries, as noted, has its own specifics. In some cases, it is stated in special Federal Laws providing more detailed regulation of insurance relations in a certain area (for example, agriculture). But not all industries have adopted such acts, so the parties are mainly guided by the provisions of the Civil Code of the Russian Federation and Law “On the Organization of Insurance Business in the Russian Federation”, which does not always reflect the peculiarities of certain relations. For its part, this leads to difficulties in coordination of certain conditions or failing to fulfill any provision of a contract by one party or both parties [16, pp. 171-174; 17, pp. 70-74; 20, pp. 105-115]. Since there are many industries, the development and adoption of separate documents on business risks insurance in certain areas is at least unreasonable, and the creation of a single act covering all areas is unrealistic. On this basis, it is logical to include separate rules (articles, chapters) relating to the business risk insurance in this area determining their specificity in the existing special acts. Since business risk insurance is often a comprehensive insurance covering property, finance and liability insurance, thus, supplementing the Civil Code of the Russian Federation with General provisions on risk insurance in the field of entrepreneurship is necessary.

LITERATURE:

1. Volkova M.A.

Osobennosti i perspektivy razvitiya gotnogo strahovaniya zhilykh pomeschenij v g. Moskve. [Features and Development Prospects of Preferential Insurance of Premises in Moscow]. In the collected volume: Ekonomiko - pravovye i social'no-kul'turnye problemy razvitiya goroda [Economic and Legal and Social and Cultural Problems of City Development] / Collected volume of Scientific Works. Executive Secretary - O. V. Lavrukhina. Moscow, 2009. pp. 90-97 (in Russian).

2. Volkova M.A., Gridneva O.V. Soderzhanie grazhdansko-pravovogo dogovora/ Aktual'nyye problemy rossijskogo zakonodatel'stva. [Content of the Civil Law Contract/ Actual Problems of the Russian Legislation.] 2016. No. 14. pp. 20-24 (in Russian).
3. Volkova M.A., Gridneva O.V., Zhesterov P.V., Lenkovskaya R.R. Dogovorno-pravo [Contract Law]. Textbook / Moscow, 2017 (in Russian).
4. Volkova M.A., Lutovinova, N.V. Strahovanie predprinimatel'skih riskov [Business Risk Insurance]/ in the collected volume: Rossijskaya yurisprudenciya sovremennoy etape: problemy i perspektivy razvitiya. [Russian Jurisprudence at the Present Stage: Problems and Prospects of Development.] Sbornik nauchnykh trudov kafedry grazhdansko-pravovykh disciplin yuridicheskogo fakul'teta Rossijskogo gosudarstvennogo sotsial'nogo universiteta. [Collected Volume of Scientific Works of the Department of Civil Law Disciplines of the Faculty of Law of the Russian State Social University]. Moscow, 2017. pp. 16-23 (in Russian).
5. Volkova M.A., Shilovskaya A.L. Prezentatsionno-iskovaya porjadok zashchity prav potrebiteley finansovykh uslug // Sovremennoye pravo [Claims Procedure for Protection of the Financial Services Consumer Rights // Modern Law]. 2017. No. 2. p. 65 (in Russian).
6. Gridneva O.V. Pravovaya priroda obyazatel'nogo strahovaniya/ Aktual'nyye problemy rossijskogo zakonodatel'stva [Legal Nature of Compulsory Insurance/ Actual Problems of the Russian Legislation.]. Moscow. 2016. No. 13. pp. 59-64 (in Russian).
7. Gridneva O.V., Lenkovskaya R.R. K voprosu o pravovoy prirode yuridicheskikh pravovykh uslug/ Aktual'nyye problemy rossijskogo zakonodatel'stva [On the Legal Nature of Legal Services/ Actual Problems of the Russian Legislation]. 2015. No. 12. pp. 39-50 (in Russian).
8. Lenkovskaya R.R. Grazhdansko-pravovaya otvetstvennost' storon po dogovoram vozmezhnogo okazaniya pravovykh yuridicheskikh uslug/ Aktual'nyye problemy rossijskogo zakonodatel'stva. [Civil Liability of the Parties under Contracts for Provision of Paid Legal Services / Actual Problems of the Russian Legislation.] 2015. No. 10. pp. 51-61 (in Russian).
9. Lenkovskaya R.R. Grazhdansko-pravovye sposoby zashchity prav potrebiteley finansovykh uslug/ Aktual'nyye problemy rossijskogo zakonodatel'stva [Civil Law Ways of Protection of Financial Services Consumer Rights / Actual Problems of the Russian Legislation]. 2015. No. 11. pp. 69-76 (in Russian).
10. Lenkovskaya R.R. Ponyatie pravovoy prirody pravovykh yuridicheskikh uslug // Probely v rossijskom zakonodatel'stve. [Concept and Legal Nature of Legal Services // Gaps in the Russian Legislation] 2015. No. 4. pp. 36-38 (in Russian).
11. Lenkovskaya R.R. Pravovoe obespechenie konfidentsial'nosti informatsii personal'nykh dannykh v Rossijskoj Federatsii // Obrazovanie i pravo [Legal Protection of Confidential Information and Personal Data in the Russian Federation // Education and Law.]. 2013. No. 7 (47). pp. 135-141 (in Russian).
12. Lenkovskaya R.R. Spory, svyazannye s ispolneniem otvetstvennost' yu storon v dogovore vozmezhnogo okazaniya uslug [Disputes Related to the Execution and Responsibility of the Parties in the Contract on Paid Services] / In the collected volume: Aktual'nyye problemy yurisprudencii v Rossii i zarubezhom [Actual Problems of Jurisprudence in Russia and Abroad.]. Sbornik nauchnykh trudov po itogam mezhdunarodnoy nauchno-prakticheskoy konferencii [Collected Volume of Scientific Papers on the Results of the International Scientific and Practical Conference]. 2016. pp. 92-94 (in Russian).

13. Lenkovskaya R.R., Izotova I.N. Grazhdansko-pravovyesposoby zashchity informacii [Civil Law Ways of Information Protection]/ In the collected volume: Aktual'nyeproblemyrossijskogo zakonodatel'stva [Actual Problems of the Russian Legislation]. Collected works. Moscow, 2010. pp. 109-116 (in Russian).
14. Lenkovskaya R.R., Neznamova A.A.
Soderzhaniedogovorovvozmezdno gokazaniyapravovyyhiyuridicheskikh uslug [Content of Contracts on Paid Legal Services] / In the collected volume:
Rossijskayayurisprudenciyanasovremennometape: problemyiperspektivyrazvitiya.
[Russian Jurisprudence at the Present Stage: Problems and Prospects of Development.]
Sbornik nauchnyh trudov kafedry grazhdansko-pravovyyh disciplin yuridicheskogo fakul'teta Rossijskogo gosudarstvennogo social'nogo univ
rsiteta. [Collected Volume of Scientific Works of the Department of Civil Law
Disciplines of the Faculty of Law of the Russian State Social University]. Moscow, 2017.
pp. 57-65 (in Russian).
15. Lenkovskaya R.R., Shilovskaya A.L. Zashchita informacii v seti internet// Problemy ekonomiki i yuridicheskoy praktiki [Information Protection on the Internet // Problems of Economics and Legal Practice]. 2017. No. 5. pp. 89-93 (in Russian).
16. Lenkovskaya R.R., Shilovskaya A.L.
Osobennosti strahovaniya sel'skogo zhaystvennyh predprinimatel'skih riskov// Probely v
rossijskom zakonodatel'stve [Features of Agricultural Business Risk Insurance // Gaps in
the Russian Legislation.]. 2017 No. 6 pp. 171-174 (in Russian).
17. Stepanova N.A. Lenkovskaya R.R., Gridneva O.V., Zolotareva A.E.
Pravovoeregulirovaniye predprinimatel'skoj deyatel'nosti [Legal Regulation of Business
Activities]. Textbook/ Moscow, 2016 (in Russian).
18. Stepanova N.A. Lenkovskaya R.R., Gridneva O.V., Neznamova A.A., Lutovinova N.V.
Zhesterov P.V. Pravovoeregulirovaniye predprinimatel'skoj deyatel'nosti [Legal Regulation
of Business Activities]. Textbook / Moscow, 2017 (in Russian).
19. Shilovskaya A.L. Strahovanie professional'noj otvetstvennosti medicinskih rabotnikov /
Aktual'nyeproblemyrossijskogo zakonodatel'stva [Professional Liability Insurance of
Medical Workers / Actual Problems of the Russian Legislation]. 2015. No. 9. pp. 105-115
(in Russian).
20. Sitdikova L.B., Shilovskaya A.L., Volkova M.A., Lenkovskaya R.R., Stepanova N.A.,
Legal Regulation of the Professional Liability Insurance of a Consultant in Russia and
Abroad / Journal of Advanced Research in Law and Economics. 2016. No. 2. pp. 363-369.
21. Lutovinova N.V. Pravovaya priroda kategorii "riska" v
grazhdanskom prave/ Chastnoe pravo rossii: problemyiperspektivyrazvitiya [Legal Nature of
the Risk Category in the Civil Law / Private Law of Russia: Problems and Prospects of
Development] / Moscow, 2018 (in Russian).
22. Lutovinova N.V.
Nekotorye aspekty zaklyucheniya dogovora strahovaniya predprinimatel'skogo riska// Cherny
edyry v rossijskom zakonodatel'stve [Some Aspects of the Conclusion of a Business Risk
Insurance Contract // Black Holes in the Russian Legislation]. 2015. No. 3. pp. 40-45 (in
Russian).
23. Volkova, M.A. & Starodumova, S.Yu. (2016) The Unfinished Construction: Problems of
the Obligations Fulfillment and Law Enforcement Practice, Contemporary Problems of
Social Work. Vol. 2. No. 3 (7). P. 150–157. DOI: 10.17922/2412-5466-2016-2-3-150-157.

RUSSIAN CLINICAL VERSION OF SOCIAL PEDAGOGY IN THE POSTMODERNISM PARADIGM CONTEXT

Mikhail Firsov

Head of the Department of Social and Medical Rehabilitation of the Institute of Additional Professional Education for Social Workers of the Department of Labor and Social Protection of the Moscow' Population
mihail_firsov@mail.ru

Igor Lelchitsky

Professor, Corresponding Member of the Russian Academy of Education, Director of the Institute of Teacher Education and Social Technologies, Head of the Department of Social Work and Pedagogy, Tver State University
igorlel56@gmail.com

Anna Chernikova

Senior lecture, PhD student of Russian State Social University
chernikovaaa@rgsu.net

ABSTRACT

On the basis of social and pedagogical analysis, new approaches to understanding social pedagogy in the logic of clinical discourse of cognition are proposed. Approaches to the main parameters of the change in scientific reflection in the context of paradigmatic scientific transformations are presented. In the article the approaches of environmental social upgrades, the transition of Russian society from the transitivity model to the insertion of inclusive development vectors in its environment are given as well.

Keywords: *clinical social pedagogy, constructivism, inclusion, postmodernism, social pedagogy, social work, transitive society, post-Marxism, victimization*

1. INTRODUCTION

The clinical version of social pedagogy is actualized in the national pedagogical knowledge due to several factors. First, it is due to a change in environmental circumstances, the transition of the Russian society from the state of transitivity to the design of a new social identity based on the search of national «spiritual bonds» [15]. Secondly, the processes of deinstitutionalization, the reduction of residential institutions for children and adults, have made it necessary to understand the processes of socialization in the society of people who have physical and mental limitations in the context of new problems of their life activity on the basis of rights and freedoms. Thirdly, it is caused by the further formulation of constructivist approaches in the domestic social pedagogy as a reaction to the rejection of the Marxist paradigm of humanitarian cognition. It entailed the development of postmodern discourses in the domestic pedagogical cognition. In this regard, it is necessary to dwell on the problems of the genesis of social pedagogy in its clinical version, caused by environmental factors, the transformation of social relations in the Russian history in the last decade of the XXth century. At the same time, it is necessary to carry out an analysis of the main tendencies of the Russian social pedagogy scientific reflection. Now trends of this reflection determine possible modes of clinical social and pedagogical reflection.

2. DESIGNING CLINICAL DISCOURSES OF COGNITION IN THE DOMESTIC MODEL OF SOCIAL PEDAGOGY IN THE CONTEXT OF POSTMODERN APPROACHES

Postmodernism is developed in social pedagogy in the second half of the XXth century. According to foreign and Russian researchers, this was a skeptical reaction to the theory of modernism. The epistemological feature of the Russian social pedagogy was that historically it was formed later, at the end of the XXth century, bypassing the stage of modernism, which was characteristic of other social sciences areas. It is this development of the Russian social pedagogy cognition theory, happening outside the trends, preceding the «time chronotopes», determined its uniqueness. The postmodernist paradigm of the Russian social pedagogy plays a decisive role in post-Marxist cognitive discourses, which were more connected with the ideas of social constructivism, and were a kind of «reaction» to the «withdrawal» of objective-materialistic tools of reality analysis from the research methodology [2, p. 278-279]. Social constructivism in the socio-pedagogical scientific activity was manifested in the fact that domestic researchers faced the necessity of «social construction» of pedagogical reality in the new post-Marxist conditions of scientific cognition. This situation is clearly illustrated by the complex of problems that researchers solved in the given period with reference to social pedagogy, for example, the construction of «structurally hierarchical relations of social pedagogy as a science» [13, p. 62-63] or the construction of a multi-level social environment [18]. The domestic theory of social pedagogy, formed at the turn of the XXth and XXIst centuries in the paradigm of postmodernism, was distinguished, first, by a wide range of approaches to understanding its subject boundaries; second, the acceptance of the existence «multidimensionality of the realities under study»; thirdly, the reflection of multifaceted nature of facts and phenomena; fourth, the relativity of truths. It is these and other features in the approaches to cognition, from the point of view of the British researcher F. Williams, that constitute the essence of postmodern approaches in the science [19, p. 61-76]. Following the logic of F. Williams, we can state the existence of diversity in the understanding of approaches to social pedagogy. This is clearly illustrated by Russian basic textbooks and European continental works. So, for example, the Russian scientist A. Mudrik, proposed the concept of social education in the basis of approaches to social pedagogy, [10, p. 15], V. Bocharova – the ways of integration and coordination of educational forces [3, p. 4-12], and V. Mardakhayev – the regularity of social formation and development of a man in the socio-cultural environment [9, p. 15]. However, among the representatives of continental social pedagogy there are no unequivocal approaches. K. Kenanan refers social welfare of children and adults and reducing the tension of social problems to the main problems of social pedagogy [4, p. 73], whereas I. Stevens believes that the main problems of social pedagogy should be the problems of activating the civic standpoint of the younger generation [17, p. 6]. Representatives of Scandinavian social pedagogy generally regard it as a practice and a philosophical approach to understanding public reality [5, p. 5]. If we compare the definitions, it is possible to distinguish significant differences between European and domestic approaches. Thus, each of the given definitions is characterized by its historical context and the established traditions of national cognition, and belongs to its time, and therefore researchers, as M. Foucault wrote, «are historically doomed to history, to patiently construct discourse over discourse...» [7, p. 17]. Following the logic of M. Foucault, European experts reflexed the realities of empirical practice, those «frozen social processes», which movement was subject to an evolutionary kaleidoscope of events. Russian scientists were «historically doomed» to comprehend the context of environmental forms that had not developed in the time yet. Hence the construction, including pedagogical processes, was carried out in the logic of future events, possible scenarios of social, and socio-pedagogical development. At the same time, for domestic researchers who were in a single stream of paradigm thinking at that time, postmodern attitudes toward the

finiteness of history, the «death of the subject» were also characteristic, but they were not determined by the crisis of the European cognition, but they reflected the Russian realities directly. Discourses of the «finiteness of history» were associated with socially conditioned phenomena such as «the end of the Soviet history era», the change in the class essence of social organization, transformation of social thinking, and modification of the production relations system. In this context, postmodern discourses of the subjectivity finality, applied to Russian realities, acquired their new constructivist territories of historical meanings.

3. REHABILITATION SOCIETY AS AN ENVIRONMENTAL CONTEXT OF CLINICAL SOCIAL PEDAGOGY

The Russian matrix of postmodern knowledge has its own characteristics. For domestic knowledge, the «death of history», as we have already noted, was connected, not with the history as such, but with the «historical death of the Soviet state» and one of its derivative component, as applied to our topic, the «collective». In the system of coordinates, «the death of the Soviet state (the death of history) – the death of the collective (subject)» configurations of social pathologies, inherent in the time, were formed. On this basis the matrices of clinical social pedagogy knowledge were born. The death of «history» was determined by the processes of the Soviet state destruction, its ideological institutions, the class structure of society. In this situation, the new ruling elites based on political ideologies and market mechanisms changed the vector of statehood development; this process was defined as desovietization. Deep desovietization processes affected not only the social and economic structure of society, but also the deep layers of the collective unconscious, which were directly connected with the archetypes of the Soviet past. Therefore, the collective discourses, taken from the areas of social practice in that period, changed the vectors of social cognition in general, that could not but be reflected, among other things, on pedagogical cognition in particular. The existing traditions of studying the collective as a moving and transforming force of all pedagogical processes in the Soviet period are changing at the moment in the version of the individual approach to the subjects of social pedagogy, that was clearly reflected in domestic socio-pedagogical studies [9,10,13]. The destroyed configuration of reflection required not only new subjects and objects of cognition, but also new forms of understanding the environment, that was only being created in its new social forms. The macro level of the social environment, associated with state structures and social institutions, was in the situation of total modernization in the given period. The Soviet society modernization model introduced uncertainty in the vectors of the post-Soviet society development. And if previous Soviet elites had a clear goal of building a socialist society, then the Russian elites of the turn of the century stood at the crossroads of the three main models of established social states, each of which had its own «worlds of capitalism and models of general welfare» [6]. Uncertainty, the transitive state of society forced the ruling democratic elites to search for ways of «recovering» the country. The construction of the new society was carried out in the logic of «clinical discourses», the search for recipes for recovery, perceiving the Soviet past exclusively in the concepts of «social diseases». The picture of reality supplemented a clinical picture of the historical retrospective. As the French philosopher M. Foucault believed, by the nature of how societies «get rid of their dead» and «living fellow citizens», they can be classified into «slaughterhouses and ritual murders, exile societies, rehabilitation societies and societies of imprisonment» [8, c . 453]. In the domestic historical retrospect of the XXth century, virtually all forms of the public organization according to the typology of M. Foucault, «from slaughter and ritual murders» to «exile and imprisonment societies», took place in practice. Of all the remaining scenarios, the most appropriate one was the «rehabilitation society» scenario. His ideologems were close to the population regardless of social stratification, they were understood by the world community; the script «fit» into the trajectory of the social state development models of both the European and Anglo-Saxon

directions of democracies. These discourses and social practice formed implicit vectors of reflection in the contexts of social cognition and the clinical social outlook. During this period domestic social pedagogy, following the traditions of Soviet pedagogy, pays much attention to the educational potential of the environment. However, a transitive society with its indefinite development boundaries admitted to determine only possible vectors of environmental factors influence. Hence the environment, as a condition and the formation system, was comprehended either in the context of multi-level environmental influence on the basis of ecological-system approaches (A.V. Mudrik) [11, p. 453], or in the traditional paradigm of subject-object relationships, but instead of a collective a personality appears already (L.V. Mardakhaev) [9]. The reflection dynamics itself from the subject to the environment and from the environment to the subject is characteristic for the formation of clinical reflection. The American researchers M. Woods and F. Hollis noticed this trend in connection with the design of clinical social work when analyzing the origins of the activities of the founders in this helping practice area [20]. However, this «dynamic uncertainty» of existence led to another peculiarity that was perceived by the Russian researchers. The environment as a «supporting system», using the term from rehabilitology «verticalizer fate», did not allow to realize the potential of the personality fully, since the transitive society reproduced «subjects of transitivity» whose life strategies were formed in the logic of «painful» social scenarios. It is these factors that marked the discourses of new clinical and pedagogical discourses of subjectness connected with the concept of victimization.

4. PERSON-VICTIM AS A CLINICAL DISCOURSE IN SOCIAL PEDAGOGY

The social context determined the formation of clinical modes of social reflection that was formed in the scientific discourses of domestic social cognition, including social pedagogy. And this found its specific reflection not only in the «death of the collective», but also in manifestations to such an individual phenomenon, that is widely used as an independent concept, as a victim, subject-victim, proposed by professor A.V. Mudrik [10], adopted by the pedagogical community. It can be noted that if in the traditional approaches, in particular in the approaches of jurisprudence, the focus of the subject-victim are propensities, impulses, the behavior of the victim, then from the perspective of the researcher the concept «person-victim» is considered to be a victim of unfavorable socialization conditions. The proposed concept differs from the epigenetic theory of E. Erickson, the approaches described in age psychology. More attention is paid, first of all, to multi-level factors of the socialization context, which change the life scenario of a person. Features of human activity at various stages of socialization with characteristic deviations, social pathologies, roles and social status are subject to interpretation. The concept of personality is presented not only in the aspects of socialization, but also in the aspects of its social formation. With this approach, the age characteristics of the individual are updated from the standpoint of the development of socially significant qualities; the process of social development is interpreted from the standpoint of dichotomies: heredity and environment, individual and collective, development and rejection, and a number of others. The description of the subject-victim determined other vectors of his socialization in the social environment; they were associated not so much with the development, integration of the younger generation «in public institutions», but with adaptation, and in some cases with rehabilitation and habilitation not only of individual subjects and groups, but the community as a whole. Such approaches to the systemic subjectivity of reflexion «transitive society» – «transitive subject» defined those pan speech meanings that began to determine correlations between reality and concepts, the objective language, which, in fact, became a kind of impulse for the emergence of «clinical discourses of social pedagogy» at a new stage. This was the system that M. Foucault designated as «a spatial distinct and conceptually related

representation» [8, p. 174], when «symptomatology» is opened, how we would define it, through a conceptual analysis.

5. THE PROCESSES OF DE-INSTITUTIONALIZATION IN THE SOCIAL SPHERE AND NEW CHALLENGES OF SOCIAL AND PEDAGOGICAL KNOWLEDGE

If we note that the prerequisites for clinical reflection are implicit in social and pedagogical knowledge, it is necessary to single out that the emerging discourses were to a certain extent determined by the transitive environment. The transitive society was characterized by public pandemics, so «surgical intervention» was more preferable than the work on the formation values and social meanings. This is one of the reasons for the demand of social work in the context of Russian state modernization in comparison with the educational practice of social pedagogy, which required prolonged temporary approaches to the elimination of social problems. A new vector of the Russian society development in the XXst century reveals other horizons both of the individual's subjectivity and the forms of social development. The Russian social state, under the conditions of sanctions, acquires new forms of identity, which include multifactor approaches to the equal existence of subjects in a social national state. In this regard, the rights of citizens, especially those who have physical and mental limitations, are expanding. In this context, the modern Russian society is becoming increasingly inclusive, not transitive, that determines the posing new problems for a person in general and his social functioning in the social institutions in particular. Inclusive tendencies of Russian society are defined both by the world and national social processes. Comprehension and search of integration mechanisms of people with functional limitations into society on the basis of social and pedagogical technologies, technologies of social adaptation, rehabilitation and habilitation are connected with the growth of disability in the global world. So, according to the World Bank data, in 2001, there were 450 million worldwide with a different etiology of disability. With the total life expectancy of a person and the decline in the birth rate, the number of people with dementia between the ages of 65 and 80 years by 2050 will be 115 million, according to the predicted estimate of specialists, [5, p. 294]. In this context the Russian Federation is in line with general trends. Today the ruling elites of the country are pursuing a policy of deinstitutionalization in relation to citizens with features of functional development. State programs of an accessible environment, the search for integration of children with mental problems into the system of general, professional and higher education, other programs define new vectors of socialization of people with functional limitations. The necessity to understand the integration of these people into the society at different stages of socialization and enculturation has not only political but also theoretical and practical tasks connected with the inclusion of people with features in the development in the society, as well as their communication with other members of the Russian community on an equal basis. There are new challenges before social pedagogy, its clinical version, for example, related to the implementation of people's lives in social institutions, which, interpreting P. Natorp, «cannot take care of their own well-being themselves». Hence new tasks, touching upon the essence of the «pedagogical foundations of the state» when «one cannot expect salvation from a single change in the policy» [12, p. 165]. In this regard, the version of clinical social pedagogy becomes especially relevant at this historical moment.

LITERATURE:

1. Baldock J, Mitton L., Manning N, S. Vickersaff Social Policy. Oxford, University Press, 2012. P. 294.
2. Barbaruk, Yu. V. Post-Marxism // Knowledge. Understanding. Skill. 2011. № 4. Pp. 278-279.

3. Bocharova V.G., Filonov G.N., Tasks and perspectives of the development of social pedagogy in modern conditions // Training of social work in Russia. Programs and technologies. Part II. M., 1997. Pp. 4-12.
4. Cannan C., Berry, L. & Lyons, K. Social work and Europe. London: Macmillan, 1992. P. 73.
5. Eriksson, L. (2010) Community development and social pedagogy: traditions for understanding mobilization for collective self-development. *Community Development Journal* (Advance electronic access) Accessed on 25th October 2011. URL:<http://cdj.oxfordjournals.org/content/early/2010/02/18/cdj.bsq008.full.pdf+html> (reference date: 12/01/2018).
6. Esping-Andersen G. The three worlds of welfare capitalism. Cambridge: Polity Press, 1997.
7. Foucault M. The birth of the clinic. M.: «Sense», 1998.
8. Foucault M. Security, territory, population. The course of lectures delivered at the College de France in the 1977-1978 school year. SPb.: Science, 2011.
9. Mardakhayev L.V. Social pedagogy. M.: Publishing house of RSBU, 2013. 416 p.
10. Mudrik A.V. Social Pedagogy: Textbook. for students of pedagogical universities / Ed. V.A. Slastenin. 3rd ed., Rev. and additional. Moscow: Publishing Center «Academy», 2000. 200 p.
11. Mudrik A.V. Introduction to social pedagogy. M., 2009. 568 p.
12. Natorp P. Selected works. M., 2006.
13. Nikitina L.E. Social pedagogy. Moscow: Academic Project, 2003.
14. Papkova, N.E. & Bagrova, N.V. (2017) Children's Camp As an Educational and Career-Oriented Resource, *Contemporary Problems of Social Work*. Vol. 3. No. 4 (12). P. 132–141. DOI: 10.17922/2412-5466-2017-3-4-132-141.
15. Putin V.V. Message of the President of the Russian Federation V. V. Putin to the Federal Assembly. December 12, 2012. URL: kremlin.ru > d / 17118 (date of circulation: 12/01/2018).
16. Sizikova, V.V. & Anikeeva, O.A. (2017) Life Long Learning in Social Education, *Contemporary Problems of Social Work*. Vol. 3. No. 3 (11). P. 33–41. DOI: 10.17922/2412-5466-2017-3-3-33-41.
17. Stevens I. Social Pedagogy Holding the Space November, 2010. P. 6.
18. Vasilkova T.A., Vasilkova Yu.V. Social pedagogy. Moscow: Knorus, 2010. 240 p.
19. Williams F. 'Postmodernism, Feminism and the Question of Difference' in *Social Theory, Social Change and Social Work*, ed. N. Parton, Routledge, London, 1996. p. 61-76.
20. Woods M. & Hollis F. Casework: A psychosocial therapy (5th ed.). New York: McGraw-Hill, 2000.

THE SOCIAL WORK IDEOLOGY INSTITUTIONALIZATION: FROM SOCIAL PHILANTHROPY TO SOCIAL NETWORKING

Mikhail Firsov

*Professor, Head of the Department of Social and Medical Rehabilitation of the Institute of
Additional Professional Education for Social Workers of the Department of Labor and Social
Protection of the Moscow' Population
mihail_firsov@mail.ru*

Natalia Lebedeva

*Deputy Director, Candidate of Psychological Sciences, associate Professor of the Institute of
Additional Professional Education for Social Workers of the Department of Labor and Social
Protection of the Moscow' Population*

Anna Chernikova

*Senior lecture, PhD student of Russian State Social University
chernikovaaa@rgsu.net*

ABSTRACT

The article describes the changes of digital assistance technologies, virtual diagnosis, delivered to the client, that can be specified by the client himself, through digital triangulation models. Today computer technologies define universality, comparative description, objective language and the logic of the case cognition, finding regularities in a particular problem, deriving from it the universal laws of universal existence and individual development according to the rules and standards of digital technologies.

Keywords: *assistance ideologies, digital technologies , social networking, social philanthropy, social work, social networking*

1. INTRODUCTION

The social work profession has been forming for many centuries. We will focus on the main stages of its ideology formation from the early forms of the late XIX to the first third of the XXI century. In the institutionalization process of this period, we can identify the following stages:

- The stage of social philanthropy, when pre-scientific presentations and assistance practice in the framework of charitable civil society's organizations are preparing,
- the scientific stage formalization theory and social work practice,
- the profession development in the system of electronic networking in the self-care and e-therapeutic care context.

The social work profession establishing is series of transformations that were associated with a formalization ideology, a technology work with a variety of clients at all practice levels. This process was complicated by the historical context: world wars, various types of social states formulation, the scientific and technological revolution, globalization, which brought their discourses into the practice of social work, influenced the change into the problems of clients, which led to a change in the professional practice ideology. Historical, social, economic and political challenges made it necessary for researchers to comprehend the profession at each of its stages, to determine the vector of development for the near future.

2. MAKING A PROFESSION WITHIN THE IDEOLOGY OF SOCIAL PHILANTHROPY

A professional work formation at the early stages of institutionalization is defined in the borders from the end of the nineteenth century to the beginning of the century XX. The pre-scientific stage of the social work development within a framework of the social philanthropy philosophy was associated, on the one hand, with rational searches for helping clients, on the other hand, the search for new relationships forms that voluntary assistants with various social groups built. At the same time, they were defined by confessional attitudes that affect clients' perception and their problem situations. Based on J. Butler's "performativity" concepts, there can be noted the first volunteers went beyond "boundaries of non-viability understanding" of the people, who were "tossed" by the free market on the side of the social community. By encouraging a relationship where services would not be implemented at the level of policy control, as it was customary in the state aid traditions of that period, and the participation politics, based on partnership and trust, formed new social assistance concepts and support practices[11]. The partnership practice in this period is forming in the discourses of Christian's charity, but it is complicating by social justice concepts and rational approaches are building on the first scientific studies of the social man's nature. It was the early approaches to the practice of social work that formed the technologies for combating addictions by building social partnerships and trust between volunteer assistants and those in need. In the early stages, the rationalization of assistance was determined by the search for optimal territorial models of social support for vulnerable segments of the population, when direct assistance was provided to the needy and specific reciprocal relations were established. One of the first socio-philanthropic professional assistance's models in this period, where these approaches were implemented, was the friendly visitors' practice, based on the social Christianity ideology. Early practice of social philanthropy M. Richmond clearly illustrates the profession institutionalization process. In her book "A Friendly Visit to the Poor", M. Richmond justifies the role of the Church in society in helping those in need. The author believed that the Church was "a natural help source", a fundamental one that influenced by other sources, "relatives, friends and neighbors," who were subordinate to her. The subject is the object relations, the main and subordinate, are laid in the concepts of "friendly visitors" and later will be transferred to the medical model theory, on these grounds a policy model of the theory and the social work practice will be laid[17, p. 170]. The concept of "norms" and "deviations from the norm" are defined within the framework of the Christian worldview. M. Richmond considered the Christian love term "norm" of family's life, when its members are connected with mutual concern for each other. Family's father makes efforts to "provide family members", the mother does housekeeping, the children are "obedient and trained", help their parents, they are preparing to patronize them in the future. This is the "norm" of family's social function. In the absence of these "elements", as M. Richmond wrote, «There is a deviation from the norm, the house "becomes a fictitious house, a place of sin and social disorder».[17, p. 141]. At the same time, the ideologies of professionals' first-generation bore the dualistic contradictions of Christian idealism and scientific pragmatism. This contradiction is observed both in the works of M. Richmond and J. Adams. Like M. Richmond, J. Adams implemented the technology of aid on religious grounds, which, according to the American researcher K. Amato van Hamert, pointed out in her memoirs the researcher by herself. The center's activity was determined by the confessional ideologies of the Jewish prophets: "to love charity," "to act justly," "to follow humbly with God, understanding the misery of the poor, trying to understand the meaning of life." [1, p. 52]. However, the helping practice in the Hull House center could not be limited just with "charity work", the community's requests were more dynamic and had a complex structure far beyond the "righteous beggar" ideas. In this regard, various forms of "response" are formed in practical activities, which gradually evolve into differentiated practices, such as adult education, the organization of

women's leisure, the counteraction to "social diseases" (the street prostitution, the child neglect, and the crime), also work with migrants. There were contexts that determined the "friendly visitors" practice, that influenced by the discourses of knowing the "poor Christian" problem. "Sociality" expanded the boundaries of knowledge and determined the direction of the study problem. M. Richmond offered a description of the situation through a number of "private stories": "social history", "physical history", "working history", "financial history", it was the "stories" that were allowing to describe the objective situation of poverty's causes. In the future, the methodology of the client's history will become the basis for both diagnosis and assessment, leading methods of researching the client's situation in the integral technological process of social work. The researcher introduces the practice of clarifying a received information in the client's environment: friends, relatives, Sunday school teachers, a pastor, a treating doctor, employers, and "other charitable stakeholders". This ideology of diagnosis, which was formed at the early stages of professional development, will be reflected in her subsequent works [17, p. 159]. The early analyzes' peculiarity of the clients' problem was the description of the client's problem was realized in social discourses, but the explanations of his actions and motives in the logic of theological discourses. We can note that in the early stages of the profession design, on the one hand, the same M. Richmond in all her early and subsequent works has a commitment to pragmatic epistemology. Her research is focusing on the operationalization of practices through a system of consistent technological interventions, the quantification of clients' qualitative characteristics, the processes, the case diagnostics, and the commitment to social and psychological analysis of client's problems. On the other hand, we can observe how a rational description of social practice is closely intertwined with the moral attitudes of Christian social philanthropy not only in this period, but which will implicitly be present in research settings in the subsequent decades of her creative activity. For example, as the researchers note, M. Richmond opposed the professionalization of social work, she believed that "professional elitism and personal advancement could undermine the natural friendship that was the aid relationship basis." For Christian moral reasons, she opposed the payment of state pensions to mothers, since she believed that thereby they would undermine the traditional family and women's gender roles. The devaluation of voluntary activity, ethical Christian positions, specialization of activities were not accepted by the social work's classics, all this was in contradiction with rational concepts of the professionalization of social work, which was increasingly determined in the logic of scientifically oriented activity[7]. At the same time, it was at the beginning of the 20th century that it had the greatest impact on the formation of the professional social work ideology, defended them in discussions with representatives of other professions, defining psychosocial discourses in the field of cognition and practice, which were fundamental throughout the century.

3. THE SCIENTIFIC STAGE IDEOLOGY IN THE CONTEXT OF DISCOURSES OF SOCIAL WORK'S EARLY PRACTICE

In the first third of the twentieth century the early practice of social work, in fact, gave impetus to the development of the theory and social work practice. It developed in the logic of these installations almost to the beginning of the 1990s, when the countries of Eastern Europe and then the countries of other regions joined the process of social work. Features of the profession institutionalization in the early twentieth century were associated:

- With the advent of a new disciplinary matrix that has been identified as a social work and adopted by the "helping community" as a new vector of knowledge of the people's social problems in a situation of economic and political challenges,
- The place of the profession understanding in the division of social labor and educational space.

"Dogmatic" scientific rational thinking in the early twentieth century comes to replace "dogmatic theological thinking." This symbolic transition was the change of the helping subject nomination, which becomes a "social worker", instead of a "friendly visitor" or a "voluntary assistant". The concept, which was proposed by the American economist Saimen Patten in 1900, essentially constituted, consolidated, the ideology of aid that had developed, which contours were indicated at the turn of the century[2]. In later works T. Kuhn clarified the notion of a paradigm, believing that more accurate historical concept would be a disciplinary matrix. He wrote that the disciplinary matrix have been formed when the groups are united based on the relative unanimity of "choosing problems and assessing solutions to these problems"[13]. The proposed concept mainly determined the vector of implementation of strategies for helping the action subject. At the heart of such strategies lay approaches based not on spiritual, sentiments of "sin and love," but on rational attitudes of social utility. There is noteworthy that assistance is interpreted in the context of economic and political discourses in the early twentieth century; therefore, it isn't accidental that the economist defined in the new century the essence of the social actions of power and civil society within the boundaries of political reason. According to the researchers, almost fifty years before J. Keynes's teachings, S. Patten begins to comprehend the problems of the economy transition deficit model from the model of abundance. At the same time, the regulators of social relations in the new model should be education, "restraint" of the poor, who in a situation of abundance "are ready to allow the state to keep its surpluses for educational purposes"[14, p. 1032]. In this situation, the scientist assigned a special role for social workers, who through the education system had to carry out the society's reform. S. Patten stood on the social-Fabian positions, the gradual society's reform, in which social workers belonged to one of the roles in the reform process. In fact, S. Patten defined a new mission to helping actors. Its ideology was connected with the political society transformation, which should allow the helping community to go beyond the archaic attitudes of "charity, pity, service," and go on "the virtues of social organization, tolerance, diversity, generosity and faith in human effectiveness"[14, p. 1034]. The new ideology was not perceived just in the United States. The pioneers of social work, for example, in the early 20th century J. Addams, who carried out its activities on pragmatic political ideas of "action of life", but also through the system of education in the field of social work, it was reproduced in many countries peace, contributed to the change in social relations[8]. Probably, this trend was typical at the beginning of the century for most industrial countries. For example, in Russia, a domestic scientist in the early twentieth century, S. Gogel justifies the need for new approaches to support socially vulnerable segments of population, based on current socio-political tasks. He proposed to replace the term "public charity" with the term "social work", as the former concept did not reflect the nature of existing enabling practice. S. Gogel was writing: "Hence the breadth of the requirements for social work, the nature of it and the quality needed for personalities in this field... The main is personal work, expressed in the organization of various measures, such as job search, advice at home and in consultations, the maintenance of any type of guardianship and custody institutions as purely personal matters requiring the greatest expenditure of energy"[9]. In fact, S. Patten defined the social workers ideology not only in the system of the future "abundance society", consumer society, but defined their place in the system of real social policy as actors of political actions with regard to the "public oppressed majority". Political ideologies did not cover just the practice, but also the very system of training future professionals for social work schools around the world. A. Solomon, summarizing the experience of the world leading social work schools in the first third of the twentieth century, from our point of view, identified two features that were characteristic of all programs for this period:

- the "ideological" nature of the state standards for the training of social workers,
- the orientation training programs to work with the labor movement [18].

The political majority determined the direction of training social workers in vocational schools, namely "the numerous and needy working class" defined the essence of state programs [18 p.86]. Through the mechanisms of social services, professionally trained social actors were to direct "numerous masses of workers" into a certain channel of "political, economic, cultural life of the state." [18 p.19]. This political task was directly posed to the social workers of many European countries. There are two trends in professional assistance that are implemented by social workers in this period:

- aid to the "poor majority" through individual professional intervention of social workers,
- and aid to the "low-income majority" through collective forms of voluntary assistance and social volunteerism.

In the first case, scenarios of individual social work were implemented, based on the approaches of M. Richmond, recommended by the international congress on charity in Paris in 1928. As the analysis of Solomon's studies shows, countries such as the USA, Germany, France, Belgium and other countries have followed this path of development in this period [5 p.20]. On the other hand, the rationalization of aid based on collectivist principles and social volunteerism are realized in such countries as Great Britain and Soviet Russia. In Great Britain, according to A. Solomon, rational approaches to help were rooted in the very life of English society; she wrote that in the "idea of social volunteering" lies the "indestructible spirit of collectivism", which was reflected in inter-party, interclass associations, and models of confessional interaction. So, for example, only in the London School Aid Committees there were 5000 unpaid volunteers [18 p.93]. However, if the social volunteering of the "idle class" in Britain was carried out over the "social majority" by the "poor working class", then in Russia both the political and socio-demographic situation was fundamentally different. In Soviet Russia, the rational ideology of "social volunteering" was realized in the paradigm of class work, and is presented in this historical period within the ideology of "patronage" and "social work.". "Technologically" is the paradigm of social volunteering was close to the new ruling elites:

- Firstly, it was a model of collective assistance, one group of other population on a non-reimbursable basis, which in the situation of economic crisis was economically feasible,
- Secondly, collectivity was the norm of life of Soviet society, which was asserted in all ideologies of activity and all social groups,
- Thirdly, it was a new form of social solidarity based on the class approach, also based on the absolutization of the public aid character.

However, ideologically, this form was not suitable for Soviet ruling elites. Marxist ideology negatively treated by any manifestations of charity in society [15]. Therefore, if the form of collective action was adopted and was widespread even in the second half of twentieth century, then the ideology of assistance is rethought in the context of party institutions. Instead of the concept of social philanthropy, the leading form of solidarity is "patronage" in the form of "comradely help." Official sources defined "patronage" as "a form of social activity - it was" systematic comradely assistance provided by one organization, an institution (boss), another (sponsored) collective (for example, collective farm, school, military unit, etc.) [16]. There can be noted that after the Second World War, regardless of the state or political system, social work acquires new discourses of rationality, which are formed on the ideology of the consumer society, in the context of urbanization problems and the processes of the scientific and technological revolution. Police forms of social control of twentieth century, which were characteristic of class societies, take on new forms of managing the masses, both at the level of social behavior in the form of forms of clinics and social therapy, and in forms of mass consciousness in the form of various configurations of digital technologies.

4. THE PROFESSION IDEOLOGY IN THE ELECTRONIC NETWORKING CONTEXT DEVELOPMENT

In 1985, B. Glastonbury's book *Computers in Social Work* was published. In this book, there are many concerns and doubts about the role of computers in the practice of helping clients. The last chapter is called quite provocatively, "Social Worker Robot"[3]. Among the troubles with which the author was "captured", there can be noted the problems of interaction, between the "real person" and the social worker who was behind the monitor screen. B. Glastonbury believed that the solution of human problems requires "sensitivity and insight", i.e., the direct presence of a professional, that "can not be remotely solved, using jargon"[3 p.137]. However, fears and "naive fears" did not obscure the rational ideas and approaches that have become relevant in modern e-therapy technologies in social work. Among the possible perspectives, the author considered the possibility of calculating the approaches diversity to solving customer problems based on using computer technology, especially when it affected crisis cases[3 p.134]. The computers could have, from Glastonbury's point of view, a certain information base, to store in itself various "problem situations", while not being limited to the implicit practice of particular social worker and his professional experience, but to summarize "all professional experience in solving various problems basis of "similarity." The "similarity" of cases would give an opportunity, from the author's point of view, to reduce the number of errors in the forecasts and diagnose the problem. In the 80s the computer was considered in social work as a possible form of systematization and storage of client materials, but has not yet been considered as an "instrument" for working with the client. However, a new helping a person ideology through the possibilities of mediated systems is gradually being formed. The situation will change by the end of twentieth century, when the digital space will become an integral part of human life, when the e-therapist will also naturally interact with the problem case, because the communication system will be formed in a systemic relationship with the e-client. For example, studies show by 1999 that there were 250 private electronic therapy sites in the US alone, and in the early 2000s, 5,000 to 25,000 messages were sent daily to online users during online consultations, to users of services[12]. New technologies have changed the social worker's professional identity, broadened the horizons of his professional activity. In the 21st century, in the e-care system a social worker should have had skills that are in the previous stages of professional development did not occur in his practice. These new technologies include e-counseling, e-therapy, cyber-rehabilitation and other types of customer support. The working alliance with the client and the success, for example, of e-counseling today, determine not only the professional's experience, but also the development of his specific e-competencies such as:

- the ability to conduct an online conversation and send documents,
- through avatars to understand the features of customer self-expression and their identity,
- understand the plans' peculiarity for web development and hosting,
- Critical attitude to the effectiveness of online therapy technologies, their capabilities and limitations,
- be able to work with viruses, remove spam and "spyware", which may violate the confidentiality of therapeutic online relationships,
- "ping", verify the authenticity of the client's request, based on the provision of his place of residence, etc [6].

The rationalization of the social worker's actions is closely connected with the changed socio-political context in the 21st century. The problems that embraced "successful social states" became systemic regardless of their economies, social protection programs, which essentially determined the role and place of social workers in a new socio-historical context. In the new century, the parity of power has changed, not only the vertical structures define the

programming of social work, which was harshly polemicized in Europe at the end of the twentieth century, defining the basic functions of social workers in society as "the maintaining order functions." [10]. However, using the "power relations" of social workers to socially vulnerable clients, individual corporations can use professional assistance in their own interests. Thus, through "horizontal management systems" achieve their corporate goals and objectives. "Mind Games" can be the property not only of the ruling elites, but also of the various corporations serving them, which did not occur in other epochs. So, for example, clinical social workers, for clarifying the diagnosis of their clients used the manual DSM-IV, developed by a group of psychiatrists. As practice showed, this guide was lobbied by pharmacological companies, which wanted to profit from patients, diagnoses, and recommendations that were based on this document. More than half of the authors had financial ties with pharmaceutical companies[4].

5. CONCLUSION

According to the development of digital technologies the new power dilemmas emerge, when programmed help based on e-technologies can be implemented by computer programs in which various interests, the client, the authorities, certain social groups, and even "pharmaceutical campaigns" can be taken into account. The problems will be only in achieving a balance, in different vector combination interests of stakeholders, which do not lead them to revolutionary dialectical contradictions. However, today we can observe how the client's subject role changes in digital technologies of assistance, his chooses to help online or offline and any request modes, morning-evening, day-night, they are not connected anymore with the mode of work of the social agency. The virtual diagnosis, delivered to the client, can be specified by the client himself, through digital triangulation models: using other sites, agencies or "user opinions", which on the basis of "likes" will have no less important information and therapeutic function than direct communication with a professional. The self-help model of self-care paradigms begins to be actualized thanks to digital technologies, defining new discourses of rationality in the new century against new power challenges and the public consciousness manipulation through professional communities. Honestly, that can follow ethical principles, fight for purity in their ranks, but do not have control over the processes of selecting customers' tools and technology assistance. Today computer technologies define universality, comparative description, objective language and the logic of the case cognition, finding regularities in a particular problem, deriving from it the universal laws of universal existence and individual development according to the rules and standards of digital technologies. New principles of rationality determine the profession development discourses in the coming digital society. Thus, in the new century the development of the assistance ideology is determined by the new vectors of the profession's development that influence the design of new assistance ideologies.

LITERATURE:

1. Amato-von Hemert K. Battle between sin and love in social work history/ Christianity and social work, NAACSW, 2002, p.328
2. Barker R. The social Work Dictionary, 4th edition. NASW Press,1999.
3. Bryan Glastonbury. Computers in Social Work . MACMILLAN PUBLISHERS LTD, 1985, p. 589
4. Cosgroie L., Krinsky S., Vijayaraghavan M., Schneider L. (200). «Financial ties between DSM-IV panel members and the pharmaceutical industry». *Psychother Psychosom* 75 (3): p.154
5. Cristian De Robertis *Methodologie de l'intervention en travail social*, Paris, Bayard, p.20
6. Donna M. Midkiff W. Joseph Wyatt Ethical Issues in the Provision of Onhne Mental Health Services (Etherapy)/*Journal of Technology in Human Services*, Vol. 26(2/4) 2008

7. Elizabeth N. Agnew. Mary E. Richmond and the Creation of an American Profession. By. Champaign: University of Illinois Press, 2003., p.296
8. Elshtain J. A Return to Hull House: Reflection on Jane Addams / Power Trips and Other Journeys : Essays in Feminism as Civic Discourse. Reprinted by permission of The University of Wisconsin Press, Madison, Wisconsin, p. 1990.
9. Firsov M.V. The history of social work. M. Knorus, 2012. p.384
10. Foucault, M. Capitalism and incarceration/ Intellectuals and power: Selected political articles, speeches and interviews. Part 2 Moscow, 2005 p. 325
11. Jason L. Powell, Tony Gilbert. Performativity and helping professions: social theory, power and practice. INTERNATIONAL JOURNAL OF SOCIAL WELFARE, 16.p. 359
12. Jerry Finn Msw Student Perceptions of the Efficacy and Ethics of Internet-Based/ <https://doi.org/10.1080/10437797.2002.10779107>
13. Kuhn T. « The Structure of Scientific Revolutions» M., ACT6 2014. p.234
14. La Jeunesse R. Simon Patten's Contributions to the Institutionalist View of Abundance, JOURNAL OF ECONOMIC ISSUES vol. XLIV, No. 4, December 2010. p.1032
15. Lenin V.I. « Socialism and religion» Revolucia.ru»soc_rel.htm
16. Patronage. Great Soviet encyclopedia, T.29, M., 1978, p.393
17. Richmond M.E., Friendly visiting among the poor a Handbook for Charity Workers, London: MacMillan & Co., Ltd. 1907, p. 141
18. Salomon A. Social sciences: Abstract collection: Education for Social Work. / Compiler and scientific editor C X Saraliev. - 8. –Novgorod: publishing house NICOTCH, 2013. p.93
19. Sorikhina, V.P. & Fomina, S.N. (2017) Organization of Research Work of Future Experts in Social Sphere: Problems and Prospects, *Contemporary Problems of Social Work*. Vol. 3. No. 1 (9). P. 111-116. DOI: 10.17922/2412-5466-2017-3-1-111-116.

SOCIETAL VULNERABILITY TO CRITICAL INFRASTRUCTURE FAILURE DUE TO EXTREME WEATHER EVENTS

Maria Luskova

*University of Zilina, Faculty of Security Engineering Slovakia
maria.luskova@fbi.uniza.sk*

Bohus Leitner

*University of Zilina, Faculty of Security Engineering Slovakia
bohus.leitner@fbi.uniza.sk*

ABSTRACT

The growing hazard of extreme weather events which have been observed especially since 1970s calls for increased concern to research of approaches to measuring societal vulnerability. This paper discusses the issues of societal vulnerability due to impact of extreme weathers events on critical infrastructure. Extreme weather events are among the most pressing environmental risks and the first top global risk in terms of the likelihood. The paper underlines the importance of critical infrastructure as an asset or system whose disruption or destruction could have a range of serious implications for the performance of economic and social functions of the state and thus on the inhabitants in terms of their life, health, security, property and environment protection. It provides selection of past cases of extreme weather events having impacts on critical infrastructure in sector energy and transportation throughout Europe and their impacts on society. Subsequently own approach to measuring societal vulnerability due to impact of extreme weather event on critical infrastructure is presented. In conclusion recommendations supporting the proactive approach to building resilient critical infrastructure which contributes to resilient society are presented.

Keywords: *Critical infrastructure, Extreme weather, Resilience, Risk, Society, Vulnerability*

1. INTRODUCTION

The security, economic and social stability of the state, its functionality, as well as the protection of citizens' lives and assets depend on the proper functioning of many state infrastructure systems. Based on current security risks, the need to define critical infrastructure as a part of infrastructure, the destruction of which will cause serious political and economic consequences, has been arisen in highly - developed countries. In the Slovak Republic, critical infrastructure is defined as the part of national infrastructure (selected organizations and institutions, objects, systems, facilities, services and systems), whose disruption or destruction should adversely affect the performance of economic and social functions of the state; thus on the quality of life of residents in terms of the protection of their lives, health, safety, property, as well as the environment (Act No. 45/2011). Critical infrastructure as a concept has an interdisciplinary character as it crosses many areas of human society. It therefore requires a wide cooperation and partnership between many sectors and actors, whether they are forming or using the infrastructure. Disruption of key critical infrastructure objects due to a major natural or technological disaster or terrorist attack on the territory of the Slovak Republic would always entail large losses on life and property (nuclear power plant, dam), moral damages (objects with significant symbolic value) or would lead to disorganization of the society as a whole (headquarters of the central authorities, damage to the network of health facilities, waste water treatment plants, supply network, etc.) (MI SR, 2008). Extreme weather events are no longer perceived as possible future threats but are considered to be one of the biggest environmental problems of the day. The uncertainty associated with their predicting leads to serious impacts on society.

The Intergovernmental Panel on Climate Change defines extreme weather or climate event as „The occurrence of a value of a weather or climate variable above (or below) a threshold value near the upper (or lower) ends of the range of observed values of the variable. An extreme weather event (e. g. a flood) is associated with changing weather patterns within timeframes of less than a day to a few weeks. An extreme climate event (e.g. a drought) is associated with longer timeframes, and can be the accumulation of several weather events (IPCC, 2012). According to the Global Risks Report 2018 published by the World Economic Forum, the extreme weather events are ranked as the top global risk in terms of the likelihood and the second top global risk in term of the impact (WEF, 2018). This report is based on work with experts and decision-makers across the world participating in identification and analysis of the most pressing risks that people face. In accordance with the World Meteorological Organization (WMO, 2015) the most frequent and damaging extreme events are storms, floods, droughts, and heatwaves. They cause disasters which are on the rise worldwide. Their devastating impact is due to their increasing occurrence, severity and also to the growing societal vulnerability especially people living in less developed countries. The Atlas of Mortality and Economic Losses from Weather and Climate Extremes 1970-2012 which presents a worldwide analysis of extreme weather, climate, and water events states that „Storms and floods accounted for 79 per cent of the total number of disasters due to weather, water and climate extremes and caused 54% of deaths and 84% of economic losses. Droughts caused 35% of deaths, mainly due to the severe African droughts of 1975, 1983 and 1984’ (WMO, 2015). Table 1 provides selection of past cases of extreme weather events having impacts on critical infrastructure in sector energy and transportation throughout Europe and their impacts on society (Groenemeijer, P. et al., 2015). Extreme weather events affect society in a variety of ways. They include social and economic impacts such as:

- morbidity and mortality of the population,
- deepening social problems, including poverty and poor quality of life,
- deterioration of the quality of natural waters and soil and the overall environment of humans and animals,
- damages to movable and immovable property,
- power supply outages,
- damage to road infrastructure,
- lack of water and food, etc.

Table following on the next page

Table 1: Selection of past cases of extreme weather events (Groenemeijer, P. et al., 2015)

Event	Date	Location	Total damage	Fatalities	Damage to critical infrastructure in sector energy and transportation
Windstorm Lothar and Martin	December 1999	West and Central Europe	€ 9 billion	140	Broken power lines, blocked roads, railways
Windstorm Kyrill	January 2007	West, Central and East Europe	€ 4 - 7 billion	47	Falling trees leading to blocked roads and railways; damage to power lines
Flash flood	February 2010	Madeira, Portugal	€ 1.5 billion	45	Blocked roads, disrupted electricity and telecommunication, closed airport, cut water supplies
River flood	May and June 2013	Central Europe	€ 12 billion	25	Road and rail closures, erosion of embankments and streets, damage to bridges, landslides blocking railways
Coastal flood	February 2010	Vendée and Charente-Maritime departments, France	€ 2.5 billion	41	Direct damage and destruction by floodwater and strong wind, cessation of services.

The most notable are the negative consequences of extreme weather events for the most vulnerable population. In our conditions, they are old people, lonely living, children, low-income people and people suffering from a disability. Since the societies are not resilient to the extreme weather events it is necessary to effectively reduce the impact of and build resilience. A great deal of excellent work has been already done and now it is needed to synthesise all knowledge and information. It requires also joint work and responsibility at local, national and international levels with participation from the individual or household to the international community (The Royal Society, 2014).

2. RESEARCH OBJECTIVE AND METHODS

Reducing societal vulnerability is one of the main principles of society functioning. Societal vulnerability is a part of the disaster risk assessment and key information needed to assess relevant threats and mitigate their adverse effects. The aim of the paper is to present the own approach to measuring societal vulnerability due to impact of extreme weather event on critical transport infrastructure developed within solution of the FP7 project RAIN – Risk Analysis of Infrastructure Networks in Response to Extreme Weather (Project Reference: 608166, 2014-2017). To achieve this aim, a large-scale analysis of the knowledge from domestic and foreign scientific and professional literature, published either in book or in the form of articles, research reports, legal and technical standards, European Commission documents, interviews, processed statistical data, which are in close connection with the issues of measuring and assessing the vulnerability of society, was carried out.

By selection, comparison and synthesis of knowledge, the basic concepts, key elements and dimensions of societal vulnerability were defined. In interpreting the results obtained on the basis of study and analysis of vulnerability assessments applied in the Slovak Republic and abroad, the method of induction was applied. The development of own approach to measuring vulnerability was done by the deduction method. A structured set of indicators for measuring and assessing the societal vulnerability as well as the conditions and principles for addressing emerging crisis events were defined and processed based on the synthesis and comparison of the acquired knowledge.

3. RESULTS

In year 2017 the researchers of the Faculty of Security Engineering, University of Žilina participating in the FP7 project RAIN – Risk Analysis of Infrastructure Networks in Response to Extreme Weather developed Methodology for measuring societal vulnerability due to failure of critical land transport infrastructure elements. This Methodology is divided into two basic parts. The first part “Research of the societal vulnerability concepts and societal vulnerability components” is dealing with theoretical aspects of vulnerability. It includes defining vulnerability, vulnerability concepts, core factors and key dimensions of vulnerability, resilience and survey of some models of risk and vulnerability assessment. The second part “Development of approach to measure societal vulnerability” includes results of our research in the form of proposed methodology for measuring societal vulnerability due to extreme weather impacts on critical transport infrastructure.

3.1. Research of the societal vulnerability concepts and societal vulnerability components

The concept of vulnerability has been emerged, discussed and continuously developed over the almost past five decades. In the 1970s and early 1980s vulnerability was associated especially with physical fragility (e.g. the likelihood of a building to collapse due to the fire). During the last two-three decades the concept of vulnerability has been continuously developed and broadened towards a more comprehensive approach encompassing susceptibility, exposure, coping capacity and adaptive capacity, as well as different thematic areas, such as physical, social, economic, environmental and institutional vulnerability (Luskova, 2015). Now the term “vulnerability” is used very loosely in dependence on an individual’s background and the applied context (Luskova et al, 2017). The scientific communities and stakeholders apply different vulnerability definitions. According to Birkmann (2013), the current literature encompasses more than 30 different definitions, concepts and methods to systematize vulnerability. Concerning the core factors of vulnerability, various authors and scientific communities define core factors of vulnerability differently, e.g.:

- Birkmann (2013) includes among core factors of vulnerability: susceptibility, sensitivity or fragility, coping or adaptive mechanisms.
- Institute for Environment and Human Security of the United Nations University incorporates among the core factors except susceptibility and coping capacities also exposure (Renaud, 2013).
- In IPCC concept the exposure is considered as own factor next to vulnerability. It is defined as the presence of people, livelihoods, environmental services and resources, infrastructure, economic, social, or cultural assets in places that could be adversely affected. Vulnerability is briefly defined as the propensity or predisposition to be adversely affected (IPCC, 2012).

Based on the study of professional sources and their analysis we have defined vulnerability as a function of three elements:

- exposure to extreme weather events,

- susceptibility to change,
- capacity to adapt to that change.

Systems that are highly exposed, susceptible and less able to adapt are vulnerable (Allen Consulting Group, 2005). Exposure is the presence of people; livelihoods; environmental services and resources; infrastructure; or economic, social, or cultural assets in places that could be adversely affected (IPCC, 2012). Susceptibility (called also sensitivity or fragility) characterizes the predisposition and likelihood to suffer harm when a hazard strikes a community or a system is exposed.

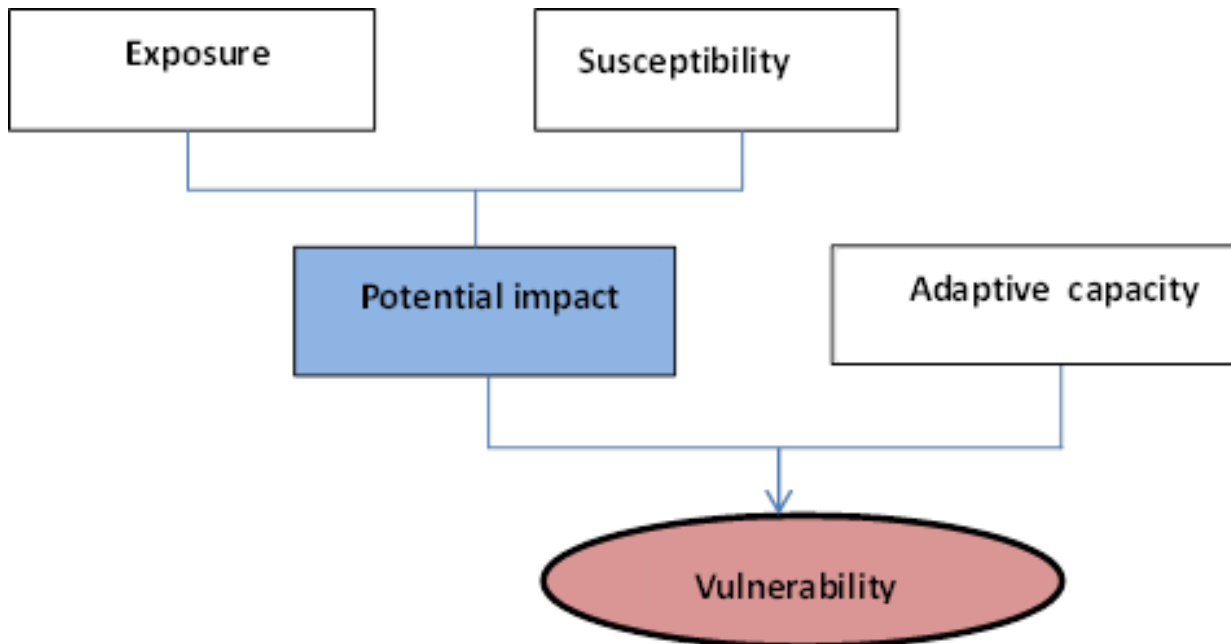


Figure 1: Vulnerability and its core factors (Adapted from Allen Consulting Group, 2005)

In addition to the key factors of vulnerability there are also key dimensions that usually encompass social, economic and environmental aspects. The social dimension of vulnerability includes aspects such as justice, social differentiation, societal organization, individual strength, poverty, social marginalization, powerlessness, demography, social networks, education, health and well-being, gender, culture, migration, risk perception, etc. (Adger and Kelly, 1999, Adger, 2006, O'Brien et al., 2008, Few, 2007, Cutter et al., 2003). Economic dimension of vulnerability can be understood as the susceptibility of an economic system (public and private sectors) to potential disaster damage and loss (Mechler et al., 2010). Economic vulnerabilities at macroeconomic level can be analysed e.g. by CATSIM model or the Disaster Deficit Index (Cardona et al, 2009). The environmental dimension of vulnerability deals with the fragility of ecological and biophysical systems and their different functions under a hazardous condition, to suffer damage and deterioration (Birkmann et al, 2014).

3.2. Development of approach to measure societal vulnerability

The developed methodology is based on multilevel approach to societal vulnerability measuring. It was formed by gradual splitting of Societal Vulnerability into lower levels (Figure 2):

- Vulnerability Core Factors (3 factors).
- Vulnerability Societal Categories (9 categories).
- Vulnerability Indicators (31 indicators).

The measure of Societal Vulnerability is expressed through Vulnerability Index (VI) calculated on the basis of selected vulnerability indicators.

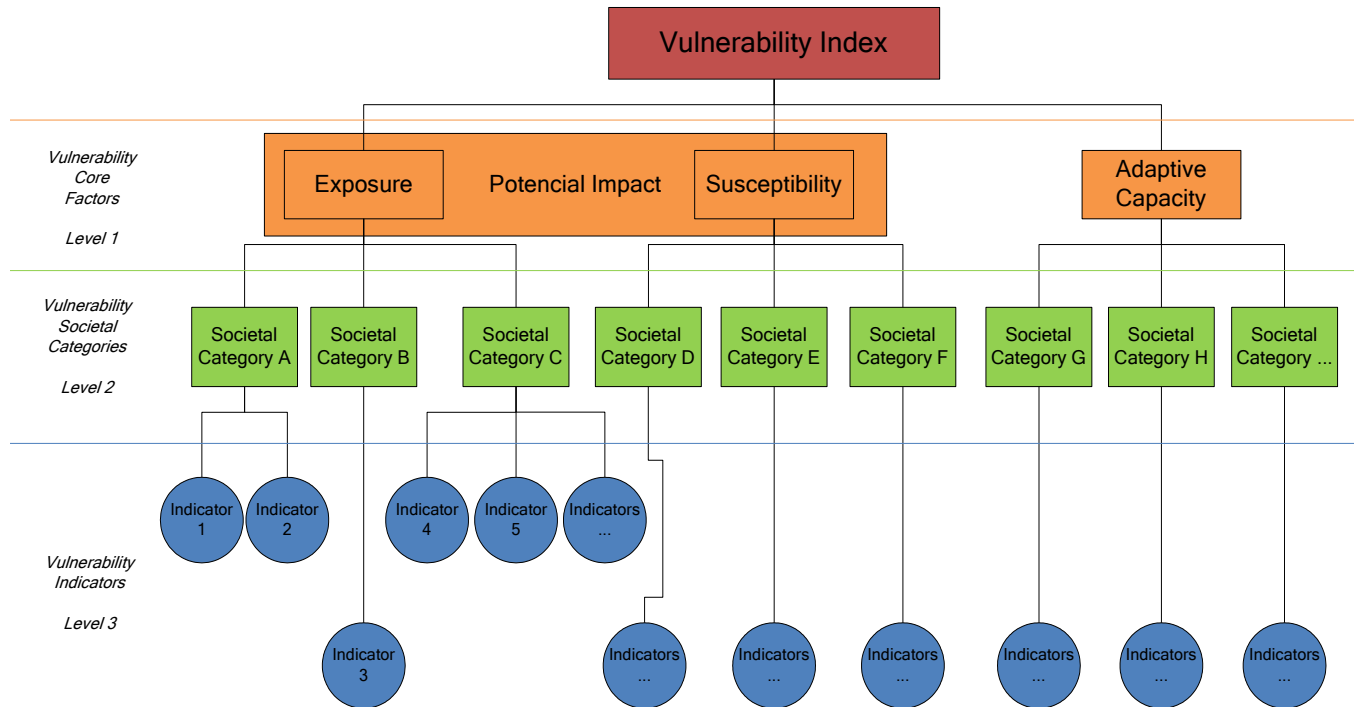


Figure 2: Multilevel approach to the Vulnerability Index identification (Luskova et al, 2017)

In total 31 indicators of societal vulnerability related to the failure of the critical land transport infrastructure elements were identified and described. They were selected based on the study of scientific literature and they were also discussed with subject matter experts in the RAIN consortium. Each indicator is given a value from 1 to 5 in accordance to the assessment table which is part of the description of every indicator (Luskova et al, 2017). EXPOSURE considers the societal categories: Society, Infrastructure, and Transport Services and the list of indicators is available in Luskova et al, 2017. SENSITIVITY considers the societal categories: Society, Infrastructure, and Transport Services and the list of indicators is available in Luskova et al, 2017. ADAPTIVE CAPACITY considers the societal categories: Rescue services, Economic sources, Preparedness/Prevention and the list of indicators is available in Luskova et al, 2017.

By summing the values of Vulnerability Indicators and considering indicator weights, values of the Vulnerability Societal Category were calculated according to equation (1):

$$SC_x = \sum_{n=1}^i w_{In} I_n$$

SC= Societal Category
x = designation of Societal Categories
i = number of indicators within Societal Category (from 1 to n)
w_I=weight of Indicators
I_n = value of Indicators

(1)

Similarly, values of Societal Categories were added to the value of the Core factor. As in the case of other indicators, Societal Categories needed their weight (w_{SC}) to be assessed. The aggregated value of Core Factor is calculated according to equation (2):

$$CF_y = \sum_{n=1}^j w_{SC_n} SC_n \quad (2)$$

CF = Core Factor
y = designation of Core Factors
j = number of Societal Categories within Core Factor (from 1 to n)
 w_{SC} = weight of Societal Category
 SC_n = value of Societal Category

The resulting value of VI is obtained in a similar way. The final calculation of VI is preceded by one extra step which lies in the calculation of Potential Impact (PI). Potential Impact represents possible level of impacts on society after considering all aspects which can be in danger (Exposure) and after considering all societal groups, which are more sensitive to extreme weather impacts (Susceptibility). The weights of Exposure and Susceptibility (w_E , w_S) are also included. The Potential Impact is calculated according to equation (3):

$$PI = w_E E + w_S S \quad (3)$$

PI = Potential Impact
E = Exposure
S = Susceptibility
 w_E = weight of Exposure
 w_S = weight of Susceptibility

The resulting value for VI is the sum of the PI weight value and weight value of Adaptive Capacity (4):

$$VI = w_{PI} PI + w_{AC} AC \quad (4)$$

VI = Vulnerability Index
AC = Adaptive Capacity
 w_{PI} = weight of PI
 w_{AC} = weight of Adaptive Capacity

A higher VI value indicates higher societal vulnerability. The index and related interpretations (Luskova et al., 2017) serve for evaluation of the current state in specific region as well as for decision making purposes.

4. DISCUSSION

Within our research in the RAIN project focused on societal vulnerability measuring, we have applied conceptual framework that is widely used in research community (Fig. 1). Societal vulnerability is composed of various dimensions and is affected by vast number of factors. These dimensions and factors are so different that it is not possible to use them for direct Societal Vulnerability measurement. On the other hand, these dimensions and factors have some characteristics and aspects in common, hence, it is possible to assort them into groups. This way we can gradually define the overall level of societal vulnerability. Therefore, we suggest the use of multilevel approach for the measurement of societal vulnerability (Fig. 2) which, by gradual defining of concrete levels, will lead to the determination of overall Societal Vulnerability. It is also important to remind that vulnerability is dependent on specific hazard. Hence, target region can be more vulnerable to a certain kind of threat but much more resistant, i.e. less vulnerable to another kind of threat. We incline to this idea and therefore it is necessary to evaluate vulnerability for each threat or danger separately. There could be significant differences between vulnerabilities of the same area to the same hazard with different intensity, e.g. windstorm with speed of 70km/hour or 140km/hour; flood with probability of occurrence 1 in 10 years, and flood with probability of occurrence 1 in 1000 years. Therefore to address the intensity of hazard within vulnerability analysis, it is important to identify the indicators which can vary based on the hazard intensity.

Our research work was concentrated on development of an understanding how failure of critical land transport infrastructure leads to societal vulnerability. From a literature review, dealing with measuring vulnerability to extreme weather events, follows that a common methodology to identify and measure risk and vulnerability to extreme weather events in order to define disaster-risk management and disaster-relief priorities is still not sufficiently developed. Also for this reason our effort was concentrated on research how to measure vulnerability to be usable for improving risk reduction and preparedness to extreme weather events and how to propose and develop relevant indicator approaches for specific purposes.

5. CONCLUSION

Extreme weather and climate events as a phenomenon of the 21st century are becoming one of the biggest challenges of environmental policy. Although their exposures across the world and regions are different, their adverse consequences for socio-economic and natural systems are increasingly important and require active solutions. One such solution that helps minimize the risks and negative consequences of extreme events is to reduce vulnerability and to adapt people and ecosystems to lower economic, environmental and social costs. From the point of view of protecting and defending critical infrastructure, one of the main tasks of the Slovak Republic's security policy is a continuous assessment of risks and threats at national as well as international level. Risk analysis is a prerequisite for understanding threats in the world of globalization. This task includes also the assessment of the effectiveness of the protection and defense of critical infrastructure as well as the assessment of the preparedness and capability of the individual actors involved in the protection and defense of critical infrastructure. Integrated systems are in place to enable the individual units to be able to cooperate and to engage operationally in crisis situations, to combine their efforts according to the extent and nature of the threat. Recommendations for all stakeholders participating in critical infrastructure protection for the purpose to support the proactive approach to building resilient critical infrastructure which contributes to resilient society include:

- Effective cooperation between the critical infrastructure owners/operators and state administration authorities supporting mutual confidence and reliability.
- Measuring societal vulnerability due to critical infrastructure failure.
- Building resilient organisations which are able to absorb an event, to adapt and continue in their activities.
- Assistance of state administration authorities to critical infrastructure owners /operators in identifying, analysing and managing cross-sectoral dependencies.

ACKNOWLEDGEMENT: *This paper was supported by VEGA grant No. 1/0240/15 “Process model of critical infrastructure safety and protection in the transport sector and by the European Union within the FP7 project No. 608166 “Risk Analysis of Infrastructure Networks in response to extreme weather”.*

LITERATURE:

1. Act No. 45/2011 Coll. about Critical Infrastructure. (2011). 9p. Retrieved 15.07.2018 from <http://www.zbierka.sk/>
2. Adger, W.N., Kelly, P. M. (1999). *Social vulnerability climate change and the architecture of entitlements. Mitigation and Adaptation Strategies for Global Change*. Volume 4, Issue 3-4, pp 253-256. Retrieved 18.07.2018 from <https://link.springer.com/content/pdf/10.1023%2FA%3A1009601904210.pdf>
3. Adger, W.N. (2006). *Vulnerability*, Global environmental change, 16: 268-281. Retrieved 18.07.2018 from https://www.geos.ed.ac.uk/~nabo/meetings/glthec/materials/simpson/GEC_sdarticle2.pdf

4. Allen Consulting Group. (2005). *Climate Change, Risk and Vulnerability*. Report to the Australian Greenhouse Office, Department of the Environment and Heritage. Published by the Australian Greenhouse Office, in the Department of the Environment and Heritage. ISBN: 1 920840 94 X.
5. Birkmann, J. (2013). *Measuring vulnerability to natural hazards: towards disaster resilient societies*. United Nations University Press. Tokyo. Japan. ISBN 978-92-808-1202-2.
6. Birkmann, J., Kienberger, S., Alexander, D., (2014). *Assessment of vulnerability to natural hazards. A European perspective*. 2014. Elsevier Inc. USA. ISBN: 978-0-12-410528-7
7. Cardona, O.D., Ordaz, M.G., Marulanda, M.C., Barbat, A.H. (2009). *Use of the disaster deficit index in the evaluation of the fiscal impact of future earthquakes*. Article No.1, Intersections/Intersecții, Vol.6, 2009, No.2. ISSN 1582-3024. Retrieved 20.07.2018 from http://intersections.ro/archive/2009/No02/Intersections_V06_No02_01.pdf
8. Cutter, S. L., Boruff, B. J., Shirley, W. L. (2003). *Social Science Quarterly*. Social Vulnerability to Environmental Hazards. Vol. 84, No. 2. pp.242-261. Retrieved 19.07.2018 from http://danida.vnu.edu.vn/cpis/files/Papers_on_CC/Vulnerability/Social%20Vulnerability%20to%20Environmental%20Hazards.pdf
9. Few, R. (2007). *Health and climatic hazards: Framing social research on vulnerability, response and adaptation*. Global Environmental Change. Volume 17, Issue 2, May 2007, pp. 281-295. Retrieved 19.07.2018 from <https://www.sciencedirect.com/science/article/pii/S0959378006000859>
10. Groenemeijer, P. et al. (2015). *Past Cases of Extreme Weather Impact on Critical Infrastructure in Europe*. Project RAIN - Past Cases of Extreme Weather Impact on Critical Infrastructure in Europe. Deliverable 2. 2. Retrieved 17.07.2018 from <http://rain-project.eu/>
11. IPCC. (2012). *Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation*. Special Report of the Intergovernmental Panel on Climate Change (ed. Field, C. B, Barros, V, Stocker, T. F., Qin, D, Dokken, D. J, Ebi, K. L, Mastrandrea, M. D, Mach, K J, Plattner, G.K, Allen, S K, Tignor, M & Midgley P. M). Cambridge University Press.
12. Lusková, M. (2015). *Approaches to risk and vulnerability assessment caused by extreme weather events*/In: Riešenie krízových situácií v špecifickom prostredí: 20. International scientific conference: 20. - 21. May 2015, Žilina. [2. Part]. - Žilina: Žilinská univerzita, 2015. - ISBN 978-80-554-1022-7. - p. 335-341.
13. Luskova, M., et al. (2017). *Methodology for measuring societal vulnerability due to failure of critical land transport infrastructure elements*. D3.4. Retrieved 18.07. 2018 from <http://rain-project.eu/>
14. Mechler, R., Hochrainer, S., Pflug, G., Lotsch, A., Williges, K. (2010). *Assessing the Financial Vulnerability to Climate-Related Natural Hazards*. Background Paper to the 2010 World Development Report. Policy Research Working Paper 5232. Washington, DC: World Bank. Retrieved 20.07.2018 from <https://openknowledge.worldbank.org/bitstream/handle/10986/3718/WPS5232.pdf?sequence=1>
15. Ministry of Interior of the SR (MI SR). (2008). *National Program for the Protection and Defence of Critical Infrastructure in the Slovak Republic*. Retrieved 15.07.2018 from <https://www.mhsr.sk/uploads/files/c2CSdqQ5.pdf>
16. O'Brien, K. et al. (2008). *Disaster Risk Reduction, Climate Change Adaptation and Human Security* A Commissioned Report for the Norwegian Ministry of Foreign Affairs. University of Oslo. Report 2008:3. ISSN: 1504-5749. Retrieved 19.07.2018 from https://www.unisdr.org/files/7946_GECHSReport3081.pdf

17. Renaud, F.G. (2013). *Environmental Components of Vulnerability*. In: Birkmann, J. (Ed.): *Measuring Vulnerability to Natural Hazards. Towards Disaster Resilient Societies*. United Nations University Press, Tokyo. pp. 109-126.
18. The Royal Society. (2014). *Resilience to extreme weather*. The Royal Society Science Policy Centre report 02/14. Issued: November 2014 DES3400. ISBN: 978-1-78252-113-6
19. World Economic Forum (WEF). (2018). *The Global Risks Report 2018*. Retrieved 16.07.2018 from <https://www.weforum.org/reports/the-global-risks-report-2018>
20. World Meteorological Organization (WMO). (2015). *Atlas of Mortality and Economic Losses from Weather and Climate Extremes 1970-2012*. Geneva. Retrieved 16.07.2018 from <https://drive.google.com/file/d/0BwdvoC9AeWjUd1RwQW5Ld2hqTDQ/view>

THE NATIONAL FOOD SECURITY OF THE MEMBER STATES OF THE EURASIAN ECONOMIC UNION

Marina Vartanova

*Institute of socio-political studies of the Russian Academy of Sciences, Russia
11marina11@mail.ru*

Galina Osadchaya

*Institute of socio-political studies of the Russian Academy of Sciences, Russia
osadchaya111@gmail.com*

Tatiana Yudina

*Russian state social University, Russia
ioudinatn@mail.ru*

ABSTRACT

Within the framework of this article, the study of the current state of national food security is carried out, the analysis of foreign trade operations of the Eurasian economic Union, both between the EAEU countries and with other countries is carried out. The paper reveals the structure of the existing trade flows, highlights the directions of development of mutual trade, and identifies potential points of growth for the development of inter – sectorial trade between the EAEU member States. The authors note that participation in integration processes at the level of interstate associations should not lead to negative consequences, but, on the contrary, should strengthen the position of the national producer, contribute to filling the market with high-quality and safe products.

Keywords: *agro-industrial complex, foreign trade, domestic market, States, Eurasian economic Union (EAEU), import, integration, national food security, production, agriculture*

1. INTRODUCTION

Much attention in recent times has been paid to the questions about the present situation with regard to the national food security, the problems and prospects for developing foreign trade cooperation among the countries of the Eurasian Economic Union (further – the EEU). The scientific works of such authors as A. G. Aganbegyan [2], M. L. Vartanova [1, 4-7, 8-9], E. V. Drobot [10-11], A. A. Migranyan [12-13], G. I. Osadchaya [8-9,14-15], T. N. Yudina [15], N. U. Tyurina [16], A. Osinina, I. Glotova [17], I. G. Ushachyev [18] and other prominent scientists were used. Among the research enumerated, the works by A. A. Migranyan [12-13] giving a macroeconomic assessment of trends in the economic development of the CIS countries as well as the works by I.G. Ushachyev [18] giving an extensive analysis of integration development in the agrarian area in the EEU countries as the most important condition for national security development in the areas of food for the near and medium-term future are of special attention.

2. METHODS

In accordance with Paragraph 4 of the Treat on the Eurasian Economic Union, the intent to create a single market for goods, services and capital is referred to the major objective of an establishing union. The contents of Paragraph 26 in the Treat on the Functioning of the European Union show an identical understanding of the category “domestic market”. In both cases the term “domestic market” means an economic space without any internal borders of States, being members of the Union, which provides the free movement of goods, people, services and capital.

To provide this freedom of movement, it is important to:

- build common approaches to define the legal position of citizens and corporate persons, the legal regime for goods, services and capital across the Commonwealth, while taking into consideration the interests of all the States being members of the Union;
- to ensure compliance with the requirements arising from the international treaties having been negotiated by the States.

In particular, Paragraph 2 of the Agreement for Special Safeguards states that every member may apply a special safeguard measure against a product only if he determines that the import of the contract product into his territory, in both absolute and percentage terms to its own national production has increased so that, under the existing conditions, it could threaten or do serious damage to a sector for the national production that manufactures similar or direct competitive products. Besides, freedom of movement should not lead to the destruction of the national food security. One can surely refer food security to one of the main directions in its provision in any state; agriculture, fisheries and the food industry play a crucial role in the food security. It is no coincidence that the share of the domestic agricultural, fishery and food production in total amount of the contract product market's commodities [20]. The need to apply the safeguard measures can arise not only if to restrict imports of foreign agricultural products into the territory of the State concerned, but to protect the rights of similar commodity exporters. For instance, in view of how to deal with disputes if there are the breaches of the rules, established under the Agreement on Agriculture, while being a member of the World Trade Organization (WTO), it is unlikely to protect the national interests using the WTO rules and national trading regulations. This conclusion results from the analysis of the objectives declared by the World Trade Organization and specified in the preambles of the Marrakesh Accords. Among these was not only to increase the production and exchange of goods, but to raise living standards, to achieve the complete employment of population, to increase the real income and to use the world's resources efficiently and fully. That is probably why ever more questions not directly relating to trade. In the researchers' opinion, this fact causes the interaction problems about the "WTO law" with other sectors of both the national and international laws [16]. To identify the potential options of cooperation, to enlarge mutual trade among the EEU countries and to ensure national food security, there conducted an intra-industry trade analysis, namely, that there are export/import trade flows within industries between the EEU countries and foreign trade in goods with the countries not being members of the Eurasian Economic Union. So, the EEU countries have achieved significant results in national food security over years. However, the dependence on imports is still too high in some regions. The EEU countries have achieved significant progress in providing the population with domestically produced foodstuffs, not least being connected to the countersanctions against Western countries imposed by Russia in 2014. Last year alone, the increase in agricultural production in the union states, as S. Buben, director of the Agro-Industry Policy Department of the Eurasian Economic Commission (EEC) reported, was 4,5%, the level of providing the population with important foodstuffs produced within the Eurasian Economic Union was exceeded by 90%. So, according to the results of the previous year, most types of agricultural production increased significantly. If the EEU countries' total GDP (Gross Domestic Product) for 2016 decreased by 0,3%, the increase in the Agro-Industrial Complex (AIC) was about 4%. As a comparison, the overall growth of the union industry was only zero 0,2% in 2016. The growth rates of individual industries significantly increased at a faster than the average rate of production in the AIC. So, cheese and curd production increased nearly by 3%, flour production – more than by 3%, meat production – more than by 6%, vegetable oil production – more than by 7%. In many respects, the increase in the "Eurasian" AIC has been achieved by Russia that has begun paying more particular attention to agriculture since 2014.

According to the Ministry of Agriculture of the Russian Federation, the growth in agricultural production for 2016 was exceeded by 4%, whereas in 2015 it was 2,6%. Last year wheat production increased by 19% (to 73,3 million tons), maize production – by 5% (to 13,8 million tons), buckwheat – by 38% (to 1,2 million tons), sugarbeet – by 24% (to 48,3 million tons), sunflower production – by 15% (to 10,7 million tons), soybean production – by 15% (to 3,1 million tons). Cattle rising made more modest progress. So, cattle and poultry meat in live weight increased by 4% (to 14 million tons), milk was stable compared to 2015 (30,8 million tons). In 2015 and already in the first part of 2016 in the EEU countries there was a decline in the value of commodity exports (see Table 1) that was due to a fall in commodity prices, the slowing down of the world economy and domestic demand in the region. In the case of Russia, the economic sanctions have also made a significant contribution to a decline in exports. The decline in exports has been characteristic for both mutual trade within the Eurasian Economic Union and trade with third countries (see Table 1). In this, the volumes of export goods outside the integration union have gone more dramatically owing to the high percentage of the EEU countries' export mineral commodities to third countries [4].

Table 1: The external trade in the EEU goods with the countries outside the Eurasian Economic Union (millions of US dollars as of January 2016)

					in % , by January 2016		
	Sales	Export	Import	Net	Sales	Export	Import
EEU including:	41 365,3	27 359,5	13 995,8	13 363,7	137,3	138,6	134,8
Republic of Armenia	221,3	92,4	128,9	-36,5	135,4	125,4	142,7
Republic of Belarus	1 773,4	923,5	8849,9	73,6	106,7	95,3	122,7
Republic of Kazakhstan	4 064,8	2 909,0	1 155,8	1 753,2	114,0	115,2	111,1
Kyrgyz Republic	211,3	46,8	164,5	-117,7	101,8	90,7	105,5
Russian Federatuin	35 084,5	23 387,8	11 696,7	11 691,1	143,0	145,1	139,1

Source: made by the authors, according to the EEC data [20]

Nevertheless, the situation of the Eurasian Economic Union in the area of food security appears to be mixed. For a wide variety of tariff lines in crisis there is a heavy dependence on imports that may lead to a shortfall and a sharp rise in prices. According to the Eurasian Economic Commission, the union States have imported more than \$26 billion in their agricultural products over the last year. Large quantities of vegetables, fruits and meat products continue to be imported. Most of them may be produced inside the Eurasian economic Union without any problem. It is particularly worrisome that the dependence on imported equipment in livestock and poultry farming, the import of seeds, sugarbeet, sunflower, maize, potatoes and some other crops as well. It should be noted that the EEU States annually purchase imported inputs for their agricultural production per \$4,5 billion that is an affordable “luxury”. There is a dependence on the import of vegetables, fruits (in particular, apples and pears), meat and milk products, t.e. those products being possible to be produced in the natural and climatic conditions of an Eurasian region. “Every third apple, eaten in the Union is imported from third countries” [4]. The economies of the EEU member States annually lose about \$1 billion to ensure demand for common fruits for our climatic zone. On April 7, 2017 at the meeting of the Ministry of Agriculture the Prime Minister of the Russian Federation Dmitriy Medvedyev stated that the country’s food security has significantly improved. “We provide themselves with seed, potatoes, sugar, sunflowerseed oil and meat”, he noted, “these are five out of the eight indicators of the Food Security Doctrine” [21].

However, the Government of the Russian Federation realized that it had happened mainly owing to the bumper 2016 harvest, which Russia's success in the Agro-Industrial Complex would have been considerably more modest without. In addition, such points of the Doctrine as fish, edible salt and milk self-sufficiency, whose domestic production should be 80-90%, have remained unfulfilled. The monitoring for the EEU food security, conducted by the Eurasian Economic Commission in 2014, when the impact of the Russian countersanctions has not yet felt, showed that the most ailing AIC industries for Armenia had been to provide the population with poultry meat (21,5% out of its own production level), sweet butter (17,5%), sunflowerseed oil (14,5%), sugar (47,1%) and sausage products (49,3%). Similarly, in Kyrgyzstan there was chiefly a lack of poultry meat (11,1%), sugar (19,6%) and sunflowerseed oil (21,4%). Belarus provided itself with all basic foodstuffs except fruits. The production of grape (43, 1%), sugar (43,2%), poultry meat (43,7%), cheese and curd (47,2%), apples (52,8%), sausage products (53,7%) and sweet butter (59,3%) was insufficient in Kazakhstan. Russia needed grape (52,4%), apples and pears (65,1%), cheese, curd and sweet butter (60,7%), and cattle meat (72,4%). The Treat on the Eurasian Economic Union enshrines a clause providing a coherent agro-industrial policy. It includes the coordination of development activities in the agricultural market and the compilation of all-Union medium-term forecasts. According to the forecasts, the growth of production in the EEU agriculture in 2016 -2017 was to be 8%, exports were to increase by 19% and imports were to reduce by 15%. The average food sufficiency will be 94% in 2017. By reference to the mutual trade, the total poultry meat self-sufficiency to the Eurasian Economic Union is expected to be achieved. Grain exports will rise to 40 million tons; meat and meat product imports will fall to 900 thousand tons, milk production – to 3,2 million tons, sugar – to 0,2 million tons. However, there will be a heavy dependence on imports in some industries. So, the level of providing Russia with beef, based upon the mutual shipment, will be 79%, providing Armenia and Kazakhstan with poultry meat will be 83% and 81%, providing Kyrgyzstan and Armenia with sunflowerseed oil will be 85% and 79%. The share of fruit imports in the EEU provision will be considerable. Following the results of 2017, its level will rise from 62% to 65%. In this, the area of sown lands for vegetable cultivation, where the dependency on imports has been lately critical, will have increased by 11% by 2016 as compared to the year of 2016. This will completely allow covering the sown land demand. The production of fish and seafood is planned to double by 2020. Each of the EEU countries is gradually establishing its specialization in the field of the Agro-Industrial Complex. If the priority guidelines: for Russia are to produce grain, pig, poultry meat, fruits and glass-grown vegetable; for Kazakhstan, having plenty of farm and pasture fields, are to produce grain and beef; for Belarus are to produce milk and meat; for Kyrgyzstan and Armenia are the production of vegetables, fruits and their processed products. Belarus's export performance allows supplying 8-15% of the all-Union milk production; Armenia's – 4% of sausage product and mutton market; Kazakhstan's – 9% of milk production, 12% of Noodle products 4% – chocolate; Russia's – 13% of poultry meat and 76% of soft drinks. Thus, in nearly all the countries being considered, the high potential for increasing the mutual inter-industry trade can be seen in the food and agriculture industries. There is also a case for mutual trade expansion by textiles and chemicals.

3. RESULTS

National food security covers two components: to provide population with domestic production in sufficient quantity and food market protection from the products being a hazard to human health. One cannot resolve the first issue including a set of measures: beginning from creating a favourable investment environment and financing agricultural producers up to protect domestic market against agricultural product penetration from third countries at dumping prices without the government's support. The wish to provide itself with the favourable conditions makes the State open various communities. The European Union's experience shows that a

close economic integration can be sufficiently effective and can lead to the real economic advances. The current problems within the European Union have more to do with political activities, outside pressure and the influence of the archaic perceptions of the cold-war era. If to eliminate such factors and the effects on the economy of the EU related to them, the attention is paid to the economic interaction, one can find an example to follow. Actually, this experience has other sides being taken into consideration when creating such economic alliances. The experience of the EU was certainly taken into account when creating the Eurasian Economic Union. This is evident in not only the basic principles of economic integration (free flows of goods, services, finance and labour), but the principles of organized structure being set forth in the constitutional documents. The key ideas of establishing a new union were accepted by the European Community. One of them is a concentration of decision-making power within the national authorities in the newly formed Union: the Supreme Eurasian Economic Council (the Supreme Council), the Eurasian Intergovernmental Council (the Intergovernmental Council), the Eurasian Economic Commission. They are all entitled to make decisions and issue orders within their competence.

4. CONCLUSION

Clearly, under the international cooperation one cannot shut out the outside market, therefore the conditions for participation in the international economic cooperation (including participation in food production) must be in the interests of the State. Using the new technologies for agricultural food production with the application of genetic engineering has lately been of serious concern to many countries. This puts various barriers to that production being placed on the domestic market. The requirements for the quality in the standards and other such documents are intended for food security. To be sure, other countries' more affordable products, not meeting safety requirements, are placed on the domestic market. Therefore, not only defence barriers such as the strict requirements for the quality of products being imported, but the promotion of scientific research aimed at developing the criteria for food safety. The existing challenges make States pull efforts to take measures, on the one hand, to supply the market fully with food, on the other hand, to protect it from poor-quality production. Integrating the efforts by a number of States increases the ability to create and introduce new technologies for high level and integral food processing and enhancing the techniques for growth, storage and transport of agricultural produce which ensure its safety for life and health including the next generation. Overall, the need for food security allows, in the best possible way, pursuing the principles of a common economic space, using the maximum natural-climatic benefits and production potentialities of each union State in the agricultural sector. The objective and existing conditions, the main one being a stiff competition in the political, economic, information and other sectors of modern society, make it necessary to create the new intergovernmental alliances.

LITERATURE:

1. Vartanova M. L. Food security of the country and ways out of the world food crisis. Monograph. - Moscow. - 2016.
2. Aganbegyan A. G., Porfiriev B. N. Substitution of food imports and development of "green" agro-economics as strategic responses to anti-Russian sectoral sanctions // Economy of agricultural and processing enterprises. - 2015. № 2. C. 16-27.
3. Baghdasaryan M. K. The Positions of the countries of the Eurasian economic Union in the world economy at the present stage // Bulletin of University (State University of management). - 2016. № 9.
4. Vartanova M. L. Inter-Sectoral trade cooperation of the EAEU countries as a key indicator of integration processes. Russian entrepreneurship. – 2018. - Volume 19. – № 8.

5. Vartanova M. L. The Results of integration of the Eurasian economic Union in the field of agrarian and industrial complex: problems and development prospects // journal of Russian entrepreneurship. – 2018. – Volume 19. – № 7.
6. Vartanova M. L. Comparative results of ensuring food security of the countries of the Eurasian economic Union in the conditions of import substitution // Economic relations. – 2018. – Volume 8. – № 4.
7. Vartanova M. L. The Basic directions of economic development and the prospects of economic integration of the countries of the EAEU // Economic relations. – 2018. – Volume 8. – № 3.
8. Vartanova M. L., Osadchaya G. I. Difficulties of economic integration of the States members of the Union and possibilities of their overcoming // Economic relations. – 2018. – Volume 8. – № 4.
9. Vartanova M. L., Osadchaya G. I. Problems of food security within the EEU and solutions // Economic relations. – 2018. – Volume 8. – № 3.
10. Drobot E. V. The Effect of sanctions on the Eurasian economic Union / E. V. Drobot, A. S., Abrosimova, K. S. Savitskaya // Economic relations. - 2017. Volume 7. № 1.
11. Drobot E. V. Study of the economic potential of the Eurasian economic Union: competitiveness factors and threats to the economic security // journal of Russian entrepreneurship. - 2016. Volume 17. № 12.
12. Migranyan A. A. Prospects of Eurasian integration: vectors and directions of integration interaction in the conditions of modern geo-economic conjuncture // Alatau Academic Studies. - 2015. № 4. P. 120-126.
13. Migranyan A. A. Macroeconomic assessment of economic development trends in the CIS countries // Economic strategies. - 2017. - Vol. 19. - № 1 (143). P. 24-39.
14. Osadchaya G. I. Russia in the context of Eurasian integration: social dimension. Bulletin of the peoples' friendship University of Russia. Series: Sociology. - 2015. Vol. 15. № 4. P. 57-70.
15. Osadchaya G. I., Yudina T. N. Eurasian economic Union: regulatory and legal support and trends of free movement of labor. Social policy and sociology. - 2017. Vol. 16. № 3 (122). P. 144-153.
16. Tyurina N. E. Fragmentation of international law in the context of "WTO law" // Russian law journal. - 2013. № 3. Pp. 52-58.
17. Osinina A., Glotova I. Development of integration in the agricultural sector of the EAEU by 2025 / Prospects for the development of the EAEU project by 2025. Workbook. Special issue / 2017 / [E. S. Alekseenkova, I. S. Glotov, A. V. Devyatkov et al.]; [ed. by I. S. Ivanov]; Russian international Affairs Council (RIAC). M.: NP RIAC. - 2017. 44 PP.
18. Ushachev I. G. Import Substitution in the agricultural sector of the Eurasian economic Union: problems and solutions. In the collection: the Development of trade and food security in the monopolization of distribution channels: the tasks of business and government. Materials of the International scientific-practical conference. - 2017. P. 236-244.
19. Eurasianism: on the way to the "Greater Europe": Studies. manual / Scientific. ed. by N. Sushkova. Saransk: Publishing house of Muzzles. UN-TA. - 2015. 208 p.
20. The Declaration on Eurasian economic integration of 18 November 2011, available at: <http://kremlin.ru/supplement/1091>
21. The doctrine of food security of the Russian Federation. Approved. By the decree of the President of the Russian Federation of January 30, 2010 № 120 // ATP "Consultant".
22. On the application of certain special economic measures to ensure security of the Russian Federation: the decree of the President of the Russian Federation from 06.08.2014 No. 560 // meeting of the legislation of the Russian Federation. 2014 № 32. St. 4470.

23. The official website of the Eurasian economic Commission. URL:
<http://www.eurasiancommission.org>
24. Materials Of the international independent Institute of agrarian policy (IIAP). – URL:
<http://мниап.рф/analytics/Selskoe-hozajstvo-EAES-v-2017-godu/>
25. Economic development of the EAEU countries and prospects of economic integration until 2025 Analytical note of the RIAC NP. June 15, 2017-URL:
<http://russiancouncil.ru/papers/EAEU2025-Policybrief-ru.pdf>

INNOVATIVE POLICY OF EASTERN-ASIAN COUNTRIES: TOOLS AND PROSPECTS (EXAMPLE OF CHINA, JAPAN, SOUTH KOREA)

Marina Martynova

*Professor at Russian state social University, Russian Federation
martynovamju@rgsu.net*

Oleg Grishin

*Candidate of political Sciences, Peoples ' friendship University of Russia,
Russian state social University, Russian Federation
helg-g@mail.ru*

Anastasia Rudnitskaya

*Candidate of political Sciences,
Associate Professor at Russian state social University, Russian Federation
rudnickajaap@rgsu.net*

ABSTRACT

The subject of the study were some of the main trends in the innovation policies of China, South Korea and Japan and their impact on the innovative cooperation of these countries with Russia. The aim of the work was to analyze the innovation processes which have been taking place in the three leading East Asian countries, taking into account the strategic interests of the Russian Federation. Methodologically, the systemic, institutional, neoinstitutional and comparative approaches were used. Research methods: comparative analysis, structural and functional analysis, sociological analysis, observation, included observation, extrapolation. Institutional mechanisms of Russia's partnership with three East Asian countries were considered, the main results and the degree of their effectiveness were described. The necessity of shifting the emphasis of cooperation from the industrial sector to the non-material sphere (creation of information, knowledge, services) was justified. The research results are in demand in the situation of making political decisions in the innovation policy segment in the context of ensuring national security, effective international and regional policies. In the process of research, the hypothesis was confirmed that the process of world and regional development of a cooperative type is pushing modern countries to search for options for rapprochement and interaction based on innovation. A prognosis was made for the development of innovative integration between Russia and the countries of East Asia. The main obstacles to its implementation were noted. Russia, having set ambitious goals to achieve a high level of the well-being of the population and to consolidate the geopolitical role of the country as one of the leaders that determine the world political agenda, should be oriented towards the transition to an innovative socially-oriented model of development.

Keywords: *innovation policy, East Asian politics, Asia-Pacific region, integration, Russia, China, Japan, South Korea*

1. INTRODUCTION

Today, the world community is keenly interested in the transition to an innovative type of social development, which involves significant changes in the economy and the socio-political system, both internationally and regionally and at the country level. The task of accelerating innovation development as the basis, the "engine" of economic growth is proclaimed and then actively pursued by the world leaders at the highest political level, and political elites are mobilizing with the participation of all sectors of business, as well as civil society. The USA, China, Japan, South Korea, the countries of Latin America and many other countries have their

own strategies for innovative development. Russia formulated the Strategy of Innovative Development of the Russian Federation for the period until 2020, which is aimed at ensuring the openness of the national innovation system and economy, as well as Russia's integration into the world processes of creating and using innovations (Strategy ... 2018). Long-term plans of the country are focused, first of all, on achievement of a high level of well-being of the population by transition of economy to the innovative socially oriented model of development. In this regard, particular interest is, in our view, the experience of countries dynamically developing in this direction. The scale, profoundness and speed of the ongoing transformations in innovation in the leading East Asian countries - China, Japan and South Korea, allow us to talk about their key importance for expanding Russia's innovative integration with the countries of the region. Because of this, the relevance of the studies devoted to this problem is growing. In the world scientific literature, a significant amount of work has been devoted to the issue of innovations in general. Moreover, the discussion on this matter will have its continuation in the future, since the dynamics of world processes require constant adaptation of existing and emerging models of social devices to the challenges of a variety of order - from natural to man-made, socially-economic and political. For the purposes of this study, of particular interest were the works of Russian scientists: G.I. Avtsinova (Avtsinova, 2014), A.D. Voskresensky (Voskresensky, 2013), O.E. Grishin (Grishin, 2014), E.M. Korostyshevskaya (Korostyshevskaya, 2018), V.V. Ivanov (Ivanov, 2017), G.Yu. Nikiporets (Nikiporets, 2016, Nikiporets-Takigawa G. 2017), D. Golubev (Golubev, 2015), B. Shestov (Shestov, 2016) and others. Among foreign researchers, it should be noted the works of J. Schumpeter (Schumpeter, 1939), G. Mensch (Mensch, 1979), P. Drucker (Drucker, 2007), A. Kisner, J. Raffo (Kisner, Raffo, 2016), Schwab K. (Schwab K., 2016). In the process of realization, the goal of the research was analyzed publications about the innovation policy of the NIS of the East Asian countries as well as the issues of innovative integration of these countries with Russia. These include, for example, the works of A. Imamura (Imamura, 2011), E. Levitskaya (Levitskaya, 2017), S.N. Leonov (Leonov, 2015), N.P. Leshakova (Leshakova, 2017), M.Yu. Martynova (Martynova, 2017; Martynova, 2018), O.G. Paramonov, (Paramonov, 2018), T.L. Savostova (Savostova, 2016), V.G. Shvydko (Shvydko, 2016), Cha Doo-Won (Cha Doo-Won, 2014), J.H. Lee (Lee, 2018) and others. The subject of the study is some of the main trends in the innovation policies of China, South Korea and Japan and their impact on the innovative cooperation of these countries with Russia. The aim of the work is to analyze the innovation processes taking place in the three leading East Asian countries, taking into account the strategic interests of the Russian Federation. The hypothesis of the study is the assumption that the process of world development of the cooperative type is pushing the countries to search for options for rapprochement and interaction based on innovation.

2. METHODS

To implement the research goal, the systemic, institutional, neo-institutional and comparative approaches were applied, which allowed considering the similarity of interests in the field of innovation policy, comparing their innovative strategies, fixing mutual influences. The research methods were used: comparative analysis, structural and functional analysis, sociological analysis, observation, included observation, extrapolation. The paper combines a combination of old and new approaches in the theory of world complex regional studies and international relations to explain and predict the spatiotemporal evolution of complex systems with reference to the system of international interaction. In particular, were used some works of Russian scientists (Voskresensky 2017), based on an analysis of the evolution of the world system and the transformation of the political and economic systems of the world's leading countries, concluded that "the new conditions of a polycentric world do not require tougher geopolitical confrontation and struggle for a geopolitical control over buffer spaces, and the consensual

development of mutually beneficial regional policies for the trans-regional interface of regional spaces" (Voskresensky, Koldunova, Kireeva, 2017, p. 37).

3. RESULTS

The scale of the transformations taking place in the world makes it possible to speak of the fourth industrial revolution (Schwab, 2016), in which human development will take the first place, and the transition to the paradigm of "economics for man" will also take place, the basis of which will be the postindustrial technological structure (Ivanov, 2017). In this situation, technology comes to the forefront. The possession of high technologies and, especially, leadership in them means a strategic advantage in the modern world. Without the possession of modern macro technologies, the country becomes a resource donor, regardless of the volume of natural resources, the population and the area of the territory (Ivanov, Malinetskiy, 2017). A detailed study of the innovation policy of the East Asian countries: China, Japan, South Korea, the mechanisms for expanding innovation integration, through the example of Russia's cooperation with these countries, confirmed the hypothesis that the world development of the cooperative type encourages countries to seek options for rapprochement and interaction based on innovation. Russia is moving to innovative development, which implies a new quality of regional and international cooperation using the latest tools and technologies. The innovative integration of Russia with the East Asian countries is an example of such an evolution. The PRC is the largest Russian East Asian partner in the field of innovative cooperation. To date, Russia and China are implementing joint projects in more than 40 directions, with a total investment of more than \$20 billion (Russia and China are expanding ... 2014). At the implementation stage there are more than 70 joint projects of fundamental and applied research: geological exploration on the territory of both Russia and China, research in the field of optics, metalworking, hydraulics, aerodynamics, solid fuel cells, etc. Industrial and medical lasers, computer technologies, energy (including nuclear, as well as wind, solar, etc.), ecology (Savostova, 2016) are also top priorities in the field of scientific and industrial cooperation. In the long term, economic cooperation between Russia and China should be developed in the opening of new spheres of interaction, which will make the structure of China-Russia economic cooperation more flexible, rational and comprehensive. World innovation trends will encourage the development of bilateral relations in the implementation of educational and cultural programs, joint scientific research. To do this, serious prerequisites are emerging in both countries today, concrete steps have been taken to implement the plans. Innovative cooperation between Russia and South Korea is developing dynamically. Moscow and Seoul are planning to step up interaction in the sphere of high technologies and in the information sphere. In 2017, Russia and South Korea signed a memorandum on cooperation in the field of science and technology, which will allow countries to share high-tech investments (Russia and South Korea will continue ... 2018). Of particular interest are the plans for innovative cooperation between Russia and Japan (Imamura, 2011). Earlier, one of the main reasons for Japan's insufficient activity in promoting joint projects with Russia was the unresolved problem of belonging to the southern Kurils. Tokyo considers these islands its territory, relying on the Shimoda Treaty of 1855. Moscow's position is that the Kuril Islands became part of the Soviet Union after the Second World War. However, in September 2018, Japanese Prime Minister Shinzo Abe presented a project on bilateral cooperation in the field of economic development, which focuses on the development of innovative areas in the Russian economy. For example, it provides for the establishment of liquefied gas processing facilities, construction of airfields and harbors, hospitals and other infrastructure facilities, mainly in the Far East. In addition, along with the implementation of the partnership, the issue of signing a peace treaty between the two countries was continued. According to the media, the Japanese Prime Minister proposed a fundamentally new approach to the settlement of the dispute, the subject of which for many

years are the southern islands of the Kuril archipelago (Japan developed ... 2018). According to the opinion of specialists in the field of foreign regional studies and international relations, there is now a stable understanding that Russia and Japan have managed to create new relations, which in breadth, depth and intensity of contacts have no analogues in the entire history of bilateral relations. (Martynova, 2017). The most promising areas of cooperation and effective interaction between Russia and Japan - in nuclear power, telecommunications, space engineering, medicine, education. Moreover, according to experts, the emerging trend towards warming Russian-Japanese relations is increasingly manifesting itself as an independent factor in international politics (Martynova, 2017).

4. DISCUSSION

4.1. China's Innovation Policy

The successes of the largest Russian partner in the East - the PRC, in the field of implementing innovation policy and their impact on the mechanisms of bilateral cooperation make it necessary to examine in detail the dynamics of innovative transformations in the country. The analysis showed that in recent decades China has been able to start the transition to innovative development through the formation of a number of strategic directions:

- formation of a competitive entrepreneurial sector, which is the main generator of innovations;
- creation of productive forms of public-private partnership in innovation;
- creation of favorable institutional conditions for innovative growth;
- integration of the country in the global innovation sphere as the most important condition for the development of national high-tech industries.

Among the main directions and forms of implementing the innovation strategy include radical reforms of the education system and the Academy of Sciences of the PRC, special state programs aimed at creating elements of innovation infrastructure, in particular, the scientific and technical (technological) market, university research and production prices various zones of introduction of new and high technologies, and also on the development of the national high-tech industry by stimulating the innovative motivation of the country corporate, small and medium business, including in the framework of various public-private partnership projects. A highly visible segment of the country's innovative infrastructure was the high technology zones. Among these zones, according to the scale and innovative level of activity, three zones were especially distinguished: Zhongguancun in Beijing, Zhangjiang in Shanghai, and the zone in Shenzhen. A notable place in the innovation infrastructure of China is given to special state programs for the development of high technologies (such as, for example, the Torch program) that has been in operation since the 1980s. The scope of their main tasks includes, in particular, the preparation of seedlings for innovation, the formation of a culture of their introduction and improvement of the environment for them (institutional, administrative and other conditions for the introduction of new technologies), support for innovative activities of enterprises with an emphasis on the development of medium and small scientific and technical firms, stimulating the creation and development of innovative enterprise groups that are competitive in the world market. Russia and China show mutual interest in developing cooperation, increasing investment and implementing major projects. The activation of joint efforts in the development of natural resources of Siberia and the Far East, the development of modern technologies in petrochemicals on parity terms provides opportunities for integration, use and introduction of innovative technologies, development of new joint technological solutions. Simultaneously with market instruments, Moscow and Beijing actively use the institutional mechanisms of strategic partnership. So, at present three intergovernmental commissions are actively working at the level of vice-premiers and 19 sectoral subcommissions, which directly provide a balance

of interests of market participants. The agreement between the Central Bank of Russia and the People's Bank of China on the use of national currencies in international settlements makes it possible for Russian and Chinese companies to use both the ruble and the yuan as their currency, while the choice depends entirely on the preferences of the parties involved. Modernization of the Russian economy involves upgrading the industrial base and outstripping the development of the country's transport infrastructure, a significant part of this task can be solved with the participation of China in the interests of developing the border territories of Russia. In the long term, between China and Russia, it is possible to create an energy bridge that will realize the concept of the energy ring of Northeast Asia. The innovative development of our countries requires long-term programs, large financial costs, the creation of high-tech zones (scientific parks) and incubators, the formation of common "technological platforms", the stimulation of joint investment in the development of high technologies, and the creation of the necessary innovation infrastructure (Savostova, 2016).

4.2. Innovative policy of Japan and South Korea

Analysis of the new five-year plan for Japan's scientific and technological development (2016-2020) revealed changes in the approach of the Japanese state to assessing the role of science and technological innovation in economic development, on the one hand, and in state economic policy, on the other. The content of the document reflects a shift in the emphasis in the state policy on creating an enabling environment for the development and implementation of socially significant innovations. The latter are regarded as the main promising tool for increasing national competitiveness (Shvydko, 2016). The new base plan includes a provision on state responsibility for supporting research in areas that create common conditions or benefits for specific research projects - mathematical research, the development of new methods for processing and analyzing large data sets, artificial intelligence technologies and the development of data processing systems based on artificial intelligence, the formation of various types of networks of such systems ("network technologies"), research in the field of cybersecurity. At the same time, it is noted that, for example, the training of specialists in dealing with large data sets, the shortage of which is acute in both the public sector and private companies, is one of the key to fulfilling the general strategic task of realizing the concept of "super-intellectual society". As basic institutional measures to strengthen the basic cells of the country's research complex (higher education institutions and research institutions), the new basic plan proposes measures for further reforming the system of interaction between the government, universities and the scientific community. Among these is the further coordination of university training programs with the changing needs of the economy and society and, accordingly, the scientific (academic) and business community; increasing the contribution of higher education institutions to scientific research; using more flexible forms of research funding. The Republic of Korea, one of the leaders of the Asia-Pacific region in terms of economic development and the volume of trade with Russia, has in recent decades achieved leading positions in such areas as automotive, shipbuilding, the production of electrical appliances and telecommunications equipment. The Republic of Korea is among the five states that have the highest rates of expenditure on R & D in relation to GDP, and there is a withdrawal from the simple introduction of imported technologies and their partial adaptation to local conditions to their own innovative developments, leading to decrease in the growth rate of technology imports. Priority of scientific research is the reduction of the level of dependence of the country on traditional energy sources due to the strategy of development of "green growth" and transition to a low-carbon economy. By 2030, the share of "clean" energy in the country's energy balance is supposed to increase from the current 19 to 39%. At the same time, nuclear power is considered by South Koreans as the most suitable alternative to traditional energy resources: its share should grow from 16% to 28%, which is due to the country's own

technological base in the use of peaceful nuclear energy. South Korea also implements the national space program and expects to become the world's tenth country, which independently developed the spacecraft and launched it from its territory. Currently, the Republic of Korea and Russia are actively implementing projects in various fields. Samsung Electronics focused investments on Korean-Russian cooperation in the field of artificial intelligence development. Negotiations are in progress with one of the world's largest chemical companies Uralkhim, which is interested in purchasing Korean environmental monitoring systems, such as SOOSIRO and CleanSYS. According to the amendments to the Federal Law "On Environmental Protection" (No.219 FZ), from January 1, 2019, 300 Russian plants will have to install systems for remote monitoring of emissions of substances polluting the environment. Initially, the law will extend to 300 plants, but it is expected that in the future the number of such enterprises will exceed 6 thousand (Russia - Korea ..., 2018). In September 2017, in Vladivostok, President of the Republic of Korea, Mun Zhe Ying, introduced the concept of "nine bridges", which involves the establishment of "bridges" of cooperation in such sectors as gas, railway transport, ports, electric power, the Northern Sea Route, shipbuilding, job creation, agriculture and fisheries. Hyundai has signed a Technical Support Agreement with the shipyard Zvezda for the transfer of Korean know-how and shipbuilding technologies to Russia, and LG is investing in the development of resources in hard-to-reach, remote regions by creating a liquefied natural gas (LNG) plant on the Yamal peninsula. In turn, Korea receives from Russia advanced technologies of rocketry and aerospace industry, which is reflected in detail in the business agreement between the Korean-Russian Center for Scientific and Technical Cooperation and the Korea Aerospace Technologies Development Association. In addition, as Kim John Ken points out, recently Gazprom and the South Korean company Kogas resumed negotiations on the construction of the gas pipeline, frozen in 2011. In June 2018, the project received support at a high level. The biggest obstacles to investing Korean companies in the Russian economy are associated with currency fluctuations, a language barrier, the lack of sufficient information about Russia, as well as the economic difficulties associated with the sanctions of the US and European states imposed on Russia after 2014. Both countries have high hopes for the development of cooperation in the sphere of high technologies. Korea is interested in the aerospace industry, nuclear energy, Russia - robotics, electronics (Russia - Korea ..., 2018). The governments of the two countries signed a Memorandum of Understanding in creating a platform for innovative cooperation. Korea will have a Russian-Korean innovation center, the activities of the center for cooperation in science and technology in Moscow will be expanded. They will serve as the basis for innovative cooperation between our countries.

5. CONCLUSIONS

Today, many countries and regions are striving to implement the strategy of innovative development. At the same time, the emerging competition on the way to a new, more advanced technological and social order requires the production of social, economic and political innovations that are the basis for technological innovation, as well as the creation of a modern system of production and transfer of knowledge to the next generation. Countries that have managed to ensure the production of both technological and social innovations will confirm their existing status or become new world leaders. The ongoing transformations in the field of innovation in the leading East Asian countries - China, Japan and South Korea, allow us to talk about their key importance for expanding Russia's innovative integration with the countries of the region. The development of cooperation in the material and non-material spheres pushes our countries to search for options for rapprochement and interaction based on innovation. And there is a shift in the emphasis of social production from the industrial sector to the non-material sphere, namely, the creation of information, knowledge and services.

LITERATURE:

1. Akira Imamura Innovations in Japan and Japanese-Russian cooperation (2011) // Asia and Africa today. №5 p.43-49.
2. Voskresensky A.D. Innovation and world politics (2013) // Comparative politics. 4(3(13)): 19-32. [https://doi.org/10.18611/2221-3279-2013-4-3\(13\)-19-32](https://doi.org/10.18611/2221-3279-2013-4-3(13)-19-32).
3. Voskresensky A., Koldunova E., Kireeva, A. (2017). Trans-regional and regional projects in the context of a "post-West" international reality. A. Voskresensky, Comparative politics. № 2. P. 37-57.
4. Golubev D. Science and Innovations in the Theories of International Relations (2015) // International Processes. Volume 13. Number 2 (41). April-June. P.76.
5. Grishin O.E, Belyaeva V.P, Mikitenko O.E. (2014) Innovative information and communication technologies. Scientific-methodical and theoretical journal, №2. P.218-222.
6. Drucker R. (2007) Business and Innovation. M.: Williams Publishing House.
7. Ivanov V.V. (2017) The Global Humanitarian-Technological Revolution: Preconditions and Prospects // Innovations. No.6 (224). Pp. 11-16.
8. Korostyshevskaya E.M, Rumyantseva S.Yu., Samylov I.O. (2018) Stages of the formation and development of the concept of "innovation" // Innovations. No.3 (233). P.37.
9. Levitskaya E. (2017) Features of innovation development in South Korea // Asia and Africa today. 7 pp. 60-65.
10. Leonov S.N. (2015) Comparative analysis of the state of the institutional component in the process of building up the scientific and technological potential of the Far East of Russia and the countries of Northeast Asia / S.N. Leonov, E.L. Domnich // Baikal Research Journal. Vol. 6, No.5.
11. Leshakova N.P. (2017) State regulation of innovative development of the Republic of Korea. // Questions of innovative economy № 2. (April-June). P.161-174.
12. Nikiporets-Takigawa G.Yu. (2016) On the borders of nations and national identities in the era of cyber communication and cyberinformation // System Psychology and Sociology. No.1 (17). Pp. 96-101.
13. The main results of investment cooperation between Russia and China. (2018). URL: <http://karatmg.com/news/item/124-osnovnye-itogi-investitsionnogosotrudnichestva-rossii-i-kitaya> (reference date: 08/08/2018).
14. Paramonov O.G, Puzanova O.V. (2018) Eurasian Diplomacy Tokyo: successes and failures (1997-2017) // Comparative politics. No.3. C.42-60.
15. Policy. Innovation. Technology [Text] (2014): a monograph / G.I. Avtsinova, T.B. Ataev, E.S. Ahrameeva, L.I. Gordeev, O.E. Grishin, L. Donay, O.E. Mikitenko, OA Nesterchuk, A.K. Skovikov, A.E. Rudakova; under the Society. Ed. O.E. Grishina, G.I. Avcinova, L.I. Gordeeva. - M.: Institute of Social and Political Sciences, 204 p.
16. Russia-Korea: Strengthening Innovative Cooperation (2018) // Energy and Industry of Russia. No.13-14 (345-346) July 2018 <https://www.eprussia.ru/epr/345-346/754294.htm> (date of circulation 05.09.2018).
17. Russia and China agreed on the mutual operation of the satellite navigation systems GLONASS and Beidou. (2013). URL: http://space-team.com/prensa/detail/glonass_i_beidou_transgranichnyy_proekt/ (date of circulation: March 15, 2013).
18. Russia and China are expanding cooperation in the high-tech sector. (2018) URL: <http://www.rg.ru/2014/09/23/sotrudnichestvo.html> (date of circulation: August 15, 2018).
19. Russia and South Korea will continue to increase cooperation in the field of innovation / Site Economics today. (2018). URL: <https://rueconomics.ru/319797-rossiya-i-yuzhnaya-koreya-prodolzhat-narashivat-sotrudnichestvo-v-oblasti-innovacii> (Date of circulation: 05.09 .2018).

20. Savostova T.L., Biryukov A.L. (2016) Institutional mechanisms of strategic partnership between Russia and China: innovative integration. *Economics in industry*. 2016; (2): 108-115. URL: <https://doi.org/10.17073/2072-1633-2016-2-108-115>.
21. Strategy of innovative development of the Russian Federation for the period until 2020. (2012). URL: http://economy.gov.ru/minrec/activity/sections/innovations/doc20120210_04.
22. Schwab K. (2016) *The Fourth Industrial Revolution* / K. Schwab - "Exmo", 2016 - (Top Business Awards).
23. Shvydko V.G. (2016) The new five-year plan for Japan's scientific and technological development: a shift in emphasis in public policy to stimulate science and innovation // *International Scientific and Research Journal*, No.11 (53) Part 1 November p.77-80.
24. Shestov B. (2013) How we see the innovative development of society (2016): [Electronic resource]: URL: <http://shestovb.livejournal.com/3237.htm> (reference date: July 20, 2013).
25. Japan has developed a plan for cooperation with Russia in innovative spheres (2018) // Version No.34 of 03.09.2018. URL: <https://versia.ru/yaponiya-razrabotala-plan-sotrudnichestva-s-rossiej-v-innovacionnyx-sferax> (Date of circulation: 05.09 .2018).
26. Cha Doo-Won. (2014) "Research on Analysis of Current State of Policy in Leading Countries and Strategic Public Relations in the Era of Creative Economy," Final Report, Korea Institute of Science and Technology Planning & Evaluation.
27. Keisner A., Raffo J., Wunsch-Vincent S. (2016) *Robotics: Breakthrough Technologies, Innovation, Intellectual Property. Foresight and STI Governance*, vol. 10, no 2, pp. 7–27.
28. Lee J.H. Evolution of Republic of Korea's R&D system in a global economy, p. 55 - http://nis.apctt.org/PDF/CSNWorkshop_Report_P2S2_Lee.pdf (accessed 11.05.2018)
29. Martynova M., Nikiporets-Takigawa G., Lobazova O. (2017) *Russia-China-Japan Triangle in the Context of the Eastern Vector of the Russian Foreign Policy/25th International Scientific Conference on Economic and Social Development. XVII International Social Congress (ISC-2017) 30th-31st of October, 2017*.
30. Mensch G. *Stalemate in Technology — Innovations Overcame the Depression*. (1979) New York: Ballinger Publishing Company.
31. Shumpeter J. (1939) *Business Cycles: A Theoretical, Historical and Statistical Analysis of the Capitalist Process*. Vol.1. NY: McGrawHill.
32. Voskresensky A. (2017). *Non-Western Theories of International Relations: Conceptualizing World-Regional Studies*. Springer Global (Europe-America): Palgrave Macmillan.
33. Novikova, S.S. (2016) Social State and Gender Equality in Modern Russia, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 72–78. DOI: 10.17922/2412-5466-2016-2-3-72-78 (International bibliographic description).

DESTRUCTIVE YOUTH SUBCULTURES AND RUSSIAN ORTHODOX CHURCH: PROBLEMS AND SOLUTIONS

Victoria Matanis

*Russian State Social University, Russia
matanisva@rgsu.net*

Lidia Cherekhovskaya

*Russian State Social University, Russia
Cherehovskaja@rgsu.net*

Marina Kochneva

*Russian State Social University, Russia
KochnevaME@rgsu.net*

ABSTRACT

Young people are an integral part of the structure of society, an important social resource. Various youth subcultures, currents and associations help young people realize and manifest themselves. However, youth subcultures today can have destructive elements. At the same time, balance is important in the semantic value structure of the subculture. The Russian Orthodox Church pays great attention to work with young people, including representatives of subcultures, and is in the process of developing new relevant technologies for working with young people.

Keywords: *youth subculture, destructive subcultures, youth work in the Russian Orthodox Church, volunteering, communication*

1. INTRODUCTION

The desire of young people to show themselves as a creative and socially active group is one of the key factors in development of the young generation. The forms of development are very diverse and their characteristics depend largely on the cultural period in which young people live and develop. In this context youth subculture is one of the significant stages of young generation socialization. In Russian academic environment, the youth subculture was considered as a social phenomenon that exists separately from society and culture as a whole. At the same time, the youth subculture is a multifaceted and multipolar socio-cultural formation that influences the cultural and social processes of society and is one of the forms of social youth realization. Today there are significant terminological difficulties in interpreting the concept of "subculture". The tradition of the classical school of sociology contradicts the modern understanding of the term. Subculture was very often identified (and it's identified so now) with a "counterculture". However, these two terms have completely different sociocultural meanings. Vague and incorrect understanding of these categories contributes to the formation of stereotypes and a negative attitude to everything related to the concepts of "subculture" and "youth subculture".

2. RESEARCH

Based on the analysis of youth subcultures, the following contradictions were revealed:

- between the negative perception of the subculture and its consideration as a form of self-realization of youth;
- between sociological interpretations of the concepts "subculture" and "counterculture";

- Between the representations of the subcultures of the "classical period" (mid-twentieth century) and subcultures of the "new period" (the end of the twentieth, the beginning of the twenty-first century).

In the context of modern society the study of subcultures is currently important from the point of view of the contribution of a new understanding of "subculture" to the study of culture, and is also emphasized on the social role of youth as a subject of socio-psychological and socio-cultural relations. In the social sciences on the research of youth subcultures has been accumulated material, which was presented in the works of national authors: V.A. Yadov, I.S. Kon, L.N. Kogan, A.I. Kravchenko, V.F. Levicheva, G.E. Petrova, I.M. Ilyinsky, E.V. Omelchenko, S.I. Levikova, T.B. Schepanskoy, Y.V. Orlova, Y.A. Zubok, V.T. Lysovsky, N.N. Slyusarevsky, and others. Among the foreign authors the most significant works are researches: C.R. Mills, P.L. Berger, J. Delong, J. Martin, G. Hofsted, K. Hansen, S. Sackman, E. Shane, E. Giddens, R. Merton, C. Mannheim and others. The study of the characteristics of the youth subculture is associated with the well-known in sociology game method. Many methodological aspects are presented in works of representatives of foreign cultural conception: H.G. Gadamer, K. Gross, O. Fink, I. Hazing, and others. Among Russian authors: N.P. Anikeeva, T.A. Apinyan, L. Balashkova, M.M. Bakhtina, O.S. Gazman, I.S. Kon, M.S. Kagan, S.N. Safonov, A.A. Fomin, S.A. Shmakov, D.V. Elkonin et al. Being a multi-aspect phenomenon, the youth subculture is the subject of study in such sciences as: sociology, sociology of youth, social psychology, science of culture, social philosophy, social anthropology. This subject is widely represented in works of national scientists: Y.A. Zubok, V.I. Chuprov, G.M. Birzhenyuk, V.P. Bolshakov, I.A. Gromov, A.V. Karpov, S.A. Lisitsyn, V.G. Lukyanov, A.P. Markov, Y.P. Pivovarov, V.A. Semenov, A.Y. Flier, I.E. Chernozubov, Y.M. Shor and others. In works of foreign authors: D. Baacke, E. Giddens, M. Mead, N. Smelser, E. Erickson, and others. Youth is an essential part of the society structure and represents an important social resource, as it plays a key role in the process of biological and social reproduction of society. This was pointed out by K. Mannheim, who believed that in societies where there is a high dynamics of development, the social group of youth plays the role of a transforming innovative force. That's why it's so important to study its temper and behavior, which are clearly demonstrated in youth subcultures. The existing informal formations in the society to a certain extent serve as a kind of indicator that allows to determine the moral, ideological and socio-psychological climate in society. The problem is that the values and orientations of young people are limited mainly by the sphere of leisure: fashion, music, entertainment, and often insubstantial communication. The youth subculture has entertaining-recreational and consumer-like nature, but not cognitive, originative and creative. Esthetical tastes and preferences of schoolchildren are often rather primitive and are formed mainly by means of TV, music, etc. These tastes and values are supported by the periodical press, modern mass art, which has a demoralizing and dehumanizing impact. The growth of avocational youth groups is coming from specialties of the mental development of the personality in adolescence and teenage, when the active desire of young people for their role in society to be recognized is showed with an insufficiently formed social position, which is reflected in the craving for spontaneous group communication. We are talking about the ambition for self-organization, the assertion of its independence, specific for social maturation at the adolescent and youth stages. Today the boundaries of subcultures are vague, many of them exist only on the Internet. Researchers also talk about youth streams and movements that might have signs of subcultures. There are many different classifications of youth subcultures that rank them according to the purpose and activity nature, the direction of their interests, the aggression degree, the way they spend time, and so on. The Russian Orthodox Church today pays great attention to work with young people, supports various youth projects.

For the Church the issue of working with different categories of youth, especially with representatives of subcultures, is a matter of current interest. There are subcultures that already traditionally support the Church, participate in forums, rallies, religious processions, etc. For example, there is a project "Motobratiya in Christ". All bikers are clergymen. They travel on motorcycles to different cities, make pilgrimages to holy places and during the stop-overs are engaged in missionary work: they tell everyone interested about Orthodoxy and traditional values. In 2015, under the Synodal Department for Youth Affairs, a working group was established to study subcultures, which included scientists from the Russian State Social University. The working group also included representatives of various religious organizations, youth movements. The group was tasked to work out recommendations for church to work with representatives of youth subcultures. The work was divided into several stages. As a result of the first one, a compendium of scientific and reference materials on the current state of subcultures was prepared, about the socio-psychological factors that lead a person to this or that subculture. The second stage is the preparation of recommendations for working with representatives of subcultures. Several in-depth interviews with priests regarding youth work in the field were conducted. The main goal was to try to determine with what subcultures the priests had faced, how they have been working with them. Then a small survey of young people (16-18 years old) was conducted about which subcultures in their opinion today are most noticeable, significant, and influential. A mini- encyclopedia with descriptions of the most relevant subcultures was also prepared. Each region of Russia has its own subcultural specifics. What is relevant for one region might not occur at all in another. Therefore, the attention of the working group was focused on the destructive elements of subcultures. Because it's exactly destructive elements harm the mental and physical health of the individual, and not the membership in particular subculture. When working with young people, with representatives of youth subcultures, it is necessary to take into account that certain elements of subcultures can be destructive. These destructive elements need to be known, noticed and to know how to neutralize them. The concept of destructive refers to elements of subcultures that harm or are potentially capable to harm both their adherents and society as a whole. Various studies devoted to youth subcultures say about existence of elements with destructive nature. In particular, some researchers identify asocial and antisocial subcultures. To detect destructive elements in a particular youth subculture (stream), a comprehensive analysis of all its aspects and activities is required. One can speak of the presence of destructive elements in particular subculture when while analyzing it the characteristics described below can be identified. Negative characteristics of subcultures:

1. Self-destruction - a subculture carries a threat to the life and health of its members.
2. Asociality - the subculture focuses its members on antisocial value systems.
3. Aggression - belonging to subcultures is a threat to other members of society.
4. Isolation - a subculture changes the ideology of a person, a model of reality, leading to isolation from society.

The most serious destructive element should be considered the isolation of a young person from parents and friends. Isolation leads to loneliness, which has the most destructive effect precisely in adolescence. At the same time, belief in the necessity of isolation from parents, friends and relatives can be very logically and constructively proved within the subculture itself. Avoiding loneliness, the young man joins the social group (subculture), begins to share its principles. The mechanism of isolation from relatives and friends is especially effective if in the family the child experiences discomfort, moral and physical violence. In this case, the child has nothing to oppose to the influence of the subculture, he falls under it and, often, leaves home. In the ideological plan isolation leads to the fact that the young man begins to read only "his" literature, "correct", "useful".

Gradually, this leads to rejection of other points of view, even to an aggressive attitude towards dissenters. Gradually, in the association appear their own "bibles", gurus, etc. Negative impact is often concerned with the requirement of irrational belief in certain postulates, rules of association, movement, streams. Such faith is often based on pseudo-scientific discoveries, opinions of false prophets, and so on. Destructive elements can exist in different ratios in particular streams and movements. Imbalance in the semantic structure of the subculture can lead to destructiveness. For example, patriotic streams participate in socially useful activities, actively cooperate with each other and with representatives of other social structures. However, the slogan "I love Russia!" in case of imbalance can be strengthened to the nationalism, which, in the end, can lead to the position "Russia is for Russians!". It is important to note that in both cases the patriotic movement can attract Orthodox youth. At the same time, for representatives of the second variant of the interpretation of patriotism, faith turns up in aggressive imposition of its principles to all people around. And here, in actual fact, the false understanding of Orthodoxy - as a faith exclusively of Russians - can become the ideological basis of radical youth. Among general recommendations for working with representatives of youth subcultures, three most important principles can be marked out.

1. When working with representatives of youth subcultures and streams, it must be considered that the young person with whom work is being done is often already accustomed to a certain microclimate in his social group. The young man feels himself in a comfortable environment, gets used to a certain style of communication, a circle of friends, which all together form a feeling of attachment to the subculture.

To work with adherents of youth subcultures, a specialist needs to know the characteristics of each subculture (stream) and life in them. Therefore, priests and other professionals who work with followers of youth subcultures should identify and take into account at least such information:

- a) The power of the influence of the subculture and the degree of involvement of the young person into the environment of subcultural communication.
- b) The system of sanctions inherent to a particular subculture. Such a system comes out in the presence of various forms and methods of encouragement and punishment, through which leaders achieve the desired behavior from their peers. Individual forms of sanctions can be socially dangerous.
- c) Roles that a young person is "obligated" or forced to perform in informal communication. Some roles can interfere with a full life, health, harmonious development. It is also important to take into account that a person might have difficulties in expressing himself in society, but be a leader in informal communication among "his", in out of school society, in a subcultural association.
- d) Characteristics of the environment and family of a young person. It is difficult to raise anything positive in the child, if it doesn't find support in the family.

A systematic approach to studying a particular subculture is impossible without analyzing the following data:

- External description (distinctive features of the community);
- Profile accounts in social networks (VKontakte, Facebook, Instagram);
- Sites of representatives of this subculture (information about the representative, his way of life, for example, the page in the livejournal.com);
- Music preferences, movies, books, etc.;
- Heroes - images (who is the "icon" for this subculture, who most clearly expresses its ideal);

- Senses - what are the main points of this subculture, what its members do, for what and against what they speak, how they spend their leisure time, where they meet, etc.
2. One must bear in mind the fact that shouldn't immediately aim for an unambiguous solution of the problem, with which the young man appealed to. The first step is precisely to accept and listen to him. Only after that you can look for individual ways of working.

Help to representatives of youth subcultures can be successful under the following conditions:

- unconditional adoption of a young man as a creature and image of God, whatever ideas he shares; informing him of possible social consequences;
 - building a dialogue between culture and subculture on the basis of general cultural samples;
 - help in learning young people the necessary socially acceptable ways of self-expression, help in creative self-realization.
3. It is necessary to remember that the teenager sees a clear boundary between the concepts "my world" and "not my world". Often, the Church and everything associated with it falls into "not my world", so it's easier for a teenager to go to a psychologist than to a priest. In this regard, it is important to be able to find a common language and common themes when communicating with a teenager in order to overcome this boundary.

Unfortunately, sometimes in the youth environment Orthodoxy is perceived as marginal. Orthodoxy can supposedly isolate the adolescent from communication. However, it must be shown that Orthodoxy includes basic universal human values, escape from which threatens social isolation and loneliness, while isolation from destructive subcultures is a benefit. At the same time, it is necessary to demonstrate an alternative model of social relations (Orthodox youth associations) and encourage active participation in them.

Practical steps to work with representatives of youth subcultures. The work includes several directions, among which:

- adaptation and use of positive subcultural meanings and forms for mission among youth;
- prevention of negative influence of subcultures;
- rehabilitation of victims of destructive elements of subcultures.

3. CONCLUSION

Activities of involving representatives of youth subcultures in the Church's life and of preventing the destructive impact of subcultures can include several components described below.

1. Creating institutions (for example, centers) in which a young person can seek help in a difficult life situation. It is important to understand that such a center should not only promote the prevention of various negative impacts of subcultures, but also work with other relevant to adolescents problems (for example, domestic violence or bullying in school). It is known that teenagers after Sunday school often leave the Church¹. Young people often end their relationship with the Church after 14-16 years, if his native parish can't "offer" anything to them. Therefore, it is important to organize in the city, district or region a

¹ Involving young people in ecclesiastical obedience: readers, altarismen, singers, etc. - can positively influence on them in the period of formation, keeping from searching for new friends in dubious communities.

multifaceted work based on the parish. It can be the format of spiritual and educational centers for young people, where a young person can study astronomy or dancing, where scientific conferences and film clubs can take place, where a youth media center and a support center for teenagers in a difficult life situation can work. Different areas of activity allow to reach out different young people, to show the wide spectrum of the directions of the work of the Church. Note that in such an educational center, a young person would rather decide to go, if it's located "outside the fence" of the temple or monastery. A young man often has the illusion of being unfree within the walls of the temple, a sense of losing himself. Young people are looking for places where they can talk about the essence. If for the time it's scary to go to the temple, the educational center has more credibility.

2. Creating a club community based on youthful subcultural practices. Participation of young people in the activities of such a community can promote their self-acceptance, learning various variants of self-presentation in socially acceptable forms, developing right communication skills (including constructive dialogue with adults and representatives of other subcultures).
3. Different kinds of involving activities (hikes, forums, conferences, charitable events, etc.). When working with adolescents, the most successful way is involving them in various activities. Joint activity unites people and reveals an particular person as a person. Through joint work and communication in the parish, the young man will absorb the principles of Orthodoxy. These forms of activity will have a religious background, which will remind that the main task of youth serving is to attract young people to a full-fledged church life. Priests, adult volunteers, for whom it becomes a kind of obedience, as well as specialized specialists on a contractual basis, can be involved in working with youth. It is impossible to cover all the areas of work for one, but attracting a good specialist, for example, an artist or a historian, who could help in carrying out various youth activities, is a realistic objective.
4. Work with educational organizations. It is necessary to continue Church work in schools and universities, taking into account known problems of secession into secular organizations. Such work should not be reduced to a mere presence on holidays and to protocol speeches. Joint actions are necessary to organize real living projects, while the values of the Orthodox world view will naturally become the basis, and admission to them is the goal.
5. Work in the field of communication. A priest working with young people needs to know the actual Orthodox media content that can be advised to young people. It must be understood that an appeal to paper sources might not be heard. It is desirable to have a list of relevant and understandable resources that can be recommended to adolescents. It is necessary to know which video the young generation is watching, recommend them to watch the video with a positive meaning.
6. Involvement of representatives of Orthodox youth. Often a teenager might not hear a priest, but will be able to hear an equal. Therefore, it is worth inviting active representatives of the Orthodox youth movement to work. A separate direction in this area may be the organization of youth media centers for Orthodox volunteers on the basis of spiritual and educational centers or Sunday schools. Such media centers could help Orthodox youth form or enhance media competence and media literacy in order to develop the ability to speak convincingly about the life in the Church to adolescents.
7. Professionalism. Effective communication with representatives of youth subcultures is impossible without the special knowledge. Therefore, it is necessary to consider the possibility of developing in cooperation with universities a series of advanced training courses on the psychological and pedagogical foundations of working with adolescents, on the techniques of psychological rehabilitation. In work with modern youth it is important to take into account its new qualities, which the society has not yet faced. Youth is

multitasking - it can solve different tasks simultaneously. Clip thinking says not only that young people can't concentrate on anything. It also assumes the rapid receipt of information, the rapid change of news, and therefore, of leaders and authorities. But young people today easily navigate network and as a result it's really difficult to implant something to young.

LITERATURE:

1. Apazheva, S.S. Youth subcultures. – Nalchik: Publishing house of Kabardino-Balkarian State University, 2017.
2. Bekoryukov, A.V. (2016) Establishment of the Phenomenon of Cult Thinking in Destructive Religious Organization, *Contemporary Problems of Social Work*. Vol. 2. No. 1 (5). P. 88–95. DOI: 10.17922/2412-5466-2016-2-1-88-95.
3. Chernyshenko, V.V. Philosophical and anthropological aspects of youth subcultures – Orel: Publisher Module-K, 2017.
4. Fomicheva T.V. Professional self-determination of Russian youth. *I Congress the memory of V.T. Lisovskogo Scientific works of participants in readings*. 2017. (p. 298-299).
5. Fradkin, F.A. Introduction to the pedagogical specialty. – M.: Publishing house of the shopping center "Sphere", 1996.
6. Gutyr, V.I. Modeling of space: to the question of the cultural and ideological identification of modern urban youth. *Bulletin of Omsk University. Series "Historical Sciences"*, 2018, No. 1 (17). (p. 238 - 244).
7. Kamenets, A. Basics of cultural and leisure activities. – Moscow: Urait Publishing, 2018.
8. Komarova, A.V. Subcultures in the spiritual life of society: the religious and moral aspect: the abstract – Moscow, 2018.
9. Levikova, S.I. Youth subculture. – M.: Grand: Fair-Press, 2004.
10. Lomakina M.I., Dolgorukova I.V. Teenage suicide as a social phenomenon. *Future sociologists on current problems of modern society compilation of master's and student's articles. Electronic resource. Russian State Social University, Faculty of Sociology. Moscow, 2017. (pp. 321-337).*
11. Matanis, V.A. Features of teaching creative professions: how to teach journalism in high school. *Humanitarian technologies in the modern world. Materials of the V All-Russian Scientific and Practical Conference with international participation*. 2017. (pp. 114-116).
12. Melnychuk, E.S. Adaptation of youth to social changes in a megacity: the abstract – Moscow, 2018.
13. Nikiporets-Takigawa G.Y. Archetypes of Russian youth in the continuum of socio-political formations of society. *Eurasian Law Journal*. 2015. No. 11 (90). (p. 309-311).
14. Nikiporets-Takigawa G.Y. On leadership in network social movements. *PolitBook*. 2016. No. 3. (p. 50-65).
15. Orlova, E. A. Workshop "Social and Cultural Problems of Youth". – Moscow: Urait Publishing, 2018.
16. Petrova E.A., Lykov S.V. Ethnopsychological features of social perceptions of danger among young people. *Scientific notes of the Russian State Social University*. 2016. T. 15. № 3 (136). (p. 47-54.)
17. Prevention of extremism in the youth environment. – Moscow: Urait Publishing, 2018.
18. Shcherbakov V.V., Dolgorukova I.V. Demand for extreme sports by Moscow youth. *Future sociologists on current problems of modern society compilation of master's and student's articles. Electronic resource. Russian State Social University, Faculty of Sociology. Moscow, 2017. (p. 145-156).*
19. Sociology of youth. – M.: Publisher Yurayt, 2018.
20. Zaitseva, I.A. Youth subcultures – Yelets, 2016.

21. Zharasheeva A.E., Karpova T.G. The role and importance of youth media in the implementation of state youth policy. *Theory and practice of integrated communications. A collection of scientific papers. Moscow, 2017.* (p. 226-231).

PHYSICAL EDUCATION AND SPORTS AS A MEANS OF INTERVENTION ON ANTISOCIAL BEHAVIOR OF SCHOOL STUDENTS

Maxim Eremin

*The Russian State Social University, Russia
eremin-max@mail.ru*

Eldar Alenurov

*The Russian State Social University, Russia
AlenurovEA@rgsu.net*

Olga Rysakova

*The Russian State Social University, Russia
rysia01@mail.ru*

ABSTRACT

Lack of physical activity, communication within their cultural environment, loss of interest in understanding the world cause discomfort in a growing teenager, a desire to experience "something exciting", to overstep "the bounds" that often lead him/her to a "risk group". Therefore, the involvement of a teenager into systematic physical activities and sports may help to prevent the possible development of his deviant behavior, to protect him from any offensive acts. In this regard, the solution of specific socio-pedagogical problems of anti-drug orientation by means of physical education and sports will be the most effective based on implementation of the concepts of personal education and upbringing, choice of sports, identifying the activities of interest. Educational and pedagogical potential of physical education and sports can be effective in creating social environment, using new educational technologies aimed at the socialization of children and adolescents, prevention of their possible antisocial behavior.

Keywords: *antisocial behavior, risk group, personal education, sports, school students, physical education*

1. INTRODUCTION

There is an acute problem of national health in the modern society; the improvement of physical education, development of a healthy lifestyle in school students, introduction of programs targeted at prevention of deviant behavior, bad habits in children and adolescents are of particular importance. [1, 9, 22, 25]. Physical activity largely determines cultural development of an individual, based on personal value orientations. Sociological studies [18, 21] have shown that the adolescence between ages 14-15 is the most susceptible to various types of deviations, when personal worldview has not yet developed and the surrounding peers have a great impact on adolescents. Unfortunately, it is assumed to consider bad habits in the adolescent environment to be a behavioral standard. In order to overcome bad habits of school students it is necessary to develop some stable value orientations at constructive activities, to focus on regular physical activity [7, 23]. As for the socio-pedagogical aspect, the problem of preventing bad habits becomes actual, as people with low levels of physical activity have often the "unsafe" health and abuse smoking and alcohol [13, 15]. According to experts [19, 20], there is a steady trend in Russia towards a significant and constant increase in consumption of alcoholic beverages and smoking, abuse of drugs and toxic substances, while reducing the age of attraction of young people thereto. In this regard, a family and informal groups of peers play a leading role among the socio-pedagogical factors influencing the formation of the teenager personality and his/her behavior [5, 12].

Preventive and intervention education is an integral part of the socio-pedagogical process aimed at identification of deviant adolescents, diagnostics of causes and conditions of their deviations in development and behavior, at development of general pedagogical activities and special measures to prevent and overcome negative trends in the development and formation of adolescents personality [1, 4, 12]. The correct arrangement of leisure activities plays a special role in adolescents and young people deviant behavior intervention. One of the most important components affecting the correction of deviant behavior of adolescents is active sports [11, 15]. Thus, we may consider the following actual directions in improvement of deviant behavior intervention by means of physical education:

1. mass involvement of adolescents and young people in active physical education and sports;
2. arrangement of public youth sports clubs network;
3. development of training programs for the teaching staff, taking into account the characteristics of adolescents with antisocial behavior;
4. increasing the importance of physical education in the value system of adolescents and young people.

The unsatisfied needs, lack of interests and hobbies, time wasting, trying to emulate other people, negative personal attitudes lead to the deviant behavior, manifested in drugs and alcohol abuse [11, 15]. Forms of leisure activities developed in modern society, reproductive and recreational activities have lost their value, which led to the search for informal ways of realizing free time [11]. The fact that young people show no interest to physical education and sports is of particular concern. The most important task for the youth authorities is to work with the informal part of the youth, as well as to develop the volunteer movement, aimed at saving children and adolescents from drug addiction [10, 16, 19].

2. RESULTS

The available data defines the main age of children and adolescents first exposure to drugs as 11-13 years. During our study, we obtained the data evidencing that some people around the interviewed adolescents occasionally tried and used drugs, inhaled toxic substances, and suffered intoxication. Anonymous studies have shown that school students have friends who tried drugs and toxic substances: from 6.9% (age 11) to 61.0% (age 17). The most dangerous age is 13: the rate is growing (126.7%). According to the respondents, friends told them about a “favorable” state after taking drugs and offered to try. The number of friends who use drugs and substances increases with age. The school students confirmed during the survey they used drugs at least once in life 1.2% of students aged 11 years; 13.1% - at the age of 14 years; 27.3% - at the age of 17 years. The drug addicts showed an expressed growing tendency: half of high school students use light drugs or inhale toxic substances. Among all respondents, those who constantly smoke are between 3.0% (age 11) and 21.0% (age 17) of the surveyed group. The number of smokers intensively increases up to 15 years of age. However, the majority of respondents (62.9 – 92.1%) hide this type of antisocial behavior. The percentage of those who drink alcohol among the interviewed children and adolescents is between 11.9% (age 11) and 75.2% (age 17). The increase in the number of school students who drink alcohol was recorded in the children and adolescents aged 12-14. The respondents consume weak alcoholic beverages, with 70-80% at least once a week. This frequency of use indicator increases with age and reaches 9.5% at 17 years of age. Children aged 13 start using strong alcoholic beverages. The majority of respondents of various ages evaded the answer to the question about the reason of drug use; many failed to formulate the reason for the use, in some cases (11.4 – 29.7%) they tried drugs “for the company”, and 16.2 – 28.3% (depending on age) due to interest; (4.5 – 20.0%) of respondents felt uncomfortable if refuse. It is significant that many school students feel the desire to try drugs, and their number increases with age.

Most students are aware of harmful effects of cannabis smoking on human body. However, not all children and adolescents are sufficiently informed thereof: many details become quite unexpected for them. According to our data, drugs are actively introduced into the adolescent environment, directly and indirectly. However, there are some results of the studies with the evidence of a stable, even and cheerful mood of the majority of children and adolescents surveyed; about half of them (48.5 – 57.6%) have little interest in drug-related issues. A positive trend is that the majority (60.7 – 69.4%) of children and adolescents formed a negative attitude to the use of drugs. According to the respondents, the majority (82.5%) of parents have a negative attitude to drugs use, 10.2% demonstrate complete indifference, and about 1% (0.9%) of parents have a positive attitude to drugs. These indicators are the confirmation of the opinion that the work on drug abuse prevention should be started in the family. An important problem is the impact of family education on formation of interpersonal relations of adolescents in the family and outside the home, choice of forms and types of leisure of the student, its arrangement, monitoring of leisure activities by adults. Analysis of this problem reveals the origin of negative mechanisms of deviant behavior that contribute to addiction to bad habits and their rooting. The leisure structure of different groups of the surveyed has similarities and significant differences. A small number of the respondents (students with “rules-based behavior” make up 14.9 - 16.0%; students of the “risk group” make up 2.7 – 8.3%) are engaged in leisure-time activities (study groups, sports clubs), and most of the students are left to themselves. The peculiarity of teenage leisure, which cannot but attract attention, is a small percentage of those who help parents to do their household duties, but, what is especially important – such teenagers are few both among schoolchildren with the “rules-based behavior” (3.1 - 5.2%), and those of the “risk group” (4.2 - 6.7%). Teenagers (students with the “rules-based behavior” – 22.4 – 35.1%; students of the “risk group” – 33.3 – 52.0%) spend most of their free time with friends, and the form of communication is spontaneous (“just walk”, “spend time”, “communicate with friends”). The results of the survey make it obvious that the more time the reaction of a meaningless adolescent grouping takes, the less the proportion of useful meaningful activities in their lives. To determine the discussion frequency of drug addiction among children and adolescents, the respondents were divided into three groups: the first included students whose companies never talk about drugs. In all age groups such respondents were the majority (age 11-12 – 74.1%; age 13-14 – 60.2%; age 15-17 – 41.4%). The second group included those (age 11-12 – 17.3%; age 13-14 – 15.6%; age 15-17 – 10.7%) who rarely talked about drugs with their friends. The third group included those (age 11-12 -8,6%; age 13-14 -24,2%; age 15-17 - 52,1%) who often discussed the topic of drug addiction. Thus, the school students with “rules-based behavior” and in “risk groups” show interest in the drugs topic. Difference in thematic assessments by groups is significant.

Table following on the next page

Table1: Preferred types of free time in different school students groups

№ in seq.	In what way do you spend your free time?	School students with “rules-based behavior”			School students of “risk group”		
		Age periods, years					
		11-12	13-14	15-17	11-12	13-14	15-17
1.	Go in for sports, attend sports clubs and study groups	10/14.9	12/16.0	11/14.9	6/8.3	3/ 4.2	2/2.7
2.	Most often I spend time with friends	15/22.4	21/28.0	26/35.1	24/33.3	30/42.3	39/52.0
3.	Love to read books	7/10.4	5/6.7	7/9.5	5/6.9	2/2.8	1/1.3
4.	I am engaged in tourism, fishing	6/9.0	7/9.3	5/6.8	8/11.1	6/8.5	2/2.7
5.	Mostly I watch TV, listen to music	11/16.4	14/18.7	11/14.9	15/20.8	23/32.4	25/33.3
6.	Various hobbies	8/11.9	6/8.0	5/6.8	6/8.4	4/5.6	1/1.3
7.	Self-education and spiritual development	8/11.9	6/8.0	5/6.8	4/5.6	-	-
8.	Helping around the house	2/3.1	4/4.7	4/5.2	4/5.6	3/ 4.2	5/6.7

Note: The first indicator characterizes the absolute value, amount; the second – a relative one, %. The figures are expressed in percentage (%).

We have revealed a following pattern – the more often they discuss the problem of drug addiction in the adolescent environment, the less critical young people approach it. Thus, in the group where this problem was almost not addressed, the majority (80.4%) of respondents said that it was harmful; and in the second group they were already 24.3%, and in the third one – 15.3%. These questions, of course, are addressed to those who not only "tried", but systematically used drugs. 20.8% of the total number of respondents know the places of constant drug sale, and 7.3% of the respondents are sure that drugs can be bought everywhere, even at their school. A disturbing fact draws our attention: every third school student is sure that there is no sale of drugs in their educational institution, others are sure of the opposite. The saddest result of the study is that not only drug users are present in the children's team, but also 15.7% of students who have already recognized their drug addiction, and only 48.4% want to get rid thereof. Let us consider the reasons for refusal. Thus, those who refused to try an addictive substance make up a small percentage - 4.1%. The majority of respondents (57.4%) explain their refusal to use drugs as a “health hazard”; 15.3% are sure of themselves: they will cope with their problems without drugs. Among other motives for refusal there were such as “with drugs there is no future”, “I am not an enemy to myself”, “I do not want to spoil my life, my family”, “I want to live longer, and life is beautiful”. The survey analysis showed that the majority of students are aware of the value of such factors as health, personal responsibility for it, and confidence they successfully solve the problems on their own. About half of the students (59.1%) believe that “moderate” alcohol consumption is not harmful to health; 15.2% of respondents do not know the difference between the concepts of “alcohol abuse” and “inebriety”; 25.7% found it difficult to answer. The majority of respondents (75.8%) answered positively the question of whether alcoholism could develop at school age, 7.4% of school students gave a negative answer, and the rest (16.7%) found it difficult to answer the question. More than half of school students (67.1%) believe that alcohol has a negative effect on the body of addicts. The majority (70.7%) of students agree with the opinion that those children whose parents suffer from pathological addiction to alcohol are predisposed to alcohol. 16.3% of respondents share the opposite opinion, and 12.5% find it difficult to answer.

The addiction to smoking is specific for the lifestyle of modern students. 7.2% of respondents believe that smoking less than 10 cigarettes a day is not harmful to health. About half (49.7%) of them are convinced that the degree of harmfulness of cigarettes depends on their brand. The majority (71.3 per cent) of students say that smoking is dangerous. School students noted that they had to be passive smokers in the company of friends (50.7%), outside (20.9%), at home (21.7%), at other places (6.7%). According to our data, about half (47.3%) of respondents indicate the need to strengthen the fight against smoking in school. The responses of the “risk group” boys aged 11-14 showed low selectivity of their interests. They prefer non-traditional sports - 44.6%, athleticism - 25.7%, sporting games - 24.1%, and other - 5.6%. Among the most preferred sports 15-17-year-old boys of this group identified extreme sports - 49.6%, athleticism - 27.4%, sporting games - 14.3%, and other sports - 8.7%. Analysis of the need and motivation characteristics of the sports identified the necessity to conduct competitions in new sports: roller skating, street ball, skate ball, etc. They are most attractive for teenagers and are popular among those in the “risk groups”. Troubled adolescents want to engage in extreme sports: motor sports, parachuting, sailing, gliding, mountaineering, aeronautics, health tourism, etc. Thus, in the best interests of children and adolescents, it is necessary to increase the number of sports available for this group; to include such sports, as well as any family team starts in the programs of urban and regional sports festivals. It is advisable to increase the number of activities in sports and health tourism, to hold competitions in hiking. We are convinced that any events taking into account interests of a particular teenager will contribute to the formation of a healthy person, the prevention of drug addiction in the child-adolescent environment.

Table 2: Prevalence of drug addiction and bad habits among school students with different attitudes to sports, %

Age, years	Target Groups					
	Young sportsmen		School students, who are not engaged in sports			
	Bad habits					
	Drugs, toxic substances	Smoking	Alcohol	Drugs, toxic substances	Smoking	Alcohol
11	-	-	-	1.4	3.5	14.0
12	-	-	-	4.2	6.4	24.5
13	-	-	5.9	8.1	10.8	38.7
14	-	6.7	13.3	15.6	17.3	56.8
15	-	12.5	12.5	21.7	22.1	61.6
16	5.9	11.8	17.6	26.0	22.2	77.8
17	6.7	13.3	20.0	33.1	21.1	84.4

The study indicates that few school students (11.3 – 17.3%) are engaged in sports. This indicator does not change significantly with age. According to our data, students who play sports mostly do not smoke, do not drink alcohol, and do not use drugs. The prevalence of harmful habits is significantly higher among students not engaged in sports. We found that school students aged 11 who are not engaged in sports used to smoke and consume alcoholic beverages. They also start to use drugs from 11 years of age. Young athletes drink alcoholic beverages (mainly beer) from the age 13 and get used to smoking from the age of 14. Only few young athletes (5.9%) starting to use drugs at age 16. The indicators of bad habits in school students who is not engaged in sports are clearly higher than in young athletes in all age periods. Analysis of the survey results shows the conjugation of drugs distribution and bad habits in school students of different target groups; students who use drugs, as a rule, do smoke and drink alcoholic beverages. This is mostly specific for students who do not practice sports. The non-drug students' category mostly does not smoke, but many respondents (ages 16-17) indicate that they

prefer beer. The advantage of young athletes in the prevalence of bad habits is obvious, only some athletes smoke, drink alcoholic beverages and use light drugs. Apparently, this group does not count on success in sports. The situation is aggravated by the fact that in the recent past, early alcoholism and substance abuse have been mostly confined to the teenagers from adverse families whose parents lead an antisocial life. To date, adolescents from affluent segments of society, families with high financial prosperity, equally join the ranks of young drug addicts. Children from these families are those who mostly form a distinct adolescent subculture. The analysis shows that the level of financial situation of parents has a certain impact on the prevalence of drug addiction and bad habits. We should consider families with an average income as the most preferable. As a rule, parents in such families have university education, are actively engaged in raising their children. The respondents themselves do indicate at this. According to our data, adolescents whose parents have low and high levels of financial situation are equally exposed to bad habits. In low-income families, the parents often change their place of work; most of them abuse smoke or drink alcohol, and pay little attention to children. Parents usually have secondary education. Parents with high income often give pocket money to teenagers. They want to be leaders in the class based on financial achievements of their parents. Unfortunately, many teenagers cannot usually reach this, and they try to find support. Family and early developmental conditions play an important role in shaping the personality of adolescents having bad habits. Parents of the “risk group” students most frequently suffer from alcoholism; only 28.7% of fathers and 67.6% of mothers are healthy. Experts [2, 3, 6, 8, 24, 27] find it necessary to develop a preventive work in the following areas in this regard, and namely, enhancing the information impact on young people; cultivating a healthy lifestyle (creating a fashion for it); active involvement of young people in the promotion of a healthy lifestyle, in order to counteract the social drug addiction; proving staff for prevention activities; establishment of drug situation monitoring system in the youth environment; providing conditions for real employment of adolescents and young people; inclusion of information characterizing the organization of educational and preventive work into indicators of educational institutions licensing; development of psychological services that provide assistance to children and adolescents; introduction of educational practices into innovative pedagogical technologies, with a view to train children and adolescents to adopt healthy lifestyles; providing comprehensive assistance and support to the family. Adolescents were raised in a disharmonic home from early childhood in most cases. This suggests that the adverse family was a source or favorable environment for the development of personality and behavior pathology. Children were neglected, they did not receive the required moral education in the family, and were deprived of a sense of security, warmth and cordiality from their parents. The results of the study and my own experience suggest that children with antisocial behavior demonstrate a declined socio-cognitive interest in the absence of proper relationships. Such adolescents give a negative answer to the question “Do you love your parents?” as a rule. Conflict relations are created, which are aggravated by the fact that children, as a rule, do not become friends with their classmates and schoolmates, and find a team that involves them into drug and other addiction. Significant deviations in the moral, volitional and physical development of children and adolescents require specific educational work and different motor modes.

Table following on the next page

Table 3: Distribution of drug addiction and bad habits in school students with different level of financial state of their parents

Age, years	Financial state levels of parents								
	Low			Average			High		
	Bad habits								
	Drugs, toxic substances	Smoking	Use of alcohol beverages	Drugs, toxic substances	Smoking	Use of alcohol beverages	Drugs, toxic substances	Smoking	Use of alcohol beverages
11	1.7	10.9	13.0	1.0	6.3	7.0	1.9	4.1	16.1
12	3.3	14.6	24.6	2.6	10.7	16.4	3.0	11.2	22.3
13	7.2	23.3	36.5	5.1	18.2	24.3	6.7	21.5	36.8
14	13.5	31.1	57.8	11.6	25.4	36.9	14.3	29.0	55.3
15	18.1	34.7	59.6	15.4	27.0	38.7	17.0	27.9	60.7
16	24.7	37.2	71.5	20.2	29.1	56.3	23.3	32.7	73.2
17	30.3	40.2	77.2	25.1	31.3	67.8	27.3	36.5	74.0

We believe that it is necessary to practice various forms of cooperation between educational institutions and parents: school-wide, parent-teacher meetings; parent conferences; education of parents; parental seminar group; joint family and school activities (holidays, competitions, trips, and excursions), special TV programs on physical education on municipal channels. Council of prevention, Council of fathers must act at educational institutions. The link between the growth of socio-economic problems, alcohol abuse, drug abuse and juvenile delinquency is clear. These three processes go in parallel: teenagers commit about half of all crimes, including – 80% of serious offenses in a state of drug dependence and alcohol intoxication.

3. CONCLUSION

Based on the above facts we can consider a search for new models, means and forms of the youth leisure in such situation as a necessary condition for prevention of offences and drugs distribution. This trend in drug addiction prevention using means and methods of physical education and sports must envisage, in our opinion, the following:

- discover of adolescents groups and their leaders;
- study of intrapersonal and interpersonal relationships in informal groups;
- arrangement of favorable and attractive forms of leisure for “risk group” children;
- study of the personal characteristics of children with deviant behavior problems;
- development of means and methods of pedagogical influence, based on the interests and needs of students;
- intervention in physical and emotional health and use of physical education and sports.

It is necessary to solve these tasks in three stages: a stimulating, formative and improving stage. At the stimulating stage (age 11-12), the teacher solves the following problems: the involvement of teenagers with deviant behavior in systematic physical exercises. Creation of prerequisites for the formation of interest in physical education and sports activities; personality psychological and pedagogical diagnosing.

The formative stage (age 13-14) is characterized by the improvement of individual means and methods of psychological state intervention in combination with the complex development of physical abilities, developing of moral, volitional, and ethical qualities. The improving stage (age 15-17) is characterized by the formation of sustainable moral behavioral habits, psychophysiological qualities intervention, developing of volitional qualities, formation of moral and spiritual values, sustainable interest in systematic physical exercises and sports. Thus, we can state that physical education and sports are effective means of preventing drug addiction in children and adolescents.

LITERATURE:

1. Abramishvili, G. (2016). Some aspects of formation of the youth healthy lifestyle / G. Abramishvili, A. Rysakova, M. Komarov. New science: Problems and perspectives. No. 4-2. P. 84-87
2. Antipov, V. (2013). Primary prevention of drug addiction among young people based on the formation of personal physical culture / V. Antipov // Thesis for the degree of Candidate of Educational Sciences: 13.00.04: defended 14.02.13 / National State University of Physical Education, Sports and Health. P. F. Lesgaft, St. Petersburg. Saint-Petersburg
3. Gretsov, A. (2013). Prevention of drug addiction among adolescents and young people through psychological and pedagogical support of physical exercises and sports activities / A. Gretsov // Thesis for the degree of Doctor of Educational Sciences / National State University of Physical Education, Sports and Health. P. F. Lesgaft, Saint-Petersburg
4. Dvorkin, V. (2014). Organization of physical education and sports, taking into account modern requirements of young people / V. Dvorkin // In the collection: Improving the professional and physical training of cadets, students of educational organizations and law enforcement agencies. Materials of the international scientific and practical conference. P. 349-351.
5. Dvorkin, V. (2014). Improving the efficiency of organization of physical education of students / V. Dvorkin // In the book: Actual problems of drug abuse prevention and combating the offenses in the field of legal and illegal drug trafficking: national and international levels. Proceedings of XVII International Scientific and Practical Conference: in 2 parts. Siberian Law Institute FSKN of Russia; Responsible editor I. A. Medvedev. P. 86-89.
6. Dvorkin, V. (2015). Problems in physical education of young students and their solutions / V. Dvorkin // In the collection: Theoretical and practical problems of physical education and sports. Materials of all-Russian scientific and practical conference with international participation dedicated to the 85th anniversary of the Blagoveshchensk State Educational University. Under the general editorship of O. V. Yurechko. P. 86-90.
7. Dvorkin, V. (2016). Problems in formation of students motivation / V. Dvorkin, E. Kadomtseva // In the collection: Problems of optimization of training of employees of law-enforcement bodies, cadets and listeners of educational organizations of the Ministry of internal Affairs of Russia for official activity, collection of scientific works. P. 31-34.
8. Dvorkin, V. (2016). Formation of motivation of students to physical education and sports / V. Dvorkin // In the collection: Optimization of educational and training process in educational institutions of higher education. Healthy lifestyle as a factor of drug addiction prevention. Materials of all-Russian scientific and practical conference. Siberian Law Institute of the Federal service; Russian Federation for drug control; Trade and Economic Institute of the Siberian Federal University. P. 232-235.
9. Divinskaya, A. (2012). Differentiated physical education of girls aged 15-16 of a special medical group with vegetative disorders / A. Divinskaya // Thesis for degree of Candidate of Educational Sciences / Volgograd State Academy of Physical Education. Volgograd

10. Eremin M. (2016). Means of physical education and health technologies in prevention of drug addiction in children and adolescents / M. Eremin, V. Karpov, R. Kozyakov // Evolution and modern science. International scientific and practical conference. P. 138 - 139
11. Eremin, M. (2015). The role of fatherhood in intervention in deviant behavior of children and adolescents by means of physical education / M. Eremin, V. Karpov, A. Makhov. // Responsible fatherhood: current problems and solutions. Collection of scientific articles. M., P. 90-96.
12. Eremin, M. (2015). Means of physical education and sports in prevention of drug addiction in children and adolescents / M. Eremin, V. Karpov, A. Makhov//Physical culture: upbringing, education, and training. No. 2. P. 60 -63
13. Ivanov, D. (2017). Formation of negative attitude of students to drug addiction and determining the value of health / D. Ivanov, L. Klimova / / In the collection: Scientific mechanisms for solving problems of innovative development. Collection of articles of the International scientific-practical conference: in 4 parts. P. 141-144
14. Karpov, V. (2009). Healthy lifestyle as a global problem of modernity / V. Karpov, V. Okolelov, G. Abramishvili / / Proceedings of the Sochi State University. No. 2 (8). - P. 161-169
15. Karpov, V. (2009). Physical education, sports and tourism in the system of prevention of deviant behavior of children and adolescents / V. Karpov, M. Eremin, A. Dobein, Abramishvili G. // Sochi Journal of Economy. No. 4. Pp. 90 -97
16. Karpov, V. (2013). Means of physical education and sports as the basis of prevention of drug addiction and harmful habits among adolescents / V. Karpov, M. Eremin, G. Abramishvili, A. Doberan, N. Pilosyan // Sochi Journal of Economy. No. 1 -1. Pp. 102 - 109.
17. Karpov, V. (2013). Means of physical culture and sports as the basis of prevention of drug addiction and harmful habits among adolescents / V. Karpov, M. Eremin, G. Abramishvili, N. Pilosyan // Sochi Journal of Economy. No. 1 -1. Pp. 102 -109
18. Kislyakov, P. (2018). System and personal technology of formation and development of social security for children and youth / P. Kislyakov, E. Shmeleva // In the collection: Ensuring the holistic health of the participants of the educational process in innovative socio-cultural conditions. Proceedings of the International scientific-practical conference. Ministry of education and science of the Russian Federation; ANO DO Center for the development of youth volunteering "Logos"; "Bashkir State University", Sterlitamak branch. P. 113-117.
19. Koziakov, R. (2017). Post rehabilitation communities as the basis for organizing the processes of re-socialization of drug users / R. Koziakov, I. Kutyanova, Dmitry Panyukov, A. Tsymbal, A. Shabanov // Collective monograph / Moscow, Ser. The portfolio of student.
20. Kudinova, V. (2015). Monitoring the effectiveness of physical education and sports in prevention of drug addiction of students / V. Kudinova // Standards and monitoring in education. Vol.3. No. 2. P.42-47
21. Leifa A. (2007). Professionally forming system of physical activity and health of students of higher educational institutions / A. Leifa // Thesis for the degree of Doctor of Educational Sciences / Vyatka State Humanitarian University. Blagoveshchensk
22. Morozova, I. (2016). Humanistic approach as a spiritual and moral basis of a healthy lifestyle and sustainable development of the individual in the prevention of consumption of psychoactive substances among young people / I. Morozova, V. Mironova // In the collection: Health - saving education is the key to safe life of young people: problems and solutions. Proceedings of IX International scientific-practical conference. P. 91-92

23. Petrova, E. (2017). Dyslexia intervention in children of primary school age / E. Petrov, R. Kozyakov, S. Leshchenko // Collective monograph / Moscow-Berlin.
24. Sazhneva, E. (2010). Methods of complex pedagogical control in the process of physical education of junior schoolchildren of special medical group / E. Sazhneva // Thesis for the degree of Candidate of Educational Sciences / Volgograd State Academy of Physical Education. Volgograd
25. Hadieva, R. (2017). Physical culture as a means of forming a healthy lifestyle of students / R. Khadieva, A. Zhuchenko // In the collection: Actual problems and prospects of theory and practice of physical education, sports, tourism and motor recreation in the modern world Materials of all-Russian scientific-practical conference. P. 86-95
26. Karpov, V. (2015). Modern approaches to preventing drug addiction by means of physical activity and sports / V. Karpov, M. Petrova, A. Alifirov, K. Skorosov // Biology and Medicine. T. 7. №5. C. BM -147 -15.
27. Toto, G. (2018). The effects of educational technology on social relationships and learning / G. Toto // In the collection: 3rd International Conference on Eurasian Scientific Development. Proceedings of the Conference. P. 19-23.
28. Makhova, A.V. (2016) The Main Directions and Forms of Development of Mental Qualities of Students with Disabilities by Means of Chess, Contemporary Problems of Social Work. Vol. 2. No. 2 (6). P. 137–144. DOI: 10.17922/2412-5466-2016-2-2-137-144.

STUDYING THE FAMILY AS THE OBJECT OF NON-LINEAR SOCIOLOGY

Mikhail Basimov

*Russian State Social University, Russia
basimov_@mail.ru*

ABSTRACT

For the analysis of results of research in a context of non-linearity from the questionnaire for young spouses which was used in research of young family, we had been received 19 interval scales by means of the certain transformations of results of answers to 19 questions. For a substantiation of necessity of studying of the elementary non-linear dependences we shall stop on demonstration of their quantity. If we choose dependences with coefficient of correlation more than 0.6 (our factor of the connection strenght also more than 0.6) such dependences it is observed only 4. While non-linear dependences with factor of the connection strenght more than 0.6 and small coefficient of correlation (at least on the module twice there is less than factor of the connection strenght) we have 14. Thus, the simplest (dependence with a maximum and a minimum, monotonous, but not linear) non-linear dependences appeared in three and a half of time more, than linear. Specificity of the dependences submitted in the article table following: dependences with a minimum - 8, dependences with a maximum - 3, monotonous, but far from linear, dependences - 3 (1 growing and 2 decreasing).

Keywords: *family, sociological research, synergetics, statistical dependence, the form of dependence, linearity, non-linearity*

1. INTRODUCTION

The description of the complex as shows K.Mainzer - the President of the German society of research of complex systems and non-linear dynamics, is impossible without a representation about non-linearity and modern non-linear models. In conditions of the modern world the linear thinking till now dominating over some areas of a science, becomes essentially insufficient and even dangerous in a non-linear complex reality [15]. "Non-linearity" - fundamental conceptual unit of a new paradigm, including, and sociological research. It is possible even to tell, that the new paradigm is a paradigm of non-linearity [8, 13, 14]. Using the author's approach to concept of statistical relation (non-linear, linear) in sociological researches (for interval variables) by means of realization of the generalized variant of a method of multiple comparison [1] for quintiles splittings of data sets (objects) on each measured parameter, refusing preliminary promotion of a hypothesis about the form of dependence (linear or any concrete kind of non-linear dependence), for an investigated matrix of the data it is possible to define both forms of dependences, and degrees of their expressiveness on various pieces of scales of considered variables [2]. In the sociological research "A Young family in Kurgan area" (I.B.Britvina, 2008) the conceptual model of a young family is represented through the system of the descriptive parameters reflecting various aspects of its condition and performance of social functions inherent in it. For the analysis of results of research in a context of non-linearity from the questionnaire for young spouses which was used in research of young family, we had been received 19 interval scales by means of the certain transformations of results of answers to 19 questions (the index of the digit in a designation of parameters corresponds to initial number of the chosen questions):

- X01 - Age of the introduction into the present marriage of the wife
- X02 - Age of the introduction into the present marriage of the husband
- X03 - Time of acquaintance of spouses prior to the beginning of joint residing
- X04 - The Experience of home life

- X05 - Luckiness of the present marriage
- X06 - Frequency of conflicts in family
- X07 - Approval of a marriage between representatives of different nationalities
- X08 - Approval of an opportunity of departure abroad in connection with the conclusion of a marriage
- X09 - Financial independence from parents
- X10 - Frequency of financial aid to parents
- X11 - Improvement of a financial position of family for last year
- X12 - The Economic situation of family
- X13 - Size of the monthly income on 1 person in family
- X14 - Probability of improvement of a financial position of family the nearest year
- X15 - Desirable quantity of children
- X16 - Dissonance-strengthening of family at a birth of the child in young family
- X19 - The Estimation of social security of family
- X20 - Age of the husband
- X21 - Age of the wife

2. METHODS

On each investigated interval parameter have been determined two quantiles, dividing a data set on triads. In result splitting a data set on 57 ($57=19*3$ is received, at 19 interval parameters) intercrossing groups. For comparison of the given groups was used the generalized variant of the method of the multiple comparison for all ranked pairs "the chosen triad on parameter X - a parameter Y". As the result there was received the general distribution of such pairs with the determined "comparative weightiness" for them. If a quantity of the investigated parameter is N, so the selected quantum (the triads) on all parameter will $3*N$, but ranked pairs of the "chosen quantum (the triad) on parameter X - a parameter Y" - $3*N*N$. For convenience of using the information it is necessary to structure it. To select three comparative weightiness, characterizing the dependency of the parameter Y from parameter X, from the general distribution $3*N*N$ ranked pairs "the chosen quantum (the triad) on parameter X - a parameter Y" in the beginning choose $3*N$ pairs referring to one parameter (so we get a distribution of importance of the parameter Y for all $3*N$ groups-quantum, determined for all considered parameter), but afterwards choose 3 groups-quantums on the parameter X. Thereby, we have chosen three comparative weightiness, displaying a comparative value of the parameter Y for three quantums (the triads) determined for parameter X. These three comparative weightiness is possible to consider as a model for dependencies of the parameter Y from parameter X. For making a possibility to compare the results of estimation of relations through the multiple comparisons with the result of the using of traditional correlation analysis we shall enter the factor of the connection strenght. The factor of the connection strenght of i- and j-parameter (the dependency of i-parameter from j-parameter), considered at the realization of the procedure of the multiple comparison of quantum (triads), we shall define the following expression:

$$SV_{ij} = |V_{ij}^3 - V_{ij}^2| + |V_{ij}^2 - V_{ij}^1|,$$

where V_{ij}^g – the comparative weightiness of i-parameter for g-quantums of j-parameter.

Size SV_{ij} for individual correlation is defined both quantity of parameters, and quantity of quintiles (triads, quarters, quinters) splittings of a data set. Thus, there is a necessity to normalize factors SV_{ij} so that maximal of factors of the connection strenght, corresponding to individual correlation, was equal 1.

Then all dependences considered above can be characterized in the entered factor of the connection strenght SV_{ij} and to treat force of relation on his size.

3. DISCUSSION

For a substantiation of necessity of studying of the elementary non-linear dependences we shall stop on demonstration of their quantity. If we choose dependences with coefficient of correlation more than 0.6 (our factor of the connection strenght also more than 0.6) such dependences it is observed only 4. While non-linear dependences with factor of the connection strenght more than 0.6 and small coefficient of correlation (at least on the module twice there is less than factor of the connection strenght) we have 14. Thus, the simplest (dependence with a maximum and a minimum, monotonous, but not linear) non-linear dependences appeared in three and a half of time more, than linear. Let's show the identifications, which will be used in the offered tables: N1 - number of the parameter, for which is made splitting on triads; N2 - number of the parameter, which values are determined for the distinguished triad of the parameter with number N1; SV - factor of the connection strength determining the dependence of the parameter of the number N2 from the parameter for the number N1; SV' - factor of the connection strength determining reverse (in relation to SV) dependence of the parameter with number N1 from the parameter with number N2; R - the coefficient of linear correlation between parameters with numbers N1 and N2. But for the beginning, up to the analysis of non-linear dependences, we shall look what parameters appeared are connected by linear dependences, the most simple and convenient for interpretation. The table of linear correlations, when considered factors of the connection strenght $SV > 0.6$ and coefficients of correlation $|R| > 0.6$, has only 4 dependences:

Table 1: Factor of the connection strenght (linear dependences)

	N1	N2	SV	SV'	R	Triad N1	Parameter N2
1)	1	2	0.74	0.70	0.67	X01	X02
2)	4	18	0.70	0.74	0.61	X04	X20
3)	4	19	0.79	0.86	0.66	X04	X21
4)	18	19	0.83	0.90	0.73	X20	X21

Linear dependences that is frequently expected, trivial under the maintenance and are easily predicted:

1. Dependence of parameters "Age of the introduction into the present marriage of the wife" (X01) and "Age of the introduction into the present marriage of the husband" (X02).
2. Dependence of parameters "The Experience of home life" (X04) and "Age of the husband" (X20) (or "Age of the wife" (X21)).
3. Dependence of parameters "Age of the husband" (X20) and "Age of the wife" (X21).

Thus, linear dependences not only are a small part of all strong dependences, but also frequently do not give the researcher of the deep and substantial information, revealing basically trivial dependences. It also staticizes acceptance synergetic paradigms in the sociological science directed on the research of non-linear effects. For demonstration of non-linear dependences us cases, when considered factors of the connection strenght $SV > 0.6$, and linear correlations on the module in 2 and more their times will interest less. Cases, when $SV > 0.5$ and simultaneously $SV > 2 \cdot |R|$, as was marked, appeared 14 above. In the first table, 8 dependencies, which are usually simply not noticed (very small correlation coefficient). In the second table, 6 dependencies, which fall under the definition of "meaningful", and most researchers interpret them as linear dependencies.

Table 2: Factor of the connection strenght (non-linear dependences - 1)

	N1	N2	SV	SV'	R	Triad N1	Parameter N2
1	3	19	0.60	0.04	0.02	X03	X21
2	3	18	0.69	0.21	-0.02	X03	X20
3	7	13	0.60	0.12	-0.07	X07	X13
4	13	19	0.60	0.04	0.03	X13	X21
5	14	11	0.70	0.08	0.12	X14	X11
6	16	9	0.67	0.16	0.01	X16	X09
7	18	11	0.60	0.24	0.00	X20	X11
8	19	16	0.84	0.25	0.05	X21	X16

Table 3: Factor of the connection strenght (non-linear dependences - 2)

	N1	N2	SV	SV'	R	Triad N1	Parameter N2
1	3	11	0.67	0.09	-0.20	X03	X11
2	5	6	0.82	0.26	-0.32	X05	X06
3	10	17	0.64	0.37	0.22	X10	X19
4	15	14	0.68	0.40	0.29	X15	X14
5	16	5	0.87	0.26	0.26	X16	X05
6	16	6	0.86	0.14	-0.21	X16	X06

Specificity of the dependences submitted in the table following: dependences with a minimum - 8, dependences with a maximum - 3, monotonous, but far from linear, dependences - 3 (1 growing and 2 decreasing). Let's lead classification and the analysis of dependences, representing them as distributions on levels of groups-triads (an independent variable) with the comparative weightiness of a dependent variable resulted for everyone level, and also for separate indicative examples we shall give graphic representation of considered dependences.

4. DEPENDENCES WITH A MINIMUM

4.1. About symmetric dependences with a minimum

1. Dependence of parameter "Luckiness of the present marriage" (X05) from parameter "Dissonance-strengthening of family at a birth of the child in a young family" (X16) as comparative weightiness of parameter X05 for triads on scale X16:

Triads on the scale X16	Comparative weightiness of the parameter X05 for triads
X16-3	105
X16-2	-891
X16-1	-27

Factor of the connection strength = 0.87 (0.26)
Coefficient of correlation = 0.26

The parameter "Luckiness of the present marriage" has a deep minimum (comparative weightiness=-891) for average values (the second triad) parameter "Dissonance-strengthening of family at a birth of the child in a young family". If in family it is planned or obvious dissonance (the first triad), or obvious strengthening of family (the third triad) we have approximately equal level of estimations of luck of the marriage, close to a zero level of

comparative weightiness. The chart of dependence of the parameter "Luckiness of the present marriage" on the parameter "Dissonance-strengthening of family at a birth of the child in a young family" is given in Figure 1.

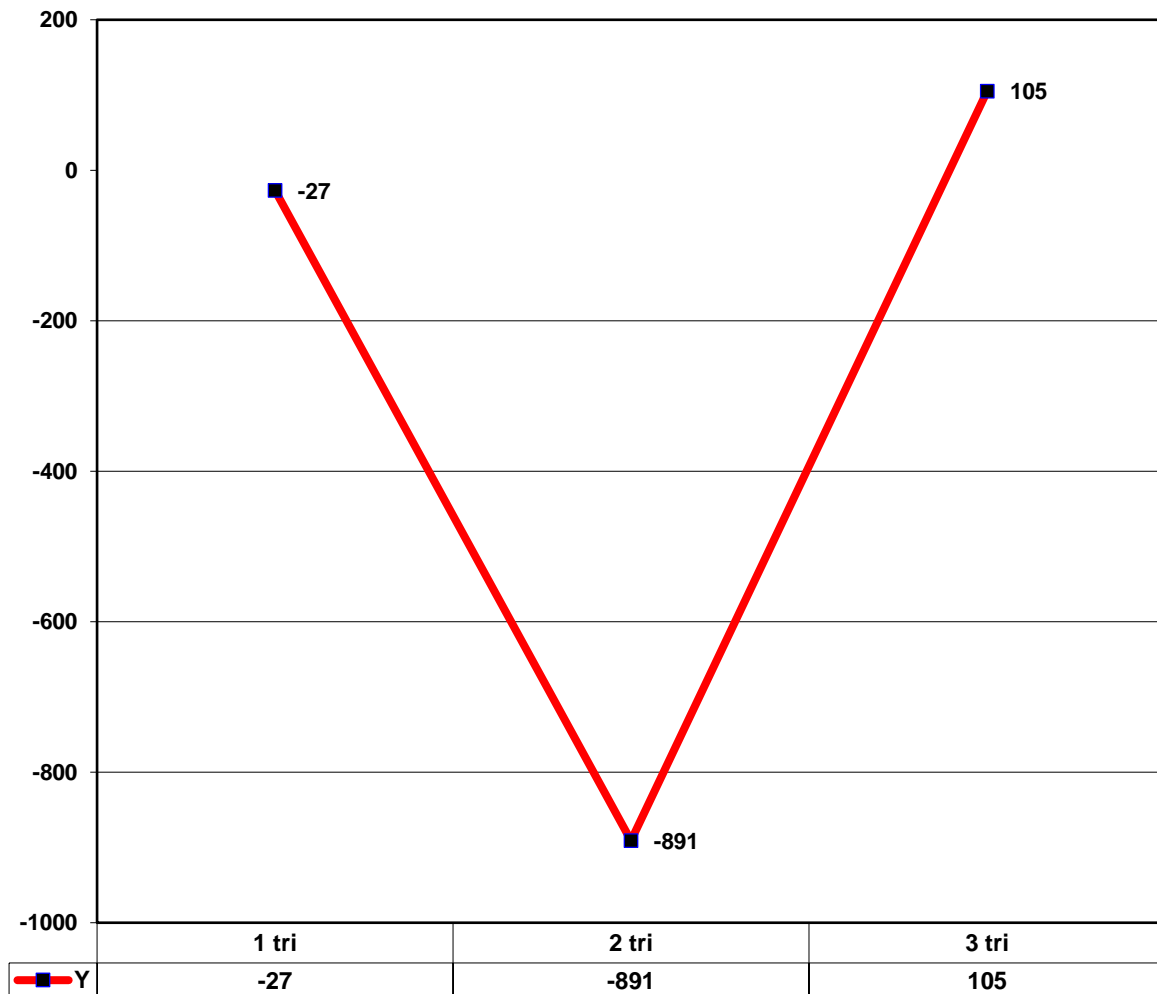


Figure 1: The chart of dependence of the parameter "Luckiness of the present marriage" on the parameter "Dissonance-strengthening of family at a birth of the child in a young family"

2. Dependence of parameter "Age of the husband" (X20) from parameter "Time of acquaintance of spouses prior to the beginning of joint residing" (X03) as comparative weightiness of parameter X20 for triads on scale X03:

Triads on the scale X03	Comparative weightiness of the parameter X20 for triads
X03-3	318
X03-2	-488
X03-1	170

Factor of the connection strength = 0.69 (0.21)
Coefficient of correlation = -0.02

3. Dependence of parameter "Age of the wife" (X21) from parameter "Time of acquaintance of spouses prior to the beginning of joint residing" (X03) as comparative weightiness of parameter X21 for triads on scale X03:

Triads on the scale X03	Comparative weightiness of the parameter X21 for triads
X03-3	183
X03-2	-479
X03-1	134

Factor of the connection strength = 0.60 (0.04)

Coefficient of correlation = 0.02

When a period of acquaintance of spouses prior to the beginning of joint residing either is much less, or much more than average indices, we notice higher age of spouses. The average indicate (the second triad) period of acquaintance defines a sharp minimum for the age of both spouses (comparative weightinesses are equal -488 and -479).

4. Dependence of parameter "Age of the wife" (X21) from parameter "Size of the monthly income on 1 person in family" (X13) as comparative weightiness of parameter X21 for triads on scale X13:

Triads on the scale X13	Comparative weightiness of the parameter X21 for triads
X13-3	112
X13-2	-479
X13-1	213

Factor of the connection strength = 0.60 (0.04)

Coefficient of correlation = 0.03

The age of the wife is minimal (comparative weightiness = -479) at average size (the second triad) monthly income on 1 person in family.

5. Dependence of parameter "Financial independence from parents" (X09) from parameter "Dissonance-strengthening of family at a birth of the child in young family" (X16) as comparative weightiness of parameter X09 for triads on scale X16:

Triads on the scale X16	Comparative weightiness of the parameter X09 for triads
X16-3	8
X16-2	-638
X16-1	149

Factor of the connection strength = 0.67 (0.16)

Coefficient of correlation = 0.01

Financial independence from parents is minimal (comparative weightiness = -638) when there is an uncertainty of an estimation of dissonance-strengthening of family at a birth of the child in young family.

When in an estimation of dissonance-strengthening of family there is a definiteness (a high or low level of estimations) financial independence from parents much more and is defined by positive comparative weightiness (+8 and +149).

4.2. Less symmetric pictures with a minimum

6. Dependence of parameter "Dissonance-strengthening of family at a birth of the child in young family" (X16) from parameter "Age of the wife" (X21) as comparative weightiness of parameter X16 for triads on scale X21:

Triads on the scale X21	Comparative weightiness of the parameter X16 for triads
X21-3	360
X21-2	-404
X21-1	622

Factor of the connection strength = 0.84 (0.25)
Coefficient of correlation = 0.05

Strengthening of family at a birth of the child is observed at extreme parameters of age of the wife: either high (+360), or a low (+622) level. The minimum of dependence (comparative weightiness = -404), corresponding to dissonance in family, is observed at average values of age of the wife (the second triad).

7. Dependence of parameter "The Estimation of social security of family" (X19) from parameter "Frequency of financial aid to parents" (X10) as comparative weightiness of parameter X19 for triads on scale X10:

Triads on the scale X10	Comparative weightiness of the parameter X19 for triads
X10-3	380
X10-2	-505
X10-1	-18

Factor of the connection strength = 0.64 (0.37)
Coefficient of correlation = 0.22

The estimation of social security of family in the beginning sharply falls (with -18 up to -505) at increase in frequency of financial aid to parents with low up to an average level, and at the further increase in frequency of financial aid sharper increase (with -505 up to +308) estimations of social security of family is observed. Thus, at general positive dynamics we have a point of a minimum (comparative weightiness = -505) at an average level (the second triad) frequencies of financial aid to parents.

8. Dependence of parameter "Improvement of a financial position of family for last year" (X11) from parameter "Probability of improvement of a financial position of family the nearest year" (X14) as comparative weightiness of parameter X11 for triads on scale X14:

Triads on the scale X14	Comparative weightiness of the parameter X11 for triads
X14-3	247
X14-2	-190
X14-1	870

Factor of the connection strength = 0.70 (0.08)
Coefficient of correlation = 0.12

For dependences with a minimum prominent feature is overcoming the tendency of initial decrease of a dependent variable at the first stage (negative correlation) and sharp rise of a dependent variable after the first stage of joint decrease of a dependent and independent variable. Thus, the dependent variable accepts the minimal values at average values of an independent variable. It can be characterized as effect of discharging and sharp change (bifurcation) simple firstly simple and easily interpretive dependence when linear approximations can lead to the simplified and erroneous understanding of the investigated phenomenon.

5. DEPENDENCES WITH A MAXIMUM

5.1. About symmetric dependences with a maximum

1. Dependence of parameter "Frequency of conflicts in family" (X06) from parameter "Dissonance-strengthening of family at a birth of the child in young family" (X16) as comparative weightiness of parameter X06 for triads on scale X16:

Triads on the scale X16	Comparative weightiness of the parameter X06 for triads
X16-3	-107
X16-2	876
X16-1	23

Factor of the connection strength = 0.86 (0.14)
Coefficient of correlation = -0.21

Parameter "Frequency of conflicts in family" has an obvious maximum (comparative weightiness = +876) for average values of the parameter "Dissonance-strengthening of family at a birth of the child in young family". If in a family it is planned or obvious dissonance (the first triad), or obvious strengthening of family (the third triad) we have approximately equal level of estimations of frequency of the conflicts, close to a zero level of comparative weightiness (+23 and -107). The chart of dependence of the parameter "Frequency of conflicts in family" on the parameter "Dissonance-strengthening of family at a birth of the child in young family" is given in Figure 2.

5.2. Less symmetric pictures with a maximum

2. Dependence of parameter "Frequency of conflicts in family" (X06) from parameter "Luckiness of the present marriage" (X05) as comparative weightiness of parameter X06 for triads on scale X05:

**Triads on the
scale X05** **Comparative weightiness
of the parameter X06 for triads**

X05-3	-261
X05-2	762
X05-1	31

Factor of the connection strength = 0.82 (0.26)
Coefficient of correlation = -0.32

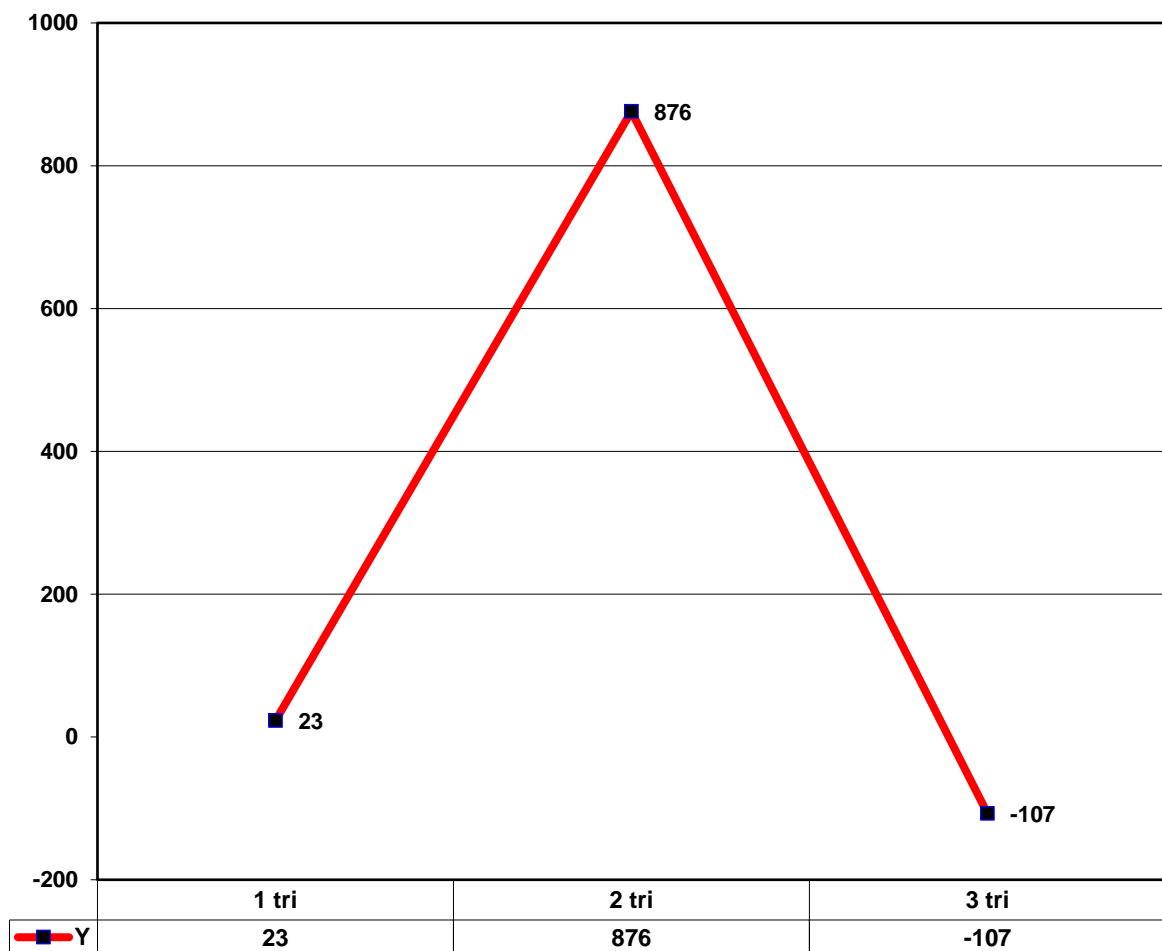


Figure 2: The chart of dependence of the parameter "Frequency of conflicts in family" on the parameter "Dissonance-strengthening of family at a birth of the child in young family"

Frequency of conflicts in family is insignificant at low estimations of luckiness of the present marriage (comparative weightiness = +31). She becomes even less at high estimations of luckiness of the present marriage (comparative weightiness = -261). But at average estimations of luckiness of a marriage we have the highest frequency of conflicts (comparative weightiness = +762). Thus, frequency of conflicts sharply falls, when respondents were precisely defined with an unambiguous estimation for them concerning a marriage: a successful or unsuccessful marriage at them.

3. Dependence of parameter "Improvement of a financial position of family for last year" (X11) from parameter "Time of acquaintance of spouses prior to the beginning of joint residing" (X03) as comparative weightiness of parameter X11 for triads on scale X03:

Triads on the scale X03	Comparative weightiness of the parameter X11 for triads
X03-3	-409
X03-2	519
X03-1	25

Factor of the connection strength = 0.67 (0.09)
Coefficient of correlation = -0.20

For dependences with a maximum prominent feature is sharp recession of a dependent variable after the first stage of joint increase in dependent and independent variables. Thus, the dependent variable accepts the maximal values at average values of an independent variable. It can be characterized as effect of saturation and sharp change (bifurcations) simple firstly simple and easily interpretable dependence when linear approximations can lead to the simplified and erroneous understanding of the investigated phenomenon.

6. MONOTONOUS DEPENDENCES (DECREASE)

1. Dependence of parameter "Improvement of a financial position of family for last year" (X11) from parameter "Age of the husband" (X20) as comparative weightiness of parameter X11 for triads on scale X20:

Triads on the scale X20	Comparative weightiness of the parameter X11 for triads
X20-3	56
X20-2	-177
X20-1	872

Factor of the connection strength = 0.60 (0.24)
Coefficient of correlation = 0.00

Significant improvement of a financial position of a family for a last year is observed (comparative weightiness = +872) for low values of the parameter "Age of the husband" (the first triad). Thus dependence is far from linear (the coefficient of correlation is practically equal to zero). Graphically dependence looks like:

2. Dependence of parameter "Size of the monthly income on 1 person in family" (X13) from parameter "Approval of a marriage between representatives of different nationalities" (X07) as comparative weightiness of parameter X13 for triads on scale X07:

Triads on the scale X07	Comparative weightiness of the parameter X13 for triads
X07-3	47
X07-2	-115
X07-1	1005

Factor of the connection strength = 0.60 (0.12)
Coefficient of correlation = -0.07

A Frequency of financial aid to parents, and also a size of the monthly income on 1 person in family are highest (comparative weightinesses +1016 and +1005) at disapproval respondents of a marriage between representatives of different nationalities (the first triad on this scale). Thus these dependences are far from linear (coefficients of correlation are equal -0.24 and -0.07) and the extremely asymmetrical, i.e. the opposites in relation to submitted to dependence when parameter " Approval of a marriage between representatives of different nationalities " is considered as a dependent variable, have factors of the connection strenght insignificant on size (0.19 and 0.12).

7. MONOTONOUS DEPENDENCES (INCREASE)

7.1. Growing dependence on all an interval of an independent variable

3. Dependence of parameter "Probability of improvement of a financial position of family the nearest year" (X14) from parameter "Desirable quantity of children" (X15) as comparative weightiness of parameter X14 for triads on scale X15:

Triads on the scale X15	Comparative weightiness of the parameter X14 for triads
X15-3	754
X15-2	-46
X15-1	-695

Factor of the connection strength = 0.68 (0.40)

Coefficient of correlation = 0.29

Though the given dependence as against many other monotonous dependences considered by us, applies for affinity to linear (coefficient of correlation = +0.29), but this affinity all not such to be marked. Also it is connected to asymmetry of dependence: factors of the connection strenght of two inverse dependences are equal 0.68 and 0.40, that speaks about their significant difference from each other. Thus the attention is deserved only by one of these two dependences that we show.

8. CONSLUSION

Above mentioned results also allow to speak about an opportunity for new synergetic paradigms in the sociological science directed on studying of non-linear effects of social systems. The non-linear sociology is a new approach to studying the sociological phenomena, putting the main task studying of specifically non-linear properties of the social phenomena. Nonlinear properties of the psychological (sociological) phenomena basically dominate in a difficult psychological (sociological) reality. It is demonstrated by our researches in the various areas of the psychology (sociology) [3-7, 9-12, 16-21]. In any sociological research it is desirable to trace simultaneously in united system of measures of dependence between all pairs of investigated parameters, and, it should be both linear, and the elementary non-linear dependences (considerably enriching a linear triviality of the deterministic approach), that allows to make our method based on conscious ignoring of preliminary promotion of hypotheses about the form of dependence separately for each pair of variables that makes it quite universal and productive.

ACKNOWLEDGEMENT: *Preparation of the paper was supported by grant of the Russian Foundation for Basic Research (RFBR). Project: № 16-06-00273a.*

LITERATURE:

1. Basimov M.M. (2009) Mathematical methods in psychological research. Monograph. Russia, Kurgan: Kurgan State University. 170 p.
2. Basimov M.M. (2017) Nonlinear psychology in specific examples (scientific and methodological manual) / Kurgan affiliate of the RANPEA under the President of the Russian Federation. M. 244 p.
3. Basimova P. (2016) Commitment to Principles in Pedagogic Activity (non-linear aspect) / International Journal of Psychology. Volume 51. Supplement S1. P. 789.
4. Basimova P. (2016) Competitiveness as the reason Impulsiveness in non-linear psychology (Five-Factor Personality Model) / International Journal of Psychology. Volume 51. Supplement S1. P. 903.
5. Basimova P.M. (2015) Professional competences in the representation of linear psychology / Akmeologiya. Scientific and practical journal. №3 (anniversary issue). P. 37-38.
6. Basimova P., Basimova O. (2015) Psychological nature of social motives of university admission / The 14th European Congress of Psychology (Milan, Italy 7-10 July 2015) / AbstractBook, Posters. Milan. P. 790.
7. Basimova P., Basimova O. (2015) Education fee as the reason of typological characteristics of the student / The 14th European Congress of Psychology (Milan, Italy 7-10 July 2015) / AbstractBook, Posters. Milan. P. 788.
8. Danilov Yu.V. Nonlinearity / Introduction to Synergetics (<http://spkurdyumov.ru/category/introduction/>).
9. Dostovalov S. (2015) Stress as an object of non-linear psychology / The 14th European Congress of Psychology (Milan, Italy 7-10 July 2015) / AbstractBook, Posters. Milan. P. 774.
10. Dostovalov S. (2015) Stress as the reason of the self-realization and Interpersonal trust / The 14th European Congress of Psychology (Milan, Italy 7-10 July 2015) / AbstractBook, Posters. Milan. P. 776.
11. Ilinyh Y. (2012) Non-linear effects in interaction "child-parent" / International Journal of Psychology. Volume 47. Supplement 1. P. 261.
12. Ilinyh Y. (2012) Non-linear influence of severity on the lifemean orientations of the child / International Journal of Psychology. Volume 47. Supplement 1. P. 261.
13. Knjazeva E.N., Kurdyumov S.P. Bas of synergetics. Synergetic Worldseeing. Moscow: KomKniga, 2005.
14. Krylov V.Yu. Methodological and idealized problems of mathematical psychology. Moscow, 2000. 376 p.
15. Mainzer K. Thinking in Complexity. The Complex Dynamics of Matter, Mind, and Mankind. Berlin: Springer-Verlag, 1994.
16. Nikolaeva I. (2015) Non-linear relation of durability and subjective remoteness from "Worst others" / The 14th European Congress of Psychology (Milan, Italy 7-10 July 2015) / AbstractBook, Posters. Milan. P. 785.
17. Nikolaeva I. (2015) Non-linear relation of conviction in favour of the world and communicative tolerance / The 14th European Congress of Psychology (Milan, Italy 7-10 July 2015) / AbstractBook, Posters. Milan. P. 783.
18. Nikolaeva I. (2015) Value characteristic "I" as object of non-linear psychology / The 14th European Congress of Psychology (Milan, Italy 7-10 July 2015) / AbstractBook, Posters. Milan. P. 784.
19. Padurina E. (2012) Non-linear influence of the gnostic emotional orientations on parental feelings. Volume 47. Supplement 1. P. 403.

20. Padurina E. (2015) Positive feelings to the spouse as to the parent as an object of non-linear psychology / The 14th European Congress of Psychology (Milan, Italy 7-10 july 2015) / AbstractBook, Posters. Milan. P. 779.
21. Padurina E. (2015) Understanding of the reasons of a condition of the child as an object of non-linear psychology / The 14th European Congress of Psychology (Milan, Italy 7-10 july 2015) / AbstractBook, Posters. Milan. P. 778.

INDICATORS OF PHYSICAL CULTURE, CHESS SPORT AND TOURISM AS ACTUAL MARKERS OF THE HUMAN DEVELOPMENT INDEX IN THE RUSSIAN FEDERATION

Irina Mikhailova

*Russian State Social University, Russia
mihajlovaiv@rgsu.net*

Aleksei Seselkin

*Russian State Social University, Russia
seselkinai@rgsu.net*

Marco Vitale

*University of Parma, Italy
marco.vitale@unipr.it*

Umberto Solimene

*Milan University, Italy
umberto.solimene@unimi.it*

ABSTRACT

The purpose of the paper is the content analysis of a number of targets for the development strategy of the Russian Federation in improving the quality of life of Russian citizens. When comparing the social, economic and emotional well-being of residents, the priority tool to measure the quality of life of the world community in recent decades – the Human Development Index – was used. The retrospective analysis of the human development concept implementation in the regulatory and legislative framework of the Russian Federation in the field of physical culture and sports has reasoned the necessity of incorporating indicators of physical culture and sports into the number of actual markers of the human development index, taking into account the prevailing mainstreams. At the socio-pedagogical level, an attempt has been carried out to make a feasible contribution to the human capital development by improving the quality of life of people with disabilities and limited health capacities, as well as to the human potential development through physical culture and sports.

Keywords: *Human development index, indicators of physical culture and sports, quality of life*

1. INTRODUCTION

The world statistical science, considering the civilizational changes taking place on the planet, constantly expands the arsenal of methods and combined indicators that can correctly display the main vectors of human development. Since 1930, the main measure of the well-being of a citizen of a particular state has been the macroeconomic indicator of gross domestic product (GDP) per capita – a quantitative definition that does not take into account many qualitative characteristics of objective reality and well-being. At the end of the last century, the alternative estimates of the fundamental standard appeared. The Human Development Index (HDI) has become the priority tool of measuring the quality of life of the world community in recent decades (Mahbub, H., 1996). The concept of Human Development is now a paradigm of social progress, redistributing the accents of assessing the quality of life from purely economic indicators to the multifaceted characteristics of the individual's vital needs. The HDI has become an integral part of the United Nations Development Program (UNDP) (Human Development Reports: United Nations Development Programme (UNDP), 2018). Analysis of the qualitative and quantitative dynamics of the HDI from 1990 to the present has revealed that

its imbalance in Russia is due to the high relative and absolute disability rates, as well as to the lack of a real equality of people with disabilities and limited health capacities (LHCs) in the field of secondary and higher education and employment (Analytical Centre for the Government of the Russian Federation, 2016). At the same time, the Federal Law “On Amendments to Certain Legislative Acts of the Russian Federation on Social Protection of Persons with Disabilities Following the Ratification of the Convention on the Rights of Persons with Disabilities” (Federal Law No. 419-FZ, 2014) which came into force in 2016 provides for the implementation of the anti-discrimination legislation strategy for this group of people. With the introduction of amendments to twenty-five Federal Laws (FLs), the system of economic, legal measures and forms of social assistance, guaranteed by the state, which ensures for persons with LHCs and disabilities equal rights with other citizens with respect to opportunities to contribute to the development of society, has been expanded. Therefore, the problems of social adaptation and rehabilitation of people with LHCs and disabilities determine the priorities of state policy in the fields of medicine, education and employment. The global trend is the encouragement of socialization, rehabilitation, social adaptation, and the integration of disabled people into society through physical culture and sports, recreation and tourism, which contributes to the maximum possible development of their vitality and effective self-realization as socially significant members of society (Evseev, S., 2016; Makhov, A., 2013; Makhov, A., Stepanova, O., Shmeleva, E., Petrova, E., Dubrovinskaya, E., 2015). However, according to the annual statistical report of the Ministry of Sports as of 2017, only 10% of people with LHCs and disabilities are included into the system of fitness and sports activities (Ministry of Sports of the Russian Federation, 2018). A holistic comprehension of this problem, taking into account the modern concept of human development, leads to the necessity of supplementing the markers of the human development index with actual indicators of physical culture and sports, given the prevailing mainstreams of the state policy of the Russian Federation in this field.

2. METHODS

To achieve this goal, the strategic normative and legal documents concerning the social and economic development of the world community were analyzed, and the content analysis of studies considering the improvement in the standard of living of the population and the development of human potential was carried out by the experts of the Center for Strategic Research of the Russian Federation (CSR) (SPIEF’18, 2018). The authors of the article studied the acts and federal laws in the field of physical culture and sports, education, labor and social protection, taking into account the modern concept of human development. Particular attention was paid to a meaningful analysis of strategically important documents of the Ministry of Sports, namely: the Concept of the Federal Target Programs for the Development of Education and Development of Physical Culture and Sports in the Russian Federation for 2016-2020, the Federal Target Program “Development of Supplementary Education for Children in the Russian Federation until 2020”, the State Program “Accessible Environment” for 2011-2020 (Ministry of Sports of the Russian Federation, 2016). System analysis of the regulatory and legal framework of the Russian Chess Federation and the World Chess Federation specifying the content of chess sport and taking into account the indicators of the development of the world chess movement was carried out (Russian Chess Federation, 2015). Program documents on the development of chess mass sports and high performance sport as well as archive materials and scientific works on the problems of adaptive physical culture and sports were summarized, and the authors’ own teaching and coaching experience was systematized (Makhov A., Karpov, V., Seselkin A., Kornev, A. In Editor A. Makhov, V. Karpov. (2017); Mikhailova, I., Makhov, A. (2015); Alifirov A., Mikhailova I., 2018; Makhov A., Medvedev I., Mikhailova I., Alifirov A., 2018).

3. FINDINGS

The current Federal Law “On Physical Culture and Sports” as of 2007 (FL) confirmed the principles of continuity of the citizens’ physical education at all stages of their life and gave state guarantees to everyone who wants to go in for sports (Federal Law No. 329, 2007). In the new millennium, mass sports become the object of state administration. From the social phenomenon, it has transformed into a political factor capable of influencing the country's foreign and domestic policies. The objectives of state policy were enshrined in the Concept of Long-Term Social and Economic Development of the Russian Federation for the Period until 2020, adopted by the RF Government Decree No. 1662-r as of November 17, 2008 (since 2011 it is named Strategy 2020: an updated version of the Concept taking into account the economic decline). Strategy 2020 is aimed at improving the efficiency of the economy and its social profile dramatically. The document considers two groups of directions of the physical culture and sports development: increase in competitiveness of national sports in the international arena and development of mass physical training and sports hobbies. The implementation of the basic principles of state policy in the field of physical culture and sports in the 21st century is based on the introduction of a program-targeted approach to the industry, which was realized through the Federal Target Programs “Development of Physical Culture and Sports in the Russian Federation for 2016-2020 and 2016-2020” (the RF Government Decree No. 7 as of January 11, 2006 and the RF Government Decree No. 30 as of January 21, 2015), as well as on the macro program document entitled “Strategy for the Development of Physical Culture and Sports in the Russian Federation for the Period until 2020” (RF Government Directive No. 1001-r, 2009). The plan of the Russian Ministry of Sports regarding the implementation of the Strategy in 2016-2020 is introduced by the Order of the Russian Ministry of Sports No. 245 as of March 14, 2016 and specifies the list of activities in respect of which the planned work is being conducted and will be conducted in the next few years. In addition to the general provisions on all objects and subjects of physical culture and sports, we highlight those areas that are particularly important in the system of integrated measures for social rehabilitation and improving the quality of life of persons with LHCs: a) monitoring the implementation of additional measures taken to create conditions for physical education and sports engagement of persons with LHCs and disabled people and b) development and implementation of Target Integrated Training Programs for the Russian national teams to participate in the largest international sports competitions, including the Olympic, Paralympic and Deaflympics Games. Since the signing and ratification by the Russian Federation of the International Convention on the Rights of Persons with Disabilities, the creation of a barrier-free environment for people with LHCs and the comprehensive rehabilitation, habilitation and recreation of disabled people have become priority areas of state policy, strategically aimed at improving the quality of life of the target population. The indicators of the quality of life, as set by the HDI indicators, are: income level, activity, working capacity and nature of work, life expectancy, accessibility and quality of medicine, environmental situation, nature of leisure, level of education, social activity and self-development, participation in social processes, moral values realization and other markers declared by the Concept of Human Development. The modern regulatory framework emphasizes the strategic transition from the inertial to the innovative model of the economy, which is organically linked to the social sphere and is aimed at revealing human potential. Priority is given to a healthy lifestyle, development of infrastructure for sports, creation of additional conditions for various groups of the population, provision of incentives for an active lifestyle through physical education, sports and tourism. That is why as the primary indicator of physical culture and sports to be included in the number of actual markers of the human development index it is expedient to use the indicator of the economic effect of attracting the population to physical culture and sports, which characterizes the increase in the labor contribution to the economy by citizens engaged in physical culture and sports at the expense

of reduction in the number of sick-leave days for the reason of common diseases in relation to the contribution of employees not engaged in physical culture and sports. Other target indicators and figures related to the implementation of the Federal Target Program “Development of Physical Culture and Sports in the Russian Federation for 2016-2020” can also be applied as the markers mentioned above with the optimal degree of aggregation (Ministry of Sports of the Russian Federation, 2016). In fact, today physical education and sports become a platform where economic and social inequalities are smoothed, and the state's participation in organizing and financing mass sports and physical activities positively affects not only the health of the nation, but also cohesion, patriotism and social harmony in society. By investing in human capital, the economy changes its status from the raw-materials export model to science-driven (innovative) pattern, gradually reorganizing to a model adopted by highly developed countries of the world.

4. DISCUSSION

The Concept of human development, recognized by the United Nations (UN) and almost all countries of the world as a base for comparing the characteristics of the human potential of different territories and the world population as a whole, allows us to consider sustainable development as the consensus paradigm of the world order in the 21st century. Participating in the world sustainable development process and having signed a number of important international documents, the Russian Federation assumed strict state-level obligations in the framework of membership in the UN. This was the reason for developing a long-term strategy for sustainable development of the country and formulating the national goals of this multidimensional civilizational process until 2030 (Forecast of Long-Term Social and Economic Development of the Russian Federation until 2030, 2013). Thus, a great challenge was issued: in a short period of time, to adapt the entire system of indicators developed by the international community of experts to national needs, to build an adequate coordinate system that would correspond to economic parameters and statistical standards traditionally accepted in the highly developed countries of the world. The current global experience has already shown the danger of a mono-orientation to the single indicator – a high GDP – for countries rich in natural resources and, at the same time, having unsolved social problems. The new economy relies not on quantitative indicators, but on a qualitative shift in the development of mankind. According to the HDI estimations, in 2016 (according to the results of 2015), Russia falls into the category of countries with a high level of human development (0.798) and takes the 50th place in the ranking covering 188 states and territories of the world, sharing it with the Republic of Belarus (Human Development Reports: United Nations Development Programme (UNDP), 2018). The content analysis of the Russia's indicators dynamics in comparison with other countries showed that the social, material and ecological situation of Russians could be better than it actually turned out. This is due to the fact that it is negatively affected by social inequality, short life expectancy, biogenic factors, regional inequality of the territories inside the country, which is more common to disadvantaged than developed countries of the world. The Russian scientists are not unanimous in assessing the HDI universality. However, having consolidated its position in the group of countries with a high HDI indicator, Russia needs to increase the figures relating the specific components of sustainable development (for example, social justice, a long and healthy life, a decent level of material incomes) in order not only to harmoniously develop, but not to suffer reputational losses in international relations among civilized countries. Increasing the life expectancy of the population, promoting a healthy lifestyle and accessibility of education, improving working conditions and social protection, taking into account the Concept of human development, objectively become not only relevant but also strategically important goals for a country with a dynamically developing economy. At present, despite all the efforts of the legislative and executive branches of power, it is too early

to say that Russia has an effective system for managing mass sports and physical culture. In recent years, the role of regional and municipal policies in this field has been significantly enhanced, the number of sports clubs and societies has increased, the proportion of sponsorship in the organization of the material and technical base of mass and health sports has grown; the construction of sports facilities within walking distance is being developed nationwide, non-profit sports and physical culture and sports clubs are being engaged into work with citizens at the place of their residence or work, etc. But the degree of the state participation in the implementation of mass physical culture and sports policy remains insufficient not least because of the economic crisis consequences that have affected the reduction in the amount of financing, in proportion to all the sequestered state expenditures for health, education and social needs (RF Government Decree No. 30, 2015; Center for Strategic Research of the Russian Federation, 2017). Thus, it can be stated that the humanitarian principles of state policy in the field of physical culture and sports come into rather severe contradiction with the economic opportunities of the crisis period in the life of modern Russia. The conflict resolution in respect of the needs of the state and society in the healthy generation of citizens and the lack of essential measures to take full advantage of engaging various categories of the population into physical culture and sports in order to improve their health remains topical (RF Government Directive No. 1101-r, 2009).

5. CONCLUSION

Human capital is the most important determinant of the processes of economic renewal and improvement, a powerful productive and social development factor. The summary indicator of the national prosperity is the indicator of the human development opportunities as the country's success lies in creating conditions for any of its citizens to have a long, healthy, creative life. Thus, the relationship between GDP growth and human development shows how this growth in the course of socio-economic development is transformed, acquiring an important human dimension. The fundamental principles of state policy in the field of physical culture, sports and education are fixed in the federal laws of Russia and recognized as authoritative reference points in the national governance. Despite all the efforts of the state to improve the quality of life of people with LHCs and disabled people in Russia undertaken in the last decade, the situation is far from satisfactory, corresponding to the international paradigm of understanding the problem. The comprehensive approach to all issues related to implementing the indicators of physical culture and sports as actual markers of the human development index in the Russian Federation to facilitate the smooth integration of persons with LHCs and disabled people into an egalitarian society requires the mobilization of all available resources of the society. A healthy person is an effective employee and an active member of the society, the work activity of the society members directly affects the gross domestic product and social and political measures of the state, which are correlated with the economic basis. Therefore, the health and performance efficiency of citizens must be closely monitored by the authorities managing the various spheres of social life. To manage the human capital efficiently, a clear and coherent interaction of all structures and levels of power responsible for the functioning the social institutions and promoting compassionate attitude to disadvantaged people across society.

LITERATURE:

1. Alifirov A., Mikhailova I. Physical Education of Highly Qualified Chess Players. *Research Journal of Pharmaceutical, Biological and Chemical Sciences*, 2018. (9(4)), pp. 1725-1730.
2. Analytical Centre for the Government of the Russian Federation. (2016). *UN and Russia Sustainable Development Goals: Human Development Report for the Russian Federation*. Retrieved 02.09.2018 from <http://ac.gov.ru/files/publication/a/11068.pdf>.

3. Center for Strategic Research of the Russian Federation. (2017). *Social equalization*. Retrieved 02.09.2018 from <https://www.csr.ru/news/sotsialnoe-vyravniwanie/>.
4. Evseev, S. (2016). *Theory and organization of adaptive physical culture: a textbook*. Moscow: Sport.
5. *Federal Law No. 329 "On Physical Culture and Sports in the Russian Federation" (as amended on 26.06.2017)*. (2007). Retrieved 02.09.2018 from http://www.consultant.ru/document/cons_doc_LAW_73038/.
6. *Federal Law No. 419-FZ (as amended on 29.12.2015) "On Amendments to Certain Legislative Acts of the Russian Federation on Social Protection of Persons with Disabilities Following the Ratification of the Convention on the Rights of Persons with Disabilities"*. (2015). Retrieved on 02.09.2018 from http://www.consultant.ru/document/cons_doc_LAW_171577
7. *Forecast of Long-Term Social and Economic Development of the Russian Federation until 2030*. (2013). Retrieved 02.09.2018 from <http://static.government.ru/media/files/41d457592e04b76338b7.pdf>.
8. *Human Development Reports: United Nations Development Programme (UNDP)*. (2018). Retrieved 02.09.2018 from <http://hdr.undp.org>.
9. Mahbub, H. (1996). *Reflections on Human Development*. Oxford: Oxford University Press.
10. Makhov A., Karpov, V., Seselkin A., Kornev, A. In Editor A. Makhov, V. Karpov. (2017). *Psychophysical and Social Rehabilitation of Persons with Disabilities by Means of Adaptive Sports and Tourism*. Shuya: Ivanovo State University Press.
11. Makhov A., Medvedev I., Mikhailova I., Alifirov A. Functional Features Of Children With Down's Syndrome Before The Start Of Classes In Football Groups. (2018). *Research Journal of Pharmaceutical, Biological and Chemical Sciences*, 2018. (9(4)), pp. 128-133.
12. Makhov, A. (2013). *Management of the development of adaptive sports in Russia: extended abstract of Cand. Sci. (Ped.) Dissertation*. Moscow: MPSU.
13. Makhov, A., Stepanova, O., Shmeleva, E., Petrova, E., Dubrovinskaya, E. (2015). Planning and organization of sport competitions for disabled people: Russian experience. *Biosciences Biotechnology Research Asia*, 2015 (No. 3, Vol. 12), pp. 877–886.
14. Makhova, A.V. (2017) Chess Game As a Factor in Improving the Quality of Life of Students with Disabilities, *Contemporary Problems of Social Work*. Vol. 3. No. 1 (9). P. 84-91. DOI: 10.17922/2412-5466-2017-3-1-84-91.
15. Mikhailova, I., Makhov, A. (2015). Creation of Federal Innovation Platform for Developing the Model and Ideology of Advanced Adaptive Chess Education at Higher Educational Establishment. *Theory and practice of physical culture*, 2015. (No. 10), pp. 56–58.
16. Ministry of Sports of the Russian Federation. (2016). *Strategy for the Development of Physical Culture and Sports in the Russian Federation for the Period until 2020*. Retrieved 02.09.2018 from <http://www.minsport.gov.ru/activities/federal-programs/2/26363/>.
17. Ministry of Sports of the Russian Federation. (2018). *Statistical information*. Retrieved 02.09.2018 from <http://www.minsport.gov.ru/sport/physical-culture/statisticheskaya-inf>.
18. *RF Government Decree No. 30 as amended on 05.05.2017 "On Federal Target Program "Development of Physical Culture and Sports in the Russian Federation for 2016-2020"*. (2015). Retrieved 02.09.2018 from http://www.consultant.ru/document/cons_doc_LAW_174530/.
19. *RF Government Directive No. 1101-r as of 07.08.2009 on "Target indicators for the implementation of the Strategy for the Development of Physical Culture and Sports in the Russian Federation for the Period until to 2020"*. (2009). Retrieved 02.09.2018 from <http://www.zakonprost.ru/content/base/part/631471>.

20. RF Government Directive No. 1101-r as of 07.08.2009 on Adopting “Strategy for the Development of Physical Culture and Sports in the Russian Federation for the Period until 2020”. (2009). Retrieved 02.09.2018 from <http://docs.cntd.ru/document/902169994>.
21. Russian Chess Federation. (2015). *Draft Program for Development of Chess Sport in Russia until 2020*. Retrieved 02.09.2018 from http://ruchess.ru/downloads/2015/draft_program_development_chess_2020.pdf.
22. Russian Chess Federation. (2015). *Federal Standard of Sports Training in Chess Sport*. Retrieved 02.09.2018 from http://ruchess.ru/downloads/2015/federal_standard_chess.pdf.
23. SPIEF’18. (2018). *Main theses of the session “How to implement strategic tasks?”* Retrieved 02.09.2018 from <https://www.csr.ru/news/pmef-2018-osnovnye-tezisy-sessii-kak-realizovat-strategicheskie-zadachi/>.

AUTHORING ACCOUNTING SERVICES IN RUSSIA

Natalia Bondarchuk

*Russian state social University, Russia
BondarchukNV@rgsu.net*

Sergey Shamshiev

*Russian state social University, Russia
shamsheevsv@rgsu.net*

Elena Kubasova

*Russian state social University, Russia
kubasovei@rgsu.net*

Young Lesman

*Production cooperative "Machcowi" Poland
leszman.jan@wp.pl*

ABSTRACT

The subject of study is the intangible result of the interaction of the consumer, transferring the accounting and financial part of their business processes to the external environment and their host organization, providing accounting services. The purpose of the article is to consider the content and key characteristics of outsourcing of accounting services, problems and ways of further development in Russia in modern economic and legal conditions. When carrying out the work, the normative methodology was used, with the involvement of specific scientific factors and verified economic results, methods were used: observation, collection of facts, scientific abstractions, comparison. As a result, the authors studied the publications of Russian and foreign authors on the use of outsourcing, its impact on the quality of accounting processes; data characterizing the scale of the market of accounting services in Russia; sites of consulting companies that accept various types of accounting operations for outsourcing. The results are useful for researchers and practitioners working in the field of development of the market of accounting services, as well as decision makers in the field of optimization of business processes of companies in Russia. The novelty of the study is to identify promising areas and limitations of the development of accounting services in Russia in the digital economy and specialization of intellectual labor. As a result of the study of outsourcing of accounting services in Russia, the authors made the following conclusions. The growth in the volume, species composition and quality of services occurs when they are provided to non-state small and medium-sized businesses through the use of Internet technologies. Transfer of accounting functions of state-owned companies and all types of large structures on the basis of outsourcing, in modern conditions is impractical, not fully legitimate, and virtually absent.

Keywords: *outsourcing, accounting services, tax consulting, cost reduction, financial reporting*

1. INTRODUCTION

The subject of the study is the result of interaction in Russia of companies that transfer and receive accounting operations. The most frequently transferred operations are those companies for which the accounting activity is non-core. Take over the accounting operations of the company, specializing in accounting activities. The impact of such interaction needs to be assessed. The authors believe that for such an assessment it is necessary to carry out the following stages of the study. First, to analyze what opinion about outsourcing of accounting functions is expressed by other scientists, as well as which of its aspects they pay attention to.

Secondly, to determine the characteristics of Russian companies, most often resort to the transfer of their accounting to outsourcing. Third, what types of accounting services are offered for such companies. Fourth, what combination of services is a standardized package. Fifth, what is the cost of these packages of accounting services in modern conditions. Sixth, how does the transfer of accounting functions affect the management of the transmitting company. Fifth, how to assess the feasibility of outsourcing accounting services for each specific company. Seventh, what are the promising areas of development of outsourcing of accounting functions. Over the past two years, there have been quite a lot of works of Russian and foreign scientists, affecting the issues of accounting outsourcing. All of them belong to Russian scientists Kruglyak Well, Kuznetsova N, Kuzmin D, Mislavskaya N., Naumova S., Nikiforov Y., Pankov V., Pritin D., Strelkov N. Timofeeva, Y., Shvarev , O. the Other part, written by authors from different countries: USA - Bartlett, G., Cullinan, C.; Kremin, J., Penttinen, E., Saunders, K., Wood, D. , Zheng, X., UK - Asatiani, A, Bhimani, A.; Brazil, De Aquino, A . Lopes, A., ; New Zellandii - Aubert, B., Bernard, J.; Australia - Chaplin, S.; Finland Höglund, H., Sundvik, D.; Poland - Koczar, J.; India - Arul Krishnan, Kumar, N., S. Rajapriya, M.; Indonesia -Zhang, J.. In the works of Russian authors, reveals the features of outsourcing in Russia, in the context of the formation of the market of services and the widespread introduction of information technology. The works of foreign authors allow us to look at the philosophy of outsourcing of accounting services and consider it as a new phenomenon. Based on the review of the works of domestic and foreign scientists, the authors of this article formulated the following hypothesis. The scale of outsourcing of accounting is directly dependent on the following factors: complexity of accounting standards, development of information technologies, quality of accounting services; in inverse dependence – on the outsourcing cost of services; on the reduction of the company's manageability; on the scale of the customer's business. The means of testing the hypothesis were the characteristics of outsourcing of accounting services, posted on the websites of specialized accounting firms. This hypothesis has been confirmed in Russian practice. Further study in outsourcing accounting services deserve quantitative and qualitative methods of assessing their feasibility, designed to make decisions about the use of outsourcing and its manufacturers on its development.

2. METHODS

The basis of the study lay method of nomination and verification of hypotheses. To test the hypothesis of a set of directly and inversely influencing factors on the scale of development of outsourcing of accounting services in Russia, the following methods were used: analysis and synthesis, scientific abstraction and functional analysis. The use of dialectically interrelated methods of analysis and synthesis allowed us to divide accounting outsourcing as a kind of business process into component parts, study each of them, and then consider them in unbroken unity. The method of scientific abstraction was used to highlight the essential in the phenomenon of transferring part of the company's business processes related to the performance of accounting functions in external management and in distraction from non-essential parties. Functional analysis allowed us to establish the relationship between the development of / the application of authoring accounting services and a set of exogenous and endogenous factors. As exogenous factors considered: the development of information technology, the complexity of accounting standards and the scale of the business. Endogenous factors dependent on them were considered: quality of accounting services, their cost and the impact of accounting outsourcing on the company's manageability.

3. RESULTS

Having studied the legal framework, the opinions of domestic and foreign scientists and the situation with the development of outsourcing in Russia, the authors came to the following

understanding of its content. In modern conditions, outsourcing of accounting services has a dualistic nature, manifested in different ways at the world and macroeconomic levels. From the point of view of microeconomic content outsourcing of accounting services is a way to transfer the business process of accounting in General, or its individual parts in the external environment. From the point of view of macroeconomic manifestation, outsourcing of accounting services is an integral part of the market of consulting services, which is actively developing in the information economy based on the rapid transfer of information using mobile and other types of network devices. Outsourcing of accounting services is one of the types of services, so its development is characterized, which are common to all types of services, and specific, characteristic of this type of service problems. Common, with other types of services, the problems of development of the market of accounting services are the following obstacles¹: insufficient demand; current level of taxation and lack of qualified personnel. At the same time, the undoubted advantage of the services market, which is fully related to accounting services, is the small number of entry barriers and free competition. Today, outsourcing of accounting services of Russian companies aimed at meeting the needs of small businesses is quite standardized (table 1).

Table 1: Packages of accounting services of varying degrees of complexity ²

Characteristics of accounting outsourcing services in Russia	Types of standard accounting packages			
	My best	practical	caring	prestigious
	Companies in the reporting period without turnover and individual entrepreneurs taxed at the rate of 6%	LLC, taxable under option 6% of income under the simplified taxation system, or unified tax on imputed income, patent or	Organizations working under the option of 15% of income less expenses, simplified tax system	Organizations with up to 50 people applying the generally established system of taxation
free registration	+	+	+	+
Personnel records, payroll and formation of deductions and reports on state social insurance	-	+	+	+
Maintaining Bank accounts and making payments to counterparties	-	+	+	+
tax advice	-	+	+	+
Verification of contracts, contractors, preparation of claims.	-	+	+	+
Civil legal advice	-	+	+	+
Accessing information from your mobile device	+	+	+	+
The accounting program is included in the tariff	+	+	+	+
liability insurance	+	+	+	+
Prices, rubles per month with the number of employees, people	0	1000	3 000	7 000
	1-5	-	6 000	10 000
	6-20	-	10 000	14 000
	21-50	-	13 000	17 000

¹ Compiled by the authors according to the Quarterly survey of business activity in the services sector, Rostrata for 2012-2018 http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/leading_indicators/

²² Compiled by the authors of the article on the basis of the site "GlavBukh Assistant" - service company "Aktion mcfair", which for more than 20 years publishes the magazine "GlavBukh", which has more than 100 thousand subscribers in Russia. https://promo.business.ru/promo3.php?utm_source=YandexDirect&utm_medium=cpc&utm_campaign=gba_search_outsourcing_1a&term

The undeniable advantages of outsourcing accounting services for companies with a small number of companies that do not have complex accounting processes are:

1. no risk of losing the employee, or contact with him;
2. maximum automation and optimization of accountants, reducing the likelihood of errors;
3. reducing the cost of paying accountants and replacing permanent (more problematic in crisis situations) costs with variable costs (having higher manageability);
4. higher level of training of accountants of outsourcing companies, their ability to solve difficult problems in the professional field, the ability to quickly obtain highly qualified advice;
5. availability of financial guarantees and transfer of financial responsibility for quality accounting to the outsourcing company, in accordance with the contract;
6. exemption from non-core functions: accounting, interaction with tax authorities; invoicing and payment;
7. storage of necessary information and its constant availability through the use of cloud technologies on a computer or mobile device;
8. low risks of information disclosure, signing of confidentiality agreement;
9. no need to rent an office, buy accounting software.

Along with the described advantages of outsourcing of accounting services in Russia, there are disadvantages that limit the scope of its application:

1. reduction of transaction manageability and efficiency of financial decision-making;
2. deterioration of opportunities for strategic planning of economic processes.

With the growth of the scale of business, the increase in the number of stakeholders, and their impact on the business, especially in the face of the state, these disadvantages begin to outweigh the advantages. Therefore, the authors of this article believe that in modern conditions of automation of business processes, the practice of interaction with stakeholders, the forms and methods of public administration of companies with state capital and state regulation, outsourcing of accounting services is appropriate for small (in some cases) medium-sized businesses of companies created without the participation of the state. The variety of factors influencing outsourcing can be represented by differentiating them on the basis of two features: the degree of independence (independence) of the factor in relation to others; the position of the factor in relation to the organization that transfers its accounting processes to external management; in the direction of influence (increase / decrease in development opportunities). Let us present a combination of approaches to the differentiation of these factors in the form of table 2.

Table following on the next page

Table 2: Types of factors influencing outsourcing of accounting services in Russia³

Characteristics of the independence of the factor in relation to other factors	Provisions of the factor in relation to the organization transferring its accounting processes to external management			
	External factors influencing the development of accounting outsourcing		Internal factors influencing the development of accounting outsourcing	
	direct influence	The opposite effect	direct influence	The opposite effect
Endogenous factors independent factors independent of the other	information technologies development	The simplicity of the applied accounting standards	The desire to liberate the transmission of accounting processes of the company from the problems associated with non-core functions	The size of the company, the transferring accounting processes
Exogenous factors-factors that are dependent on endogenous	Availability of services that increase the convenience of outsourcing the use of accounting services	Cost of accounting services of the host party	The relevant requirements of the quality of accounting services	The reduced profitability of the company

Based on the state of the factors influencing the development of outsourcing in Russia given in table 2, it can be assumed that further development of outsourcing of accounting services is expected. At the same time, more successful will be those outsourcing companies that will: focus on small and medium-sized businesses; offer a variety of service packages, taking into account the degree of complexity of accounting functions; have a flexible pricing policy; actively use advanced information technologies for the transfer, processing and storage of information; will be able to create such services that will overcome the negative consequences of reducing the manageability of transmitting companies.

4. DISCUSSION

The authors believe that the importance of their work on outsourcing of accounting services consists of three key aspects. First, in determining its essence as a microeconomic process and macroeconomic phenomenon. Secondly, the allocation of a set of factors that affect the spread of outsourcing of accounting services and determining the direction of influence of these factors. Third, in determining the directions of further development of outsourcing of accounting services as a type of practice and its study in Economics. In determining the essence of outsourcing, the authors assumed that it is both a microeconomic process and a macroeconomic phenomenon. Such views are shared by Russian researchers V. Pankov and S. Naumova. they say that the basis of accounting outsourcing is the process of "externalization of services", interpreted by them as "the transfer of individual sections of accounting ... subsequent outsourcers for further outsourcing" (Pankov V., Naumova S., 2009. C. 0-23). The assumption that the outsourcing of accounting services is a global economic process confirms its impact on costs and management processes in the enterprise. And says that outsourcing of accounting services can be considered a macroeconomic phenomenon, the presence of such features as a Mature market of accounting services with demand, supply and competitiveness.

³ Compiled by the authors of this article based on the study of factors affecting outsourcing in Russia

Considering the factors influencing the development of outsourcing in Russia, the authors of this article relied on monitoring the supply of accounting services in the market, but also on the work of domestic and foreign authors in this direction. The fact that one of the endogenous external factors of the reverse impact on the development of outsourcing of accounting services is "ease of application of accounting standards" say Russian and foreign authors. Representatives of the international accounting company in Russia Timofeeva Yu. Kuznetsova N., Prytin D. in the results of a study conducted in 2009-2011, noted differences in the selected services. (Timofeev Yu. A. Kuznetsov N., Pritin D., 2011 P.24). Australian scientist Chaplin, S. on the example of outsourcing of accounting services by Australian firms revealed their most common form-the preparation of tax returns (Chaplin, S. 2017, PP. 61-70). The authors of this article believe that this difference is due to the fact that managers see the most responsible, time-consuming and problematic area of accounting. Consideration of the "state of development of information technologies" as an external endogenous factor of direct influence can be found in the works of foreign actors. Scientists from the UK and the USA Asatiani, A., Penttinen, E. noted that the main reasons for the transfer of business processes to outsourcing is the widespread use of information systems for their organization. (Asatiani, A., Penttinen, E., 2016). Scientists from new Zealand Aubert, B., Bernard, J. connect the growth of demand for outsourcing services with the achievements in the field of business processes Informatization. (Aubert, B., Bernard, J. 2017 PP. 120-132). The understanding of the "quality of accounting services" as an internal exogenous factor of direct influence can also be found in the works of scientists. American researcher Zhang, J. H. argues that significantly improves the quality of accounting and auditing services that they are uniform for the performer. (Zhang, J. H. 2018, PP. 245-276). Scientists from the American University Bryant Cullinan, C., Zheng, X. noted the positive role of accounting outsourcing in relation to the time of accounting processes. (Cullinan, C., Zheng, X. 2017 PP. 276-294). Finnish scientists Höglund, H., Sundvik, D. found a positive impact of outsourcing of accounting services on the quality of reporting and efficiency of tax planning. (Höglund, H., Sundvik, D. 2016. PP. 482-485.). The recognition of the "cost of audit services" as an exogenous external factor of reverse influence is also present in scientific periodicals. Russian author Strelkova N. he believes that the restriction to the spread of outsourcing can be considered a "possible monopoly on the part of a potential outsourcer", leading to an unreasonable increase in prices. (Strelkova N., 2016, Pp. 112-116.). Indonesian researchers Singgih, M., Dalulia, P. Say that in the case of delegation of non-core there is a replacement of large fixed costs for economical variables. Polish scientist Koczar, J. 2002. together with the Russian researcher Vagizova, V. V. the author identifies as a factor in the development of outsourcing of accounting services in Poland: labor costs, professional competence and skills, labor productivity, which ultimately affects the cost of services. (Koczar, J., Vagizova V. 2016. PP. 93-96). The question of the impact of outsourcing of accounting services to reduce the manageability of the company as a negative internal exogenous factor was also considered in the works of scientists Mislavskaya N. writes: "Organizations that are strategically important for the country, should not use this way to reduce costs, as such behavior can be fatal not only for one legal entity, but also for the relevant industry" (Mislavskaya N., 2017, P. 30-35.) The results of joint research of British and Brazilian scientists Bhimani, A., Lopes, A., De Aquino, A., indicate a decrease in process control and an increase in monitoring the quality of the result when transferring a number of business processes of Brazilian companies to outsourcing. (Bhimani, A., Lopes, A., De Aquino, A., PP 2016. 296-318). Endogenous internal factor that has the opposite effect on the applicability of outsourcing, scientists recognize the scope of the company. Bartlett, G., Kremin, J., Kelli Saunders, K., Wood, D., speaking on behalf of the American accounting Association talk about the low qualification of accountants of small companies and the need for such companies to use accounting outsourcing. negative attitude to internal audit, due to the low qualification of its

specialists in comparison with external. Bartlett, G., Kremin, J., Kelli Saunders, K., Wood, D., 2016, PP. 143-156). The authors believe that such differences in qualifications are typical for accountants of small companies and specialists in accounting of outsourcing companies. Russian and foreign scientists speak about the directions of further development of outsourcing of accounting services as a science and as a kind of practical activity in recent years in their articles. Some of the economists focused on the need to develop tools to assess the effectiveness of outsourcing services for the transmitting side. Russian author Kuzmina, D. D. says that the key problem of the transfer of accounting and other types of business processes of companies to outsourcing is the lack of accurate tools to determine the effectiveness of outsourcing transactions. (Kuzmina, D. D. 2016, PP. 54-62). Indian scientists Singgih, M. , Dalulia, P., who offer the use of Case Analysis and the Delphi method, are working towards the development of a system of criteria for the effectiveness of outsourcing. (Singgih, M. , Dalulia, P. 2016. PP. 100-106). Russian scientists Kruglyak, Z., and Shvyreva O. . an attempt is made to create a system of qualitative characteristics of financial information, useful for assessing the effectiveness of the transfer of reporting to outsourcing. (Kruglyak, Z., Shvyreva O. 2018, PP. 2325-2338). Expansion of participation of international outsourcing companies in the market of this type of services was considered by Indian scientists Rajapriya, M., Kumar, N., Arul Krishnan, S. based on a statistical study of the activities of five hundred companies (Rajapriya, M., Kumar, N., Arul Krishnan, S. 2017. PP. 23-36). The solution to the problem of harmonization of the interests of the transmitting and receiving accounting services of the parties was considered in a joint publication of scientists of American Lacity, M., and English Willcocks, L scientists. (Lacity, M., Willcocks, L. 2017. PP. 80-100). The relevance of the development of " remote outsourcing " for start-up companies, small and medium-sized businesses is noted by the Russian author Nikiforova Ya., because its use leads to the delegation of responsibility and cost reduction. (Nikiforova Ya., 2017, Pp. 275-277.).

5. CONCLUSION

Outsourcing of accounting services in Russia has been developing since the 90 - ies of XX century to the present day, which disassembles the growth in the number of specialized companies, expanding the range and personalization of their services, increasing the total amount of income from this type of service and income per employee. The most common outsourcing of accounting services is used by small non-state companies operating in the field of trade, production and services. The main types of accounting functions transferred to the service are: accounting and tax accounting; preparation of financial statements according to Russian and international standards; payroll; payment processing. The provision of accounting services on the basis of outsourcing occurs with the active use of Internet technologies and gadgets of users. Therefore, the development of outsourcing of accounting services should go in the direction of more fully meet the needs of small businesses.

LITERATURE:

1. Mislavskaya N. (2017). About outsourcing of accounting services . Auditor. 2017. No. 3. P. 30-35. Information received (date accessed: 04.09.2018).
<http://elib.fa.ru/art2017/bv226.pdf>
2. Nikiforova I. (2017). The role and place of outsourcing in the organization of accounting // Young scientist. 2017. No. 24. P. 275-277. Information received (date accessed: 04.09.2018). <https://moluch.ru/archive/158/44535/>
3. Pankov V., Naumova S. (2009). Outsourcing in accounting. Audit and financial analysis. 2009. No. 1. S. 0-23 Info received (date accessed: 04.09.2018).
<https://docviewer.yandex.ru/view/218878983>

4. Strelkova N. (2016). The use of outsourcing by Russian companies. Young scientist. 2016 No. 13.1. P. 112-116. Information received (date accessed: 04.09.2018). <https://moluch.ru/archive/117/30296/>
5. Timofeev Yu. A. Kuznetsov N., Pritin D. (2011). The popularity of outsourcing among foreign companies presented in Russia. A joint project of the outsourcing division of BDO group and "RBC. Rating.» Information received (date accessed: 04.09.2018) <http://present5.com/rejting-populyarnosti-uslug-outsorsinga-sredi-inostrannyx-kompanij-predstavlenykh/>
6. Asatiani, A., Penttinen, E. (2016). Profiling outsourcers of professional services - An exploratory study on small and medium-sized enterprises. 24th European Conference on Information Systems, ECIS 2016 2016 24th European Conference on Information Systems, ECIS 2016; Bogazici University Istanbul; Turkey; 12 June 2016 до 15 June 2016; Код 124170.
7. Bartlett, G., Kremin, J., Kelli Saunders, K., Wood, D. (2016) Attracting applicants for in-house and outsourced internal audit positions: Views from external auditors. Accounting Horizons Volume 30, Issue 1, March 2016, Pages 143-156.
8. Bhimani, A., Lopes, A., De Aquino, A (2016). Measurement costs and control in outsourcing relationships. International Journal of Managerial and Financial Accounting Volume 8, Issue 3-4, 2016, Pages 296-318.
9. Aubert, B., Bernard, J. (2017) Outsourcing of accounting information systems. The Routledge Companion to Accounting Information Systems 1 January 2017, Pages 120-132
10. Chaplin, S. (2017) Accounting Education and the Prerequisite Skills of Accounting Graduates: Are Accounting Firms' Moving the Boundaries? Australian Accounting Review. Volume 27, Issue 1, 1 March 2017, Pages 61-70
11. Cullinan, C. , Zheng, X.(2017) Accounting outsourcing and audit lag. Managerial Auditing Journal Volume 32, Issue 3, 2017, Pages 276-294
12. Höglund, H., Sundvik, D. (2016) Outsourcing of accounting tasks and tax management: evidence from a corporate tax rate change. Applied Economics Letters Volume 23, Issue 7, 2 May 2016, Pages 482-485.
13. Höglund, H., Sundvik, D. (2016) Financial reporting quality and outsourcing of accounting tasks: Evidence from small private firms. Advances in Accounting Volume 35, 1 December 2016, Pages 125-134.
14. Koczar, J., Vagizova, V. (2016) Services for business in the Polish economic practice. Journal of Economics and Economic Education Research Volume 17, Issue Special Issue 1, 2016, Pages 93-96.
15. Kruglyak, Z., Shvyreva, O. (2018) Improving the russian regulatory basis for international financial reporting standards - Based qualitative characteristics of financial information Journal of Applied Economic Sciences Volume 12, Issue 8, Winter 2018, Pages 2325-2338.
16. Kuzmina, D.D. (2016) Efficiency assessment of outsourcing transactions Journal of Economics and Economic Education Research Volume 17, Issue Special Issue 2, 2016, Pages 54-62.
17. Lacity, M., Willcocks, L. (2017) Conflict resolution in business services outsourcing relationships Journal of Strategic Information Systems Volume 26, Issue 2, June 2017, Pages 80-100
18. Rajapriya, M., Kumar, N., Arul Krishnan, S.(2017) An empirical study on work related stress faced by the employees across the business processing outsourcing (BPO'S) in Chennai International Journal of Economic Research Volume 14, Issue 1, 2017, Pages 23-36.

19. Singgih, M. , Dalulia, P. (2016) Performance criteria development of maintenance service provider using case study approach analysis. 2nd International Conference of Industrial, Mechanical, Electrical, and Chemical Engineering, ICIMECE 201624 April 2017, Homep статьи 7910427, Pages 100-106.
20. Zhang, J.H. (2018) Accounting Comparability, Audit Effort, and Audit Outcomes. Contemporary Accounting Research Volume 35, Issue 1, Spring 2018, Pages 245-276

SOCIOLOGY OF GOVERNANCE AS A METHODOLOGY FOR DEVELOPING SCENARIOS FOR SIMULATION CASE STUDIES IN THE GOVERNANCE TRAINING SYSTEM

Olga Urzha

*Russian State Social University, Russia
olga.urzha@gmail.com*

Valentina Kataeva

*Russian State Social University, Russia
orileader@gmail.com*

Tatiana Evstratova

*Russian State Social University, Russia
doroshenkot@yandex.ru*

ABSTRACT

This article examines a methodology for developing simulation case scenarios in governance training based on the relevant sociological theory, i.e. sociology of governance. Russia has recently introduced a number of governance training programs such as Social Administration (1996), Public and Municipal Administration (1999) and Human Resource Governance (2002) in the higher education system. However, they all became part of a larger specialization category entitled Economics and Governance, which resulted in the disruption of the content of governance itself. Neither group has not yet given special attention to its sociological component. Nonetheless, Russian universities that established, as part of their governance training programs, departments or curriculum modules related to sociology of governance now graduate the best-qualified governors. Students study the theoretical, organizational and practical implications of governance interactions, key objectives, challenges and mechanisms of Public and Municipal Administration, methods and tools for attracting investment in the economy of Russia's municipalities and regions as well as the ins and outs of the property governance system. Sociology of governance is a basic discipline that allows students to acquire the necessary knowledge and skills and fosters more in-depth understanding of social, political and economic aspects of governance processes among students. Sociology of governance is a discipline that summarizes all governance-related disciplines in terms of identifying and investigating the specificities of governance relationships at all functioning levels of society and its parts and in all areas of society. The study of sociology of governance as a discipline examining governance relationships and interactions among participants in governance processes has been relatively recent in Russia. Academic research and conferences on the definition of its object and structure date back to the mid-1990s.

Keywords: *Educational process, Case studies, Governance training, Public and Municipal Administration, Simulation cases, Sociology of governance*

1. INTRODUCTION

The advent of the fifth technological paradigm in Russia sets the following objective to its higher professional education system: to develop the students' project management skills in an information civilization. Considering the youth acts as a social group fulfilling the crucial role of social reproduction, they have to take an active part in the governance of State affairs, regions and municipal education. On the one hand, this will facilitate the younger generation's integration into public relations and the representation of their interests at the State level. On the other hand, this will promote the new generation of the most talented and proactive

governors, thus ensuring continuity in governance. More and more people of the developing contemporary civilization are becoming involved in the educational process, which also affects educational institutions. Today, they are required not only to transmit information, but also to make use of information technologies directed at stimulating the learners' self-development, organizational skills, interaction in different social groups (Ivanov V.N., 1996). Because Sociology in Russia was prohibited at the beginning of the last century its key notions – social stratification, social mobility and social groups – proved the heterogeneity of society and, consequently, the need to develop socially oriented governance, i.e. sociology of governance (Urzha, 2018). Today, this knowledge is in demand. Late 19th- and early 20th-century researchers, including David E. Durkheim, Ludwig Gumplowicz, Charles H. Cooley and Ferdinand Tönnies, made a great contribution to the development of the sociological group theory. As an example, Gumplowicz was an Austrian sociologist who believed that “social groups are the units and elements of sociology... Sociology cannot be based on the relations between individuals and the nature of individuals cannot be used to grasp the nature of a group” (Gumplowicz, 1899). Georg Simmel was the founder of the formal sociological school who regarded a group as a form of social interaction (Simmel, 1909), and French sociologist Durkheim considered that a group was the independent element of social reality (Durkheim, 1912). In modern sociology, the approach to the study of society is based on the recognition of the importance of all social groups because their differences lead to different interests and their coordination is the objective of a society's social policy and that of Social Administration as a means to carry out social policies. For a student to become a real governor, he should realize that the knowledge of the general theory of social groups and an in-depth study of the theory of small groups are both essential prerequisites for effective governance and the establishment of governance relationships in a society. One of the founders of microsociology, Jacob L. Moreno states: “Instead of analyzing social classes that consist of millions of people, we make a close analysis of small groups, thus shifting from the social system to its atomic structure” (Moreno, 1958). The study of various aspects of small groups in the USA in the 1930s and in Europe in the 1940s led to the successful solution of governance tasks. This study was attributable to the need to conduct research on social problems related to increasing productivity, strengthening the family, upbringing children, eliminating interpersonal conflicts, fighting crime, etc. It is during this period that theories of scientific governance, group dynamics, group therapy and sociometry are known to have evolved in the USA. Sponsored by the military, the monopolies and the government, research was conducted on small groups in terms of social stratification, human relationships in the industrial sector, morale in the army, the efficiency of propaganda, interracial and international conflicts, status of the family, child rearing and more. Among researchers who contributed significantly to the study of small groups was American sociologist Theodore Mills (Mills, 1972). The flexibility and mobility of modern Public and Municipal governors depend directly on the innovative approach to education activities. Students should be taught to identify the theoretical and methodological peculiarities of social groups using various case studies. The teachers using case studies as part of their teaching achieve profound impact on their students at all levels of interaction ranging from interpersonal to educational ones. This process creates favorable conditions for the development of educational institutions and enhances the quality of professional training (Golovanova, 2017). An analysis of various aspects of the subject of governance relations and the use of the socio-engineering approach to the study of the object of governance allow sociology of governance to develop and suggest the best possible subject-object relations making governance activities as effective as possible (Urzha, 2016).

2. METHODS

During their tutorials with Master's students enrolled in the Public and Municipal Administration program, the authors made an active use of the incident method aimed mostly at making students look for information independently before taking a decision. Students get the short description of a case. Since the available information is obviously insufficient to take a decision, the learner is expected to gather and analyze the information needed to make a decision. This assignment requires time, so students are allowed to work on it independently as part of their homework. At the first stage, students are given the assignment and accompanying questions. The authors also used situational analysis, which is the most widespread method as it allows students to carry out an in-depth and detailed investigation of a difficult case. Students are offered a text with a detailed description of the situation and a task to be fulfilled. The text may contain a description of measures undertaken and of decisions taken for students to analyze their relevance. It goes without saying that the technologization of social space and, in particular, of governance relationships starts with obtaining the necessary information on the state, processes and regularities of the system's performance. Of special importance, in this case, is the use of socio-engineering methods (Urzha, 2017). Among the authors' teaching techniques aimed at training students effectively is Tikhomirov's system analysis method. Known as the 'eight wheels' method, it provides a deep insight into both the subject and object of governance relationships, taking into consideration the complexity and variety of their typology and the system approach to analyzing their matches. Professor Vladislav B. Tikhomirov, Doctor of Engineering Science, introduced Russian researchers to this methodology after returning from a long-term stay in the USA where he had been on the Board of Trustees of UNITAR, the United Nations Institute for Training and Research. While abroad, Tikhomirov had become well versed in political analysis and had participated in taking practical decisions relating to conflict settlement, including in the area of international relations, and had mastered many unique methods hitherto unknown in Russia (Tikhomirov, Tikhomirova, 1992).

3. OVERVIEW OF RESEARCH

According to Petruck and Kulinka, "web quests are a didactic structure that shapes the learners' research activity, sets its parameters and determines its deadline. The teacher's role changes, as he creates favorable conditions for the learners to be actively, rather than passively, engaged in the learning process. In fact, web quests are an interactive process that incites the learners' to look independently for the information they need" (Petruck, Kulinka, 2015). The activity of the subjects of governance is mostly related to the development of conceptual approaches and of a global vision of ways to accomplish the tasks arising from the specific objective of governance, i.e. social development. The effectiveness of this activity largely depends on an in-depth study of the real state of society and its components. In many respects, this determines the responsibilities of the subjects of governance and, consequently, imposes specific requirements on their structure and quality. Research and practice in social development have proved wrong the views that one person or many people can be in charge of the conceptual development of society. In this regard, G. Spencer was right in saying that it was erroneous to believe in the existence of "all-powerful" despots, since "...power is the feeling of a community acting via a mediator who has been formally or informally identified. Practice shows that the individual will of despots is a factor of little significance and its authority is proportional to the expression of will of others" (Sorokin, 1992). However, in investigating the subjects of power in a democratic society in his work entitled *Modern Democracies* (1921), British politician James Bryce came to the conclusion that the percentage of people who were really involved in the exercise of power was exceptionally small and that governance inevitably passed to the minority. "... there are very few people who really govern the world", he said (Bryce, 1921). The above points once more to the significance of governance training.

According to Sorokin, “any person who is setting about social engineering should pay special attention to the correct reorganization of... institutes... No social improvement will produce a far-reaching and radical change if the latter are faulty. In the end, people make history. Those who hold positions for which they do not qualify may well destroy the society without creating anything of value, and vice versa” (Sorokin, 1992).

4. RESEARCH OBJECTIVES AND FINDINGS

4.1. Tikhomirov's 'eight wheel' system analysis method

The authors propose the following hypothesis: using simulation case studies in the educational process fosters the students' information competence, knowledge and skills as well as various ways of participating in information activities, develops their ability to systematize and generalize information, to put forward innovative ideas and unconventional approaches to their implementation. This methodology goes back to ancient times: priests who instructed politicians of the past compared a social system with a chariot and assessed a leader's qualities by his ability to control it. Consider the structural-logical model of the social system - "Eight Wheels" (Table 1) in the development of which the productive forces and social relations are singled out.

CONSCIENCE	2. CONSCIENCE • convictions (worldview) • education • experience • cultural heritage • psychology	4. QUALITY • science • information • time	6. HARMONIZATION • governance • political machine • control • legal culture • moral culture • value system	8. ORDER • management • economic mechanism • record keeping • planning • economic culture • prudential regulations
	CULTURE			
BEING	• abilities • needs • health • quantity • participants 1. TO BE (people)	• capital goods • property, clothing • accommodation • food • territory (space) 3. TO HAVE	• services • political • social • religious and ethnic • family • security • exploitation 5. MUTUAL	• production • exchange • distribution • consumption • possessions • environment 7. IN REGARDS TO WHAT WE HAVE
	FORCES (ELEMENTS)		RELATIONS (LINKS)	

Table 1: The structural and logical model of the social system, the Eight Wheels Model

This system implies that people should be part of its productive powers characterized by their number, health, abilities, etc. (Wheel 1). These participants should “possess” certain facilities, or another part of its productive powers, including an area, means of production, accommodation, clothing, etc. (Wheel 3). Public relations reflect people's relationships with each other, as reflected in Wheel 5. Wheel 7 reflects their relations to what they have. Governors should keep in mind these four components of the social system if they want to know society and to govern it effectively. The system not only exists but also develops, striving for the better. This is why a specific objective corresponds to each component. Thus, its aspiration “to be” focuses on life expectancy and the harmonious development of each individual: being “better” means to be more responsible, experienced, knowledgeable, to share a common culture and to have convictions (Wheel 2). The aspiration “to have” implies material well-being and increased economic growth, determined mostly by science, information etc. (Wheel 4). The development of human relations is related to the presence of relevant relations in society, harmony in relations and expert governance (Wheel 6).

The development of human relations to what they have aims to create conditions for wise production, distribution and consumption and to increase what is available, hence the significance of professional management, planning, record keeping and high economic culture (Wheel 8). A certain level of culture is required to achieve the objectives of social development. Thus, the above-mentioned four components double, so to say. Consequently, the model has eight “wheels”. Unfortunately, for many years Russia has been focused just on “having more”. No wonder, the Russian “chariot” was about to overturn. Also, what will happen if one wheel – for example, the right front one – is big and another one – say, the left rear one – is small? Such a chariot is unlikely to move forward: it will just rotate on the spot. In terms of Russian society, this is reminiscent of the stagnation period, when attention was focused on “having” (more oil, tractors, grain or footwear), while the owner and the wise relation to the wheel, i.e. to what we produce, had been forgotten (Tikhomirov, Tikhomirova, 1992). Starting in 1998, intramural students have been proposed an assignment based on Tikhomirov’s ‘eight wheel’ system analysis method. Learners had to analyze a text as a system, choosing from election agendas of candidates for deputy, election agendas of parties or reports. They had to break this text down into parts and, on the basis of the content analysis of each part, to assess the extent to which this text was developed in terms of system. Such an analysis identified the problem with this system (text or event), thus confirming the importance of the system approach in dealing with any problem (Tikhomirov, Tikhomirova, 1992). The eight-wheel model makes it possible to analyze what influenced the causes of the system’s crisis or destruction and to plan its development.

4.2. Web-Quest as a problem task with elements of role-playing game

Below is another example of the use of simulation cases in education. The aim of the web quest entitled The History of the Development of Project Governance (Kataeva, 2017) was to let anyone interactively study the history of project management development. “A traditional web quest is a role-game assignment to be accomplished using online resources. According to Shmidt, “web quests are mini projects based on finding information on the Internet” (Shmidt, 2010). This article presents a short description of a web quest that was awarded the second-degree Diploma at the Scientific Enquiry, the 1st All-Russian Educational Web Quest Competition, on 27 May 2017. Why is it important to know the history of project management? The answer is simple: to avoid the past mistakes. We will be able to adapt flexibly to unconventional situations if we have studied Russian and international experience. This is why the main task is to carry on multidisciplinary research on the history of project management. It seems that little attention is given today to the study of the history of project management. This topic is often touched on too briefly and, as a result, the learners cannot see fuller picture, are not aware of cause and effect relationships and are unable to benefit from past experience and solutions. Investigating project management from the standpoint of theoretical approaches will not give fuller picture, since it will not be clear what was the precondition for adopting an approach. Only by studying history can we assess and analyze what project management is heading for. It is equally important to distinguish between the Russian and international history of project governance. In view of the above, the authors have developed a web quest aimed at studying the history of the development of project management.

Our web quest aims to achieve the following goals:

- to show why it is important to know the history of project management;
- to highlight differences in the establishment of project management in Russia and abroad;
- to help participants to assess the current situation in project management; and
- to predict future developments of project management.

A role-play web quest was designed to achieve the above goals for a group of five participants: Historian, Practitioner, Anticipator, Analyst and Designer. We have developed the following stages for the web quest participants to accomplish their assignment:

1. The Historian and the Practitioner work simultaneously, gather the required information and pass it on to the Practitioner.
2. The Practitioner uses this information to work on his topic.
3. The Historian, the Practitioner and the Anticipator pass the obtained information to the Analyst.
4. Helped by the Historian, the Practitioner and the Anticipator, the Analyst investigates the research work, accomplishes his role tasks and passes the ready information on to the Designer.
5. The Designer carries out his role tasks.
6. When the assignment is completed, the participants make a Power Point presentation of their results.

The assessment criteria for passing the web quest are as follows:

- A clear and concise wording of key ideas and proof;
- A fully developed research topic;
- Accurate execution;
- Accomplishment of all role tasks;
- Figures, diagrams and tables (if required);
- A well-written presentation/report.

Thus, the participants will successfully accomplish this web quest if they follow of the above-mentioned rules. They will also explore the history of project management, will develop an interest in project management and will easily find their way around this area at the initial stage of studying this discipline (Kataeva, 2017).

4.3. Target group orientation

For students to be successful in the Public and Municipal Administration program, teachers should develop their analysis, planning and professional organization skills. Since young people develop their worldviews and their social and psychological attitudes more than any other age group, they are more exposed to various influences and respond to them in a more direct and active way (Evstratova, 2016). The authors suggest to explore the social, psychological, ethnocultural and confessional aspects of the youth as a social and demographic group within modern society in order to foster their social activity and involve them in local authorities' activities. In Russia, there is an urgent need to encourage wider participation of young citizens in matters of local importance. Today, there exists a deep contradiction between the intellectual and innovative potential that every local community has and its uses in various activities, especially governance ones which brooks no routine and stagnation and, instead, requires constant updating and unconventional decisions (Evstratova, 2016). The solution of this issue is of great theoretical and practical significance in that it helps maintain the creative atmosphere in a society and to seek new ideas and development paths jointly. Furthermore, special attention should be given to improvements in the municipal personnel policy, to work with senior management and to assessment of their competence, the motivation system and innovative technology training. The following simulation cases are adopted in training programs to achieve the above objective:

1. Develop a youth social project plan/program aimed at solving a specific social issue/task. Determine its relevance, objectives, the main participants in the project management

process, timing specifications, the content of project works, economic and financial components of the project, project expertise, etc.

2. Select one of the areas in the social sphere (environment, culture, army, civil law, sports and recreation, etc.). Analyze the activities of your district's youth organizations in this area. Are they in demand? How efficient are they? Develop a business plan for any nongovernmental youth organization that would be of interest to young people in your district.
3. Put forward your suggestions concerning the upgrading of youth policy in the Russian Federation in order to remedy the current situation and to promote an active and long-term involvement of the youth in the functioning of Russian society.

5. DISCUSSION

To conclude, the use of situational case studies in the educational process reduces the gap between theoretical knowledge and practical skills. Students gain experience in the practical application of the acquired theoretical knowledge and develop their ability to work as part of the team. The authors conducted an interview with the intramural students enrolled in the Public and Municipal Administration program on the topic of Opinions of the Students Attending the Russian State Social University' Department of Governance about the Advantages of Case Methods. The empirical investigation took place between 5 March and 15 April 2018 on the premises of the Department of Governance and involved 345 students aged 22 to 24. Figure 1 is a graphical representation of the research results.

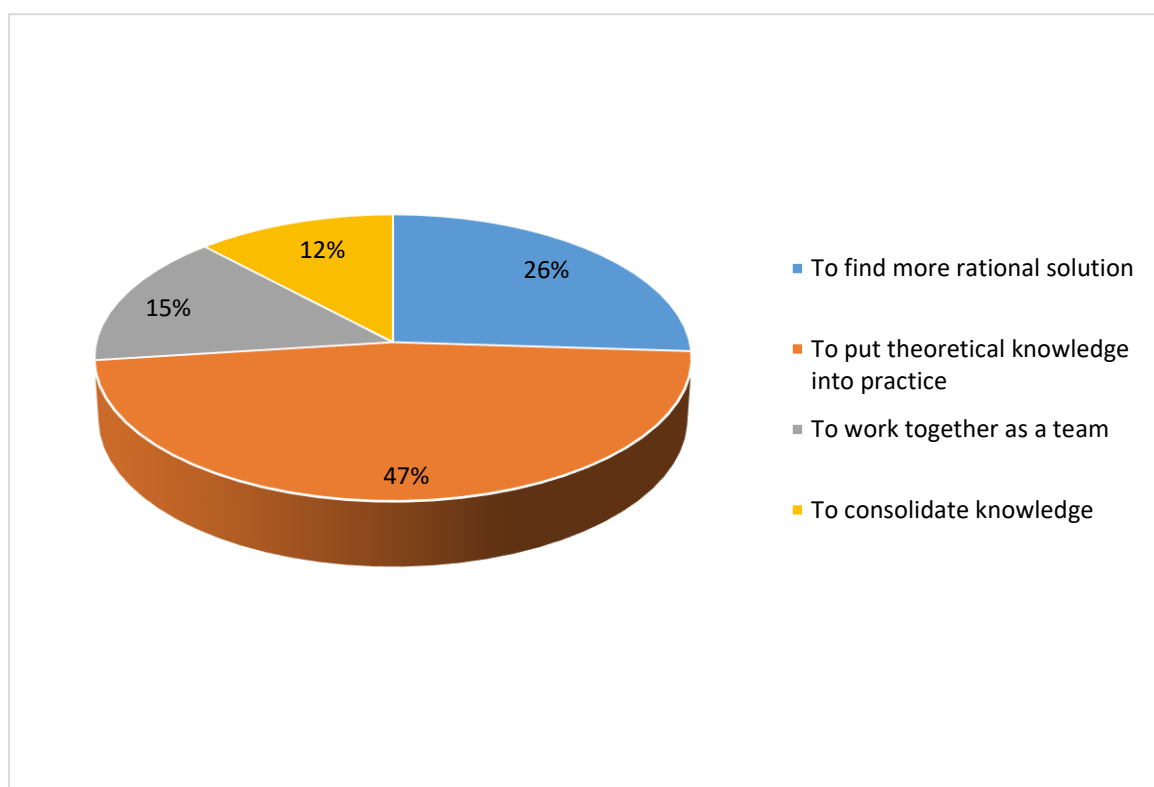


Figure 1: Opinions of Governance students about the advantages of using case methods in the educational process.

Then the authors compared the academic performance of Governance students who used simulation case studies in their activities and those who did not. Figure 2 shows that students who accomplish regular simulation case studies in their relevant disciplines show better academic performance.

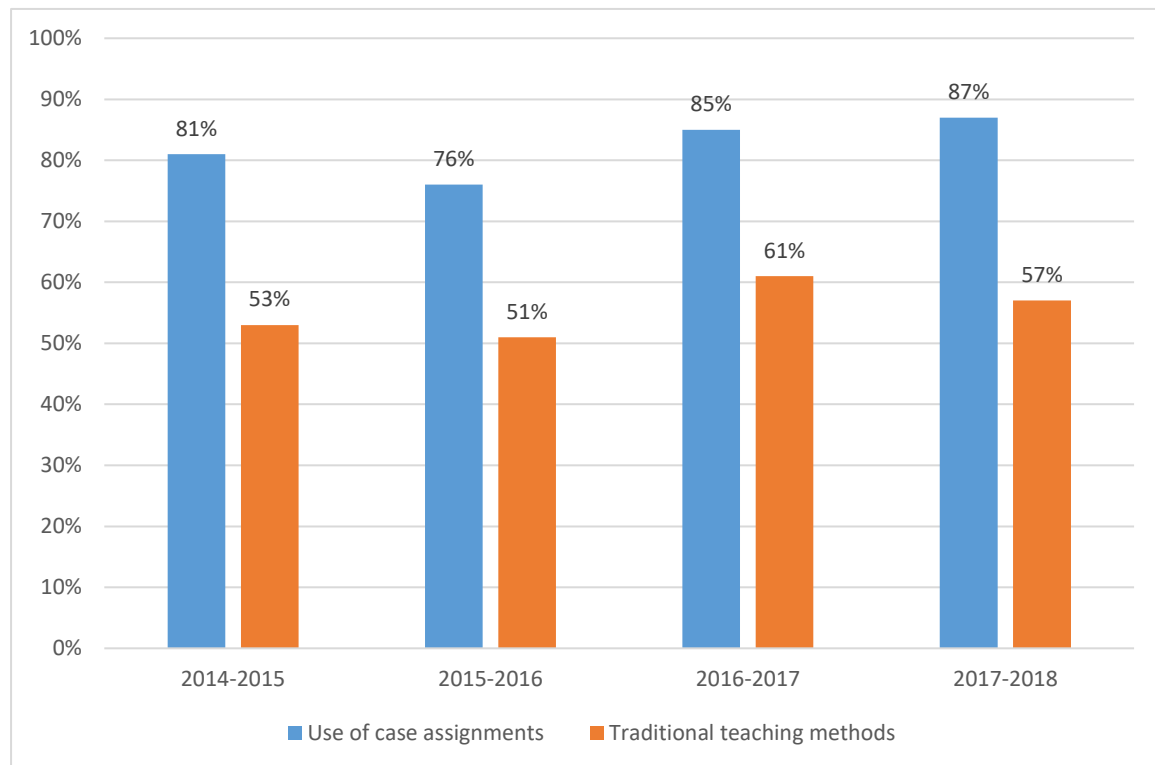


Figure 2: Comparison of the academic performance of the Russian State Social University's Governance students who used simulation case studies in their activities and those who did not.

The above results lead to the conclusion that students majoring in the Public and Municipal Administration program find it much more interesting to study the nature and specific features of governance interactions, the specificities of the object and subject of governance, the models and mechanisms of governance interactions if their teachers give them situational case studies in class. This exercise improves the learners' ability to sistematize and generalize information and to master specialized methods and tools for analytical work and research.

6. CONCLUSION

In conclusion, the methodology for developing scenarios for simulation case studies for students training and education, based on the branch sociological theory - sociology of governance, is extremely demanded today. Significant experience of its application in the educational process is accumulated in the Russian State Social University, in which the training of students has been carrying out since 1996. Sociology of governance is a basic discipline that allows students to acquire the necessary knowledge and skills and fosters more in-depth understanding of social, political and economic aspects of governance processes among students (Urzha, 2016). Sociology of governance is a discipline that summarizes all governance-related disciplines in terms of identifying and investigating the specificities of governance relationships at all functioning levels of society and its parts and in all areas of society. Successful application of case studies as an interactive technique for teaching Master's students enrolled in the Public and Municipal Administration program of the Russian State Social University's Department of Governance has shown that this method improves the learners' quality of training. This is due to the fact that mental processes are actively engaged in the knowledge acquisition process and learners develop their situational analysis skills, assess the available alternatives and choose the most appropriate options to fulfill their tasks. By using their theoretical knowledge, students can analyze and assess the occurrences required

in their professional activities. The case method contributes to the development of the skill of solving practical tasks. As of today, case methods are among the most widespread teaching techniques that are actively used in both Russian and international educational practices, being considered as one of the most powerful tools for developing the students' problem-solving skills.

LITERATURE:

1. Bryce V.J. (1921). *Modern Democracies*, vol.1. 1921.
2. Dodge B. *Some Thoughts about Web quests*. http://edweb.sdsu.edu/courses/edtec596/about_webquests.html.
3. Durkheim E. (1912). *Suicide. Sociological sketch*. St. Petersburg, 1912.
4. Evstratova T., Shalashnikova V., Starostenkov N., Nakhratova E., Zotova A., Ziroyan M. (2016). *Practical aspects of volunteer movement development in Moscow*. Research Journal of Pharmaceutical, Biological and Chemical Sciences. 2016. V.7. (3): pp. 2073-2081.
5. Florya, V.M. (2016) Methodology of Researching Social Changes, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 20–27. DOI: 10.17922/2412-5466-2016-2-3-20-27.
6. Golovanova Y.V. (2017). *Innovative approach to learning using the case method*. Young Scientist. 2017. №21. P. 415-418.
7. Gumplowicz L. (1899). *Fundamentals of Sociology*. St. Petersburg, 1899.
8. Ivanov V.N. (1996) *Social Technologies in the Modern World*. Moscow: Slavjanskii dialog.
9. Kataeva V.I. (2017). *Experience in teaching management disciplines with the use of web-quest technology in the system of higher professional education*. Collection "Modern educational Web-technologies in the system of school and vocational training". International NSCs. N.I. Lobachevski National Research University of Novgorod, Arzamas Branch. 2017. Pp. 421-424.
10. Kataeva V.I. (2017). *Updated interactive practices in the modern educational process on the example of teaching management disciplines*. 2017. № 2 (19). Pp. 107-125.
11. Mills T. (1972). *On the sociology of small groups*. In: American Sociology: Prospects, Problems, Methods. Moscow, 1972.
12. Moreno J. (1958). *Sociometry*. Moscow, 1958.
13. Petruk G.V., Baldina Y.V. (2015). *Fundamentals of Management and Marketing: Tutorial*. Vladivostok: Publishing House VGUES, 2015.
14. Petruk M.V., Kalinka Y.S. Web Quest as a tool for developing information skills in technology lessons // Youth Science Forum: Humanitarian Sciences: Electronic Collection of Articals on Materials of the XI International Students' NSCs № 4(11). URL: [http://NAUCHFORUM.RU/ARCHIVE/MNF_HUMANITIES/4\(11\).PDF](http://NAUCHFORUM.RU/ARCHIVE/MNF_HUMANITIES/4(11).PDF)
15. Shmidt V.V. Web-quest technology in teaching English non-English speaking students. URL: <http://winner.se-ua.nei/26/1/10/>.
16. Simmel G. (1909). *Social differentiation*. Moscow, 1909.
17. Sorokin P. (1992). *Human. Civilization. Society*. Society. Ed., comp. and pre. A.Yu. Sogomonov: Trans. with English. Moscow: Politizdat, 1992.
18. Tikhomirov V.B., Tikhomirova I.V. (1992). *Political situation in and around the country*. M.: Publishing house of the G.V. Plekhanov Russian Economics Academy, 1992.
19. Urzha O.A. (2016). *Sociology of governance as an instrument of effective social administration*. Moscow: Social Policy and Sociology. Issue: 15. № 2 (115). Pp: 163-171.
20. Urzha O.A. (2017). *Social Engineering as Methodology of Management Activity*. Moscow: Sotsiologicheskie Issledovaniya. 2017. Issue: 10 Pp: 87-96. DOI: 10.7868/S0132162517100099

21. Urzha O.A. (2018). *Sociology of governance: a textbook for magistracy and graduate school*. Moscow, 2018.
22. Vinichenko M.V., Frolova E.V., Kabanova E.E., Kozyrev M.S., Evstratova T.A. (2016). *The youth employment problems*. Journal of Advanced Research in Law and Economics. 2016. V.7. (2). Pp. 378-387.

DISSATISFACTION WITH THE QUALITY OF LIFE IN WOMEN WHO'VE SUCCEEDED IN THEIR CAREERS

Oksana Mironova

*Russian State Social University (RSSU), Russia
mironovaoi@rgsu.net*

Oksana Ivanova

*Russian New University (RosNOU), Russia
roxi-81@mail.ru*

Irina Beshpalova

*Russian State Social University (RSSU), Russia
tiiva@mail.ru*

ABSTRACT

This article reveals the psychological aspects of life dissatisfaction in women who have succeeded in their careers. A theoretical and methodological analysis of the problem and an empirical study were carried out to research those aspects. It was found that the psychological aspects of life dissatisfaction in women who succeeded in their careers were associated with a chronic stress, as well as with a sex-role conflict and a state of loneliness women experienced. The higher the level of stress among women who've succeeded in their careers, the less satisfied they are with their living standards. Women feel concerned and responsible for the work performed, they have a constant desire to act. Besides, they show psychosomatic symptoms of stress. Study results and materials can be used by clinical psychologists providing consultations to women and conducting social and psychological trainings.

Keywords: *quality of life, loneliness, masculinity, mental stress, sex-role conflict, social role, successful career*

1. INTRODUCTION

In today's world there is a growing confusion of social roles, and beliefs about men's and women's role in the society, that were considered to be a norm one hundred years ago, are not relevant anymore (Gerasimova, 2010). Russia, as well as the rest of the world, is experiencing the growing feminization. The results of the 2010 population census show that the number of women living in Russia is significantly higher than men. Nowadays women are not only mothers, wives, housewives; they do a hard work, take a responsibility and make crucial socially significant decisions. Modern women are focused not only on the traditional values associated with family and children — career achievements have also become very important to them (Mironova, Pluzhnikova, 2014). Their active participation in the Russian 2018 presidential election campaign clearly evidences this fact. However, such an unnatural balance shift towards feminization can have unfavorable consequences for the development of society, in particular, for a demographic growth of population. The relevance of the chosen topic is related to the need to find a balance between various social roles performed by modern women, define this problem and support women at the state and society levels. While reaching career heights, a woman becomes independent and free to control and manage her own life. But along with the listed benefits, she experiences certain drawbacks. Women, who succeed in their careers, stay single, childless; they experience negative mental states; their character lacks feminine traits, and this frightens the surrounding men (Barbieri, 2003). Such problems appear to be topical for a modern practical psychology. An experience shows that the number of socially successful women who sought a psychological advice has significantly increased.

The development of techniques helping in such situations is an up-to-date topic. The analysis of research studies and scholarly works has shown that the term "quality of life" appeared in the sixties of the twentieth century, as one of the important elements of a postindustrial society is the "dialogue of personalities" (Gordeev, Aleksandrovich, 2001). The development of the individual is of great importance in such a society. That is the reason why there appears a need for new criteria for assessing social and personal development. The "quality of life" can serve as one of these criteria (Bell, 1999). Having originally emerged as a publicistic term, the "quality of life" has soon showed its instrumental functionality and has been used in medicine, sociology, economics, psychology (Mironova, Beshpalova, 2018). If we analyze different definitions suggested by this or that science, we can clearly state that this concept has appeared to give a complete, integrated picture of a person's life, including the objective circumstances of his/her existence, and the person's subjective assessment of his/her life. Today the "quality of life" concept represents an integral characteristic of a human activity. The quality of life has included all the components of human activity, and it is related to such questions as: "How is my life going?", "How are things going?", "How satisfied am I with my life?". There are different approaches to understanding the quality of life: socio-economic, medical, etc. Many researchers acknowledge a significant contribution of such psychological phenomena as expectations, needs, values to a person's perception of the quality of their lives. Psychological researchers talk about the objective and subjective aspect of the "quality of life". Objective indicators are associated with socially acceptable norms of human life, while subjective indicators include the importance of various spheres of life to a particular person based on his/her individual interests, norms and values. The subjective indicator of the "quality of life" is a changing indicator, it is not fixed during the whole person's life, but is rather dynamic and depends on various factors. Different approaches are used to measure the quality of life. Thus, a complex analysis assumes that different levels of the quality of life indicators will be revealed using specific methods and techniques, such as questionnaires, check lists, expert assessments, etc. This approach is implemented in the works of A. L. Zhuravlev, G. M. Zarakovsky and others. (Zarakovsky, 2002). Individual indicators of the quality of life are studied and then structured under the partial approach used by G. M. Golovina, A. V. Baranova and others. (Golovina, 2003). This study proceeds from the understanding of the quality of life as an integral characteristic of a person's activity which includes objective and subjective (psychological) indicators. Psychological indicators are the importance of all possible spheres of human activity to a particular person based on his/her individual interests, norms and values. One of the elements of the psychological indicator is satisfaction or dissatisfaction with the quality of life. A successful career undoubtedly contributes to the general change in the quality of women's life. The following circumstances in a woman's life help achieve a career success: absence of a beloved man and/or her own family; woman's life scenario that can arise, for example, in case a woman, being a child, sees a strong-willed, independent mother; the desire to build a career or open her own business can be predetermined by a woman's talent or a desire to succeed. At the same time, there are just a few researches revealing aspects of dissatisfaction in women who have succeeded in their careers (Iglehart). This issue, which oftentimes arises as a request during the psychological counseling (Gavrilitza, 1998), is quite surprising as there are seemingly all conditions that contribute to a high level of living, but women still feel psychologically uncomfortable and experience negative mental states. It is important to understand a theoretical background of the problem and find practical ways of help in this situation. The research hypothesis is based on the assumption that the psychological characteristics of dissatisfaction with the quality of life in women who have succeeded in their careers become evident in case a woman experiences a chronic stress, a sex-role conflict and a state of loneliness. There are qualitative and quantitative differences in the manifestation of

loneliness and sex-role conflict among family and non-family women who have succeeded in their careers.

2 METHODS

To achieve the objectives, the following set of complementary methods was used: theoretical analysis of literature on the research problem, synthesis and generalization, questioning, testing, formative assessment, statistical methods: factor, correlation and comparative analyses (Student's t-test was used). An empirical study of the psychological characteristics of dissatisfaction with the quality of life in women who had succeeded in their careers consisted of three stages. At the first stage there was a task to analyze the studied phenomenon in the real life, consider its practical applicability and select a group of women who were successful in their careers but still felt dissatisfied with the quality of their lives. Respondents included 102 women aged 31 to 59 — business executives, heads of departments in law firms, directors, managers, lawyers, judges, politicians. Key selection criteria: a) high social status; b) satisfaction with career achievements and social status; c) high financial status. The Quality of Life Assessment Scale created by N. E. Vodopyanov and visually modified by N. P. Fetiskin and T. I. Mironova was used as a research methodology (Burkovsky, Levchenko, 2017; Fetiskin, Kulaykin, 2006). The second stage was aimed to find out specific manifestations of psychological characteristics in women who had succeeded in their careers. The respondents were a group of women selected at the first stage of the empirical study. The group included 37 family or non-family women aged 31 to 59. A specially developed questionnaire Manifestations of Psychological Characteristics in Women Who Have Succeeded in Their Careers was used. The third stage was aimed to study each manifestation of psychological characteristics of dissatisfaction with the quality of life in successful women (identified during the second stage), as well as to validate previously obtained data. Respondents were the same group of women. The following methodology was used: The Evaluation of the Mental stress (T. A. Nemchin); The UCLA Loneliness Scale designed to measure one's subjective feelings of loneliness (Russell, Ferguson); The Guilt Inventory (Kugler & Jones), Determining the Peculiarities of Roles Distribution within a Family (Yu. E. Aleshina, L. Ya. Gozman, E. M. Dubovskaya); The Bem Sex-Role Inventory (Sandra Bem).

3. RESULTS

At the first stage we selected a group of women successful in their career but unsatisfied with the quality of their lives. Out of 102 people interviewed, there were 37 women who had an overall low or medium level of satisfaction with their quality of living. The responses comprising this group of people were divided into several categories according to the Quality of Life Assessment Scale methodology developed by N. E. Vodopyanova and visually modified by N. P. Fetiskina and T. I. Mironova. The results are presented in Table 1.

Table 1: Indicators of dissatisfaction with the quality of life in women who have succeeded in their careers

Indicators	Dissatisfaction in women, %
Stress	100%
Communication with friends (relatives)	93%
Negative emotions	88%
Support	69%
Self-control	67%
Health	49%
Optimism	27%
Personal achievements and aspirations	3%
Work (career)	0%

At the second stage specific manifestations of psychological characteristics were revealed in women who had succeeded in their careers. We interviewed a group of women comprising 37 people selected during the first stage of the empirical study. The data obtained as a result of the diagnostics using the questionnaire Manifestations of Psychological Characteristics in Women Who Have Succeeded in Their Careers was processed using a factor analysis. The information was analyzed with the help of the SPSS 15.0 software and the data was obtained by isolating the principal components using the Varimax rotation with Kaiser normalization. The use of a factor analysis helped determine three main manifestations groups of psychological characteristics in women who had succeeded in their careers.

Table 2: Manifestations of psychological characteristics in women who have succeeded in their careers

Components of dissatisfaction with the quality of life	Group 1	Group 2	Group 3
a feeling that work prevented from realizing her potential as a woman		0.74	
an inability to relax	0.61		
a need to make important decisions	0.55		
fears that men are attracted not to a woman herself, but to her money		0.61	
the time pressure	0.74		
a sense of guilt due to the lack of time for relatives and a private life		0.72	
a constant control of the situation and life	0.79		
a need to constantly be on equal terms with men		0.72	
an anxiety about the future		0.6	
a lack of understanding among relatives and friends			0.53
an impossibility to share "the burden of problems" with friends and relatives			0.77
a distrust of others			0.63
a need to use male behavioral patterns		0.71	
a lack of support from relatives and friends			0.65

At the third stage we additionally studied each manifestations group of psychological characteristics of life dissatisfaction in women who succeeded in their careers (identified during the second stage of the empirical study). The data processing included the identification of correlations between the women's quality of life assessment and the data obtained according to each of the diagnostic techniques. The results obtained according to each technique were also separately analyzed.

4. DISCUSSION

4.1. Analysis of the indicators of life dissatisfaction in women who have succeeded in their careers

The data presented in Table 1 demonstrates the paradox of the situation. All women comprising the sample are fully satisfied with their work, personal achievements, aspirations despite the fact that all of them are unsatisfied with the degree of stress in their lives. The findings also indicate women's dissatisfaction at communication with friends (relatives), the presence of negative emotions,. Besides, these women most likely feel uncomfortable with constant self-control and lack of support. Furthermore, almost half of the women surveyed are dissatisfied with their health status, and one third of the entire sample is skeptical about optimism.

It should be noted that the sample included women of different ages (from 31 to 59 years old) who had or didn't have a family, and the length of family life among these women was also different.

4.2. Analysis of the psychological manifestations of life dissatisfaction in women who have succeeded in their careers

The data presented in Table 2 shows that three main groups of psychological characteristics were revealed as a result of factor analysis in successful women.

1. the selected factor group has only one side — positive. It consists of the following indicators: an impossibility to relax; a need to make important decisions; a time pressure; a constant control of the situation and life. This group is called "Presence of mental stress."
2. this factor group is also one-sided, and it includes: a feeling that work prevented from realizing her potential as a woman; fears that men are attracted not to a woman herself, but to her money; a sense of guilt due to the lack of time for relatives and a private life; a need to constantly be on equal terms with men; an anxiety about the future; a need to use male behavioral patterns. This group is called "Presence of a sex-role conflict" (Pluzhnikova, 2015).
3. this factor group has a positive side and consists of the following indicators: a lack of understanding among relatives and friends; an impossibility to share "the burden of problems" with friends and relatives; a distrust of others; a lack of support from relatives and friends. The group is called "Experiencing loneliness."

4.3. Analysis of detected correlations

An inverse correlation was found between the satisfaction with the quality of life in women as a whole and the level of their mental stress ($r = -0.54$, $\alpha = 0.01$), that is, the higher the level of stress in women who have succeeded in their careers, the less satisfied they are with the quality of life. The analysis of respondents' answers revealed the following peculiarities of mental stress in women. Almost all women (92%) indicated that signs of stress developed very often, and quite often there were no sufficient reasons for that. 5% of women said that certain signs of stress appeared only in case of really difficult situations. In this case women stay under pressure almost all the time a difficult situation exists, and this feeling ceases soon after the challenge resolution. 10% of women stay under pressure for quite a long time, which exceeds the time necessary for resolving the problem. 91% of respondents have a feeling of anxiety, responsibility for the work performed, "passion", a desire to act. 87% of women have sleep disorders, in particular, they told about troubled sleep with frequent awakenings and dreams. 49% noted problems with a cardiovascular system — sometimes they had a sense of heart discomfort (fast heartbeat, feeling of compression in the heart, tingling, pain in the heart, etc.). 31% of women stay in a depressed mood. Thus, a mental stress in women who have succeeded in their career has a significant impact on a dissatisfaction with the quality of life (Baruch, Barnett, 2018). One of the interesting facts found during the research is the inverse correlation between women's masculinity in general and their satisfaction with the quality of life ($r = -0.57$, $\alpha = 0.01$). It means that women with certain masculine traits are dissatisfied with the quality of their life. The following masculine traits were found in women:

- tendency to defend her views — 98%;
- aggressiveness — 97%;
- independence — 96%;
- necessity to rely only on herself — 95%;
- presence of a personal opinion — 94%;
- aptitude for leadership — 94%;
- appetite for risk — 93%;

- assertiveness — 89%;
- authoritativeness — 87%;
- analyticity — 82% (Ivanova, 2010);
- strength — 83%.

A deeper analysis of the data revealed the following correlation between:

- women's independence and "fears that men are attracted not to a woman herself, but to her money" ($r = 0.63$, $\alpha = 0.01$);
- aptitude for leadership and "a feeling that work prevented from realizing her potential as a woman" ($r = 0.53$, $\alpha = 0.01$);
- authoritativeness and "a feeling that work prevented from realizing her potential as a woman" ($r = 0.52$, $\alpha = 0.01$);
- necessity to rely only on himself and "a sense of guilt due to the lack of time for relatives and a private life" ($r = 0.64$, $\alpha = 0.01$);
- aggressiveness and "a need to constantly be on equal terms with men" ($r = 0.51$, $\alpha = 0.01$);
- assertiveness and "the need to constantly be with men on equal terms" ($r = 0.51$, $\alpha = 0.01$);
- analyticity and "the need to constantly be with men on equal terms", "anxiety for the future" ($r = 0.54$, $\alpha = 0.01$);
- presence of a personal opinion and "a need to use male behavioral patterns" ($r = 0.74$, $\alpha = 0.01$);
- appetite for risk and the "a need to use male behavioral patterns" ($r = 0.66$, $\alpha = 0.01$);
- strength and "a need to use male behavioral patterns" ($r = 0.51$, $\alpha = 0.01$);

The paradox lies in the fact that the majority of women (83–95%) want to be gentle, feminine, faithful, warm-hearted, able to sympathize, take care of people, understand others, show compassion and sincere feelings. This suggests that there is an internal sex-role conflict in women who have succeeded in their careers which is related to their social role and female nature (Shilovskaya, 2017). This assumption was confirmed by the results obtained using the Guilt Inventory technique. An inverse correlation was found between emerging sense of guilt and life satisfaction ($r = -0.50$, $\alpha = 0.01$). Women fully agreed with the following statements:

- "If I were able re-do something in my life, I would throw a huge burden off my shoulders" — 89%;
- "If I could start my life all over again, I would do many things differently" — 83%;
- "There is at least one thing in my recent past that I would like to change" — 56%;
- "Currently I'm not at peace with myself" — 51%.

An inverse relationship between the severity of loneliness in women and life satisfaction was found ($r = -0.48$, $\alpha = 0.01$). Since the correlation was established but the coefficient was not high, it was suggested that the problem appeared among women who were successful in their careers but had no family. Within the group we selected unmarried women (19 persons: 11 of them were married and 7 were not married but had children), and made appropriate measurements. A rather high correlation coefficient between women's loneliness and life satisfaction was established ($r = -0.78$, $\alpha = 0.01$). That is the loneliness state among women who have succeeded in their careers is largely leveled out by their marital status or presence of children. Alternatively, the group of unmarried women and those having no children often told the following statements:

- "People are around me but not with me" — 97%;
- "I no longer have close relations with anyone" — 87%;
- "I am not able to free myself and communicate with those who surround me" — 83%;

- "I have shallow social relationships" — 81%;
- "I have nobody to talk to" — 79%;
- "I lack communication" — 67%.

The severity of loneliness experienced by married women (11 persons) depends on roles distribution in the family. This fact was revealed using the technique of Yu. E. Aleshina, L. Ya. Gozman, E. M. Dubovskaya. An inverse close correlation was established between women's perception of a man as a head of the family and the emergence of loneliness state in women ($r = 0.64$, $\alpha = 0.01$). It means that a successful woman, who has a strong husband and feels his support, doesn't experience the loneliness state or experiences it more rarely (Filosofova, Mironova, Kozyreva, 2017). At the same time, she can fulfill traditional women's duties:

- "take care of the apartment convenience and comfort";
- "invite guests";
- "give family members hugs and kisses";
- "bring up children";
- "take care of family members' health".

A woman provides a husband with the following duties:

- "invite to the theater, cinema";
- "take responsibility for sexual relationship";
- "look for additional sources of income in case of financial problems";
- "call various repair services and negotiate with them";
- "find a place where you can borrow a large amount of money in case of need."

Women consider the following topics to be discussed together with a husband:

- "family interests and hobbies";
- "newspapers and magazines to subscribe for";
- "satisfaction with sexual relationship";
- "life principles and rules (attitude towards lie, obligation to keep promises, etc.)";
- "children's behavior";
- "routine purchases."

5. CONCLUSION

The problem of social roles is always important for any society (Igebaeva, 2014). A social role of a working woman has been ambiguously interpreted at different times. A woman who succeeds in her career is often perceived on an equal footing with men, thus, her feminine nature and fertility take a back seat. But women's degree of satisfaction with this state of affairs is still an open question. It's a well-known fact that a psychological help is more often offered to women who have succeeded in their careers but have no family and children (Mironova, Polyakova, Ushkov, 2017). This is what determined the choice of the research topic. It was found that women who were satisfied with their work, career achievements, personal aspirations, were still dissatisfied, first of all, with life pressure, communication with friends and relatives, presence of negative emotions, lack of support and constant self-control, their health (Kotomanova, 2013). They experience a mental stress, a sex-role conflict, a sense of loneliness. Close inverse correlations have been found between women's life satisfaction and the degree of mental stress, women's life satisfaction and development of masculine traits, women's life satisfaction and development of a sense of guilt, women's life satisfaction and the emergence of loneliness feelings.

At the same time, this condition is extremely rare among women who are married or have children, especially if the woman gives her husband a dominant role in family relations.

LITERATURE:

1. Baruch G., Barnett R. Women's Involvement in Multiple Roles and Psychological Distress. Retrieved 20.08.2018 from <https://www.ncbi.nlm.nih.gov/pubmed/4020611>
2. Barbieri E. (2003) Women's role in the society of the future. In The UNESCO Courier. (No. 1. p. 27-31)
3. Bell D. (1999). The Coming Post-Industrial Society: A Venture in Social Forecasting. M.: Akademia.
4. Burkovsky G., Levchenko E. (2017). Use of a WHO Quality of Life Questionnaire in Psychiatry. M.: Nauka.
5. Filosofova A., Mironova O., Kozyreva V. (2017). Psychological and philosophical approaches studying the "self-betrayal" experience. Economic and Social Development Book of Proceedings. Varazdin Development and Entrepreneurship Agency; Russian State Social University.
6. Fetiskin N., Kulaykin V. (2006). Psychodiagnostics of the Quality of Life in the Russian Mentality: A Guide. Kostroma: KSU named after. N. A. Nekrasov.
7. Gavrilitsa O. (1998) A sense of guilt of a working woman. Questions of Psychology. (No. 4. pp. 47-62).
8. Gerasimova E. (2010) Women in labor relations in Russia. Women's Movement in Russia: Yesterday, Today, Tomorrow. (No. 3 pp. 15-18).
9. Golovina G. (2003) Life satisfaction and styles of behavior. Materials of the All-Russian Congress of the Russian Psychological Society. (pp. 57-83). SPb.: Russian Psychological Society.
10. Gordeev V., Aleksandrovich Yu. (2001) The Quality of Life. SPb.: Piter.
11. Iglehart A. Married Women and Work. Retrieved 20.08.2018 from <https://pdfs.semanticscholar.org/d02c/b68480b3aac399f6c4a458f40c7b32d9378f.pdf>
12. Ivanova O. (2010) Anticipating motivation as a condition for the professional development of student managers. Russian Scientific Journal. (No. 2 pp. 194-202). Moscow.
13. Igebaeva F. (2014) Women's professional career in the face of "gender inequality". Modern Problems of World Science (No. 4. pp. 47-62).
14. Kotomanova O. (2013) Professional career as a path to woman's personal development. Bulletin of BSU. (No. 5. pp. 102-106).
15. Mironova O., Polyakova O., Ushkov F. (2017). Impact of compelled contacts on psychosomatic disorders of employees of organizations. Economic and Social Development: Book of Proceedings. Varazdin Development and Entrepreneurship Agency; Russian State Social University.
16. Mironova, O., Pluzhnikova, N. (2014). Social and psychological factors of the compelled choice of profession. Journal of Advanced Research in Law and Economics. (No. 2. pp. 147–156).
17. Mironova O., Bepalova I. (2018) The concept of "quality of life" in psychology. Innovative competence and creativity in psychology and pedagogy: Articles Collected as a Result of the International Applied Research Conference (Volgograd, March 17, 2018). (pp. 148-151). Sterlitamak: AMI.
18. Petrova, E.A., Kozyakov, R.V., & Romanova, A.V. (2016) Modern Technologies of Psychological Prevention of Drug Addiction in Teenage, *Contemporary Problems of Social Work*. Vol. 2. No. 4 (8). P. 142–150. DOI: 10.17922/2412-5466-2016-2-4-142-150.
19. Pluzhnikova N. (2015) Socio-psychological characteristics of a working woman's role conflict. Scientific Notes of the Russian State University. (No. 3. pp. 52-61.). Moscow.

20. Shilovskaya V. (2017). Work or family: socio-psychological factors of women's coping with life stress. Bulletin of the Kostroma State University. Series: Pedagogy. Psychology. Socio-Kinetics. (No. 1. p. 27-31)
21. Zarakovsky G. (2002) Psychological aspect of the development of indicators and criteria for the Russian population's quality of life. Contemporary Psychology: Current State and Future Research Perspectives. (pp. 32-39). M.: Nauka.

FEATURES OF THE SENSE OF HUMOR OF WORKERS WITH PROFESSIONAL DEFORMATIONS (BURNOUT)

Olga Polyakova

*Russian State Social University, Russia
pob-70@mail.ru*

Elena Petrova

*Russian State Social University, Russia
petrova-sorina@yandex.ru*

Natalia Belyakova

*Russian State Social University, Russia
nbelyakova@mail.ru*

ABSTRACT

The understanding of the phenomenon of "sense of humor", in particular workers with professional deformations (burning out), is deepened. A comparative analysis of professional deformations (burnout), sense of humor and humor styles of workers without professional deformations (emotional, physical and psychoemotional exhaustion, depersonalization as a component of professional deformations and personal distancing, reduction of personal achievements, reduced professional motivation) is carried out. Workers with professional deformations have an average level of sense of humor with a tendency to increase, due to high psychoemotional exhaustion, high emotional exhaustion, high professional deformation (burnout), high reduction of personal achievements, high reduction of professional motivation, higher average depersonalization, higher average personal distance; and also features of sense of humor are revealed: high level of aggressive and self-deprecating styles of humor, lower than average level of self-sustaining style of humor and low level of affiliation style of humor. Attention is focused on the need for psychological prevention and psychological correction of aggressive and self-deprecating styles of humor as a means of psychological protection when experiencing the presence of professional deformations (burnout).

Keywords: *burnout, depersonalization, emotional and / or physical exhaustion, humor, personal separation, professional deformation, professional motivation, psychoemotional exhaustion, reduction of personal achievements, sense of humor*

1. INTRODUCTION

In recent decades, the issue of psychological prophylaxis and psychological correction of professional deformations (burnout) is acute, which refers to negative (destructive) changes in the personality of a specialist with prolonged performance of his professional activity, which adversely affects the individual psychological characteristics of the employee, interpersonal contacts at work and outside it, attitude to the world, to others, to oneself and the types and results of activity performed (emotional and / or emotional and physical exhaustion, depersonalization as a component of deformation, reduction of personal achievements) (Polyakova, 2014). One of the ways of psychological defense (one of the coping strategies) from negative experiences of the presence of professional deformations (burnout) is humor as the ability of the intellect to isolate the comic in phenomena and events in the presence of contradictory moments in the surrounding reality (Bonkalo, Bonkalo, Kolesnik, Polyakova, Sorokoumova, 2015). Being in difficult emotionally busy working conditions, the employee consciously or unknowingly demonstrates "flashes of humor", revealing all his important components (components): vocal-behavioral, cognitive-perceptive, social and emotional

(Martin, 2009; Belyakova, Petrova, Polyakova, 2017), Using rather such forms of humor as satire, sarcasm, mockery, teasing, ambiguity, play of words, and not joke, irony and even more self-irony (Ruch, 2009; Martin, Doris, Larsen, Gray, Weir, 2012). Noting the negative impact of professional deformations (burnout) of workers on their sense of humor (the level is gradually decreasing), it is necessary to pay close attention to the styles of humor used in situations of interaction of production and personal character (professional deformations contribute to actualization of rather aggressive and self-deprecating styles of humor rather than affiliation and self-sustaining styles of humor) (Bayer, Kharchenko, 2008; Kharchenko, 2009; Mironova, Polyakova, Ushkov, 2017). Employees of organizations that have the prerequisites or symptoms of professional deformation, with an aggressive style of humor, often cannot deny themselves the desire to mock, show aggression, hostility and anger, are not satisfied with interpersonal relationships, are not able to provide emotional support to another person, and with a self-deprecating humor style, gaining the location of significant colleagues and management, curry favor with others, become an object of jokes, cannot defend their rights, are not satisfied with the quality of life, neither self-esteem, assessment of psychological well-being and self-worth is reduced, the need for acceptance and the motivation to avoid failures are exacerbated (Martin, Doris, Larsen, Gray, Weir, 2012; Polyakova, 2014; Bonkalo, Bonkalo, Kolesnik, Polyakova, Sorokoumova, 2015).

2. METHODS

2.1. Organization of the study

All employees of the organizations were divided into two groups:

1. the first group included 180 workers engaged in their professional activities, satisfied with the production results of the work and not having obvious symptoms of professional deformation (burnout);
2. 180 workers engaged in their professional activities, experiencing physical and psychological stress, marking the presence of increased intensity of work and having obvious symptoms of professional deformation (burnout), entered the second group.

During the research, one of the mandatory conditions was taken into account - workers without professional deformations (burn-out) and workers with professional deformations (burnout) did not interact with each other. They did not have the opportunity to discuss the results of the study and to exchange opinions on the specifics of the industrial situations in which they were many times found, and about the subjective experience of the presence of symptoms of professional deformation (burnout).

2.2. The device of diagnostics

All diagnostic procedures were divided into two blocks.

2.2.1. A block of methods for identifying the characteristics of professional deformations, burnout (depersonalization, personal retardation, professional deformations in general, mental burnout in general, psychoemotional exhaustion, reduction of personal achievements, reduction of professional motivation, emotional exhaustion)

1. "Maslach burnout inventory (MBI)", the authors: C. Maslach and S. Jackson (Maslach, Jackson, 1981); the author of the adapted version of the questionnaire is N. Vodopyanova (Ilyin, 2000); the author of the modification of the interpretation of the results - O. Polyakova: levels of emotional exhaustion: 0-11 points - low, 12-22 points - below average, 23-31 points - average, 32-42 points - above average, 43-54 points - high; levels of depersonalization: 0-6 points - low, 7-12 points - below average, 13-17 points - average, 18-23 points - above average, 24-30 points - high; the reduction levels of personal

achievements: 0-10 points - low, 11-19 points - below the average, 20-28 points - average, 29-37 points - above the average, 38-48 points - high; the intensity of professional deformation (burnout) in the total value: 0-27 points - low, 28-53 points - below the average, 54-78 points - average, 79-104 points - above the average, 105-132 points - high (Polyakova, 2008);

2. the modification of the "Maslach burnout inventory (mMBI)", the authors: C. Maslach and S. Jackson (Maslach, Jackson, 1981); authors of the modification of the questionnaire are teachers of the psychology of professional activity department of the St. Petersburg State University (Practical work on the psychology of professional activity, 2000); the author of the modification of the interpretation of the results - O. Polyakova (see 1) (Polyakova, 2008);
3. the questionnaire on the definition of mental burnout (GDMB), the author - B. Farber (1983); The author of the adapted version is A. Rukavishnikov (Fetiskin, Kozlov, Manuilov, 2002); the author of the modification of the interpretation of the results - O. Polyakova: levels of psychoemotional exhaustion: 0-9 points - low, 10-20 points - below the average, 21-39 points - average, 40-49 points - above average, 50-75 points - high; levels of personal distance: 0-9 points - low, 10-16 points - below the average, 17-31 points - average, 32-40 points - above the average, 41-72 points - high; levels of professional motivation: 0-7 points - low, 8-12 points - below the average, 13-24 points - average, 25-31 points - above the average, 32-69 points - high; levels of severity of professional deformations (mental burnout) by the total value: 0-31 points - low, 32-51 points - below the average, 52-92 points - average, 93-112 points - above the average, 113-216 points - high (Polyakova, 2008).

2.2.2. A block of techniques to identify the characteristics of a sense of humor (level of sense of humor and styles of sense of humor)

1. the questionnaire "Questionnaire of a sense of humor" (GSH), the author - N. Kasatkina (Kasatkina, 2012); the author of the modification of the interpretation of the results - O. Polyakova: levels of expression of a sense of humor: 0-4 points - low, 5-8 points - below the average, 9-12 points - average, 13-16 points - above average, 17-20 points - high (Polyakova, 2014);
2. the questionnaire "Do you have a sense of humor" (DYHSH), the author – E. Tarasov (Tarasov, 2015); the author of the modification of the interpretation of the results - O. Polyakova: levels of expression of a sense of humor: 0-23 points - low, 24-46 points - below average, 47-69 points - average, 70-92 points - above average, 93-115 points - high (Polyakova, 2015);
3. the questionnaire "Where is your sense of humor" (WYSH), the author - I. Cheryasova (Cheryasova, 2008); the author of the modification of the interpretation of the results - O. Polyakova: levels of expressing a sense of humor: 0-4 points - low, 5-8 points - below the average, 9-13 points - average, 14-17 points - above the average, 18-22 points - high (Polyakova, 2008);
4. the questionnaire "Humor Styles Questionnaire" (HSQ, 2001), the authors: R. Martin and P. Doris (Martin, Doris, 2012; Ivanova, Mitina, Zaitseva, Stefanenko, Enikopov, 2013); the author of the modification of the interpretation of the results - O. Polyakova: levels of expression of the styles of humor: 8-18 points - low, 19-27 points - below the average, 28-37 points - average, 38-46 points - above average, 47-56 points - high (Polyakova, 2014).

3. RESULTS

The data processing was aimed at determining the presence or absence of a linear connection between two indicators of the method blocks using the Pearson correlation criterion.

3.1. The results of diagnostics of the features and relationship of professional deformations (burnout), sense of humor and humor styles of workers engaged in their professional activities, satisfied with the production results of work and not having obvious symptoms of professional deformation (burnout)

Table 1: The results of the diagnosis of the connection of professional deformations (burnout), a sense of humor and humor styles of workers without obvious symptoms of professional deformations (burnout)

Techniques for diagnosing a sense of humor and styles of humor / professional deformation (burnout)				MBI / mMBI								GDMB							
				EE		D		RPA		PD		PE		PD		RPM		PD	
				AM	L	AM	L	AM	L	AM	L	AM	L	AM	L	AM	L	AM	L
				13.04	BA	5.29	Lo	9.15	Lo	27.48	Lo	7.88	Lo	8.34	Lo	8.92	BA	25.14	Lo
GSH		AM	17.26	0.53		0.61*		0.68*		0.61*		0.48		0.41		0.67*		0.52	
		L	H																
DYHSH		AM	94.86	0.39		0.56*		0.44		0.46		0.51		0.72**		0.68*		0.64*	
		L	H																
WYSH		AM	18.43	0.41		0.27		0.45		0.38		0.72*		0.39		0.31		0.47	
		L	H																
HSQ	Af	AM	48.02	0.72*		0.78**		0.65*		0.72*		0.69*		0.81**		0.59*		0.71*	
		L	H																
	SS	AM	47.84	0.85**		0.61*		0.53		0.66*		0.82**		0.57*		0.63*		0.67*	
		L	H																
	Ag	AM	10.20	0.32		0.28		0.19		0.26		0.45		0.23		0.09		0.26	
		L	Lo																
	SD	AM	12.03	0.67*		0.51		0.24		0.47		0.53		0.49		0.31		0.44	
		L	Lo																

*Note: MBI - Maslach burnout inventory; mMBI - the modification of the "Maslach burnout inventory; EE - emotional exhaustion; D - depersonalization; RPA - reduction of personal achievements; PD - professional deformations; GDMB - Questionnaire on the definition of mental burnout; PE - psychoemotional exhaustion; PD - personal distance; RPM - reduction of professional motivation; GSH - Questionnaire of a sense of humor; DYHSH - Do you have a sense of humor; WYSH - Where is your sense of humor; HSQ - Humor Styles Questionnaire; Af - affiliation style of humor; SS - self-sustaining style of humor; Ag - aggressive style of humor; SD - self-deprecating style of humor; AM - arithmetic mean; L - level: Lo – low, BA – below average, A – average, AA – above average, H – high; * - visible connection; ** - high connection.*

The results of diagnostics of the features and relationship of professional deformations (burnout) and the sense of humor of workers without professional deformations showed:

1. low level of depersonalization, reduction of personal achievements, professional deformations (burnout) in general, psychoemotional exhaustion, personal distancing, aggressive style of humor, self-deprecating humor style;
2. below the average level of emotional exhaustion, the reduction of professional motivation;
3. high level of sense of humor, affiliation style of humor, self-sustaining style of humor;
4. visible connection: low depersonalization, low reduction of personal achievements, low psychoemotional exhaustion, lower average reduction of professional motivation, low professional deformation (burnout) and high sense of humor; below average emotional exhaustion, low reduction of personal achievements, low psychoemotional exhaustion, lower than average reduction of professional motivation, low professional deformation (burnout), and high affiliation style of humor; low depersonalization, low personal distance, below the average reduction of professional motivation, low professional deformation (burnout) and high self-sustaining style of humor; below average emotional exhaustion and self-deprecating humor;

5. high connection: low personal distance and a high sense of humor; low depersonalization, low personal distance and high affiliation style of humor; low psychoemotional exhaustion and high self-sustaining style of humor.

3.2. The results of diagnostics of the features and links of professional deformations (burnout), the sense of humor and the styles of humor of workers engaged in their professional activities, experiencing physical and psychological stress, marking the presence in the workplace of an increased intensity of work and having obvious symptoms of professional deformation (burnout)

Table 2: The results of the diagnosis of the connection of professional deformations (burnout), a sense of humor and humor styles of workers with obvious symptoms of professional deformation (burnout)

Techniques for diagnosing a sense of humor and styles of humor / professional deformation (burnout)			MBI / mMBI								GDMB								
			EE		D		RPA		PD		PE		PD		RPM		PD		
			AM	L	AM	L	AM	L	AM	L	AM	L	AM	L	AM	L	AM	L	
			43.52	H	23.37	AA	38.68	H	105.57	H	50.24	H	39.62	AA	33.84	H	123.70	H	
GSH		AM	12.32	0.65*		0.61*		0.59*		0.62*		0.63*		0.72*		0.44		0.59*	
		L	A																
DYHSH		AM	70.58	0.33		0.47		0.32		0.37		0.45		0.62*		0.56*		0.54	
		L	AA																
WYSH		AM	11.60	0.71*		0.68*		0.63*		0.67*		0.69*		0.52		0.64*		0.61*	
		L	A																
HSQ	Af	AM	9.82	0.47		0.84**		0.38		0.56*		0.41		0.73*		0.72*		0.62*	
		L	Lo																
	SS	AM	11.06	0.73*		0.33		0.41		0.49		0.68*		0.45		0.18		0.44	
		L	BA																
	Ag	AM	49.28	0.86**		0.75**		0.64*		0.75**		0.77**		0.39		0.71*		0.62*	
		L	H																
	SD	AM	47.76	0.89**		0.76**		0.82**		0.82**		0.91**		0.42		0.86**		0.73*	
		L	H																

See note above.

The results of diagnostics of the features and relationship of professional deformations (burnout) and a sense of humor of workers with professional deformations showed:

1. low level of affiliation style of humor;
2. below the average level of self-sustaining style of humor;
3. average level of sense of humor with a tendency to increase;
4. above the average level of depersonalization, personal distance;
5. high level of emotional exhaustion, reduction of personal achievements, professional deformations (burnout), psychoemotional exhaustion, reduction of professional motivation, aggressive style of humor, self-deprecating humor style;
6. visible connection: high emotional exhaustion, higher than average depersonalization, high reduction of personal achievements, high psychoemotional exhaustion, higher than average personal distance, high reduction of professional motivation, high professional deformation (burnout) and average sense of humor; high personal distancing, high reduction of professional motivation, high professional deformation (burnout) and low affiliation style of humor; high emotional exhaustion, high psychoemotional exhaustion and below the average self-sustaining style of humor; high reduction of personal achievements, high reduction of professional motivation, high professional deformation (burnout) and high aggressive style of humor; high professional deformation (burnout) and a high self-deprecating style of humor;

7. high connection: higher than average depersonalization and affiliation style of humor; high emotional exhaustion, higher than average depersonalization, high professional deformation (burnout), high psychoemotional exhaustion and high aggressive style of humor; high emotional exhaustion, higher than average depersonalization, high reduction of personal achievements, high professional deformation (burnout), high psychoemotional exhaustion, high reduction of professional motivation and self-deprecating humor.

4. DISCUSSION

The main features and links of professional deformations (burnout), humor and humor styles of workers without professional deformations (burnout) are: high level of affiliation style of humor, self-sustaining style of humor, sense of humor; high connection: low personal distance and a high sense of humor; low psychoemotional exhaustion and high self-sustaining style of humor; low depersonalization, low personal distance and high affiliation style of humor; visible connection: below average emotional exhaustion and a self-deprecating style of humor; below average emotional exhaustion, low reduction of personal achievements, low psychoemotional exhaustion, lower than average reduction of professional motivation, low professional deformation (burnout), and high affiliation style of humor; low depersonalization, low personal distance, below the average reduction of professional motivation, low professional deformation (burnout) and high self-sustaining style of humor; low depersonalization, low reduction of personal achievements, low psychoemotional exhaustion, lower average reduction of professional motivation, low professional deformation (burnout) and high sense of humor; lower than the average level of reduction of professional motivation, emotional exhaustion; low level of aggressive style of humor, depersonalization, personal retardation, professional deformations (burnout) in general, psychoemotional exhaustion, reduction of personal achievements, self-deprecating humor style. Important features and links of professional deformations (burnout), humor and humor styles of workers with professional deformations (burnout) are: high level of aggressive style of humor, professional deformations (burnout), psychoemotional exhaustion, reduction of personal achievements, reduction of professional motivation, self-deprecating style of humor, emotional exhaustion; high connection: high emotional exhaustion, higher than average depersonalization, high reduction of personal achievements, high professional deformation (burnout), high psychoemotional exhaustion, high reduction of professional motivation and self-deprecating humor style; above average depersonalization and affiliation style of humor; high emotional exhaustion, higher than average depersonalization, high professional deformation (burnout), high psychoemotional exhaustion and high aggressive style of humor; above average the level of depersonalization, personal distance; visible connection: high personal distance, high reduction of professional motivation, high professional deformation (burnout) and low affiliation style of humor; high emotional exhaustion, high psychoemotional exhaustion and below the average self-sustaining style of humor; high reduction of personal achievements, high reduction of professional motivation, high professional deformation (burnout) and high aggressive style of humor; high emotional exhaustion, higher than average depersonalization, high reduction of personal achievements, high psychoemotional exhaustion, above average personal distance, high reduction of professional motivation, high professional deformation (burnout) and average sense of humor; high professional deformation (burnout) and a high self-deprecating style of humor; below average self-sustaining style of humor; low level of affiliation style of humor; an average level of sense of humor with a tendency to increase.

5. CONCLUSION

In the course of the study, workers with professional deformations (burnout):

1. the average level of sense of humor is determined with a tendency to increase, due to (significant connection) high psychoemotional exhaustion, high emotional exhaustion, high professional deformation (burnout), high reduction of personal achievements, high reduction of professional motivation, higher average depersonalization, higher average personal distancing ;
2. revealed features of a sense of humor:
 - high level of aggressive style of humor is determined by high psychoemotional exhaustion, high emotional exhaustion, high professional deformation (burnout), higher than average depersonalization;
 - high level of self-deprecating humor style is due to (high connection) high psychoemotional exhaustion, high emotional exhaustion, high professional deformation (burnout), high reduction of personal achievements, high reduction of professional motivation, higher than average depersonalization;
 - below the average, the level of self-sustaining style of humor is determined by high psychoemotional exhaustion, high emotional exhaustion;
 - low level of affiliation style of humor is due to (high connection) higher than average depersonalization as a component of professional deformations

As psychological recommendations to workers with professional deformation (burnout), it is necessary to advise the passage of trainings on the problems of professional deformations, sense of humor, stress psychology, communicative competence, conflictology, tolerance, and social and emotional intelligence.

LITERATURE:

1. Bayer, A., Kharchenko, A. (2008). Diagnostics of a sense of humor in order to determine the stress-resistance of a subject. *Psychological problems of personal adaptation to changing living conditions*. Dnepropetrovsk: DNU.
2. Belyakova, N., Petrova, E., Polyakova, O. (2017). The influence of professional deformities (burnout) on the image of a female leader. *Economic and social development*. Moscow: RSSU.
3. Bonkalo, T., Bonkalo, S., Kolesnik, N., Polyakova, O., Sorokoumova, E. (2015). Development of the ethnic social identity. *Biosciencen biotechnology, research, the factor of preventing the spread of nationalist sentiments in a multicultural society asia*, 2015 (Vol. 12, № 3), pp. 2361-2372.
4. Cheryasova, I. (2008). *Funny psychological tests for any party*. Moscow: Ripol Classic.
5. Farber, B. (1983). *Introduction: A critical perspective on the burnout: Stress and burnout in the human service professions*. New York: Pergamon Press.
6. Fetiskin, N., Kozlov, V., Manuilov, G. (2002). *Social psychological diagnosis of personality development and small groups*. Moscow: Institute of Psychotherapy.
7. Ilyin, E. (2000). *Motivation and motives*. St. Petersburg: Peter.
8. Ivanova, E., Mitina, O., Zaitseva, A., Stefanenko, E., Enikopov, S. (2013). Russian-language adaptation of the questionnaire of styles of humor by R. Martin. *Theoretical and experimental psychology*, 2013 (№ 2), pp. 71-85.
9. Kasatkina, N. *Sense of humor: questionnaire*. (2012). Retrieved 08.09.2018 from <https://megalektsii.ru/s8529t1.html>
10. Kharchenko, A. (2009). Gelotophobia as an aspect of revealing emotional vulnerability. *Modern problems of science and education*. Kharkiv: KhNU named after V. Karazin.
11. Martin, R. (2009). *Psychology of humor*. Edited by L. Kulikova. St. Petersburg: Peter.

12. Martin, R., Doris, P., Larsen, G., Gray, J., Weir, K. (2012). Individual differences in the use of humor and their relation to psychological well-being: Development of the Humor Styles Questionnaire. *Journal of Research in Personality*, 2012 (№ 37(1)), pp. 48-75.
13. Maslach, C., Jackson, S. (1981) *MBI: Maslach Burnout Inventory*. Palo Alto, CA: Consulting Psychologists Press.
14. Mironova O.I., Polyakova O.B., Ushkov F.I. (2017). Impact of compiled contacts on psychosomatic disorders of employees of organizations. *Economic and social development*. Moscow: RSSU.
15. Polyakova, O. (2008.) *Psychohygiene and prevention of professional deformities of the person*. Moscow: MPSI.
16. Polyakova, O. (2014). Category and structure of professional deformations. *National Psychological Journal*, 2014 (№ 1 (13)), pp. 55-62.
17. Polyakova, O. (2015), Self-regulation as a precondition for the prevention of professional deformations. *New in Psychological and Pedagogical Studies*, 2015 (№ 2 (38)), pp. 213-222.
18. Practical work on the psychology of professional activity. (2000). St. Petersburg: St.PSU.
19. Ruch, W. (2009). Fearing humor? Gelotophobia: The fear of being laughed at. Introduction and overview. *Humor: International Journal of Humor Research*, 2009 (Vol. 22, № 1/2), pp. 1-25.
20. Sarkisyants, A.A. (2016) Threats and Risks of Information Security Work Team, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 169–176. DOI: 10.17922/2412-5466-2016-2-2-169-176.
21. Tarasov, E. *Do you have a sense of humor: questionnaire*. (2015). Retrieved 08.09.2018 from <https://psy.wikireading.ru/122399>

CREDITING OF NATURAL PERSONS IN THE RUSSIAN FEDERATION: SOCIAL AND ECONOMIC ASPECTS

Olga Shinkareva

*Russian State Social University, Russia
shinkareva_ol@mail.ru*

Yulia Evdokimova

*Russian State Social University, Russia
uaevdokimova@mail.ru*

Valentina Leonova

*Russian State Social University, Russia
Leonova.VP@mail.ru*

ABSTRACT

The leading objective of the research is to analyze the current trends of development in a segment of crediting of natural persons in Russia. We consider this segment in a perspective of the joint social and economic approach. In article prospects of further development of processes of crediting of natural persons in Russia are identified. Implementation of this research was carried out with the following methods: analysis, synthesis, comparison, generalization. The results received during the research can be applied in the subsequent theoretical and methodological developments on this subject, can be also used by subjects of the financial market for the purpose of adoption of certain financial decisions and forming of the financial behavior in the future. In addition, the results can be used also in the scientific purposes within further development of these problems and the prospects of development of financial services in this segment. Use of the received results in a methodical foreshortening is represented unambiguously possible - applying separate provisions in quality of lecture material on certain disciplines of the social and economic directions. The novelty of the conducted case study consists in systematization of modern trends of crediting of natural persons in Russia in the context of social and economic property, in formation of certain results and conclusions about the possible directions of development and their consequences for various subjects of the financial market of the Russian Federation.

Keywords: *credit behavior of the population, crediting of natural persons, financial market*

1. INTRODUCTION

Change of system of values and economic behavior of households and individuals take place now in high gear. This fact exerts large-scale impact on subject behavior in the financial market, beginning from the state and finishing with separately individuals. Values of modern society it is possible to call hedonism, the power and achievement (Gadzhigasanova, Dudina, 2016, pp. 29-34). Transformation of credit behavior of the Russian population has turned out to be consequence of emergence and use various financial strategy, expansions of a credit products line, modifications of structure of subjects of crediting and also change of level and improvement of life quality of the population. (Yarosheva, Makar, Reshetnikov, 2017, pp. 139-153). Change of financial behavior model of the above-stated subjects is connected with change of a role of an individual by his transformation from economically passive participant of the financial relations into economically active subject of the financial market. (Davydenko, 2014, pp. 22-27). In addition, it is necessary to consider the population tendency to the so-called advancing consumption which has taken roots in the world and in Russia (Ladina, Nazarenko, 2017, pp. 138-141).

This is the main driving force dictating the modern terms of managing in all spheres including the sphere of financial services. But the consumption positions which have come to the forefront give rise to existence of discrepancy between the resources located by the population (or their financial opportunities) and the existing financial requirements demanding the fastest satisfaction. The market actively uses model of "exclusive goods (service)", "goods (service) of the single (personified) property", "branded goods" and other, that is use of various approaches leading to formation the desire to possess "first", "best" "not having analogs" and so on. On the one hand this fact grows in formation at the population of certain behavioral standards of absorbing and consumer property, on the other hand, increases risks for the credit institutes and other subjects of the market crediting the population (first of all, actively developing segment of financial technologies).

2. METHOD

In this research authors has applied basic all-usable methods, such as analysis, synthesis, comparison, generalization. These methods help to collect and to split thematically necessary data. The analysis and synthesis promote identification of elements in their interrelations and the possible direction of interaction. Application of a method of comparison is caused by need of carrying out a research of uniform indicators for different temporary positions, the purpose in this case is consideration of dynamic and structural changes of the studied indicators. Generalization gives an opportunity to carry out transition from private knowledge to the general. Generalization also allows to summarize the information taking into account the received results of our research.

3. RESULTS

The results received during the research can be characterized as follows:

- the western models of financial behavior of citizens actively take root in Russia;
- ethics of the advancing consumption begin to prevail in the state;
- positions of adoption of the existing debt obligations become a specific sort of financial activity;
- a concept of a credit debt of family, separate individuals are appeared;
- criteria and a concept of a crisis debt of an individual are entered;
- the concept of the operated and uncontrollable debt obligations of natural persons becomes more active (Strebkov, 2007, pp. 83-102);
- the social and economic behavior model of all participants of the financial market changes;
- the worsening economic situation of Russian citizens is followed by growth of optimism of the population in tomorrow;
- decrease in real income of the population takes place with a growth of the credits taken by natural persons in banks;
- the structure of the subjects crediting the population changes;
- there is a change of ways and instruments of population crediting;
- the new market decisions in a crediting segment more satisfy the evolving needs of clients, than traditional bank institutes, applying essentially new design of credit products and ways of realization;
- possibilities of mutual crediting of citizens without participation of intermediaries in the form of credit institutes extend;
- emergence of self-service instruments raises citizen opportunities and desire to participate in acquisition of credit products;

- low level of financial literacy of the population, weak possession of theoretical knowledge in the field of finance and practical abilities slow down possible development of population crediting and increase the credit risks;
- the role of the state increases, primary in regulation of the social and economic phenomena in the sphere of population crediting.

4. DISCUSSION

4.1. Social aspects of natural persons crediting in Russia

The analytical center of the National Agency of Financial Researches during its research in 2016 has revealed in Russia four population existing models of financial behavior:

- technocratic - large-scale use by the population of Internet and mobile technologies for the purpose of the organization of the financial actions;
- pro-active - the population marks out primacy of crediting by use of credit cards and also insurance service;
- conservative - providing a prevalence of debit payments by the population;
- regulatory - population uses those financial products which are offered by other subjects (as a rule, employers in the form of salary cards) (Imayeva, 2017).

Existence of various financial consumption models is the evidence of formation in Russia the valuable financial mechanism of managing (Kolpakova, 2014). The research has shown that in Russia there is a so-called regulatory model of financial behavior of citizens. It can be characterize the passivity of financial behavior and application of the imposed financial products. (Imayeva, 2017). However, it should be noted that more and more Russian citizens are steadily changing in relation to debt and credit obligations. (Strebkov, 2007, pp. 52-62). Peak of growth of the credits issued to natural persons in 2011-2012 at delay in the real sector of economy is a contradiction (Credit behavior of the population: results of polls and econometric modeling, 2013). The relation to presence at an individual of the credits has approached the western approach, becoming norm and the standard of financial behavior, but not an exception of the general rule. The advancing consumption (for the first time considered by Jean Baudrillard (Baudrillard, 2001, 224 p.) is stimulated by the Russian market. It is moving ahead to all spheres of person's life by introduction of aggressive marketing. And, today we can observe interaction of credit institutions with producers, retail chain stores and so on, advancing the product "in masses". The lack of the real income capable to satisfy the stimulated needs for acquisition of the concrete good (service) is offered to be replaced with the credit product offered by bank for satisfaction of this stimulated requirement as soon as possible. The population tendency aged after 45 years of change of credit preferences in favor of unsecured credits is guarding (Credit behavior of Russians of various age, 2018). Acceptance by subjects of the existing debt obligations also becomes standard of financial behavior of citizens of Russia. Increase in application by the population of Russia in service of refinancing of the credits can serve as confirmation. The credit share in cash directed to repayment of the existing credit of the population has made in 2014 43,2%, in 2015 - 49%, in 2016 - 50,7%, in 2017 – 51,1%, following the results of the first quarter 2018 – 53,8% (Glushenkova, 2018).

4.2. Economic aspects of crediting of natural persons in Russia

Introduction in Russia of the Basel standards has led to toughening and limit systematization of positions of credit risks of the banks. Along with toughening of regulatory requirements to banks and the decreasing real income of the population of Russia (for 4 years, from 2013 to 2017, fall of the real located monetary income of the population of Russia has made 11% of the level of 2013 (The bulletin about the current tendencies of the Russian economy: Dynamics of income of the population, 2018)) the tendency of growth of loyalty of the bank organizations

to the potential borrower natural persons is revealed. In the first quarter 2018 banks of Russia have made the positive decision on issuance of credit on 48% of statements of potential borrowers, the first quarter 2017 showed approval of 38% of such statements by banks. (Glushenkova, 2018). Indicators of crediting of resident persons by the Russian banks from July, 2016 till July, 2018 have revealed that banks show quite good tendencies in this direction (see table 1).

Table 1: The loans granted to natural persons (residents), at 01.07, by million rubles (Data on the placed and attracted means, 2018)

Indicator	Year 2016	Year 2017	Year 2018
The loans granted to natural person	3 275 008	3 965 290	5 525 475
Credit debt	10 543 831	11 151 067	13 252 498
Overdue credits	896 691	871 029	810 669

The analysis of dynamics of the data provided in table 1 is made in table 2.

Table 2: Dynamics of the loans granted to physical persons (residents), at 01.07, %

Indicator	Changes, 2017 by 2016	Changes, 2018 by 2017
The loans granted to natural person	+21,08%	+39,35%
Credit debt	+5,76%	+18,75%
Overdue credits	-2,86%	-6,93%

At a notable gain of the loans granted to Russian residents decrease in arrears is traced, the sufficient growth of cumulative debt on the credits is revealed. However, dynamics of the granted loans advances indicators of growth of the general debt on the credits. It is also possible to note that in the sector of crediting of natural persons the leading positions are taken by the largest banks with the state participation (see table 3).

Table 3: The rating of Russian banks on the volume of the credits issued to natural persons and arrears on them, % in the total amount of the credits (A ranking of Expert RA on the credits of natural persons, 2018)

Position of bank on the sum of assets on 01.07.2018	Bank	Share of the credits to natural persons, %	Share of the overdue credits,%
1	Sberbank	28,19	2,89
2	VTB Bank	23,74	5,40
3	Gazprombank	9,40	1,61
4	Rosselkhozbank	16,60	3,68
5	ALFA-BANK	16,18	12,57
6	Raiffeisenbank	34,60	2,76
7	Pochta Bank	93,21	6,97
8	Home Credit and Finance Bank	89,99	3,79
9	Tinkoffbank	87,46	8,53
10	Sovcombank	36,09	8,91

For the beginning of 2018 on crediting of natural persons the 63,4% of total amount of the issued credits are the share of five largest banks of Russia (the Review: what happened to the Russian banking system in 2017 and what to wait in the 2018th for, 2018). Sberbank and VTB Bank (54%) were in the lead.

4.3. Specifics of application of scoring at assessment of solvency of the borrower

Active use of modern technology solutions by banks at assessment of solvency of the potential borrower (natural person) by application of scoring models promotes not only minimization of credit risks of concrete bank and a banking system of Russia in general, but also has the constraining effect for the population ready to act as the borrower often without an opportunity to extinguish a required loan. Modern scoring systems allow to simplify their interaction with external data, for example, such as data of Bureau of credit histories. In addition, accumulation of a large number of diverse information on natural persons provides use of technologies of work with big data. Also possibilities of calculation of probability of fraud from the borrower are built in modern scoring systems. Modern scoring credit models allow to carry out division of clients according to segments. Basic data of scoring models are data on a social and demographic profile of the borrower, his income and expenses, retrospective credit history. In addition, modern scoring is constructed on data from social networks, a research of information on payment behavior by tracking of payment cards and actions with them, application of geocoding and a geolocation for the purpose of the analysis of remoteness of the residence place and the work place from offices of bank, specifics of the territory of his accommodation. Thus, modern credit scoring of bank is sent on granting to natural persons of a target credit product, convenient sales channels, carrying out calculation of admissible risk level (Modern scoring: use of big data and machine learning, 2017). Individual scoring of the Joint Credit Bureau becomes the new tool in assessment of solvency of potential clients. "The individual card" is constructed by the principles of basic scoring with additional accounting of features of new clients and the loan portfolio of concrete bank. Individual scoring gives an opportunity of assessment of solvency of the potential client on the basis of data from his credit history and has behavioral character. As the assessment result of solvency the probability of client default within the next 12 months acts (World review of the Financial Technical-segment, 2016).

4.4. Financial literacy of the Russian population: short review

According to the research conducted by Analytical center of the National Agency of Financial Researches 22% of the respondents having the credit have payments for this credit more than 30% of own income. Also during the survey conducted by the Agency the complexity of understanding of financial services has been estimated (see table 4).

Table 4: Assessment of complexity of understanding natural persons of modern financial services, % of the total number of respondents

Financial service	Complexity of understanding of financial service, %
Investment products	41
Credit products	18
Microloans	10
Insurance	8
Deposits	7
Cash cards	4

Only 12% of respondents have been estimated as having the high level of financial literacy. More than 50% of respondents don't account their income and expenses – they consider their budget as "in general it is known". Use of credit cards in 2016 was carried out by 21% of respondents. More than 50% of respondents don't stock the financial recourses on a case of work loss and other unforeseen situations. Only 25% of respondents count on own forces when forming future pension (Imayeva, 2017).

4.5. Structural aspects of crediting of natural persons in Russia

One of the most important directions of development of financial business in Russia is personification of financial service. The quickest response in this direction is shown by startups whereas traditional banks lag behind and provide the gradual late improvements. Undoubtedly, quick response to the changing requirements of the credit market gives additional benefit to the given companies in the form of their preference a number of the traditional financial institutes. Unlike traditional new players provide possibilities of receiving the credit for the persons having low credit rating or no credit rating by the offer of new financial decisions for these categories of clients. They create also tools for personal financial management by means of clients. The financial companies suggest to credit clients by use of alternative methods of adoption of credit decisions, using nonconventional data sources, other methods of determination of possible risks, low operational expenses (World review of the Financial Technical-segment, 2016). Actively crediting without intermediaries - crowd funding develops. In Russia the crowdfunding Boomstarter and Planeta platforms, the Funding service from WebMoney Transfer function. (Crowdfunding platforms in Russia and the world, 2016).

4.6. Technological aspects of crediting of natural persons in Russia

The new players of the market of crediting (first of all, it is a segment of financial technologies) instantly consider expectations of clients (convenience, personal approach, multichannel access, simplicity of financial service, the round-the-clock access to financial services, nonconventional channels – for example, social networks). Traditional banks stir up activities for use of artificial intelligence, Internet platforms for rendering financial services to the population, apply gamification methods to interaction with clients, use alternative distribution channels, increase a range of instruments of self-service, widely use virtual channels of communication, virtual bank platforms. Emergence of credit decisions on the basis of a cloud computing gives new opportunities for automation of credit process and increases transparency of procedures of crediting. The arising of efficiency of clearing and settlement operations is reached due to use of technology a blockchain (World review of the Financial Technical-segment, 2016). Digitalization of processes of rendering financial and credit services to the population increases the speed and confidentiality ensures big safety of the performed operations.

5. CONCLUSION

The model of financial behavior of citizens introduced in Russia at which consumption advances saving positions is some kind of financial pyramid. Its existence are profitable to key players of the banking sector and the sector of the financial technologies which are carrying out crediting of citizens and not profitable to the population which isn't considering the existing risks in full degree and not owning in the ways and instruments of minimization of these risks due to lack of financial literacy. Also we can't see positive influence of this process on Russian economy, historically not prepared for loaded with debt existence. Also, considering instability of the Russian economy, her global dependence on the external economic and foreign policy changes, according to authors, it is necessary to recognize some inopportuneness of global introduction of the western models of financial behavior of subjects in the national economy model. Russian needs more autonomy from the existing ready solutions of other states in this direction.

LITERATURE:

1. A ranking of Expert RA on the credits of natural persons. (2018). Retrieved 17.08.2018 from <https://raexpert.ru/rankingtable/bank/monthly/Jul2018/tab6>.

2. Avtushenko, O.M. (2016) E-banking Customer Service of Modern Russian and Foreign Banks, Contemporary Problems of Social Work. Vol. 2. No. 2 (6). P. 8–16. DOI: 10.17922/2412-5466-2016-2-2-8-16.
3. Baudrillard, J. (2001). System of things. Moscow: Rudomino. 224 p.
4. Credit behavior of Russians of various age. Retrieved 21.08.2018 from https://www.nbki.ru/upload/pdf/2013_06_14_kreditnoe_povedenie.pdf
5. Credit behavior of the population: results of polls and econometric modeling. (2013). Retrieved 21.08.2018 from http://www.sberbank.ru/common/img/uploaded/analytics/2013/macro_13082013.pdf
6. Crowdfunding platforms in Russia and the world. (2016). Retrieved 20.08.2018. from https://ria.ru/disabled_know/20160822/1474985105.html.
7. Data on the placed and raised funds. (2018). Retrieved 19.08.2018 from <http://www.cbr.ru/statistics/?Prtid=sors>
8. Davydenko, I. (2014). Determinants of credit behavior of the population in the conditions of development of consumer credit market. Society: policy, economy, right. (2014, № 3). P. 22-27.
9. Gadzhiganova, N., Dudina, I. Credit behavior of consumers: signs, influence of social factors. (2016). Messenger of KEMGU. Series: Political, sociological and economic sciences, 2016 (No. 2). P. 29-34.
10. Glushenkova, M. (2018). As the credit behavior of citizens has changed. Retrieved 19.08.2018 from <https://www.kommersant.ru/doc/3635952>
11. Imayeva, G. (2017). Financial literacy in Russia in the world. Retrieved 18.08.2018. from <http://www.ranepa.ru/images/News/2017-03/03-03-2017-gramotnost-pres.pdf>
12. Kolpakova, G. (2014). Valuable mechanism of managing of information society. Moscow: IIU MGOU.
13. Ladino, D., Nazarenko, S. (2017). Credit behavior of Russians in the conditions of economic uncertainty. Scientific and practical online magazine Avenue of Science. (2017, № 6). P. 138-141.
14. Modern scoring: use of big data and machine learning. (2017). Retrieved 21.08.2018 from <http://nbj.ru/pubs/banki-i-biznes/2017/07/17/covremennyyi-skoring-ispol-zovanie-big-data-i-machine-learning/index.html>.
15. Review: what happened to the Russian banking system in 2017 and what to wait in the 2018th for. (2018). Retrieved 19.08.2018 from <http://www.banki.ru/news/daytheme/?id=10357598>.
16. Strebkov, D. (2007). The models of credit behavior and factors defining their choice. Sociological researches. (2007, № 3). P. 52-62.
17. Strebkov, D. (2007). Social aspects of credit behavior of the population. Sociological magazine, (2007, № 1). P. 83-102.
18. The bulletin about the current tendencies of the Russian economy: Dynamics of income of the population. (2018). Retrieved 19.08.2018 from <http://ac.gov.ru/files/publication/a/16278.pdf>
19. VTB has passed to individual scoring of retail clients. (2018). Retrieved 21.08.2018 from <https://www.vtb.ru/o-banke/press-centr/novosti-i-press-relizy/2018/01/2018-01-18-vtb-pereshel-na-individualnyy-skoring-roznicnykh-klientov/>
20. World review of the Financial Technical-segment. (2016). Retrieved 18.08.2018 from <https://www.pwc.ru/ru/banking/publications/fintech-changes.pdf>
21. Yarosheva, A., Makar, S., Reshetnikov, S. (2017). Credit strategy of Russians as reflection of model of financial behavior. Finance: theory and practice. (2017, № 6). P. 139-153.

EXPERT-PUBLIC COMMUNITY AS A SUBJECT OF CULTURAL POLICY OF RUSSIA AND HUNGARY

Olga Szucs

*University of Debrecen, Hungary
szucsolga3@gmail.com*

Tatiana Yudina

*Russian State Social University, Russia
ioudinatn@mail.ru*

ABSTRACT

The problems of cultural policy in contemporary societies are getting more public attention, and are in the focus of scientific community, public and political associations and state authorities. Along with the state, the cultural life of any state is increasingly influenced by the subjects of cultural policy that directly affect the level and quality of cultural development. Expert communities and public organizations become significant elements in the structure of cultural policy subjects. One of such subjects became the Association “For Hungarian-Russian cooperation named after Leo Tolstoy” the aim of which is to study the urgent contemporary problems in the sphere of cultural policy. The authors of this article through the project “Hygiene of culture” that the Association is implementing, attempt to make a wide review both theoretical and axiological and practical aspects of cultural policy in general and in relation of two separate countries – Russia and Hungary.

Keywords: *cultural policy, subjects of cultural policy, expert –public community*

1. INTRODUCTION

The urgency of the cultural policy issues is of no doubt in modern society. By the beginning of the new century, the issue of cultural policy was in the focus of scientific and public discussions in many countries, as the problems of choosing strategic orientations of cultural policy can determine the future of each state, and the results of cultural policy affect the sphere of culture, in which there is the production and reproduction of values through institutions of education, mass communication, art, preservation and use of cultural heritage. The key problems on formulating and implementing cultural policy are the issues of interaction between the authorities and the society, the activity of its other subjects that come into practice in various traditional and non-traditional forms of organization. The authors of this article aimed to show that despite the difference in national cultural policy of Hungary as a country belonging to the EU and because of it following the strategy of European Union cultural policy, and the Russian one where culture became the national priority for the first time¹, there is something common enabling production collaboration at the international level on the impact on the conscious and the revealed profound cultural problems. In our article, we will consider the fact that there cannot be any identical cultural policy in different states, types or models of cultural policy can be the same, but the specific content of cultural policy will be different. As a rule, cultural policy in any country corresponds to axiological foundations underlying the dominant political and ideological system and the ideas of the ruling elite about the direction and forms of reform and modernization of society. Generally, in cultural policy of any state three elements can be distinguished: conceptual, economic and legislative ones. Cultural policy is the notion with a wide range of meanings and a great number of this term definitions, and cultural policy is a

¹ The order of the Government of the Russian Federation of February 29, 2016 № 326-p «On approval of the Strategy of the state cultural policy until 2030» / <http://government.ru/docs/22083/>

social - state phenomenon and that is why it is a concrete- historical one. The problems of cultural policy are the problems of the state and social status of culture and even those that say about weakness or absence of cultural policy in the contemporary world, are deeply mistaken. The reason of such statements falsity is that there are significant discrepancies between the ideas about the self-value of culture itself, the importance of culture for the human development, the role and functions of culture in the society, and finally, the possibilities of culture as a factor that accelerates social transformations.

2. METHODS

The choice of the methods used in the article is determined by the particularity of the subject and objectives set by the authors of the article, which led to a comprehensive interdisciplinary approach. Philosophical, sociological, cultural, historical, political, axiological approaches to the study of cultural policy problems provided research interdisciplinarity. To highlight the topic, the authors turned to the methods used in the scientific philosophical, cultural, sociological, historical, axiological, political literature, namely: chronological method; retrospective method; historical and comparative method; structural and functional method; critical method, sociological method; method of historical and typological comparativistics.

3. RESULTS

3.1. To the definition of the category «cultural policy»

The concept analysis of the category “cultural policy” in different periods of European and Russian history shows that it is a historical phenomenon (Cultural references, 1999) and it is changing on various historical stages. Cultural policy is always in contact with specific cultural types, which not only replace each other, but can exist simultaneously in different periods, as well as dominant and secondary ones within the same socio-cultural system (Kostina E., 2012). Furthermore, it is variative, so it is based in the historical traditions of territories and regions (Magyari-Beck, 2016; Magyari-Beck, 2007). So far, European and Russian researchers suggested a large number of the definitions of the term “cultural policy” and interpreted its meaning and concept differently. We are to examine the most typical ones. French researchers of culture A. Girard and G. Gentil suggested defining cultural policy as “... a system of interrelated goals, practical tasks and means chosen by the expert and aimed at a certain group in the society” (Girard A., Gentil G., 1983). Italian scientists M. di Angelo and P. Vesperini pointed out the main principals of cultural policy: “the goals of the government should be in accordance with the interests of regional authorities and with the main actors’ of cultural policy interests; the aims of the state should be adequate to the capabilities of the actors involved in the processes of cultural policy; the implementation of cultural policy is always based on the material, technical and creative support of the culture functioning; cultural policy distributes financial, administrative, structural, human and creative resources; the basis of cultural policy is planning - preparing the state to participate in cultural activities and resource allocation» (Angelo, M., Vesperini, P., 1999). In Russian science, active terminological discussions also take place. Some scientists focus on social value orientations of social policy. Among the representatives of this approach are A. Y. Flier, who considers it as “conceptualized adjustment of native culture general content” (Flier, 2000: 407-424) and O.N. Astafieva, claiming that cultural policy is “conceptualized set of science based views and principals that are relevant to the certain axiological foundations, goals and priorities of the state” (Astafieva, 2010). Other scientists suggest a comprehensive management approach. Thus, L. E. Vostryakov argues that the system of state policy “is a holistic set of substantive, institutional and subjective components of influence (power, institutions, subjects)” (Vostryakov, 2001), and N. N. Lavreneva believes that "cultural policy involves planning, which is the process of preparing the state for participation in cultural activities, as well as in the planning of resource allocation"

(Lavrinova, 2010). E. E. Belyaeva besides the state expands the subjectivity of cultural policy and points out that “it is the influence of the subject of cultural life (state or individual) on culture” (Belyava, 2012). In our opinion, the modern cultural policy discourse is a kind of field of symbolic contention and nominations, so it is not surprising that discussions around the world in the field of understanding cultural policy have led to the idea, actively developed by UNESCO, about the need for a new approach to the structuring of cultural policy, that will correspond to the realities of sustainable development and peaceful coexistence through the use of a dual approach (UNESCO, 1998). Firstly, the possibility analysis of the state support and development of the cultural sector itself (heritage, art, education, activities and institutions of the cultural sphere, in particular, the solution of the relevant objectives in the field of legislation, financing, management). Secondly, the determination of ways and means for ensuring that culture has its place in programmes at all levels focused on the development and innovation and, in particular, on human development, education, scientific research on communication, environmental issues and social cohesion. Thus, we can conclude that cultural policy concept clarification primarily depends on the set of universal human norms and values, national traditions, identification of participants of cultural policy, goals, nature of regulation of cultural processes. We agree with the point of view expressed by I. Gorlova that it is methodologically correct to consider cultural policy in a broad and narrow (applied) sense. In a broad sense, it takes into account the cultural aspects of all state programs of economic, environmental, social and national development. In the narrow sense, cultural policy involves the development of the concept of functioning and further progress of education, science, culture, for achieving these goals establishing a set of rules and principles that determine the content, development, dissemination of culture, regulation of trends in the progress of moral and value aspects of social life (Gorlova, 1988: 71-72). Within the development of cooperation between Russia and Hungary in the sectors of culture and cultural heritage, the understanding of the new approaches to cultural policy with a focus on certain indicators necessity is exhibited, among those indicators the most significant ones are general goals and principles of cultural policy; cultural minorities, groups and communities; the issues of the language and language policy; social cohesion; cultural policy and the media; the cultural industry; employment policy and gender equality; the principal of legal regulation and financing of the cultural sphere; problems of social partnership and support of creative activity. Moreover, national priorities are at the forefront: preservation of cultural heritage, national wealth, ensuring equal access to cultural values and integration into the world cultural process, economic profitability of the cultural sphere (Szűcs, 2016).

3.2. Expert-public community in the system of cultural policy subjects

In both Western and Russian literature, differences in the understanding of the term “cultural policy” are present not only in the field of its application, but also in the definition of its subjects. Most researchers consider the individual as a subject of cultural policy, as well as organizations working in the cultural sphere (Zhidkov, 2003: 58). Another group of scientists considers only the state as subjects of cultural policy (Flier, 1994: 14-25). The authors of the article share the first point of view, considering that in the sphere of cultural policy the principle of positive multi-personality should operate, which can lead to a radical revision of the principles of interaction of the state with other subjects of cultural policy. The main subjects of cultural policy, in addition to the state, should be considered institutions and organizations of culture and art, which are updated in various traditional and non-traditional organizational forms. An important subject of implementation of cultural policy in the conditions of market relations is business – active economic entities in the fields of industry, trade, finance, services. The next subject of cultural policy is the media. An increasingly important role as a subject of cultural policy has been played by the expert community, which we consider as a set of experts

in various fields: directly in the field of culture and art – theorists and practitioners of culture, who possess information on trends in the development of culture in society and its main “pain points” (Szűcs, 2016). It can influence decision-making on the part of both the state and the civil institutions of a free society. In addition, public organizations have increasingly become an important subject of cultural policy (Reut, 2016). These are organizations established on the initiative of individual groups of people who can support various cultural initiatives, create independent funds, influence decision-making at the level of municipal, regional and Federal authorities. Public and expert subject of cultural policy for Russia and Hungary became the Association “For Hungarian-Russian cooperation name of Leo Tolstoy”, the aim of which is to study the urgent contemporary problems in the sphere of cultural policy. The idea was very simple, but at the same time very comprehensive. It was simple because the civilization problems of our epoch are absolutely obvious came to threatening limit of all the previously achieved in cultural development. The complexity is that in many respects in the nature of the changes and the problems arising from them, which are different from those of the past. These were the starting points (Magyari-Beck, 2011). During the discussions of the first two conferences, that took place six years ago in Moscow and Budapest, Hungarian and Russian scientists of various social, scientific and humanitarian fields came to a consensus in understanding the proposed term of hygiene of culture (Magyari-Beck, 2012; Szűcs, 2016) and for all the scientists it became obvious that the initiators of the new scientific discipline under the hygiene of culture means the protection of those culture-forming components of culture, that are designed to defend the humane essence of society, the purpose of which is to provide conditions for the comprehensive development of man as a free and responsible being. Perhaps we all see that it is these meanings and the essence of the cultural existence of humanity that are most at risk in our modern civilization. So far, we have very valuable results of participating in the general study philosophers, sociologists, economists, psychologists, cultural scientists, art historians, literary critics, musicologists, linguists, political scientists. First of all, we are united by the axiological approach to the typical features of social phenomena and ideological currents of our modernity, and the desire to bring together theory and practice, that is, to base theoretical judgments on facts, and in turn to reflect on the possibility of a fruitful impact on the conscious and revealed deep problems of our civilization. Secondly, it is the responsibility of the creative intellectuals for the fate not only of their country and culture, but also for the fate of future generations.

4. DISCUSSION

Our public and expert community has set the goal to consider all those fundamentally important culture-forming categories, modifications that in recent years mean the transformation of the entire system of human relations to their internal and external – social world. The dissolution of axiological norms and the erosion of strict criteria of the scientific approach to the analysis of modern phenomena observed mainly in the Western civilization suggests us the idea of the necessity to legitimize the basic ontological and epistemological concepts of philosophical and scientific thought, since we have no other means for an adequate perception of the world except those that by their adequacy and with the practice reproduced by them legitimized themselves in the process of the existence of human communities. Without the legitimization of the philosophical set of definitions, developed over thousands of years and aimed at learning the truth – philosophical, artistic and scientific /including social and scientific/ approaches, we can lose the foundations of the accumulated knowledge about the natural and social reality surrounding us, and knowledge about human nature, that is, we will lose the ability to know and understand ourselves and the world around us. What can the analysis of any socio-cultural process mean in terms of cultural hygiene? From a theoretical point of view, first of all we should the problem, that is, the set of those components that are manifested at the empirically

accessible level make it possible to determine the presence of dysfunction in the functioning of this phenomenon. Since the process of dysfunction analysis in most cases is accompanied by a clash of interests of different social groups, value orientations or even cultural paradigms, it becomes extremely important to determine the evaluation criteria, and that requires a more abstract level of thought – the definition of criteria selection criteria. Often, this is the most abstract stage of the process is already behind the brackets. In the presence of definitions of the above-mentioned moments, it follows the structuring of this particular studied problem strictly according to philosophical principles and philosophical categories. Thus, the process of structuring the problem, determining its nature in axiological aspect can be carried out. Regarding the analysis of various aspects of cultural policy – we believe that it is possible to come to the following consensus in the interpretation of this concept, according to which we understand the cultural policy as a regulator of socially organizing systems among themselves on a hierarchical basis, in which there are multilayered mutual and mutually determining levers of influence. In a narrow sense, cultural policy can mean the unilateral influence of the state on social and cultural processes, including the use of certain priority accents. In a broad sense, cultural policy is a network of vertically and horizontally structured cultural space, in which there are many mutually determining forces, which does not exclude the presence of a paradigmatically defined main regulatory factor, for example, in the form of an operating axiological system. In all probability, the complexity of the present civilizational stage is the intertwining of the two named structural features (Szűcs, 2008). We believe that cultural policy always manifests itself in a certain way, in the historically determined specific environment of a certain society. However, the theoretical components of cultural policy concept always imply common philosophical elements, such as the ratio of the individual and society, civil society and politics, human rights to self-determination and the right of society to protect their cultural foundations and statuses, the ratio of rights and duties, the level of resistance or flexibility, variability of boundaries, the ratio of relativity and absoluteness in the mentality of the population and the practice of state structures, the historical need to abolish or strengthen state control over social processes and many other aspects that can characterize the theoretical framework of concrete approaches. In cultural policy, there is always a coincidence or divergence of interests of the structuring elements of society, as well as a clash of certain, necessarily not the same value systems, which will certainly defend their own value-oriented interests. In the end, we will certainly come to the human-forming principles, such as freedom or the degree of compromise of the individual, which naturally lay the bricks of disagreement in the common Foundation of the structure called society (Pigrov, 2006; Tanatova, 2008). The value approach makes it possible to combine – due to the nature of values that are of universal importance for a given civilization -the main aspects of culture in their unity and diversity: in a generally significant worldview sense; in the process of human, primarily creative artistic activity and associated productions and products (results) (Szucs, Yudina, 2017). As rightly pointed out by Professor A. V. Shestopal, " there is no society without ideology: where moral values are declared optional, they are replaced by more primitive values: "rapid hedonism", unlimited consumption, "amoralism", etc. (Shestopal, 2015).

5. CONCLUSION

We naturally come to the necessity for the clear definition of the ratio of the criteria of the common good and self-realization. After all, we agree that the unresolved problems of cultural policy practice are due to the lack of consensus on these criteria. Nevertheless, guided by the above-mentioned general criteria of the necessity to determine the correct ratio of the common good and the freedom of self-realization of the individual, on making specific decisions, affecting the state of society, perhaps, we can assume that the ratio of these two components is possible, and even sometimes the necessity to consciously adjust and direct to certain

trajectories according to the specific situation that the society is experiencing in this time period. Thus, some conscious shift of emphasis on the creation of conditions for self-realization of the individual and the weakening of state, power, or departmental control can take place with the ascending line of development of this society, the criteria of which are also not yet defined, but in any case can be characterized by the relative stability of the political and economic situation, with a relative General consensus between the government and the people, with the predominance of creative processes aimed at strengthening the welfare of society and the least external threat. The degree of welfare of society in our cultural paradigm and by definition of hygiene of culture is determined by the degree of humanity of the system of social relations regulation and self-regulation. Cultural policy should always be guided by the goals of supporting these positive processes. Naturally, from time to time, every society experiences stages of instability, change and even paradigm shift. These processes can be long-term or turbulent, often in the form of sharp confrontation and with unpredictable consequences, which in the experience of history can be destructive. As for studying the cultural policy history of the specific country over the last century, we are confident to claim that the description of individual stages applies only the principle of periodization by historical epochs. Depending on the author's point of view, which often depends on the socio-political paradigm of the current stage of the country's history, this or that assessment of specific processes is given. In the event of a change of historical paradigms, and changing the axiological system of coordination. In the case of Hungary, we can point out three historical periods referring to the history of cultural policy (Fonai, 2005; Drabant, Fonai, 2005). Each of these stages corresponds to a specific historical paradigm, and the system of estimated coordinates is modified by the values of the historical period in which the assessment is made. Accordingly, on describing the Hungarian cultural police periods over the last century, we can distinguish the period between the two world wars, including 1941-44, differs and the time line of 1920 -1944 is taken; the second period – 1944-1948 refers to the so-called coalition period of the country's history, when the stage of socialism has not yet come; the third period, respectively, concerns the 1948-1990, the period of socialism. As a separate period of cultural policy from the 1990s to the present day, there has been no systematic description of the processes. The authors limit themselves to stating this fact by referring to the lack of the necessary historical perspective and to the many contradictory processes explained by the transition stage of social and political changes. We are confident in the common essential agreement that the present stage of our civilization has come to a very important moment in choosing the future path that will determine for many years, and maybe decades, the fate of our cultures. In this responsible process, cultural policy has a huge role that can indicate the vector of further direction of all social processes and thus the entire society as a whole. The priorities of modern cultural policy cannot be set without taking into account the influence of globalization processes that set a strong nonlinearity for cultural and civilizational development. Nonlinearity appears at different socio - cultural levels: in fact, a person of any culture today is involved in the “grid” of colliding, intertwining, overlapping information and communication processes. The proclamation of value-oriented approach should not be formal, declarative, meaningless. We are confident that the various states cultural policy analysis can become the basis for the search for perspective models of their development in modern conditions.

LITERATURE:

1. Angelo, M., Vesperini, P. Cultural Policies in Europe: Method and Practice of Evaluation. – Council of Europe Publishing, 1999.
2. Astafieva O.N. Cultural policy: theoretical concept and management: lectures. M.: Publishing house rags, 2010.

3. Belyaev, E.E. Cultural integration as a primary strategy of cultural policy of the European Union: Monograph: Moscow pedagogical state University; Moscow; 2012/
<https://www.litres.ru/e-e-belyaeva/kulturnaya-integraciya-kak-osnovnaya-strategiya-kulturnoy-politiki-evropeyskogo-souza/>
4. Drabant M. Robert, Lanterns Mihai. The History of the Hungarian cultural policy: 1920-1990. Ed. Csokonai, 2005
5. Flier A.Ya. About the new cultural policy of Russia the Text. / A.Y. Flier // Public Sciences and modernity. 1994. - No. 5. P. 14-25.
6. Flier A.Ya. Cultural and political science research: about a new Cultural the policy of Russia//Cultural studies for cultural studies.-M., 2000.- P. 407-424.
7. Fountain Mihai. History of Hungarian cultural policy. Ed. Csokonai, 2005; Shestopal A.V. Opening XX Shishkin readings: key issues of science and ethics in the modern world. Vestnik MGIMO-University. 2015;42(3):256-257.
8. Girard A. Gentil G. Cultural Development: experiences and policies. Paris: UNESCO, 1983.
9. Gorlov I. Cultural policy in modern Russia: regional aspect Krasnodar, 1998. P. 71-72
10. Kostina E. Responsibility of the state to culture. Social interests and goals of cultural policy. Culture and hygiene. Humanism as a necessity. Materials of the round table "Hygiene of culture-cultural review" organized by the Association " for Hungarian-Russian cooperation. Leo Tolstoy" may 30-June 1, 2012. Responsible editors: Dr. Istvan Magyari-Beck and Dr. Olga Such. Association of them.L. N. Tolstoy-Publishing House Kairos, Budapest, 2012
11. Lavrinova, N. N. The essence of cultural policy. Electronic scientific publication "Analytics of cultural studies". Issue 2 (17), 2010. URL:
http://analiculturolog.ru/component/k2/item/229-article_41.html
12. Magyari-Beck Istvan. Culture "B" and its holders. In: Hygiene of Culture: Concept and Types of Social Diseases. Russian State Social University. Ru SCIENCE, Moscow, 2016.
13. Magyari-Beck Istvan. A világ(osság) mint a kis népek köztársasága. (Brightness coming from the republic of small nations). Valóság, 2011. 8.
14. Magyari-Beck István. Mitől szenved az euroatlanti civilizáció? (*What does Euro-Atlantic civilization suffer from?*)Valóság, 2007. 6.
15. Pigrov K.S. Lovers of philosophy and professionals: alternative horizons XXI V. // Alternative education in search of quality: materials of conferences on alternative education. St. Petersburg, 2006.
16. Reut D.V. University of hygiene of culture. Experience in educational engineering. In: Hygiene of culture: General concept and types of social diseases. Russian state social University. Moscow, Ru SCIENCE. Russian science portal. 2016.
17. Szucs O., Yudina T.N. Significance of the new trends in contemporary art and the transformation of culture institutions .В сборнике: Economic and Social Development Book of Proceedings. Varazdin Development and Entrepreneurship Agency; Russian State Social University. 2017. С. 664-671.Szucs O., The Low of Development and Objectives of Science the Culture Hygiene. In: Hygiene of Culture: Concept and Types of Social Diseases. Russian State Social University. Ru SCIENCE, Moscow, 2016.
18. Szucs O. Gazdaság and Művészet (elméleti and pragmatikus összefüggések). (Economics and art. Theoretical and pragmatic aspects.) In: Tudomány határok nélkül. Tudományos Mozaik, 5. kötet, Második rész. Tomori PAL Foiskola, 2008.
19. Szucs O. Regularity of origin and tasks of science of Hygiene of culture. In: Hygiene of culture: General concept and types of social diseases. Russian state social University. Moscow, Ru SCIENCE. Russian science portal. 2016.

20. Tanatova D.K. Society, culture, morals: concepts of the XXI century. In the collection: Scientific schools of the University: main concepts and prospects for development Moscow, 2008. P. 177-187.
21. The guidelines of cultural policy. 1999. (Resp. the editorship of O. Sevan) number 7.
22. Vostryakov L.E. State cultural policy of modern Russia: regional dimension: dis. ... Doct. polit. sciences'. M., 2001.
23. World cultural report. 1998. Culture, creativity and Text market. M.: Ladomir, UNESCO, 2001.
24. Zhidkov V.S. Art and the picture of the world/V. S. Zhidkov, K. B. Sokolov. SPb.: Alethea, 2003. P. 58.

INVESTIGATION OF THE LEGISLATION OF CONTROL EFFECTIVENESS OF LABOR OF SCIENTIFIC GROUPS

Viktor Orekhov

*International Institute of Management LINK, Russia
vorehov@yandex.ru*

Ruslan Ramanau

*The Open University, UK
ruslan.ramanau@open.ac.uk*

Michael Melnik

*Russian State Social University, Russia
melnikms@rgsu.net*

ABSTRACT

Based on ideas of systems analysis, this paper considers problems that reduce the effectiveness of work in the scientific sphere, including inefficient group work and critical thinking, have been identified. It is intended to resolve the identified problems, and to suggest ways of increasing the effectiveness of scientific work. System analysis was used due to awareness of the need to choose the most effective alternative for a complex, weakly structured system of scientific work. The authors identified 22 key concepts that affect the effectiveness scientific work and related it to both to individual productivity, and to results of group work and critical thinking. The ranking of concepts on the impact on labor efficiency has been carried out and their interrelations have been determined. The rationale for the humanistic model of the effectiveness of scientific activity is discussed in the light of the needs of modern management and labor economics, which affect the effectiveness of the national economy. The novelty of this work consists of holistic examination of scientific activity in relation to group work and critical thinking.

Keywords: *system analysis, group work, knowledge, cognitive modeling, critical thinking, traps of consciousness, the effectiveness of scientific work, GDP, education, labor*

1. INTRODUCTION

Research activity is a complex system of cognitive, economic, social, industrial, and other factors that transform and develop in accordance with ongoing social processes. G. Leibniz, a great mathematician who was one of the initiators of the establishment of the Academy of Sciences in Russia, defined the objective of science as follows: “To achieve the humanity's welfare, that is, multiply all that is useful to people, not for the sake of indulging in idleness, but for maintaining virtue and expanding knowledge” (Science's Role in Society, 2018). In the 17th century, science ceased to perform the cognitive function only and became the basis of people's material, practical activities. Its role grew significantly after the scientific and technological revolution had taken place around 1935. In the 20th century the significance of science also increased due to a rapid growth of the human capital share in the national wealth of countries and rose from 30% to 80% in the largest developed and developing countries (Yu.A. Korchagin, 2005, p. 27). The role of science will become even more indispensable in the future. While in the late 20th century the growth of human capital and, accordingly, labor productivity was in many respects due to the increasing share of highly-skilled specialists who obtained higher education, this resource has already been used up. In these conditions, science will become the most important resource for the growth of national wealth. But investment in science is a heavy burden for the country's economy.

Therefore, it is important to seek ways to raise the efficiency of scientific work with account of a variety of factors. This concept has become the subject of this paper. Research (Barro, R., J., Lee, J., W., 2001) showed that GDP per capita in different countries depends exponentially on the average number of years of education of the population. According to Orekhov V. (2016., pp. 625-635), the average contribution of a professional to the country's GDP depends exponentially on the number of years of his education according to the following formula (1):

$$G_L = K_L \cdot 10^{L/5}, \quad (1)$$

Here, L is the number of years of education of the professional, and factor $K_L \approx 125$ in international dollars of 2011 for the largest economies. This formula allows for assessing the contribution to the country's GDP of not only professionals with various education levels, but also of scientists, if their educational level is considered to be about six years longer than higher education. Such a strong influence of education on the contribution of professionals to the country's GDP makes it the main systemic driver of national welfare growth. Formula (1) allows for deriving several important conclusions. First, the most profitable way is to increase the educational level of professionals with the highest level of skills, in particular, scientists, since it gives a greater contribution to GDP. Secondly, it is possible to apply the formula to a group of specialists in order to determine the synergistic effect from their joint work. Such estimates show that, in principle, it is possible to achieve a multiple increase in the contribution of specialists to the country's GDP (Prichina O.S., Orekhov V.D., Shchennikova E.S., 2017, pp. 77–81). In particular, the current data on the performance of group work shows that significant increase in labor productivity can be achieved by forming a so-called “team” (Woodcock, M., 1979). However, Belbin (2004, p. 22) has shown that there are serious obstacles in organizing teamwork of highly qualified professionals, in particular, scientists. Therefore, organizing the work of scientific teams efficiently requires a systematic study. Another way to raise the research performance involves critical thinking methods, struggle with “traps of consciousness,” and other approaches to increasing the mental work productivity, which altogether represent a standalone scientific direction (Temple Ch., 2005). In order to analyze all issues related to the scientific performance in a holistic manner, we used the cognitive modeling method in this study (Kulinich A.A., 2010, pp. 2–15). The purpose of this research is to identify the most significant factors and formulate proposals for scientific performance improvement programs.

2. METHODOLOGY

The system of labor activity was studied using the main function of system analysis: providing research and real labor activity with a methodology of particular functions of system analysis. The particular functions of system analysis include:

- identification of the completeness and correctness of the diagnostic assessment of defining the main groups of elements (concepts) as a certain system of the existing state of the problematic area;
- building the aggregate structure of the strength of connections (interconnections) between the concepts of the scientific activity system;
- the phenomenon of the integrity of the cognitive matrix construction and its implementation in the decision support system (DSS);
- an analysis of the function's value (performance);
- modeling the behavior of the interacting elements of the system on an ambivalent basis within the objective function.

The set of factors interacting within the investigated problem was ranked by means of a survey of experts by both factor magnitudes and their mutual influence. The results are provided in the form of an array of interacting ranked concepts, called a Fuzzy Cognitive Map (Kosko B., 1986, P. 65). In the future, the computer decision support system will be used to analyze the level of confidence in various factors of the system, define cumulative effects of concepts through a system of connections, and perform dynamic modeling of its behavior under the influence of control impulses.

3. RESEARCH RESULTS

3.1. Formation of the initial system of concepts

At the early stage of the study, the initial list of concepts (e_i) influencing scientific performance (see Table 1) was developed and their relative significance level (mathematical expectation) - M_i was determined, which was evaluated by 14 qualified subject experts. We used a truncated five-point scale with the following scores: 2 – low, 3 – medium, 4 – high, 5 – very high level (was not applied). Table 1 also shows the values of standard deviation S_i for each concept.

Table following on the next page

Table 1: Initial list of concepts affecting scientific performance

I	Concept, group (e_i)	M_i	$S_i(E_i)$
	<i>Individual performance concepts</i>	3.3	
1.	Education of the professional	3.6	0.50
2.	Intelligence quotient (IQ)	3.6	0.65
3.	Experience of the professional	3.8	0.43
4.	Communication skills, connections	3.5	0.65
5.	Foreign language skills	2.6	0.74
6.	Status of the professional	2.5	0.65
7.	Computer support systems	3.4	0.63
	<i>Critical thinking and traps of consciousness</i>	3.2	
8.	Presence of wrong judgments in the mind	3.1	0.77
9.	Influence of traps of consciousness on thinking	3.2	0.70
10.	CM enhances the knowledge analysis performance	3.6	0.50
11.	CM algorithms' performance	2.9	0.86
12.	Higher innovative skills due to CM	3.2	0.70
13.	Ability to identify issues	3.6	0.51
14.	Ability to think reflexively	3.2	0.58
15.	Ability to resist traps of consciousness	2.9	0.73
16.	Joint detection of inaccurate judgments	3.2	0.80
	<i>Positive concepts of teamwork</i>	3.1	
17.	Agreed common goal of activity	3.6	0.76
18.	Consistency of personal interests	3.1	0.73
19.	Stimuli for cooperation	3.0	0.68
20.	Presence of role performers according to R.M. Belbin	2.7	0.47
21.	An environment of mutual assistance and respect	3.6	0.63
22.	Group integrity	3.0	0.78
23.	Competence variety	3.4	0.51
24.	No-dominant work organization	2.7	0.61
25.	Teaching efficient teamwork	3.0	0.55
	<i>Negative and neutral concepts</i>	2.7	
26.	Group members seeking to dominate the group	3.1	0.66
27.	Mistrust to statements of other group members	2.9	0.73
28.	Distinction of personal goals and benefits of the members	2.9	0.77
29.	Intellectual property	2.4	0.65
30.	Leadership culture education by the society	2.4	0.50
31.	National differences in the behavior culture	2.4	0.74
	<i>Average</i>	3.1	0.66

Table 1 shows that the average score is 3.1. A few concepts have low significance (no more than 2.5). Therefore, it was decided to withdraw concepts 6, 29–31 from the list of main concepts. As a result, the block of negative teamwork factors became small in terms of the number of concepts, and it was decided to combine it into a common block of teamwork concepts. The coefficient of concept significance score variation does not exceed 32%, and is 22% on average, which indicates that the set of scores is homogeneous, although significant by dispersion, particularly due to the large scale of the scores.

3.2. Concept characteristics

In order to enable the experts to consistently assess the concept system structure and the concepts' mutual influence, it is important to agree on the interpretation of the main ones. Scientific performance was the main target factor in this study and was defined as the contribution of a professional or a group of R&D professionals in the country's GDP. However, this indicator is rather difficult to quantify, since there are many external effects (Prichina O.S., Orekhov V.D., Shchennikova E.S., 2017. pp. 77–81) of scientific work, which contribute to the profit of related organizations. At the level of expert evaluation, this indicator for an industry or other object can be measured by assessing scientific achievements in this field. Often, scientific performance is measured using the indicator of the number of publications per million dollars of R&D expenditure based on the PPP (Labor Productivity in Russia and in the World, 2016, pp. 1–44). By this indicator, Russia is second only to France and Britain and is ahead of the US, Germany, and Japan. However, one cannot neglect the fact that this indicator is more appropriate for assessing research and less takes into account achievements in design and development, since it does not include patent activity into consideration. A more accurate assessment of the results of R&D professionals is possible if the overall parameter of papers published abroad and applications for patents classified as annual investments in R&D is considered. Relevant data (Russia and EU Member States, 2017, pp. 1–213) show that the number of publications indexed in WoS and Scopus, and patent applications filed in the country per billion dollars of GDP (PPP) in Russia per year is half of their number in developed European countries, which is due to the low level of investment in R&D. However, Russia is at the same level as certain developed countries by publication activity per million dollars of investment in R&D, although not at the highest one.

3.2.1. Education level

As noted above, it is a concept that has the highest influence on the efficiency of scientific work, since the contribution to GDP depends exponentially on the number of years of education – L (1). Russia is among the world leaders by the education level of the population. The share of citizens who have obtained vocational education between 25 and 64 years of age is 58% (Twelve Solutions for New Education, 2018, p. 9). On the other hand, according to (The Global Competitiveness Report 2017–2018, p. 248), the Higher Education and Professional Retraining parameter is estimated at 3.6 on a five-point scale, i.e. relatively low. One of the factors of this estimate is that professional retraining in the conditions of poor financing and high depreciation of equipment does not provide for sufficient training in operating modern high- performance equipment. This factor can only be controlled by encouraging highly-educated people to work in the R&D field.

3.2.2. Intelligence quotient (IQ)

It is obvious that intelligence quotient is important for scientific work. The IQ of Nobel laureates is 136 on the average (Stepanov S.C., 2006, pp. 1–232). About 1% of the country's population have such a high IQ. However, high IQ is not a guarantee of success in life or science.

3.2.3. Self-control, will

There are a number of approaches to adequately characterize the influence of human intelligence on people's performance, with the concept of emotional intelligence worth noting in particular (D. Goleman, 1995). However, it is advisable to choose a concept more understandable for evaluation of scientific activity by experts: "self-control, will" (Muraven, M., Shmueli, D., Burkley, E., 2006 pp. 524–537), (Barabanov D.D., 2015, pp. 1–188).

3.2.4. Misconceptions in consciousness

This factor was isolated from the main list, since it is very difficult to evaluate what is in the unknown part of consciousness. Nevertheless, this concept is important for understanding the importance of critical thinking. There are many misconceptions in human consciousness that arise for a variety of reasons. One of them is obsolete theories and incorrect interpretation of experiments. A person perceives information much faster than the time needed to verify it. Therefore, dubious facts often remain in the mind. The book *Economics* (McConnell C.R., Brue S.L., 2006, p. 12) provides a number of examples. Among them is the application of the properties of the particular to the general, in the course of which a true statement becomes invalid. The above brief descriptions of the role of a number of important concepts in scientific activity demonstrate the relatively high complexity and ambiguity of their understanding. Therefore, they were iteratively discussed in the group of experts, as common stances were agreed.

3.3. Finalization of the concept list

Based on the experts' recommendations, we added a number of concepts. In particular, scientific performance and labor compensation were included in the block of individual factors. The following concepts were added in the block of critical thinking: innovative methods of thinking and teaching new knowledge and skills. A new group of factors associated with the impact of the external environment and R&D management at the organization level was also formed. Further, in the course of the cognitive map formation, some concepts, for which it was difficult to find connections within the framework of this system, were excluded. Then, the experts were surveyed once again to determine the significance of the concepts and their level for Russia. The second survey used a 10-point scale with a smaller scoring step. The results of the survey, in accordance with the revised list (mathematical expectation M and standard deviation SM), are provided in Table 2.

Table following on the next page

Table 2: Significance of the revised list of concepts and its values for Russia

Group	No.	Concepts	Significance M	Level for Russia M	Significance S	Level for Russia S
Measurable concepts	1	Education level	8.3	7.4	0.5	0.8
	2	Intelligence quotient (IQ)	7.7	7.1	2.2	1.4
	3	Communication skills, connections	7.2	6.0	1.5	2.2
	4	Foreign language skills	7.0	5.0	1.5	1.8
	5	Scientific performance		5.8		1.1
	6	Labor compensation	7.3	4.0	2.2	1.2
	7	Computer support	8.2	6.3	1.0	1.3
Mental concepts	8	Self-control, will	8.1	6.0	1.8	1.8
	9	Teaching critical thinking	7.6	5.5	1.3	1.8
	10	Training in new knowledge and skills	7.3	6.1	1.3	1.4
	11	Innovative methods of thinking	7.4	5.6	1.2	1.5
	12	Ability to identify and solve problems	7.7	5.5	1.6	1.1
	13	Ability to think systematically	8.0	6.0	1.3	1.1
External influence	14	Financing and provision of resource	8.2	4.6	0.8	1.3
	15	Demand for scientific developments	8.4	4.6	0.9	1.4
	16	Strategic development programs	8.0	5.6	1.7	1.5
	17	R&D support system in the company	8.7	4.9	0.9	1.1
	18	Innovative business culture	7.0	4.9	1.6	1.5
Teamwork	19	Agreed common goal	7.3	5.7	1.7	1.7
	20	Psychological climate in the group	7.4	6.0	1.3	2.0
	21	Teamwork training	6.8	5.9	1.0	2.0
	22	Competence variety	7.6	6.5	1.4	1.8
		Average value	7.7	5.7	1.4	1.5

The survey results can be summarized as follows. The average significance score is 7.8, while for Russia it is 5.7 (an average level approximately). The highest significance score was given to the following concepts: R&D support system in the company (8.7), education level (8.3), demand for scientific developments (8.4). The lowest concepts according to the estimates were: teamwork training (6.8), innovative business culture (7.0) and foreign language skills (7.0). The score level for Russia was by about two points lower than the significance, in general. The standard deviation was on average 1.5 points for both measured values and varied from 0.5 to 2.0. The variation factor for most concepts did not exceed 33%, which indicates that the set of scores is homogeneous. Among the parameter groups, “external impact” had the greatest significance and, at the same time, the lowest level for Russia.

3.4. Formation and assessment of the cognitive matrix

As a result of discussions, we built a cognitive matrix shown in Fig. 1 as quartiles (1 = 0.25, 2 = 0.5, 3 = 0.75).

Table 3: Cognitive matrix of scientific performance

Concept, group	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1 Education (years of study)				1	3	1	1															
2 Intelligence quotient (IQ)					1																	
3 Communication skills, connections				2																		
4 Foreign language skills		2																			1	
5 Scientific performance						2							1		-2		1					
6 Labor compensation	3	1			1																2	
7 Computer support				2																		
8 Self-control, will				2														2				
9 Teaching critical thinking										2												
10 Innovative methods of thinking				1																		
11 Ability to identify and solve problems				2																		
12 Ability to think systematically				2																		
13 Financing and provision of resource				2	1									2	2							
14 Demand for scientific developments	2	1											3		2							
15 Strategic development programs													3									
16 Retraining of scientific personnel	1		1					2	1	1	2										1	
17 R&D support system in the company					1	1									3							
18 Innovative business culture	1							1								2				1		
19 Agreed common goal				2													2					
20 Psychological climate in the group				1																		
21 Teamwork training		1																2	1			
22 Competence variety				2																		

An analysis of the influence consonance showed that it was equal to 72% on the average; i.e. quite high and, in general, the matrix was credible. The alpha-section of the influence consonance at 90% is shown in Figure 1. However, the consonance is below 50% for a number of concepts, mainly in the mental block (teaching critical thinking, innovative methods of thinking, ability to identify and solve problems and think systematically, communicative skills and foreign languages skills). This is a consequence of the fact that connections that affect these concepts in terms of the impact of other concepts and the whole system are not numerous and strong enough.

Figure following on the next page

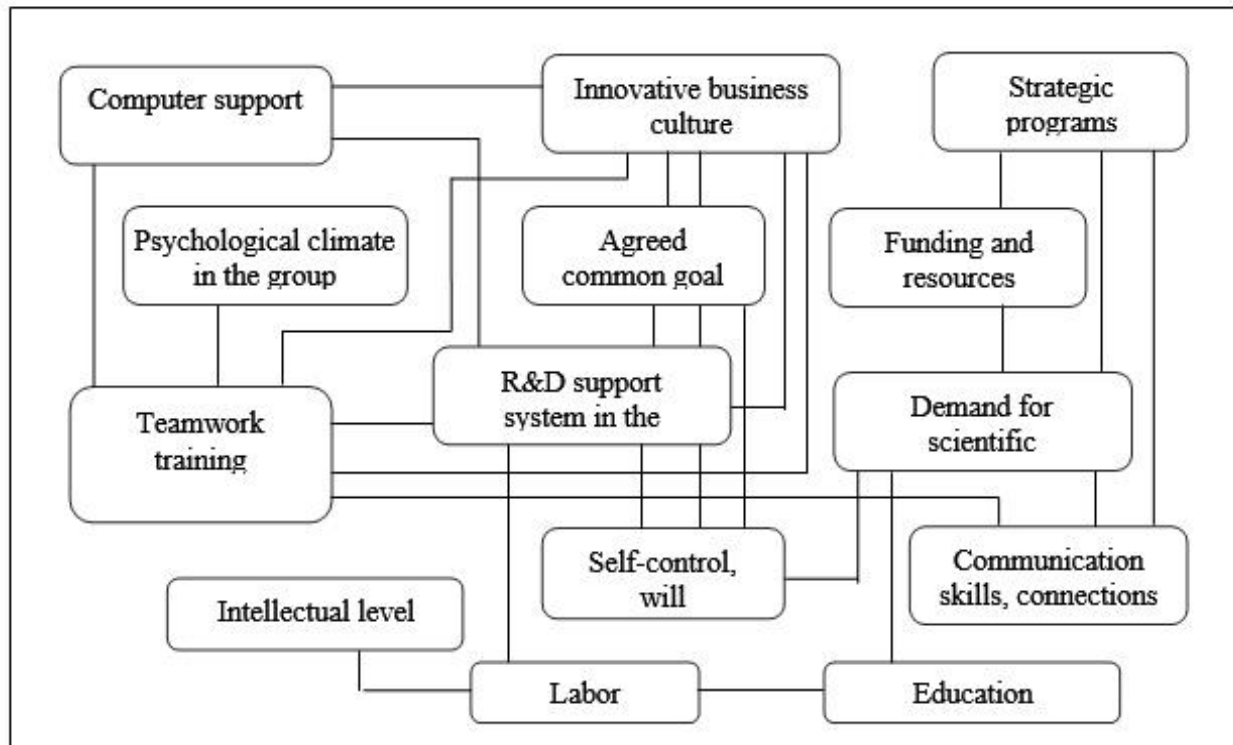


Figure 1: Alpha-section of the influence consonance at 90%

4. DISCUSSION

One of the objectives of this study was to reveal the influence of critical thinking and teamwork on scientific performance. And although certain positive results were achieved at the initial stage of the study, the problem was not solved completely. In particular, we are concerned with the fact that the influence consonance by some mental concepts is less than 50%. However, it can be noted that this phenomenon can also be observed in real life, since the implementation of mental methods to increase scientific performance is very inconsistent. They could be implemented through institutions, such as professional communities, although in Russia they are only beginning to develop (Prichina O.S., Orekhov V.D., Shchennikova E.S., 2017, pp. 46–51). It should also be noted that an attempt to improve the accuracy of the experts' survey by introducing a ten-point scale led to the experts' complaints about the assessment complexity, as the concepts used were rather complex and intangible.

5. SUMMARY

In this study, we have formed a system of terms for the discussion of the relevant subject: Scientific Teams' Performance Management, which includes issues of critical thinking, teamwork, external environment, etc. We involved a group of experts to assess the concepts' significance and their level for Russia and formed a fuzzy cognitive matrix of the connections of the system concepts. The matrix was processed with DSS and it was shown that the influence consonance was equal to 72% on the average, i.e. was quite high and, in general, the matrix is credible. We identified the concepts with a low consonance and low influence of the system on the concept, which mainly belong to the group of mental concepts. The obtained assessment information characterizing the revealed relationships of the system enables decision-makers to formulate recommendations on the research activity system management.

LITERATURE:

1. Avdeeva, Z. & Kovriga, S. (2006). Cognitive analysis and management of situations. Proceedings of the 6th International conference – CASC'2006. Moscow: Institute of management problems of RAS.
2. Barabanov D. (2015). Development of volitional regulation of students. PhD dissertation, Moscow, Lomonosov Moscow State University. D. Barabanov.
3. Belbin R. Management Teams. Why They Succeed or Fail (2004). Second edition. London, Elsevier.
4. Goleman D. Emotional intelligence. (1995). New York: Bantam Books.
5. Korchagin Y. A. Russian human capital: the factor of development or degradation? (2005). a monograph. Voronezh.
6. Kosko B. (1986). Fuzzy Cognitive Maps // International Journal of Man-Machine Studies. – Vol. 1, pp. 65–75.
7. Kulinich A. (2010). Computer systems of cognitive maps modeling: approaches and methods. Problems of Management, № 3, pp. 2–15.
8. Labor productivity in Russia and in the world. (2016). Analytical Herald, № 29. Moscow, The Federation Council, pp. 1–44.
9. McConnell K., Bru S. (2006). Economics, 16th ed., Moscow: Infra-M.
10. Muraven, M., Shmueli, D., Burkley, E. (2006). Conserving self-control strength // Journal of Personality and Social Psychology. Vol. 91, pp. 524–537.
11. Orekhov V. (2016). New approach to assessing contribution of science and education to welfare of countries. Educational Researcher, Vol 45, No 9, “American Educational Research Association”. – Pages 625-635.
12. Prichina O.S., Orekhov V.D., Shchennikova Ye.S. (2017). Management of personnel and innovations based on the use of educational technologies. Problems of economics and legal practice, № 2. Moscow: Yur-VAK, pp.77-81.
13. Prichina O.S., Orekhov V.D., Shchennikova Ye.S. (2017). Professional standards, as the core of a new educational paradigm. Socio-political sciences. № 5, Moscow: Yur-VAK, pp. 46-51.
14. Russia and the countries – members of the European Union: Collection of papers. (2017). Moscow, Rosstat RF, pp. 1–213.
15. Stepanov S. (2006). Sunset of the IQ era. Myths and dead ends of pop psychology. Dubna: Fenix+, pp. 1– 232.
16. Temple C. (2005). Critical thinking and critical literacy. Change (Peremena), № 2, pp. 15-20.
17. The Global Competitiveness Report. World Economic Forum. (2017-2018). URL: <http://reports.weforum.org/global-competitiveness-index-2017-2018>, pp. 1–248.
18. The role of science in society. 2018. URL: <http://biofile.ru/bio/21289.html>
19. Twelve solutions for the new entity. (2018). The report of the Centre for Strategic Research and Higher School of Economics, Moscow, pp. 1–105.
20. Woodcock, M. (1979). Team Development Manual. Farnborough: Gower Press.
21. Barro, R., Lee, J., (2001). International Data on Education Attainment: Updates and Implications, Oxford Economic Papers, Vol. 53. No 3.

ON SOME OPTIMAL CONDITIONS FOR THE PROFESSIONAL AND CREATIVE GROWTH OF YOUNG STUDENTS ON ART CLASSES

Pavel Bekkerman

Anna Davydova

Vera Trifanova

Valentina Scherbinina

ABSTRACT

In this article, the authors discuss the need to support the professional and creative growth of young students as an actual problem of modern pedagogical science. In their opinion, the solution to the problem can be the organization of classes in the disciplines from the field of "Art". At the same time, it is important to take into account both the peculiarities of the educational process and the individuality of young people. The authors propose as an approach personally oriented pedagogical support, which, in their opinion, guarantees the creation of the necessary conditions for ensuring the professional and creative development of students of all academic levels: from secondary vocational to higher professional education.

Keywords: *professional and creative growth, creative development of youth, development of creative potential, additional art education, pedagogical support, age characteristics of students, vocals, education, enlightenment and upbringing*

1. INTRODUCTION

The professional and creative growth of students is undoubtedly one of the most important missions of educational institutions at the present stage. Professional growth is the successful mastery of general and professional competencies, represented in modern educational standards of both secondary vocational education (SVE) and higher professional education (HPE). Creative growth includes consideration of such concepts as creative development, development of creative potential, creative self-realization, etc. Along with the subjects of the social and humanitarian cycle, the system of additional art education is urged to creatively develop students in colleges, in which young people have the opportunity to enrich themselves with the values of culture, while in universities and institutes for the above-mentioned goals special art disciplines are introduced across the entire spectrum of the field "Art" (from fine art to musical subjects). For the success of this process, it is important to create optimal conditions for the educational activity of the teacher and to develop the motivation of pupils for personal and professional growth, to become oneself as a specialist in the profession being studied, yet at the same time ready for additional creative realization.

2. METHODS

Outstanding scientists and educators P.P. Blonsky, L.S. Vygotsky [4] believed that such optimal conditions are possible only if there is a curriculum in the focus of which are students. It is important to develop and strengthen the emerging interest in a particular creative activity, taking into account the individual and behavioral characteristics of young people. Additional education in our days gives young people the opportunity to express themselves in creativity and methods of cognition. And cognitive independence, combined with the trust placed in it, results in young people in accumulating personal experience and enriching their imagination. P.P. Blonsky also classified the "research method" as the basic values of creativity. In his opinion, this is one of the so-called "active methods" [9], which develops logical thinking and

interest in science. This method also helps to develop creative activity and, above mentioned, cognitive independence. For our context, the words N.Y. Bryusova, expressed in the first quarter of the last century: "Life is creativity. We must learn how to create. " [5] Further disclosing this thesis, she writes: "This is not an" aesthetics "in the sense in which this word is usually understood, not the education of the" feeling of beauty ", nor the desire to" beautify "life with artistic creativity. This education of the most basic, the most inner-deep in life, the very soil of life - the education of the will, the feeling of being, the vital will to being. <...> And let no one say: "This is not our province, this is the professional work of workers in the field of art." No, for this is not only an art field, for every work requires the will to live ... <...> Every work should be creative work for the pupil "(ibid.). This vision of the essence of creativity and its significance for a growing person does not lose its relevance at the present time and is a fundamental idea for our research and this article - through artistic creativity, in particular, vocal lessons, to promote the professional and creative growth of young men and girls. In this context, it should also be emphasized the importance of highly professional pedagogical support, which should include the forms of pedagogical support of different contingent of students, taking into account the features of the age formation of students. Such support can be presented in the form of a figure (Figure 1).

Figure 1: "Creation of optimal conditions for professional and creative growth of young people"

Functions of art education				
enlightenment function	recreational function	compensatory function	Educative function	
EDUCATIONAL SPACE OF COLLEGE OR HIGHER EDUCATION	Directions of pedagogical activity on the creative development of youth in vocals: 1. Implementation of multilevel interaction between teachers - basic and additional art education; 2. Pedagogical support of creative manifestations of students and their aspiration for self-realization in mastering different types of art (vocals); 3. Festival-competitive movement.			EDUCATIONAL ENVIRONMENT OF CREATIVE ASSOCIATIONS
	Pedagogical conditions for the implementation of the methods in practice			
	Systemic adherence to fundamental theoretical positions that reveal the educational potential of art in the process of creative development of students	Accounting for psychological and pedagogical characteristics (age and individual) of students	Activation of youth participation in the events of the festival and competition movement	

The fundamental basic foundations of the art pedagogy were previously disclosed in this article. Let's turn to the psychological and pedagogical features and support of students. In the context of familiarizing with art and achieving the set pedagogical goals is impossible without the application of the provisions of "Teacher Support" for Gazman [8].

In his works the scientist shares individualization and socialization, the latter, in his opinion, refers to the "pedagogy of necessity", when the influence of young families, media, streets, etc. on youth is so significant. However, O.S. Gazman attached greater importance to the activities of the teacher and the student himself to support and develop the individuality of the pupil. The creation of such conditions for interaction and the pedagogical process refers to the "pedagogy of freedom". [7, p. 28]. This should be expressed in the stimulation of independent creative activity, in praise, in encouragement and approval. It is important to show participation in solving the problems of students and finding together with them interesting creative fields - all this is pedagogical support for cooperation. Due to some difficulties in attracting young people to creative studios and their often psychological instability (self-doubt), it is often necessary to use the techniques of hidden pedagogical support: addresslessly mentioning mistakes, assisting the student in doing any business or doing it instead. In many cases, the teacher is forced to resort to a change in the assignment or instruction; to the discussion of problem situations with hints for the sake of achieving a positive pedagogical effect. To create optimal conditions not only in the college, but also in any other educational institution, including higher professional education, the interaction of teachers is of paramount importance. This aspect deserves special attention not so much in the light of considerations of the contingent's safety, but in the context of the content of education. Both the students of the senior courses of the college, as well as the students of the first and second year of higher education, face the same difficulties and problems related to the lack of care, attention and understanding of their needs and creative needs. It is the coordination of the activities of the whole pedagogical staff involved in the educational cycle of students that helps to maximally contribute to the professional and creative development of young people. The functions of art education, mentioned in the figure under the pedagogical conditions of this technique are realized in parallel and interpenetrate. We do not consider in detail the compensatory function, since it refers to the stage of a strong passion for art, for example, with vocals, when singing becomes a favorite hobby and occupies almost the central place of life. Here it is worth mentioning the recreational function [3], which is realized at the initial stage in the process of classes and contributes to the development of Olympic peace in the preparation for competitions and art festivals. One can not but mention the socializing component of the festival-competitive movement, which opens up new horizons in every sense. [2] In vocal classes, you should pay close attention to the work on the diction, not only on the vocal technique, but also on the part of the overall creative and intellectual development. Singing people try to achieve in singing the desired result, mainly in terms of telling the listener the meaning of the words of the song, but for some reason they do not think about it in everyday life. In this context, we are interested in the basic educational process. It's no secret that the current generation does not read much, while electronic media and the worldwide Internet network have pushed out prints and books from our lives. That's why you do not often hear how young men or girl read aloud. For this reason, in an effort to remedy the situation, the teachers of supplementary education force children to work with sources, to manually rewrite the words of the songs, and not to use them printed on the printer. Even this practice trains memory, makes you think about spelling and activates visual perception. In addition, the goal of this learning process is to memorize the text of the learned song. In this process, students think about pronouncing words, pay attention to how the mouth opens, how the muscles of the face work. Thus, they improve their speech, which is so necessary for them, especially when dealing with humanity disciplines, which fully realizes the function of art itself [10]. The students begin to listen to each other and pay attention to those or other errors of the interlocutor. Vocal lessons are often not only a formal creative discipline, which is taught, as well as any other subject, but also a special favorite hobby or habit, originating in the depths of centuries, when people mostly sang folk songs. Nowadays, young people are interested in everything that sounds in the wide world media space, therefore, in the light of the above, it is

important to support the desire, interest and love of singing while simultaneously teaching the basic technical skills and techniques, when the enlightenment [1] and educative [11] functions of singing realize. Through education and upbringing, an aesthetic taste is formed, and young people are more often and more willingly involved in the best examples of the world, Soviet and Russian song culture.

3. RESULTS

Observations, conversations and expert assessments give a full idea of the results of the implementation of the above described approach to creating the optimal conditions for the creative growth of young students.

1. Students sometimes turn to art for the first time with vocals. This immediately affects their self-esteem, goal-setting and aspiration for self-improvement. They are opening new horizons, new interests and new ideas are emerging, the push of which is the vectors of enlightenment from vocal studies.
2. There is a pedagogical effect on the individual characteristics of each student, which affects both the learning activity (perseverance and diligence) and the general behavioral model of the students.
3. The enthusiasm for classes pushes young people to participate in contests and festivals, when, from the methodological point of view, the process of preparing such shows becomes more meaningful and effective. Here you should specify several important aspects of student employment:
 - Familiarization with the requirements of the competitions and the choice of tender material;
 - Socialization in the team, development of leadership qualities, responsibility of self-reliance;
 - To sharpen the ability to concentrate on the details, when the preparation for, say, a vocal competition is connected with a stage performance, where it is necessary to take into account various factors and elements: appearance and image, stage movement, diction, etc.

All of the above said leads young people to a certain understanding of the seriousness of practicing art (vocals). This is expressed not only in a more demanding attitude to yourself and to your own creative activity, but also projected on the understanding of the teacher's mission. At the initial stage, this affects the formation of the students' steadfast desire to continue their studies, and then, under the optimal and favorable development of events, young people turn to co-creation with the teacher, which is objectively the most positive aspect from the perspective of our research.

4. DISCUSSION

Currently, the World Conference on Education in the Arts (Portugal, Lisbon, 2006, South Korea, Seoul, May, 2010) is a convincing and far from the only example of the close interest of the international scientific and pedagogical community to the problems of creative development of the younger generation .), as well as a successfully implemented project of UNESCO and the Interstate Fund for Humanitarian Cooperation of the CIS member states "Art Education in the CIS Countries: Developing Creative Opportunities in the 21st Century ke "(2009 - 2014 gg.). Preliminary and final results of the project are published in a number of publications, for example: Art education in the Russian Federation: developing creative potential in the 21st century: an analytical report. L. Alekseeva, E.P. Olesina, L.V. Shkolyar et al. [14]. Without dwelling in detail on the key idea, the process and the results of this project, which united the ten states of the former USSR, let us note the main thing.

There is an increased interest in the problems of the harmonious, multifaceted development of modern youth due to the extremely acute shortage of creativity among the younger generation. In other words, they have insufficiently developed level of creativity as such and its various manifestations (initiative, originality, content activity, originality, independence, novelty in the creation of any "products" of activities, etc.), including in the solution life and professional problems. It is well known that art and artistic activity embody unique opportunities for the development of the creative potential of a person, his talents and abilities, all available natural inclinations. That is why at the beginning of the 21st century, a common European idea - the formation of a modern young generation through art - gained recognition and is actively promoted at various levels (from regional to international). In this context, education in the field of the arts, involving young people in various types of productive creative activity, their involvement in the meaningful and filled artistic life of modern society, appeal to the highest potential of art, its direct and indirect influence on the spiritual, moral, intellectual and creative and professional development young men and women acquires special significance and urgency. At the same time, the fulfillment of this multifaceted pedagogical task forces us to solve a number of problems. So, for example, in order to fully ensure the conditions and opportunities for the realization of the creative potential of students, in particular in the vocal classes, it is necessary to take into account the full range of their individual and personal characteristics. The most important is the creation of special conditions for the formation of a common culture and aesthetic taste for future specialists, development of activity and independence, motivation for creative self-realization, both in the future professional and in the creative sphere of activity. This, of course, requires special training of teachers and their constant professional development. Another important task is the creation of a creative educational environment [13], which will provide basic and comfortable conditions for intensive and purposeful creative development of young people.

5. CONCLUSION

Speaking about the involvement of students from colleges and university students in creative activity, it is necessary to especially emphasize the potential of different types of art (including vocals) in this process. It is also important that the perception of works of art has a social meaning. After all, artistic creativity is a spiritual product, develops not only an emotionally volitional sphere, but also influences cognitive processes, directly influencing human activity. In addition, it is impossible to consider such processes in isolation from personal and professional development, which is possible only when creating special conditions for the pedagogical process.

LITERATURE:

1. Bekkerman P. B. To the question of the significance and realization of the enlightening function of supplementary education, Pedagogy of Art.-2011.- No. 4.- P. 41-47 [Electronic resource] / P.B. Bekkerman.-URL: http://www.art-education.ru/sites/default/files/journal_pdf/bekkerman-11-12-11.pdf (date of circulation: June 19, 2018)
2. Bekkerman P.B. Festival-competitive initiatives-the factor of creative self-realization of children and youth // Art at school. 2011. № 4. P. 62-63.
3. Beckerman P.B. On some aspects of the realization of the recreational function of additional art education // Alma mater (Vestnik vysshengo shkoly). 2018. No. 1. P. 106-108.
4. Blonsky, P.P. The course of pedagogy / PP Blonsky. - M., 1918. - 202 p.
5. Bryusova N.Y. For art / N.Y. Bryusova // New School. - 1918. - No. 4. - P. 193 - 196
6. Vygotsky, L.S. The psychology of art. - 3rd ed. - Moscow: Art, 1986. - 572 p.

7. Gazman O. S. Education and pedagogical support of children / OS Gazman // Public education. - 1998 - №6. Pp. 108-111.
8. Gazman O.S. pedagogical support of children in education as an innovative problem / O.S. Gazman // New values of education: ten concepts and essays. - Moscow: Innovator, 1995. - 58 p.
9. Danilchenko M.G. Pedagogical views of PP Blonsky. M. - 323s.
10. Stukalova O.V. The essence of the function of art from the standpoint of modern humanitarian knowledge and topical problems of education // Pedagogy of Art.- 2011.- No. 1.- P. 47-57 [Electronic resource] / O.V. Stukalova.- URL: <http://www.art-education.ru/electronic-journal/sushchnost-i-funkcii-iskusstva-s-poziciy-sovremennogo-humanitarnogo-znaniya-i> (date of circulation: June 19, 2018).
11. Ukolova L.I., Cui Ya., Bekkerman P.B. Educative effect of the process of vocal training on the younger generation // Secondary vocational education. 2017. No. 12. P. 20-23.
12. Feldshtein D.I. Peculiarities of the stages of personality development on the example of adolescence. Reader on the basis of age psychology. Comp. LM Semenyuk Ed. DI Feldstein. - Edition 2, supplemented. Moscow: Institute of Practical Psychology 1996.-305 p.
13. Shentsova O. M. Creative educational environment as a platform for student personal growth // New ideas of the new century: materials of the international scientific conference FAD TOHU. 2016. T. 2. P. 477-483.
14. Arts Education in the Russian Federation: Building Creative Capacities in the 21st Century: analytical report / L.L. Alekseeva, E.P. Olesina, L.V. Shkolyar and others; Ros. Institute of Cultural Studies, etc .; Ed. K.E. Razlogov. - M., 2011. - 72.68 p., Tab.
15. Anufrieva, N.I., & Tsarev, D.V. (2016) Social and Integrative Functions of a University Educational Environment in the Process of Music Students' Professional Competence Formation, Contemporary Problems of Social Work. Vol. 2. No. 3 (7). P. 134–141. DOI: 10.17922/2412-5466-2016-2-3-134-141.

ACTUAL PROBLEMS OF APPLICATION OF THE LEGISLATION OF THE RUSSIAN FEDERATION ON VICARIOUS LIABILITY OF PERSONS CONTROLLING A CREDIT ORGANIZATION

Inna Burova

*Legal sciences Ph.D., associate professor, Chairperson of the Association of Attorneys
"Lebedeva, Burova and partners", Head of the Department of Justice of the Russian
Federation
Russian state social university, Russian Federation
burova_inna@bk.ru*

Pavel Zhesterov

*Legal sciences Ph.D., senior lecturer, Department of Administration of justice in the courts of
general jurisdiction
Russian state social University, Russian Federation
zhesterov@mail.ru*

ABSTRACT

The subject, the purpose of the work - The banking system is a key element of the domestic economy, ensuring its balanced and innovative development. The activity of credit organizations affects all processes occurring in the economic life of society and the state, both monetary circulation for commercial purposes, and banking operations with budgetary funds. Banks in Russia operate in conditions of increased commercial risks, including the risk of bankruptcy. Most often, the bankruptcy of a credit organization arises from the impossibility of meeting the increasingly stringent requirements of a financial regulator. The bankruptcy of a credit organization also occurs as a result of illegal actions (inaction) of its owners, the head, and management bodies. In the event of a bankruptcy of a credit organization, the bank becomes fully satisfied with the claims of all creditors. The changes made to the Russian bankruptcy law in 2017 clarified the procedure and rules for bringing to the subsidiary responsibility of persons controlling the credit organization in the event that the credit organisation's own funds are insufficient to meet the requirements of all creditors.

Methods and methodology - The authors of the article rely on the general principles of the system of social security. The research methodology includes: a review of academic literature, open information sources, materials of judicial and arbitration practice, an analytical approach to solving the problem on the basis of the work of domestic experts.

Research results - The authors have revealed the problems of application of the bankruptcy law and suggested ways of eliminating them in view of the established judicial practice. Legislative changes related to vicarious liability not only affect the effectiveness of bankruptcy procedures of a credit organization, but also correct the vector of further development of corporate governance mechanisms in the banking sector in the direction of increasing the personal responsibility of persons taking managerial decisions and those controlling the credit organization.

The scope of results - The conducted research develops the theory of bankruptcy of credit organizations and refines the legal regulation of the vicarious liability.

Novelty - The authors revealed the shortcomings of the Russian legislation. This can be resolved both by amending the procedural legislation, and by clarifying the Supreme Court of the Russian Federation.

Conclusions - Law enforcement practice of bankruptcy of credit organizations indicates a lack of legal regulation of the organization in question and the emergence of legal conflicts. In this regard, there is uncertainty about which of the persons should be brought to subsidiary responsibility in the bankruptcy of the credit organization, in particular, whether actual beneficiary of the credit organization could be brought to justice.

Keywords: bank organization, bank risk, vicarious liability, judicial discretion, bankruptcy of credit organizations

1. INTRODUCTION

Formulation of general provisions on vicarious liability of officials controlling credit organization is of great scientific and practical importance, since the effectiveness of law enforcement in specific relations directly depends on the quality of the relevant norms. This applies fully to the legal regulation of vicarious liability in the Russian bankruptcy law. This responsibility is the most important instrument of balance of interests between credit organizations and their participants, on the one hand, and bank creditors on the other. Analyzing in general the vicarious liability for the obligations of the credit organization, it should be noted that it is, to some extent, an anomaly, since in corporate law the rule of independent property liability of legal entities on its obligations to creditors is fundamental (cl. 2, art. 56 CC RF) [12, 17]. Despite a number of special studies devoted to vicarious liability [3, 4, 11, 19], this organization of law has not been fully investigated until the present. Legislative regulation of vicarious liability of officials controlling a credit organization is limited essentially by Article 399 of the Civil Code of the Russian Federation (CC RF), by separate rules dispersed in the sections of the Code of Administrative Offenses of the Russian Federation and the special law on bankruptcy. As a result, the rules on the vicarious liability of the persons controlling a credit organization are unsystematic and cause many questions of both theoretical and practical nature. There has been a recent surge in research on the bankruptcy of credit organizations [6, 18, 21]. Most of the research on bankruptcy of credit organizations in our country has legal issues. This paper seeks to fill this void, taking advantage of a rare access to documents of recent disputes.

2. METHODOLOGY

The authors of the article rely on the general principles of the system of social security. The research methodology includes: a review of academic literature, open information sources, materials of judicial and arbitration practice, an analytical approach to solving the problem on the basis of the work of domestic experts.

3. DISCUSSION

3.1. Current situation with bankruptcies of credit organizations in Russia

The financial and economic situation in Russia and the world is characterized by relatively long crisis trends. Whilst the US and the European Union member states proclaimed a transition period from the gradual completion of the global crisis to post-crisis growth, the ineffective economic model operating in our country does not allow to overcome the existing difficulties in the economy, burdened by the unfavourable geopolitical situation in the world [20]. In this regard, "commercial banks operating in the domestic financial sector are forced to work in conditions of increased risks" [8].

According to the information on the official website of the Deposit Insurance Agency, as of August 28, 2018, the Russian Federation has completed bankruptcy proceedings against 305 banks, while 339 banks are in the process of liquidation. [2] Such activity of the Bank of Russia in revoking licenses from credit organizations is due to the need to improve the financial background of the economy, to ensure the safety of customers in the banking services market in the Russian Federation. As noted in the literature, the progressive trend of reducing credit organizations is associated with "the recovery of the banking system and the closure of credit organizations that conduct illegal activities" [16]. The main victims of license revocation are depositors, for partial protection of which there is a deposit insurance system. To pay compensation to the population, the State Corporation "Deposit Insurance Agency" (SK DIA) uses an insurance fund, which tends to be exhausted in the current situation in the banking sector [5]. In this regard, the authors consider relevant the further development of the vicarious responsibility of persons controlling credit organizations. Currently, in the event of insufficiency of the property of the credit organization to pay off the claims of all creditors at the final stage of bankruptcy, the bankruptcy commissioner (whose functions are performed by the DIA) issues an application to bring the officials controlling the credit organization to the vicarious liability before the arbitration court. The right to file such an application is vested in other persons listed in Article 61.14 of Federal Law as of October 26, 2002, No. 127-FZ "On Insolvency (Bankruptcy)" (Bankruptcy Law). The essence of any vicarious liability is that, in order to protect the interests of creditors, in addition to the principal debtor, an additional (subsidiary) debtor is appointed in the obligation, which is liable to the creditor instead of the principal debtor in case the principal debtor does not satisfy the creditor's claims. Such additional liability may be established by law, other legal acts or terms of the obligation (clause 1 of Article 399 of the Civil Code of the Russian Federation). The main provisions on vicarious liability relate to the general part of the obligation law and are contained in Chapter 25 of the Civil Code of the Russian Federation "Responsibility for Violation of Obligations", and special rules on the vicarious liability of persons controlling the credit organization are included in the legislation on bankruptcy of legal entities. Since July 30, 2017 there are two main groups of people to whom an application for vicarious liability may be brought:

- persons who have the right to give instructions binding on the debtor;
- persons who have the ability to otherwise determine the actions of the debtor, including the performance of transactions and the determination of their conditions.

In the case of credit organizations, the persons entitled to give binding instructions include primarily the chairman of the management board of the credit organization, members of the collegial executive body, the owners of the bank, who independently or jointly with interested persons can dispose of fifty percent or more of the voting shares in the joint- society, or more than half of the charter capital of a limited (additional) liability company. In addition, the legislator has established a presumption that persons who have benefited from the illegal or unfair conduct of the management bodies of a credit organization are also persons who control the debtor. On December 21, 2017, the Plenum of the Supreme Court of the Russian Federation gave an explanation of who can be the controlling debtor. According to the opinion of the highest court, as a third party should be considered a person who has received the first significant assets of the debtor, who was eliminated from the possession of the debtor under the transaction made by the head of the debtor to the detriment of the interests of the headed organization and its creditors. For example, a deal was made on the known disadvantage conditions for the debtor. It could be that the party to the transaction acted as a person, obviously unable to fulfil the obligation, or the documents that do not reflect the actual business operations were used at the conclusion of the deal [13]. As can be seen from this explanation, the highest judicial authority of our country uses the appraisal category "a significant asset of the debtor",

but does not disclose its content. Thus, the issue of referring a subject to the number of controlling persons is resolved by judicial discretion in our country. The court in each particular dispute is forced to decide how "significant" is the asset acquired from the credit organization. The correct view is that the issue of evaluating the "materiality" of the debtor's asset cannot be attributed to the discretionary powers of the court, but requires a statutory determination [15].

3.2. The problem of bringing the actual beneficiary of a credit organization to the vicarious liability

As it follows from the content of Article 61.10 of the Bankruptcy Law, actual beneficiaries of the credit organization may be subject to vicarious liability if they use illegal schemes to acquire the debtor's assets to the detriment of the interests of the credit organization and its creditors [1]. However, in practice, the application of this rule is difficult, because the DIA does not have sufficient powers to collect evidence, so it is not always possible to establish the identity of the actual beneficiaries of the credit organization and the degree of their guilt. In our country, only investigative bodies are authorized with such powers. They are entitled to interrogate the employees of the credit organization, persons who are members of its management bodies, as well as officials of the "technical" clients of the bank through which the bank's assets were criminalized. Meanwhile, the receipt of copies of such interrogation protocols and their presentation to the arbitration court is possible only after the preliminary investigation in the criminal case has ended. The Arbitration Court, which handles the bankruptcy case of a credit organization, conducts research and evaluation of such interrogation protocols according to the rules of research and evaluation of written evidence. There is a risk that when evaluating submitted interrogations, the arbitration court can come to different conclusions than the court of general jurisdiction, considering the criminal case. In order to improve the norms on vicarious liability of officials controlling debtors, on 29.07.2017 in Russia the Law No. 266-FZ "On Amendments to the Federal Law "On Insolvency (Bankruptcy)" and the Code of the Russian Federation on Administrative Offenses" were adopted. However, changes in the law did not resolve the issue of competition law. As a consequence, to date, there are provisions that make it possible to show to the persons controlling the credit organization both the demand for recovery of losses and the requirement to bring them to vicarious liability. Taking into account the existence of such a problem, and in order to avoid refusal to satisfy claims on formal grounds, the Plenum of the Supreme Court of the Russian Federation gave explanations in this regard. The essence of these explanations is the following: "Regardless of how, when applying to the court, the applicant named the type of liability and what legal norms he referred to, the court applied to the provisions of articles 133 and 168 of the Code of Arbitration Procedure of the Russian Federation for the independent determination of the due claims. If the grounds for bringing to vicarious liability are not proved, but there is evidence of unlawful conduct of the controlling person entailing other liability, including that established by Article 53.1 of the Civil Code of the Russian Federation, the court makes a decision to compensate such a controlling person for losses "[9]. These rules are essentially technical norms on the procedure and conditions for making claims of creditors to a subsidiary debtor. It should be noted that such a discretionary power of the court to independently determine the proper way of protecting the rights and legitimate interests of the credit organization and its creditors is a derogation from the disposition principle acting in civil and in the arbitration process. The procedural law contains a general rule that, if the plaintiff (the applicant) selects an improper way of protecting civil law, the court is entitled to dismiss the claim of the plaintiff (applicant). When applying the rules on the vicarious responsibility of the persons controlling the credit organization, neither the law nor the legal science can give an unambiguous answer to several important issues up to the present. Among them there is the question of which procedural decision should be taken by the arbitral tribunal in the production of which there is an application to bring

persons who control credit organizations to vicarious liability if to the same persons in the consideration of a criminal case by a court of general jurisdiction an action was brought to compensate for the harm caused by a crime [7]. There are no formal grounds for the termination of proceedings on the claimed requirement to bring persons controlling the credit organization in such a situation to the vicarious responsibility. According to the authors, there are also no grounds for suspending the arbitration proceedings. According to the part 4 of Article 69 of the Arbitration Procedure Code of the RF, the court verdict on a criminal case, entered into a legal force is obligatory for the arbitral tribunal only on the question of whether there have been certain actions and whether they are committed by a particular person. In this case, the court of general jurisdiction, when considering a criminal case, is obliged to establish the presence or absence of a crime in the actions of a person prosecuted under the Criminal Code of the Russian Federation. Evaluation of a person's behaviour in terms of the possibility of bringing to vicarious liability in a bankruptcy case of a credit organization is not the authority of a court of general jurisdiction. At the same time, in case of recognition of the actual beneficiary of the credit organization as guilty of committing a crime, it is theoretically possible to recover the material damage from them, caused by the crime through a court of general jurisdiction. At the same time, the arbitration court may impose obligations on the beneficiary of the credit organization as the subject of vicarious liability to pay damages to creditors within the frameworks of the consideration a case on bankruptcy in the court. Such a situation will inevitably lead to a doubling of the sums of money collected from the guilty person for the same actions. Such a conflict requires its legislative approval.

4. CONCLUSION

Summarizing the results of the research, the volume of which is limited by the technical requirements for publication, the authors consider it necessary to note the following "gaps" in Russian legislation on vicarious liability of persons controlling a credit organization.

1. It seems necessary to give a legal definition of the "substantial" amount of the assets of the debtor, which came in favour of a third party, which allows the subject to be considered as a controlling debtor for the purposes of his involvement in vicarious liability.
2. The vital question is empowerment an opponent controlling person with additional powers of a procedural nature for the purpose of collecting evidence necessary to apply to a court with the requirement to involve persons controlling a credit organization to the vicarious responsibility.
3. The authors consider it an urgent task to eliminate the competition of the norms of the current legislation, allowing parallel with the recovery from the guilty person of the material damage caused by the crime, through the court of general jurisdiction, to recover from the same person the amount of vicarious liability through the arbitration court.

LITERATURE:

1. Arakelov S.A.(2018). Anti-avoidance rules in international practice. New legislative techniques for countering tax avoidance in Russia. In Law, Issue 5, p. 109-115.
2. Deposit Insurance Agency: Banks` liquidation. Retrieved 28.08.2018 from <https://www.asv.org.ru/liquidation/>
3. Gotra M.M. (2018). The admissibility of third parties participation in bankruptcy proceedings. In Proceedings of the Institute of State and Law of the RAS, Volume 13, Issue 2, p. 173-189.
4. Gutnikov O.V. (2018). Subsidiary responsibility in the legislation on legal entities: issues of legal regulation and legal nature. In Law: Journal of Higher School of Economics, Issue 1, p. 45–77.

5. Isaeva E.A., Sharamok Yu.A. (2016) The development of innovative methods to prevent bankruptcy of credit institutions in Russia. In Internet-journal "Science", Volume 8, Issue 5. Retrieved 28.08.2018 from <http://naukovedenie.ru/PDF/100EVN516.pdf>
6. Kapitulin A.V. (2018). Liability of controlling persons under the insolvency (bankruptcy). In Open innovation, Penza, p. 292-294.
7. Kobets P.N., Krasnova K.A. (2009). Problems of compensation for harm to victims at the stage of preliminary investigation. In Advocacy practice, Issue 5, p. 32-35.
8. Murtazin R.T. (2016). Financial stability of the bank and management of banking operations. In Actual problems of the humanities and natural sciences, Issue 6-2, p. 77-86.
9. Resolution of the Plenum of the Supreme Court of the Russian Federation No. 53 of December 21, 2017 "On Certain Issues Related to the Involvement of the Controlling Debtor of Persons in Bankruptcy". Retrieved 28.08.2018 from http://www.consultant.ru/document/cons_doc_LAW_286130/
10. Samokhvalova A.Yu. (2016). Legal regulation of an inconsistency (bankruptcy) of the credit organisations. In Bulletin of the Saratov State Law Academy, Volume 111, Issue 4, p. 172-175.
11. Shibanova T.B. & Vasilyeva A.S. (2018). Subsidiary responsibility of the controlling entity as an additional risk factor in the activities of agricultural organizations. In Proceedings of the International academy of agrarian education, Issue 39, p. 175-177.
12. Shilovskaya A.L., Starodumova S.J., Volkova M.A. & Zhesterov P.V. (2016). The judicial practice of the European Court in the sphere of non-material reputational harm. In Man in India, Volume 96, Issue 12, p. 5635-5645.
13. Sitdikova L.B. & Starodumova S.Yu. (2016). Property liability of incapable persons. In Modern law, Issue 8, p. 53-58.
14. Sitdikova, L.B., & Shilovskaya, A.L. (2016) The Role of Self-Regulatory Organizations (SRO) in Civil Legal Relations, *Contemporary Problems of Social Work*. Vol. 2. No. 1 (5). P. 150–156. DOI: 10.17922/2412-5466-2016-2-1-150-156.
15. Strigunova D.P. (2018). Features of judicial discretion in the regulation of international commercial contracts. In Laws of Russia: experience, analysis, practice, Issue 4, p. 69-72.
16. Subareva I.F. (2017). The tendency to reduce credit institutions: protection of depositors' rights, legal problems of banking supervision and legal responsibility of the Bank of Russia. In Banking law, Issue 5, p. 46-52.
17. Sukhanov E.A. (2013). The responsibility of the corporation members for its debts in modern corporate law. In Problems of modern civil law, Moscow, p. 103.
18. Tarasenko O.A. (2016). Bankruptcy of credit institutions: features and problems of legal regulation. In Actual problems of Russian law, Volume 69, Issue 8. Retrieved 28.08.2018 from <https://cyberleninka.ru/article/n/bankrotstvo-kreditnyh-organizatsiy-osobennosti-i-problemy-pravovogo-regulirovaniya>
19. Yarovoi D.O. (2018). Subsidiary responsibility as an instrument for improving corporate governance. In Management Sciences in the Modern World, Volume 1, Issue 1, p. 513-317.
20. Zhesterov P.V. (2018). National features of illegal banking: the issues of training in case of group encroachments. In The Legal world, Issue 7, p. 36-39.
21. Zhesterov P.V. (2016). Prevention of bankruptcy of a credit institution: the specifics of criminal repression and the prospects for decriminalization. In Legal thought, Volume 95, Issue 3, p. 124-129.

FORMATION OF SOCIO-CULTURAL NEEDS AND CIVIL IDENTITY OF YOUNG PEOPLE AS A PSYCHOLOGICAL CONDITION OF NATIONAL SECURITY

Pavel Kislyakov

Russian State Social University, Russia

Elena Smeleva

Ivanovo State University, Russia

Olga Gowin

University of Vechta, Germany

ABSTRACT

The issue of socio-cultural identification acquires a new interpretation today when the rapid social changes trigger changes in social relationships that have built over decades. The new epoch is characterized by such features as inter-ethnic and inter-confessional conflicts, ambivalent concepts about passionarity. The most significant socio-cultural threats to the Russian society today are dissolution of Russia's traditional spiritual and moral values and the weakening of the unity of Russia's nationalities. The formation of socio-cultural needs and civil identity of young people is a precondition of ensuring security of society. In this work we shall socio-cultural needs and civil identity of young people in the context of security psychology and the theory of socio-cultural identity. To achieve this purpose, the following methods were used: interviews, questionnaires, and factor analysis. The results of evaluation of the socio-cultural needs of young students were processed using the factor analysis. The results of factor analysis made it possible to establish the fact that one of the main socio-cultural needs of the Russian youth is the national and civilian identity. The needs for national-civilian identity are associated with a sense of patriotism, which maintains desire to develop one's homeland, and bolster connections with it, which manifests itself in his professional activities. The formation of civilian attitudes and patriotism in youth and of the socio-cultural identity in Russian citizens will save the state's sovereignty, resolve the creed crisis, and revive the respect for the state, society, family, and national historic and cultural heritage.

Keywords: *civil identity, socio-cultural threats, socio-cultural needs, youth, psychology of security*

1. INTRODUCTION

In time of global changes, the modern man has found himself in a critical situation of socio-cultural identity. We observe today various violations in processes of socio-cultural identification that reduce a person's adaptive potential. The lack of self-confidence, depression, cruelty, different forms of dependence, escapism from the real world, manifestation of excessive authoritativeness, disintegration of a personality, and psycho-social crises are by far an incomplete list of characteristics of the identity crisis. Any state seeks self-identification, attempting to provide a sensation of "ontological security" (Giddens, 1991) whose lack may lead the society to such adverse phenomena as psychological disorientation, spread of deviant forms of behavior, social marginalization, etc., which in turn threatens social identity. An ontologically protected person feels confidence in his own identity and in that of other people. Without such confidence, anxiety and apprehension emerge which are perceived as a threat to one's existence (Laing, 1960). The relations between humans can be based on the mutual tolerance and collaboration, operation superiority, suppression, submission or care and support.

For all these cases a personality is in different socio-cultural environment with different degree of his/her social-psychological safety (stability), and the process of personality's development will be different (Baratlo, 2017, Keyzerova & Kislyakov, 2017, Kislyakov et al., 2016, West, 2008, Zinchenko, 2011). The researchers unanimously point out that the chief danger for mankind and society is the fact that people may fail to find enough psychological resources for coping with requirements, nature and rate of changes of social realities. The problem of a personality is not only in need to get used to changes, but also in how to preserve the system of values, psychological fundamentals, spiritual mainstay, and social identity (Toffler, 1970, Huntington, 1996; Harrison & Huntington, 2001). The process of social identification may promote the individual's social conformism not only to the conventional society, and communion with values and traditions of society, but also to alien ideologies and, consequently, to the crisis of identity and formation of pseudo-identity. Identification processes that play at all times one of the key roles in socialization have rather long ago become an object of psychological analysis. Today, the concept of social identity is presented in a number of psychological studies on psychoanalysis by representatives of phenomenological, perceptive or humanistic schools and of symbolic interactionism. The social identity can be regarded as a sophisticated psychological formation that integrates a complex of value orientations, behavioral patterns, and socio-personal properties lying at the base of self-realization of a person and his self-concept (Chernikova, 2018, Golovashina, 2015, Ivanova & Mazilova, 2008, Kolig, et al., 2009, Kuzevanova & Metelitskaya, 2017, Marisela et al., 2018, Martsinkovskaya & Siyuchenko, 2014, Prokhorov & Larionova, 2007, Strunkina, 2016). The issue of a person's socio-cultural identification starts being treated differently today due to the rapid social changes taking place not only in Russia, but across the world, which changes the pattern of social relations, that has been established over decades, and, as a result, invariably transforms the identity. The new epoch, for instance, is characterized by such features as globalization, informatization, serious inter-ethnic and inter-confessional conflicts, ambivalent notions of people's passionarity and activity in constructing the world around them, and an explicit uncertainty in perceiving the aims and directions in development of the society (Asmolov, 2010, Khotinets, 2005, Khotinets & Suntsova, 2009, Prokofieva et al., 2017, Shamionov, 2014, Zhuravlev & Drobysheva, 2010). In the process of globalization, mankind becomes a single permanently operating crowd and people's behavior acquires increasingly pronounced signs of relevant psychology. They lose their identity (gender-related, ethnic, national, civilian, religious, and political), easily respond to calls and appeals and are prepared – for the sake of “common good” – to obediently bring themselves to a meeting and to a conflict venue for doing away with a non-native individual or even self-destruction. By virtue of their psychological instability and social immaturity, the youth are more given to the influence of various destructive “identification processes.” The age-specific desire for self-fulfillment may become a ready ground for extremist behavior. Today, young people have found themselves in a complex situation of increased danger of losing their reference points in life. Particularly alarming are the facts of the Russian youth's joining of the ISIS Wahhabi terrorist organization, prohibited in Russia, and the youth involvement with politically protestant movements and actions. Therefore, the study of socio-cultural identification as a mechanism of molding a stalwart person is today really important. The Federal Target Program “The fostering of unity of the Russian nation and ethno-cultural development of Russian peoples” (2014-2020) showed that Russia has sustained “a change of a single Soviet identity for various frequently competing forms of regional, ethnic and religious identity. In the context of profound public transformations leading to formation of a free and open society together with a market economy in post-Soviet Russia, a crisis emerged in civil identity along with inter-ethnic intolerance, separatism and terrorism. This has created a danger of disintegration of the society”. The regulatory and strategic documents of the Russian Federation specify the following socio-

cultural threats to the Russian society: erosion of traditional Russian spiritual and moral values and the weakening of the unity of the Russian Federation's multiethnic nation through external cultural and informational expansion, propaganda of all-permissiveness and violence, racial, national, and religious intolerance, the lowering of the society's intellectual and cultural level; deformation of historical memory, negative evaluation of the significant periods of national history, propagation of the false idea of Russia's historic backwardness; atomization of the society in the form of rupture of social links (friendly, familial, neighborly); growth of individualism and neglect for others' rights; pursuit of extremism under the guise of humanitarian, cultural, and pseudo-religious work, including the activities of foreign organizations. One of the risks here is underestimation of the potential of culture for harmonization of public relations. The regional disproportions in access to services and culture funds, and infrastructural development also create risks to preservation of a single cultural domain. The culture retains a huge potential for making and enhancing civilian identity, ensuring the solidarity of the Russian nation, and preservation of a single cultural and linguistic space of the Russian Federation. The strategic goals of ensuring national security in culture are: preservation and bolstering of traditional Russian spiritual and moral values like fundamentals of the Russian society, raising of children and young people in the spirit of citizenship; preservation and development of the all-Russian identity of the Russian Federation's peoples and of the consolidated cultural domain of the country. However, the positive socio-cultural identity and psychological stability of a person are by far not always achieved. In youth, the formation of moral awareness proceeds rather tensely. Also, during this period, such processes take place as development and consolidation of values and ideals, acquisition of civilian attitudes of a person and its firm pro-social outlooks. A special role here is played by the social practice pursued by young people in various social institutes (family, educational establishments, public organizations, religion, science, arts, etc.) The study of the value system and the youth's socio-cultural needs becomes an acute issue of the day. Socio-cultural needs are a special type of prerequisites that synthesize the elements of social, spiritual, and material needs determined by the person's submission to the system of social connections, cultural standards and values characterized by the person's desire to find reflection of the society's culture in his existence through direct interaction with the social stratum (Strunkina et al., 2016).

2. METHODS

We have carried out a survey of higher school students in which we established their socio-cultural needs. The obtained list of socio-cultural needs of young students (n=384) is presented in Table 1.

Table following on the next page

Table 1: Socio-cultural needs of student youth

Socio-cultural needs of student youth
Feeling pride for the country
In acceptance by society
In attendance of culture and entertainment centers
In attending theaters
In belonging to the country, citizenship, language, and traditions
In care from close people
In communication culture
In creating a family
In defending the interests of the homeland and its people
In following the moral standards
In getting education
In obtaining new information
In preserving society's traditions, its institutes and values
In professional growth
In raising own children
In reading
In respect by other people
In work
In work in one's professional field

The next stage of research implied determination of the extent of manifestation of socio-cultural needs among student youth. Also, the research involved higher school students (n=341). Respondents were requested to evaluate the extent of manifestation of the specified needs based on a five-point system: 1 – absent; 2 – rather absent; 3 – very likely present; 4 – rather present; 5 – expressly manifest. For determining the structure of factors that determine the model of socio-cultural needs we have employed the factor analysis (used the method of major components) of the student youth's socio-cultural needs.

3. RESULTS AND DISCUSSION

The contents, specific weight the factor of socio-cultural needs of student youth are shown in Table 2.

Table 2: Factor structure of socio-cultural needs of student youth

Factor No.	Factor specific weight, %	Factor purport
1	28.434	In preserving society's traditions, its institutes and values (0.437) In following the moral standards (0.511) In belonging to the country, citizenship, language, and traditions (0.811) In defending the interests of the homeland and its people (0.833) Feeling pride for the country (0.821) In getting education (0.616)
2	9.377	In communication culture (0.425) In obtaining new information (0.601) In work in one's professional field (0.621) In professional growth (0.674)
3	7.009	In acceptance by society (0.673) In respect by other people (0.712) In care from close people (0.564)
4	6.394	In attendance of culture and entertainment centers (0.517) In attending theaters (0.789) In reading (0.661)
5	5.111	In work (0.474) In creating a family (0.815) In raising own children (0.756)

The results of factor analysis made it possible to establish the fact that one of the main socio-cultural needs of the Russian youth is the national and civilian identity. National-civil identity takes central place in the structural-content modal system of socio-cultural needs. It represents the core of the model. The core contributes listed needs development among students, it helps them identity themselves like a citizen, expressing patriotic feelings and will to pass it to the next generations. Nation-civil identity needs show national recognition, patriotic feelings, understanding main country problems and responsibility for the country future. This kind of youth has citizen and political reference points, they are in patriotic mood. The further study estimated the extent of maturity of socio-cultural needs. The high extent of manifestation of the need for national and civilian identity is common to more than a third of students (37.61%). These are young people with a pronounced desire to manifest their patriotism. They respect the laws of ethics and morals, carefully treat traditions and values of society, and are prepared to stand up for defense of their homeland's and nation's interests. 43.36% of the surveyed youth displayed a medium extent of manifestation of need for national and civilian identity. These students display a weak manifestation of willingness to maintain the society's traditions and value system, and to defend the homeland's interests. They feel little commonality with the homeland and are reluctant to comply with moral standards. Such needs can be selectively relevant and are incompletely realizable. Nearly every fifth student (19.03%) displays a low level of manifestation of a need for national and civilian identity, which testifies to the fact that such students are not interested in the issues of patriotism, traditional values, and morals. The predominance of youth with a medium or low level of manifestation of a need for national and civilian identity shows an unfinished process of civilian self-identification of the given social group. The national civilian identity is a complex, multi-component characteristic that includes the notions of a state and its people's, its place and role in the world; trust in the state; an active civilian position; an emotional attitude to the state, its traditions and peoples; and self-identification as a citizen. The multi-component notion, economic situation in the country, impact of mass media, and migrant flows reduce the rate of civilian self-identification, exerting influence on the sense of patriotism and evolution of the need for national and civilian identity.

4. CONCLUSIONS

Thus, the needs for national-civilian identity are associated with a sense of patriotism, which maintains desire to develop one's homeland. Perceiving themselves as a part of society, the youth see their strength in stability and development in it of each individual. The care of oneself, one's family as a cell of society, one's health and development are a man's personal contribution to development of the state. Such a man puts a premium on traditions of his nation and state, feels the need for creating a family, seeks public recognition and respect, and strives for progress in profession. The more pronounced are a man's socio-cultural needs, the more inclined he is to regard the environment as safe. In its turn, a safe environment (that meets safety requirements) becomes a good basis for development of socio-cultural needs. The correction of a man's needs and values can be prevention and a means of preventing a crisis of identity. The impact on a man's values and needs through corrective and developing programs promotes the personal growth and overcoming of personal crises. A man's rethinking of meanings, values, ideals, and the development of socio-cultural needs trigger the mechanism of personal self-development and can be a great impetus for self-improvement. The formation of civilian attitudes and patriotism in youth and of the socio-cultural identity in Russian citizens will save the state's sovereignty, resolve the creed crisis, and revive the respect for the state, society, family, and national historic and cultural heritage.

ACKNOWLEDGEMENT: *The publication was prepared within the framework of a research project supported by the Russian Foundation for Basic Research (grant No. 18-413-370002\18 “Sociocultural needs of young people in countering emerging threats and risks”).*

LITERATURE:

1. Asmolov, A.G. (2010). Social effects of educational policy. National Psychological Journal, 2, 100-106.
2. Baratlo, F. (2017). Managerial model of "socio-cultural security" according to the identity elements in Iran. Man in India, 97(14), 405-417.
3. Chernikova, A. A. (2018). Educational migrants: sociocultural environment as a key factor in the formation of life-learning strategies. Contemporary problems of social work, 4(1), 77-83.
4. Giddens, A. (1991). Modernity and Self-Identity. Self and Society in the Late Modern Age. Cambridge: Polity.
5. Golovashina, A.V. (2015). Associative experiment for civil identity determination. Sotsiologicheskie issledovaniya, 7, 64-71.
6. Harrison, L., Huntington, S. (2001). Culture Matters: How Values Shape Human Progress. NY: Basic Books.
7. Huntington, S. (1996). The Clash of Civilizations and the Remaking of World Order. NY: Simon & Schuster.
8. Ivanova, N.L., Mazilova, G.B. (2008). Changes of ethnic and civil identities in new social conditions. Voprosy Psikhologii, 2, 83-93.
9. Keyzerova, Yu.V., Kislyakov, P.A. (2017). Corruption in mass consciousness of Russians: social and psychological aspect. Economic and Social Development Book of Proceedings, 727-733.
10. Khotinets, V.Yu. (2005). Psychological and cultural factors of ethnotypical behaviour. Psikhologicheskii Zhurnal, 26(2), 33-44.
11. Kislyakov, P.A., Shmeleva, E.A., Silaeva, O.A., Belyakova, N.V., Kartashev, V.P. (2016). Indices of socio-emotional wellbeing of youth: evaluation and directions of improvement. RPTSS 2015 - International Conference on Research Paradigms Transformation in Social Sciences 2015. SHS Web of Conferences, 28, 01056. DOI: 10.1051/shsconf/20162801056.
12. Kolig, E., Angeles, V., Wong, S. (2009). Identity in Crossroad Civilisations: Ethnicity, Nationalism and Globalism in Asia. Amsterdam Univ Press Amsterdam. DOI: 10.5117/9789089641274.
13. Kuzevanova, A.L., Metelitskaya, Y.A. (2017). Socio-cultural identification of the Modern Russian Cossacks: Is the process over? Monitoring Obshchestvennogo Mneniya: Ekonomicheskie i Sotsial'nye Peremeny, 140(4), 90-100.
14. Laing, R.D. (1960). The Divided Self: An Existential Study in Sanity and Madness. Harmondsworth: Penguin.
15. Marisela, M. D., Eyler, G. P., & Adonis, M. F. (2018). The pedagogic university: a space to promote culture and identity in the initial and permanent formation of the educational ones. Contemporary problems of social work, 4(1), 138-146.
16. Martsinkovskaya, T.D., Siyuchenko, A.S. (2014). Identity as a factor of socialization in a multicultural environment. Voprosy Psikhologii, 6, 3-13.
17. Petrova, E.A., Kozyakov, R.V., & Romanova, A.V. (2016) Modern Technologies of Psychological Prevention of Drug Addiction in Teenage, *Contemporary Problems of Social Work*. Vol. 2. No. 4 (8). P. 142–150. DOI: 10.17922/2412-5466-2016-2-4-142-150.
18. Prokhorov, A.O., Larionova, I.G. (2007). Ethno-cultural identity and psychic states self-regulation (By the example of russians and tatars). Psikhologicheskii Zhurnal, 28(6), 59-68.

19. Prokofieva, E.N., Smirnova, V.V., Ignatov, S.B., Khazratova, F.V., Igonin, V.N., Murugova, V.V. (2017). Formation of university students safety culture in modern socio-cultural and technogenic conditions. *Man in India*, 97(3), 553-563.
20. Shamionov, R.M. (2014). Ethno-cultural factors of person's subjective well-being. *Psikhologicheskii Zhurnal*, 35(4), 68-81.
21. Strunkina, T. S. (2016). Program of psychological support of development of social and cultural needs of students. *Scientific notes of the Russian state social University*, 15(5), 33-40.
22. Strunkina, T., Shmeleva, E., Okeansky, V. Okeansky, Z. Romanova, A. (2016). Sociocultural Needs of Young People as a Resource for the Formation of National Identity. *RPTSS 2015 - International Conference on Research Paradigms Transformation in Social Sciences 2015. SHS Web of Conferences*, 28, 01093. DOI: 10.1051/shsconf/20162801093.
23. Toffler, A. (1970). *Future Shock*. NY: Random House.
24. West, R. (2008). The psychology of security. *Communications of the ACM*, 51(4), 34-40.
25. Zinchenko, Yu.P. (2011). Security psychology as social systemic phenomenon. *Psychology in Russia: state of the art*, 4, 305-315. DOI: 10.11621/pir.2011.0019.

ORTHODOX SPIRITUAL TRADITION AS ANTITHESIS TO GLOBALIZATION RISKS

Rozaliya Rupova

*Russian state social university, Russia
rozaliya-rupova@yandex.ru*

Biryukova Kristina

*Russian state social university, Russia
kristina_biryuko@mail.ru*

ABSTRACT

For the European cultural space throughout many centuries the Christianity was the main criterion of identity. During an era of the crash of the Roman Empire it was that creative force which was a civilization factor for Europe. Thanks to Christianity the European culture has been saved and has got the big vital force and high intellectual and socio-political efficiency. In modern globalization processes we see loss of this major identification criterion. In it seems the high risk for all European cultural space. The orthodox spiritual tradition which has already testified the powerful anti-recessionary potential can act as an antithesis of this danger. At the personal level it is felt for many peoples especially sharply. Spiritual tradition of Orthodoxy, approving the unique value of the human person, offers practical tools for the answer to modern risks. In article is given the explication of this tradition in her historical and sociocultural projections.

Keywords: *Christianity, culture, orthodox spiritual tradition, orthodoxy*

1. INTRODUCTION

For the European cultural space throughout many centuries the Christianity was the main criterion of identity. During an era of the crash of the Roman Empire it was that creative force which was a civilization factor for Europe. Thanks to Christianity the European culture has been saved and has got the big vital force and high intellectual and socio-political efficiency. In modern globalization processes we see loss of this major identification criterion. In it seems the high risk for all European cultural space. The orthodox spiritual tradition which has already testified the powerful anti-recessionary potential can act as an antithesis of this danger. At the personal level it is felt for many peoples especially sharply. Spiritual tradition of Orthodoxy, approving the unique value of the human person, offers practical tools for the answer to modern risks.

2. METHODS

The expansion of the subject area of modern philosophical knowledge brings to the attention of researchers phenomena that previously remained "behind the scenes" or studied in the perspectives of other Humanities (history, cultural studies, sociology, etc.). To such phenomena belongs the Eastern Christianity. The principle of historicism, which is the basis of the research approach, opens the way to understanding the spiritual tradition, which is several millennia old and has not lost its relevance in our time. The article applies a systematic approach that involves the consideration of religious tradition in the broad context of cultural and historical field. In addition, due to the fundamental non-reducibility of the phenomena of religious consciousness and, above all, the category of the sacred, its irreducibility to a logically consistent number of concepts, the phenomenological method is widely used, which allows to study these phenomena in the context of religious tradition and to establish internal relations between them.

3. RESULTS

3.1. Origin and essence of Christianity

Belief in a higher power that determines human destiny - is organic property of the person as such. In the history of the study of the human race by archeology, ethnography, cultural studies it has not been found any tribe, whether in ancient Europe, or on distant Pacific islands, where there is no cult of the supreme power in one form or another. Among all the different religions in the inaccessible depths of history of the human race in a very small nation - the Hebrew - was the worship of the One God. These people lived in an environment of great civilizations, such as ancient Egypt, Babylon, the Persian Empire, the Greco-Roman great and vast empire. But a religious genius of the Jewish people carried through the centuries such faith, which has become the semantic core of the European culture. The content of this faith sets out in the book of books - the Bible. This great book contains information about the creation of the world by God, about the paradise state of humanity in the face of the first humans Adam and Eve, their violation of the single commandment that was given to them in Paradise. It doesn't mean that they are foolish children, did not listen to the Father, and were punished - it means that they are having a free will, choose a behavior that is the opposite to God's will. Through this act has been violated original deep connection between man and the Creator, evil entered the world. People were expelled from Paradise. This was the starting point of history. Since God does not just remove people from Paradise, but gave them some promises, so the whole history has acquired a special vector - orientation to the event coming of the Messiah, which should restore the broken relationship between God and man. Further flowed centuries of historical life of the human genus. The Jewish people, the carrier of the true faith, he was often unsteadily in piety. So it was often happened with him many tragic events as captivity, wars, the destruction of the temple. However, he carried through all the trials the idea of the True God. In Jewish people God was incarnated - Jesus Christ became man, while remaining God. This happened in Bethlehem more than 2 thousand years ago. Mother of Christ was the most wonderful and the most pious of all women - the Virgin Mary. Christ surrounded by his disciples, preached the good news - the Gospel - that the Kingdom of God has come nearer to the people. The high point of his ministry was death on the cross on Calvary and the Resurrection. During His earthly ministry, He taught not only a lot of good ideas or moral teachings - He revealed Himself to them as the Truth and as the Way to the Kingdom of the Heavenly Father. He founded the Church as a place in history, where you can meet with Christ.

3.2. The Byzantine period in the history of the Church

After Christ's earthly life ended, his disciples - the Apostles - went to preach in various cities and villages. In the Christian faith has been accessed hundreds of thousands of people. Such was the feeling of the living truth in Christ, that when the Roman state began the brutal persecution of Christians, the masses of people took torment, but did not depart from him as a personified truth. In 325, Emperor Constantine the Great issued a decree to stop the persecution of Christians. He founded the Eastern Roman Empire, with its capital Constantinople and proclaimed Christianity as the state religion. From that moment began the creation of a great Christian empire. In it built and painted many churches, opened schools and the emperors themselves were the guarantors of state law does not run counter to the Christian values. Empire lasted 1,000 years. During this period, the Christian Church was formed as a living historic organism. At the Ecumenical Councils was elaborated dogma - the true doctrine of God, the Trinity, about who is the Christ, why was it need Him to come to the people, about the church - not as a social institution, as well as the mystical body of Christ. By the greatest theologians of Christianity - Basil the Great, Gregory the Theologian, Maximus the Confessor, Gregory Palamas and others worked out the doctrine of the Church.

3.3. Western Christianity

In 1053 there was a split in the Church. As a result, from the Orthodox Church has stood apart Western Christianity - Catholicism. The teaching of the Catholic Church is different from the orthodox by certain provisions such as: - the Immaculate Conception of Our Lady ; - Primacy of the Pope and his infallibility; - The dogma of the procession of the Holy Spirit "and the Son" ("filioque"). You could say that Western Christianity was formed in other cultural and historical conditions and was not going to concede superiority to Byzantium.

3.4. Selection of faith by Prince Vladimir - The value of Orthodoxy in the historical fate of Russia

In ancient Russia was the paganism. At the end of the tenth century Prince Vladimir of Kiev in thought about the historical fate of Russia, realized that should abandon the pagan wickedness, that was not in any of the great nations surrounding Russia. But what is true faith? From the decision of Prince Vladimir depended the fate of the whole Russia. He went to the subject responsibly and sent their ambassadors to the Muslims, the Jews, the Greeks in Byzantium and to the West to the Catholics. Of all the options, after hearing from his messengers the description of the divine liturgy at the Cathedral of St. Sophia in Constantinople, he chose the Greek Orthodoxy. 988 - is the most important date for Russia when it begins her Orthodox history. Prince Vladimir ordered to Kiev residents to get baptism in river Dnepr. But baptism - does not mean a radical change of life on Christian principles. This is just the beginning. But the first Russian saints - princes Boris and Gleb, the sons of Prince Vladimir - so deeply accepted into the heart of the Christian faith, that, having at its disposal military force, weapons, refused to use it against his own brother, who wanted kill them - and took voluntary death. It should say more about the other two brothers - Cyril and Methodius. Not only Russia, but also all Slavic countries revere them as the creators of the Slavic alphabet. They do not only created an alphabet that suitable for the Slavonic phonetic structure of speech, but it was filled with Christian content - so that the study of Slavic literacy also means the study of the Orthodox faith. Russian ground befallen many trials - the Mongol-Tatar yoke, the invasion of the Swedish knights, threatening to enslave Russia, to draw her into Catholicism. In the battle on the ice-covered Lake Peipsi (Chudskoe) Russian prince Alexander Nevsky won in a great victory. In 1380 Dmitry Donskoy won in the Kulikov Battle against the army of Tatar-Mongols, after which began the liberation of Russia from the power of the Tatars. All battles, all the great public acts was committed in Russia with the prayers - beginning from the king and commander till every soldier. Particular importance in Russian history and culture were the monasteries. There settled people who wanted to make a prayer the main business of their life. Literacy was evolved in the monasteries, there was copied and written books. Ancient Russian manuscripts - priceless treasures of books. The oldest Russian monastery - Kiev-Pechersk Lavra. Great and now well known all over the world Russian saint Sergius of Radonezh. He went to the dense forests, built himself a cell and began to pray. Gradually other monks joined to him. So gradually increased one of the most famous Russian monastery - the Trinity-Sergius Lavra near Moscow. The news about St. Sergius during his life in the XIV century, crossed the borders of Russia and reached Constantinople. The Sergius influenced on the political life of his time - he went on foot to reconcile Ryazan princes; Dmitry Donskoi before the battle of Kulikovo with all his army came to reverend Sergius for a blessing. Disciples of St. Sergius dispersed across Russia and founded in different ends many monasteries that have so far attracted people - ones - to their prayer helps the world to survive in all its problems and troubles; others - to find in a holy place the spiritual forces to solve their own problems. One of the most famous Russian monasteries - Solovki - was founded by great saints Zosima and Savvaty on an island in the White Sea. There due to works of many monks originated hotbed of high culture. In addition to the sanctity life of Solovetsky monks, the monastery is famous for its unique economy, which used a variety of

technical inventions, unknown to the world. In the Arctic Circle the monks cultivated grapes, used electricity, bred fish already some centuries ago. Such monasteries as a fragments of Paradise, densely covered the entire Russian land.

3.5. Forms of Orthodox Culture

3.5.1. Ancient Russian icon

In the spiritual tradition that goes from the Old Testament, the icon was not appear immediately. If you remember the law of Moses - 10 Commandments - one of them is strictly prohibited the creation of images for worship. This was due to the fact that the Old Testament period in the history of the Church is associated with a form of communion with God when God does not open Himself - "God was invisible by nobody never." The Prophet Moses, who is called "God-seer" actually only heard the voice of God. Therefore, the ban on images has been given to the Jewish people, with the purpose of they, like their neighbors, the Gentiles did not fall into idolatry. But when Christ was born - God became a historical figure, a ban on images has lost meaning. Appeared the creation of icons, depicting Christ, the Virgin, the saints. The tradition of icon painting has its roots in Byzantium, where it reached a high level of perfection. But a special page in the history of icon painting is a Russian icon. In Russia, revered icons. They were painting with prayers in the cloisters. Especially revered Mother of God - even talked about Russia as a "house of the Blessed Virgin Mary." One of the first revered icons of the Mother of God - Vladimirskaya. This icon had been given by the Byzantine Emperor to one of the first Russian princes. Prince Andrew Bogolyubsky, leaving the land of Kiev, took her with him to the north. For a long time she was in Vladimir, but then by a procession she was moved to Moscow, where all the people met her. In honor of the meeting of this icon in Moscow it was founded Sretensky Monastery. The Tretyakov Gallery has the icon of the XVII century called "the Mother of God - the tree of the Russian state". In this image we see a presentation of Russian state idea. Russia is represented as a tree that has been water by Metropolitan Peter and Prince Ivan Kalita, i.e. ecclesiastical and secular government together. The tree decorated with many colors - a Russian saints. But the most beautiful central flower - the icon of Our Lady Vladimirskaya. Another equally venerated icon - Kazanskaya Icon of the Mother of God. During World War II aircraft with this icon on the board circled round Moscow. The Nazis were not able to enter in Moscow, although they were very close by. Painters usually remain unknown, since the creation of the icon is not the individual creativity, but the language of the Church itself. However, we know the names of some painters. First of all - Andrei Rublev. The most famous icon painted them - the image of the Trinity. About this icon philosopher Pavel Florensky said that it - the argument of God's existence: "God is because there is a Trinity Andrei Rublev." Other well-known icons, belonging to Rublev's hand - the so-called Zvenigorodski rank: the Savior, the Apostle Paul, the angel Gabriel.

3.5.2. Russian church architecture

Ancient Russian temple architecture - is inscribed in the book of the masterpieces of world architecture. They do not have the complexity of the designs, that we can be seen in the Gothic temples. But they have the unity of religious feeling and architecture, which impress our sight. Domes of Russian churches resemble candles burning before God. The interior space - the model of the universe. Four walls - the four cardinal points. Holy place - the altar - facing east, which symbolizes turning to God. If you look at the inside of the temple dome - there is depicted the Lord Omnipotens. In plan of the temple is a cross - the main symbol of Christianity. The most important thing in the church takes place at the altar. There in the center is the throne, on which takes place the main mystery of the Church - the sacrament of the Eucharist. Other mysteries can also be performed in the church - baptism, confession, wedding, ordination to the priesthood, and others. Each of these ordinances has profound implications.

The altar is separated from the rest of the church by iconostasis - a partition on which in rows are placed icons. The iconostasis has a deep theological meaning, showing how historically formed the Church of Christ. In the center of the iconostasis - the royal gate through which bear a Cup with the Blessed Sacrament during the Eucharist.

3.5.3. Life of the Church in cycle of time, folk traditions

The whole life of the Orthodox Church in time fits into the annual cycle of feasts and fasts. Here are some of holidays. The Church year begins with the birthday of the Virgin on 21 September. In October 15th the Church celebrates the Intercession of the Theotokos. This holiday is associated with the memory of the miracle that took place in Byzantium, when Constantinople was attacked by the Slavs. Then in the Vlachernae church had a vision during the liturgy: Our Lady was present in the temple, and all the people covered with her cover. The attack of the enemy was repulsed. In December 4 is celebrated "Presentation of Mary in the Temple." This holiday is associated with an event in the life of the Virgin Mary. At the age of 3 years it was sent to the church on education, where she lived for more than 10 years. In December 19 whole Russia commemorates the day of great saint, revered in all corners of the earth - St. Nicholas of Myra. This saint is known around the world - to call him and get help is possible not only Christians but also people of different religions and atheists. There are memories of how he helped in trouble when one Japanese addressed to him. Next holiday - a great and joyful Christmas Day. In Russia, it is celebrated on 7 January. On this day was a miracle of the Incarnation - Jesus Christ was born of the Virgin Mary in Bethlehem. For his mother had no place in the city, so she had to take shelter in a corral for livestock and put the baby in a manger - a wooden bird feeder. Christmas - a celebration of universal scale. Western artists loved this story. Magi came to worship to newborn Infant from far eastern countries. Watching the stars, they determined that it was the birth of the Messiah, which was expected not only Jews, but also the whole world. Going behind the star, they came to Bethlehem and brought for newborn baby gifts: gold - as the king, incense - like God, precious myrrh - as a prophet and anointed. The next big holiday - Epiphany. Church remembers an event from the life of Jesus Christ, when He came to the river Jordan to John the Baptist and was baptized. This holiday is also called Epiphany, because at the moment of baptism were there other two Persons of the Holy Trinity - God the Father, from heaven proclaimed that Christ - is His beloved Son, and God the Holy Spirit as a dove. In April 7th the Church celebrates the great day of the Annunciation, when the angel Gabriel appeared to Mary with the good news that she will have a son - the Lord Jesus Christ. She had to give consent or to refuse this difficult role. The whole world waited - because the event of the Incarnation - is an extremely important moment for the whole universe, not just for the humanity. Virgin responded to the divine call, "Yes!". This quiet word of girl made possible to realise the whole divine campaign to save the human race. European Renaissance artists also loved the story. Every year in late February - early March, the Church enters in a special period of its life - Lent. This is particularly strict time when Christians do not just change the diet to a vegetarian table - this time of a special penitential spirit, reviewing all the life. But the main thing - is empathy godfather feat of Christ, his via dolorosa. 40 days takes the path that ends with Holy Week, when Christ was betrayed by his disciple Judas, judged by Pontius Pilate and crucified between two criminals on the cross. It happened on Friday at the Holy Week. The death on the cross of God shook the whole world. Those who believe in Christ, believe that He - God and the Son of God, they were troubled, and remained in fear and despair. But on the third day, a miracle happened - Christ is risen! This special holiday called Easter - the great triumph. In Jerusalem, in the temple of the Holy Sepulcher on this day every year is a miracle - to the tomb of Christ by itself ignites the Holy Fire. For many centuries come to see at this miracle people from all over the world. This fire does not burn the first time.

Everybody is happy, lit by candles and spreads on airplanes in temples around the world. This fire is brought in Russia and in every temple lamp is lit, lit from it. On this wave of Easter joy comes the time when people get married, celebrated weddings. This time is called "Red Hill". Each holy day has its own color symbolism. Color of Easter - red. Folk customs associated with Easter - baking cakes, coloring eggs. On the surface, it seems that this is the main features of the Passover. In fact it is not. Important in this event - the resurrection of Christ, in which the Church sees the triumph of the divine working that Christ did on the earth, destroying the chains of sin and death. After 40 days after Easter comes Ascension when Jesus Christ, having these days with the disciples, was ascended in front of them from Olives Mountain, blessing them and instructing to preach the gospel to all nations. On the 50th day comes Pentecost. It day contents on itself several events of sacred history. On this day, on Mount Sinai, the prophet Moses received the law written on stone tablets. On this day there was a convergence of the Holy Spirit, with the result that they were able to speak different languages and dialects to preach Christ to all nations. This day is considered the birthday of the Church. On this day, churches are decorated with birch branches. In the old days on the wave of this special festive mood circle dances, singing, swinging on a swing. In August, the Church celebrates a very important date: August 19 - The Transfiguration. The Gospel tells us that Jesus, taking with him three disciples, went with them to Mount Tabor to pray. There he was transfigured so that the apostles could not even look at this dazzling radiance. This event has a great theological depth. About this in the XIV century in Byzantium was a famous dispute between Gregory Palamas and Barlaam Calabrians. In fact, met each other two religious and cultural traditions: the Christian East and West. The victory in the discussion got Gregory Palamas. This victory affected the historical destiny of Orthodoxy. XIV century - the age of the sunset of Byzantium became her new Renaissance. And not just for her but for all the countries of the Slavic world, that took the Orthodox faith. For Russia, it was also the time of the beginning of its upliftment, century St. Sergius of Radonezh. Last feast of the church year - Assumption of the Mother of God. The veneration of the Virgin in Russia has always been very deep. In honor of Her Assumption built temples. On the Red Square in Moscow, at the Trinity-Sergius Lavra, in other cities the Assumption Cathedrals is always impresses with its noble grandeur. The theme of life and death staged in Russian spiritual culture very deeply. Christianity teaches us to look at this life as a path that leads to eternity - the eternity of divine glory or eternal torment, shame and disgrace - depending on how the person will go his earthly road.

3.6. Russian Orthodoxy today

The twentieth century was a difficult test for Russia, for its orthodox worldview, for its culture. A lot of liberal-democratic ideas, slogans of "liberty, equality, fraternity", political pragmatism, that matured in the West, fascinate to Russian intelligentsia. Began the fermentation of minds that led to the revolution of 1917, which was to tear down the old Russia: its polity, church and culture. The royal family was brutally destroyed. Became the terrible wave of repression, crumbling temples, killed the priests and monks. In the monasteries were organized camps. Solovki prison camp, where found his death hundreds of thousands of people. The Church has responded to those persecutions in the same way as in the first century - martyrdom for the faith of Christ, for the Christian soul of Russia. Now for several decades, operates a special committee of the Church that is studying the archives, documents relating to Stalin's repressions. We learn of the heroism of the faith of our ancestors who defended the Orthodox faith. Many of them canonized. They are the stars, joined to the starry sky of sanctity of the Russian and the universal Orthodox Church. We hope that such a price, that we have suffered is more than enough for the revival of the Russian spiritual culture and we will be strong in all tests. But the fate of Russia and the world depends on the personal choices of each individual.

4. CONCLUSION

Thus, presenting a brief phenomenological description of the East Christian tradition, tracing the historical dynamics of its socio-cultural forms and projections, we can draw the following conclusions:

1. Christianity (not only in the East, but also in the West) is an effective cultural and socio-forming factor, as well as an identification criterion for the entire European culture. Failure to do so can, with a high degree of probability, lead to crisis-catastrophic consequences.
2. Christianity has not only played its creative role in the past, but it has not exhausted its creative potential and for the present and future is a resource for sustainable and positive development of society, confronting the dangerous challenges of the globalization processes of our time.

LITERATURE:

1. Balagurov, O. (2013). Preodolenie vyizovov sekulyarnogo globalizma s oporoy na svyatootecheskoe nasledie v kontekste konflikta tsivilizatsiy. (Dissertatsiya na soiskanie uchenoy stepeni kandidata kulturologi). Ivanovo: [O. Balagurov].
2. Berdyaev, N. (1990). Smyisl istorii. M.: «Myisl».
3. Biryukova, K. (2015). Missionerskoe sluzhenie Russkoy Pravoslavnoy Tserkvi: teoriya i praktika v sovremennom osmyislenii. T. Yudina, Sotsialnaya politika i sotsiologiya. (211 str.). M.: Izdatelstvo Rossiyskogo gosudarstvennogo sotsialnogo universiteta.
4. Bulgakov S. (1993). Dogmaticheskoe obosnovanie kulturyi. S. Bulgakov, Sochineniya v 2-h tt. T.2. Izbrannyye stati. (str.637-640). M.: «Nauka».
5. Zenkovskiy V. (2007). Smyisl pravoslavnoy kulturyi. M.: Izd-vo Sretenskogo monastyirya.
6. Kern, K. (1997). Tema o cheloveke i sovremennost. K. Kern. Russkaya religioznaya antropologiya. T.II: M.: Moskovskiy filosofskiy fond, Moskovskaya duhovnaya akademiya.
7. Karsavin L. (1993). Filosofiya istorii. SPb.: «Komplekt»
8. Kartashev, A. (1997). Ocherki po istorii Russkoy Pravoslavnoy Tserkvi. M.: «Terra».
9. Meyendorf, I. (1997). Pravoslavie v sovremennom mire. M.: «Put».
10. Melikov, I. (2013). Duhovnoe bytie svobodyi. M.: Izdatelstvo Rossiyskogo gosudarstvennogo sotsialnogo universiteta.
11. Momdzhyan, K. (1997). Vvedenie v sotsialnuyu filosofiyu. M.: «Vysshaya shkola».
12. Otyutskiy, G. (2015). Sotsialnaya antropologiya. M.: «Yurayt».
13. Pravoslavie i kultura v religioznoy myisli russkogo zarubezhya. Antologiya. (2003). M.
14. Pravoslavnoe uchenie o cheloveke. Izbrannyye stati. (2004) Moskva-Klin: Fond «Hristianskaya zhizn».
15. Rastorguev, M. [2006]. Krizis «antropologii samotozhdestvennosti» v sovremennoy kulture. (Dissertatsiya na soiskanie uchenoy stepeni kandidata filosofskikh nauk). Rostov na Donu: [M. Rastorguev].
16. Rupova, R., Solonchenko, A. (2016). Neopatristskiy sintez: pole aktualnogo dialoga. E. Ryabova. Missiya konfessiy. M.: Rossiyskaya akademiya narodnogo hozyaystva i gosudarstvennoy sluzhbyi.
17. Sorokin, P. (1992). Chelovek, tsivilizatsiya, obshchestvo. / Per. s angl.. Obsch. red., sostav. i predisl. A.Yu. Sogomonova. M.: «Politizdat».
18. Florenskiy, P. (1995). Zapiska o hristianstve i kulture. P.Florenskiy. Sochinenie v 4-h tt. T.2. (547-559). M.: «Myisl».
19. Florovskiy, G. (2002). Vera i kultura. SPb.: RHGI.
20. Horuzhiy, S. (2000). O starom i novom. SPb., «Aleteyya».

21. Horuzhiy, S. (2004). Pravoslavno-asketicheskaya antropologiya i krizis sovremennogo cheloveka. S. Horuzhiy. Pravoslavnoe uchenie o cheloveke. Izbrannyye stati. (str. 154-167). Moskva-Klin.: Sinodalnaya bogoslovskaya komissiya. Izd-vo «Hristianskaya zhizn».
22. Shmeman, A. (2015). Tserkov v mire. Sbornik statey. M.: «Granat».
23. Bekoryukov, A.V. (2016) Establishment of the Phenomenon of Cult Thinking in Destructive Religious Organization, *Contemporary Problems of Social Work*. Vol. 2. No. 1 (5). P. 88–95. DOI: 10.17922/2412-5466-2016-2-1-88-95.

FORECASTING OF MIGRANTS NUMBER TO RUSSIAN REGIONS APPLYING THE FUZZY LINEAR AUTOREGRESSION METHOD - RUSSIA

Natal'ya Goncharova

*Altai branch of the Russian Presidential Academy of National Economy and Public
Administration, Russia
g-natalia@mail.ru*

Sergei Varaksin

*Altai State University, Russia
varaksin@bk.ru*

Natal'ya Varaksina

*Altai branch of the Russian Presidential Academy of National Economy
and Public Administration, Russia
varaksins@yandex.ru*

ABSTRACT

There is considered the opportunity of approach to the time series research based on the fuzzy numbers at the article. Mathematical models of migration process in Russian regions using the fuzzy linear autoregression are built. Fuzzy linear autoregression is considered as an alternative to the standard statistical autoregression in the case of short time series and the unknown distribution law. There are computed the coefficients of the fuzzy linear autoregression for time series of the migration number to Russian regions using the constructed algorithm based on the simplex method. Developed computer program on the MatLab language used. Fuzzy linear autoregression method wasn't used in sociological research yet.

Keywords: *time series, fuzzy number, fuzzy time series, migration process, migration indicators, fuzzy linear autoregression, sociological forecasting*

1. INTRODUCTION

Migration processes actively influence all aspects of the modern society life. Various methods of constructing mathematical models are used for their forecasting. The vast majority of them use probabilistic methods. There are many researches using ARIMA (p, d, q) models, widely known in econometrics, where p is the number of autoregressive terms, d is the number of non-seasonal differences needed for a series to be stationary and q is the number of lagged forecast errors in the prediction equation (Keilman N. 2001, Wilson T., Rees P. 2005, Bijak 2012). Another group of researchers (Lutz W., Sanderson W.C., Scherbov S. 2004, Billari F., Graziani R, Melilli E. 2012, Billari F., Graziani R, Melilli E. 2014) use probabilistic prediction methods based on an expert survey. The third group of researchers (Bijak J. 2010, Bijak J. , Wiśniowski A. 2010, Bryant J., Graham P. 2013, Azose J., Raftery A. 2013, Abel G., Bijak J., Findlay A., McCollum D., Wiśniowski A. 2013, Wiśniowski A., Smith P.W.F., Bijak J., Raymer J., Forster J.J.2015) uses the Bayesian approximation method. The authors of this work had built mathematical model of migration processes in Russia using the fuzzy linear regression method, which is not widely used in the modern humanitarian researches yet (Varaksina N., Varaksin S. 2017c). There are no strict restrictions on the normal distribution of the residuals of the time series and its length when the fuzzy linear regression method is used. Although the application of fuzzy sets and fuzzy numbers has become in demand in the natural sciences and technical studies in the last about thirty years (Tanaka H., Uejima S., Asai K. 1982, Bardossy A., Bogardi I., Duckstein L. 1990, Wang H.F., Tsaur R.C. 2000, Chang Y.-H., Ayyub B. 2001, Ponomarev

I., Slavskii V. 2009), the technique of fuzzy sets and fuzzy numbers in the socio-humanitarian fields of knowledge has not been used until recently. The authors have already used the method of fuzzy linear regression in the study of socio-demographic problems (Goncharova N., Varaksina N., Varaksin S. 2016, Goncharova N., Varaksina N., Varaksin S. 2017, Varaksina N., Varaksin S. 2017a, Varaksina N., Varaksin S. 2017b, Varaksina N., Varaksin S. 2018). The aim of the paper is to prove the method of fuzzy linear autoregression is quite applicable for constructing mathematical models of migration processes.

2. METHODS OF RESEARCH

The article of L.Zade (1965) is the first and fundamental work in the fuzzy sets theory. The difference between the fuzzy set and the usual one is that the characteristic function of the membership to the fuzzy set $\mu(x)$ can take arbitrary values from 0 to 1, corresponding to the degree of reliability of the element's belonging to this set. A fuzzy number is a fuzzy set with a convex unimodal (that is, having one maximum) membership function, the value at the maximum point of which is 1. Some of the most used fuzzy numbers are triangular numbers (a, b, c), non-zero parts of the graph of whose membership function are formed by two inclined line segments. Finding the values of the membership functions of fuzzy sets on the basis of ordinary, clear data is called phasification, and finding the usual, clear meaning for a fuzzy set is called dephasification. A fuzzy time series is a set of fuzzy numbers corresponding to certain time points. The first to develop models of fuzzy linear regression was the work of Tanaka H., Uejima S., Asai K. (1982), the basic model of fuzzy linear regression in which has the form $x = kt + b$, where k and b are some triangular numbers. Varaksina N., Varaksin S. considered the particular case of the Tanaka model of a uniform fuzzy regression in paper (2017c), in which k is a clear number, and b is a triangular fuzzy number of the form $(b-\Delta, b, b+\Delta)$. Standard statistical autoregressive model $AR(p)$ of order p for the time series $\{x_t\}_{t=1, \dots, n}$ has look

$$x_t = k_1 x_{t-1} + k_2 x_{t-2} + \dots + k_p x_{t-p} + b + \hat{o}_t$$

were \hat{o}_t is random variable with zero expectation (Kirchgässner, 2007). Authors of the papers offer to use the dependence of the kind

$$x_t = k_1 x_{t-1} + k_2 x_{t-2} + \dots + k_p x_{t-p} + \mathbf{b}$$

fuzzy autoregressive model $FAR(p)$ of order p ,

Fuzzy linear autoregressive models of order 3 $FAR(3)$ are building in the paper. It is defined by the rule

$$x_t = k_1 x_{t-1} + k_2 x_{t-2} + k_3 x_{t-3} + \mathbf{b},$$

where k_1, k_2, k_3 are ordinary numbers, and \mathbf{b} is a triangular fuzzy number of the form $(b-\Delta, b, b+\Delta)$. The initial time series $\{x_t\}$ is an ordinary numerical series, and its values are considered as dephasifications of the corresponding fuzzy numbers. The parameters of such a fuzzy linear regression are found from the condition of maximum likelihood as parameters of the narrowest strip between two parallel hyperplanes containing all points kind of $\{x_t; x_{t-1}; x_{t-2}; x_{t-3}\}_{t=4, \dots, n}$ in R^4 . This problem can be reduced to the problem of linear programming, which can be solved by the standard simplex method. The authors of this article attempt to analyze dynamics and construct linear mathematical models of migration processes in Russian regions with the fuzzy linear autoregressive models. All calculations are executed in the MatLab system. A computer program defines a strip of the smallest width, bounded by two parallel hyperplanes and

containing all the initial values. The same rule uses for forecasting, but b is replaced by b . Initial data The borders of this strip are shown in blue. The red line, passing in the middle of the strip, represents the constructed mathematical model of the linear regression of the researched process. The initial data are shown by a blue broken line. Forecast is shown by red.

3. MAIN RESULTS

The following tables of the dynamics of incoming migration in 1998-2017 in Russian regions was used according to the website of the Federal State Statistics Service (2018) in the research process:

Incoming interregion migration

	1 998	1 999	2 000	2 001	2 002	2 003	2 004
Central Federal District	144853	128980	100406	101956	59863	60269	279503
Northwestern Federal District	56 085	49 088	32 578	30 580	17 565	18 421	111 957
Southern Federal District(until 2009)	77 912	66 229	55 113	50 313	27 158	26 624	122 953
Volga Federal District	112 579	99 146	75 430	72 355	35 961	31 075	132 798
Ural Federal District	83 722	65 865	44 806	41 193	22 073	17 515	87 672
Siberian Federal District	100 412	80 691	55 046	50 971	25 215	26 059	112 587
Far Eastern Federal District	22 088	23 552	16 347	11 962	5 615	4 649	50 128
	2 005	2 006	2 007	2 008	2 009	2 010	2 011
Central Federal District	103940	246942	256420	256134	271576	247052	306975
Northwestern Federal District	266282	93186	101328	99025	109304	94010	106357
Southern Federal District(until 2009)	127186	118333	118795	141594	127933	115328	128778
Volga Federal District	117289	126022	126031	121774	119058	102699	112824
Ural Federal District	86192	84186	87713	91615	85282	72063	77951
Siberian Federal District	109477	108120	109388	110890	110198	102143	107867
Far Eastern Federal District	41529	38896	40323	39173	39117	33141	33997
	2 012	2 013	2 014	2 015	2 016	2 017	
Central Federal District	414031	570399	621545	649908	724127	686748	
Northwestern Federal District	192034	243978	281778	296815	312904	323925	
Southern Federal District(until 2009)	147436	179010	210549	205335	206013	245012	
Volga Federal District	177160	230581	243393	262383	257417	265989	
Ural Federal District	140308	175055	173921	172826	163922	170028	
Siberian Federal District	156537	195982	204465	206942	209521	212173	
Far Eastern Federal District	62593	79429	86893	84972	85493	90957	

Table 2: Data on incoming interregional migration in Russian regions for 1998-2017.

Incoming foreign migration

	1 998	1 999	2 000	2 001	2 002	2 003	2 004
Central Federal District	144853	128980	100406	101956	59863	60269	44122
Northwestern Federal District	56 085	49 088	32 578	30 580	17 565	18 421	11 349
Southern Federal District(until 2009)	77 912	66 229	55 113	50 313	27 158	26 624	18 617
Volga Federal District	112 579	99 146	75 430	72 355	35 961	31 075	24 973
Ural Federal District	83 722	65 865	44 806	41 193	22 073	17 515	11 732
Siberian Federal District	100 412	80 691	55 046	50 971	25 215	26 059	14 916
Far Eastern Federal District	22 088	23 552	16 347	11 962	5 615	4 649	3 435
	2 005	2 006	2 007	2 008	2 009	2 010	2 011
Central Federal District	11336	60111	65233	90655	91740	89397	65658
Northwestern Federal District	39 608	16 045	15 251	22 059	23 061	23 958	17 682
Southern Federal District(until 2009)	19 718	20 846	25 806	40 025	35 891	31 850	19 840
Volga Federal District	15 219	30 556	33 267	57 685	53 601	59 966	34 015
Ural Federal District	9 458	18 562	18 555	26 799	27 626	26 688	20 902
Siberian Federal District	20 790	27 345	24 333	39 220	39 994	40 896	27 744
Far Eastern Federal District	3 028	3 765	3 935	10 513	9 701	7 152	5 815
	2 012	2 013	2 014	2 015	2 016	2 017	
Central Federal District	110853	128129	139302	169582	189674	190414	
Northwestern Federal District	38 931	69 922	105266	113041	69 892	59 587	
Southern Federal District(until 2009)	33 674	32 829	38 520	50 832	51 915	69 951	
Volga Federal District	53 853	58 629	69 171	89 082	89 251	78 603	
Ural Federal District	40 289	42 339	41 524	48 334	52 578	53 156	
Siberian Federal District	51 328	48 917	53 655	63 556	71 905	76 511	
Far Eastern Federal District	17 923	26 593	23 476	30 781	34 560	35 223	

Table 2: Data on incoming foreign migration in Russian regions for 1998-2017.

A fuzzy linear autoregressive model was constructed for the dynamics of the number of visitors to Russia using these data. The following results were obtained

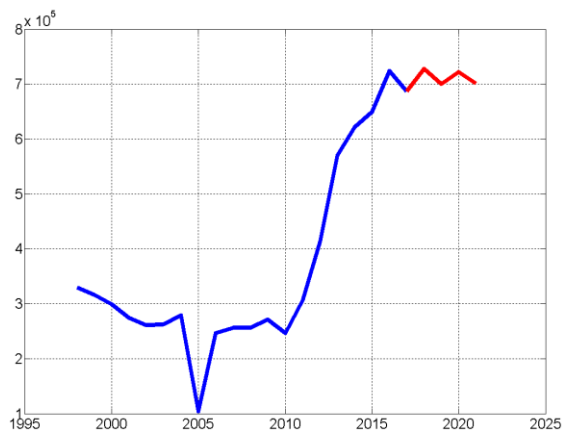


Figure 4: Inner Migration to Central Federal District

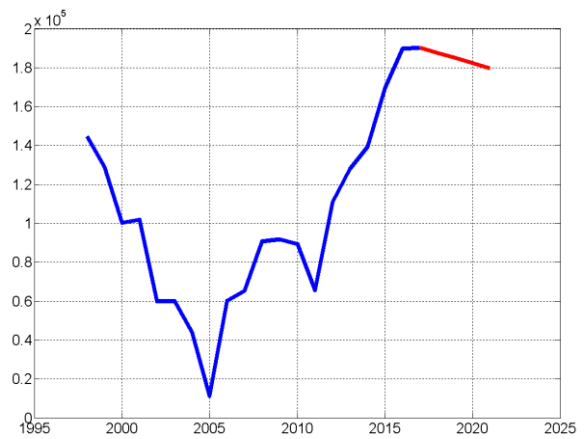


Figure 2: Foreign Migration to Central Federal District

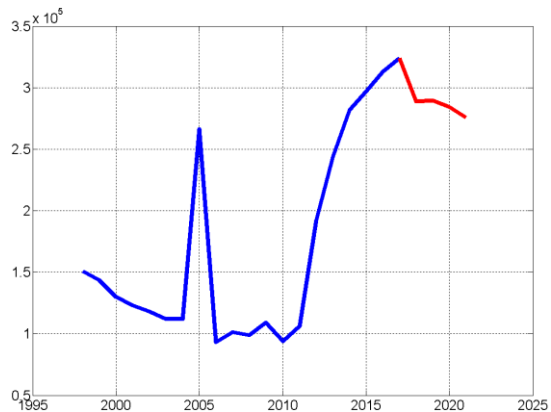


Figure 3: Inner Migration to Northwestern Federal District

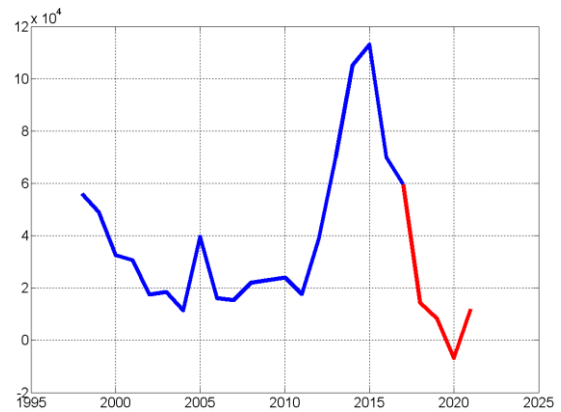


Figure 4: Foreign Migration to Northwestern Federal District

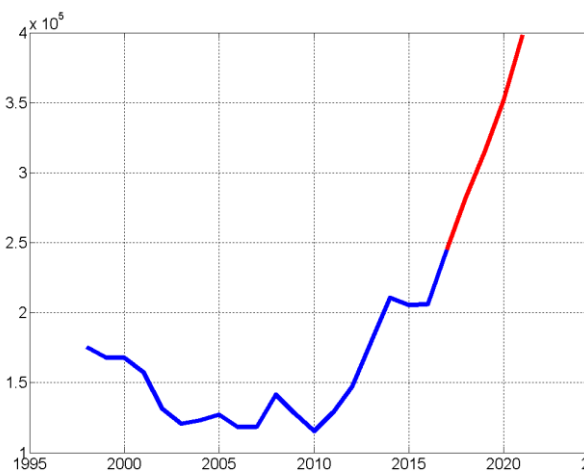


Figure 5: Inner Migration to Southern Federal District

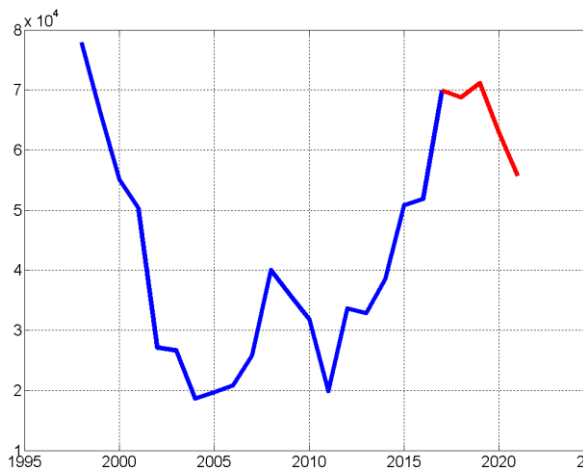


Figure 6: Foreign Migration to Southern Federal District

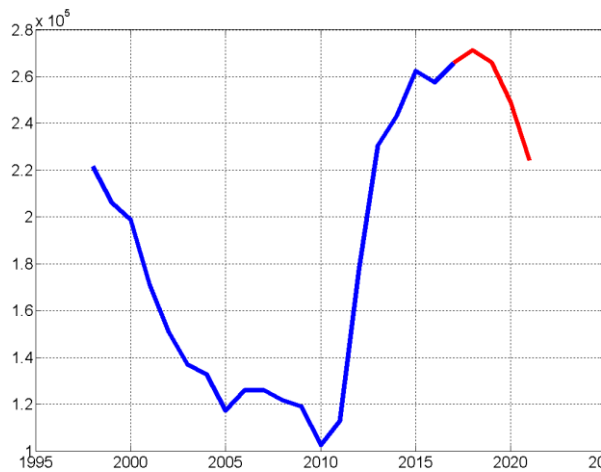


Figure 7: Inner Migration to Volga Federal District

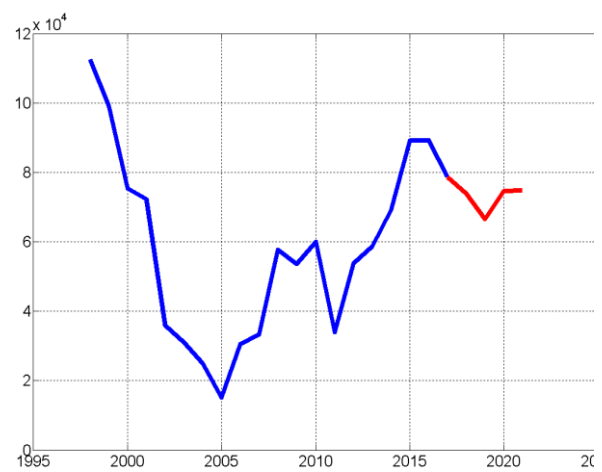


Figure 8: Foreign Migration to Volga Federal District

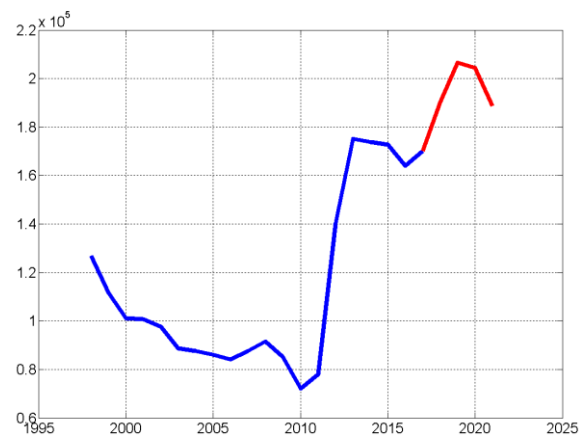


Figure 9: Inner Migration to Ural Federal District

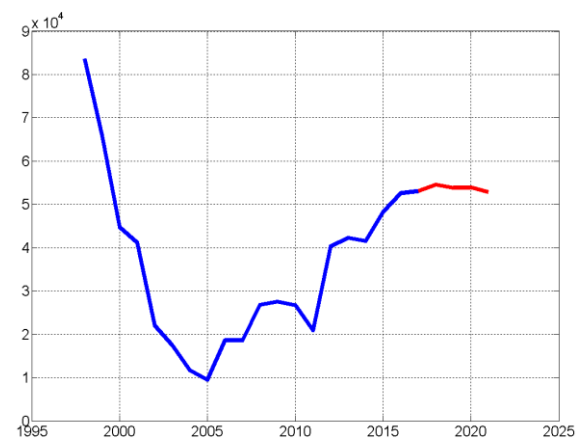


Figure 10: Foreign Migration to Ural Federal District

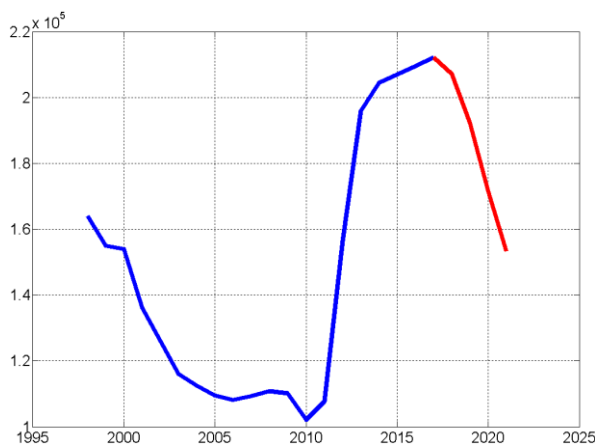


Figure 11: Inner Migration to Siberian Federal District

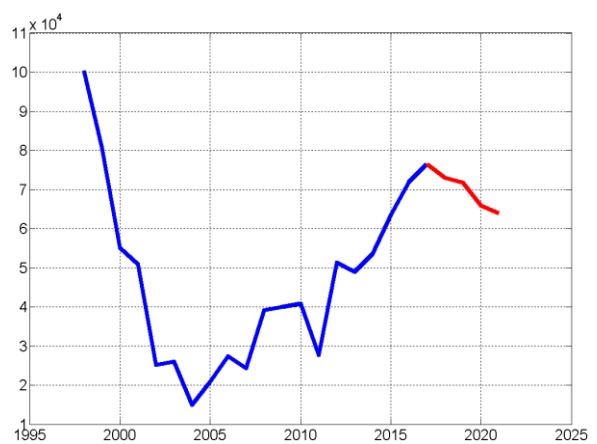


Figure 12: Foreign Migration to Siberian Federal District

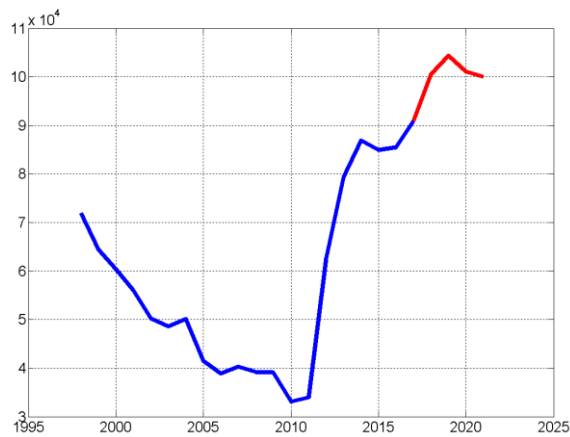


Figure 63: Inner Migration to Far Eastern Federal District

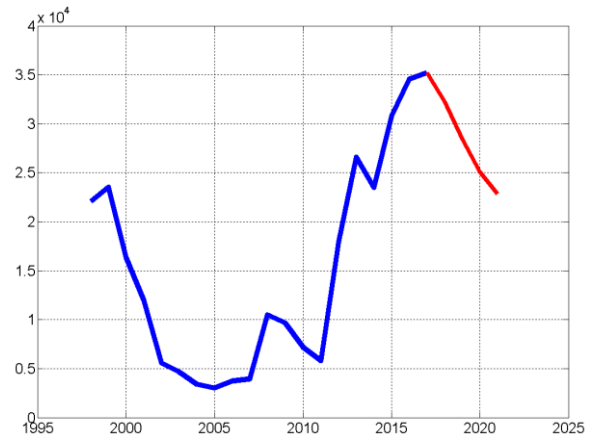


Figure 14: Foreign Migration to Far Eastern Federal District

Graphs show a decrease in interregional migration in 2005-2010 in all Russians regions. The forecast predicts a decrease in the number of visitors from other regions to the Siberian, Volga and Northwestern Federal Districts and growth in the Southern Federal District. But a more accurate forecast requires taking into account other factors.

4. CONSLUSION

The studies show the applicability of the fuzzy linear autoregressive method for the modeling of migration processes. The combination of mathematical modeling and sociological analysis will allow the development of more accurate and multidimensional predictive models of population demographic behavior. Models of demographic processes constructed on the basis of the theory of fuzzy time series are informative for sociological analysis and forecasting, therefore the use of this tool has a high predictive potential and perspective of practical application.

ACKNOWLEDGEMENT: The article was prepared with the financial support of the Russian Foundation for Basic Research, project No. 16-06-00350 "The forecasting potential of the theory of fuzzy time series in constructing a model of population demographic behavior".

LITERATURE:

1. Abel G., Bijak J., Findlay A., McCollum D., Wiśniowski A. (2013) Forecasting environmental migration to the United Kingdom: an exploration using Bayesian models. *Population and Environment*, 35 (2), 183-203
2. Azose J., Raftery A. (2013) Bayesian Probabilistic Projection of International Migration Rates. *Paper for the 2014 Meeting of the Population Association of America*, Boston, MA, 1-3. 05. 2013
3. Bardossy A., Bogardi I., Duckstein L. (1990) Fuzzy regression in hydrology. *Water Resources Reseach* 26, 1497-1508.
4. Bijak J. (2010) Forecasting International Migration in Europe: A Bayesian View. *Springer Series on Demographic Methods and Population Analysis*, 24. Dordrecht: Springer.
5. Bijak J. (2012) Migration Assumptions in the UK National Population Projections: Methodology Review. *Report for the Office for National Statistics*. Southampton: S3RI.
6. Bijak J., Wiśniowski A. (2010) Bayesian forecasting of immigration to selected European countries by using expert knowledge. *Journal of the Royal Statistical Society: Series A (Statistics in Society)* 173 (4), 775-796

7. Billari F., Graziani R, Melilli E. (2012) Stochastic population forecasts based on conditional expert opinions. *Journal of the Royal Statistical Society: Series A (Statistics in Society)*, 175 (2), 491–511.
8. Billari F., Graziani R, Melilli E. (2014) Stochastic Population Forecasting Based on Combinations of Expert Evaluations Within the Bayesian Paradigm. *Demography* 51 (5), 1933-1954.
9. Bryant J., Graham P. (2013) Bayesian demographic accounts: subnational population estimate using multiple data sources. *Bayesian Analysis* 8(3), 591-622
10. Chang Y.-H., Ayyub B. (2001) Fuzzy regression methods - a comparative assessment. *Fuzzy Sets and Systems*, 119(2), 187-203.
11. Federal'naya sluzhba gosudarstvennoi statistiki [Federal State Statistics Service] (2017) \Oficial'naya statistika \Naselenie \Demografiya \Migratsiya: Retrieved 14.07.2017 from http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/demography/#
12. Goncharova N., Varaksina N., Varaksin S. (2016) Potentsial matematicheskikh modelei v prognozirovanii demograficheskogo povedeniya naseleniya . *Upravlenie sotsial'nyimi izmeneniyami v nestabil'nykh usloviyakh: Vserossiiskaya nauchnaya konferentsiya*; 24.05.2016., Moskva, MGU imeni M.V. Lomonosova, sotsiologicheskii fakul'tet: Materialy konferentsii [Conference materials]. ed. Vasil'eva V.P.. – M.: MAKSS Press, 572-576.
13. Goncharova N., Varaksin S., Varaksina N. (2017) Modelirovanie demograficheskikh protsessov s pomoshch'yu nechetkikh stepennykh ryadov [Modeling of demographic processes with the fuzzy power series] . *Navstrechu budushchemu. Prognozirovanie v sotsio–logicheskikh issledovaniyakh: Mezhdunarodnaya sotsiologicheskaya Grushinskaya konferentsiya [Towards the future. Forecasting in sociological research: International Sociological Grushinsky Conference]*, 15—16.03.2017, Found «Vserossiiskii tsentr izucheniya obshchestvennogo mneniya», FGBOU RANKhiGS: Materialy konferentsii [Conference materials] ed. Kuleshova A. V. — M. : AO «VTsIOM», 900-911.
14. Ishibuchi H. (1992) Fuzzy regression analysis, *Fuzzy theory and systems*, 1992(4), 137-148.
15. Kirchgässner G., Wolters J., Introduction to Modern Time Series Analysis // Springer, Berlin, 2007, 274 p.
16. Keilman N. (2001) Demography: uncertain population forecasts. *Nature* 412 (6846): 490-491.
17. Lutz W., Sanderson W.C., Scherbov S. (2004) The end of world population growth in the 21st century: new challenges for human capital formation and sustainable development. London: Earthscan.
18. Ponomarev I., Slavskii V. .(2009) Nechetkaya model' lineinoi regressii [Fuzzy linear regression model]. *Doklady Akademii nauk*, 428(5), 598-600.
19. Tanaka H., Uejima S., Asai K. (1982) Linear Regression Analysis with Fuzzy Model . *IEEE Transactions on Systems, Man and Cybernetics* 12(6), 903–907.
20. Varaksin S., Varaksina N.(2017a) Sotsiologicheskii analiz demograficheskikh protsessov v Altayskom krae na osnove metoda nechetkoy lineynoy regressii [Sociological analysis of demographic processes in the Altai Territory based on the fuzzy linear regression method]. *Politika i Obshchestvo [Politics and Society]* (5): 10-18. DOI: 10.7256/2454-0684.2017.5.23187 Retrieved 26.06.2017 from: http://e-notabene.ru/ppo/article_23187.html .
21. Varaksin S. , Varaksina N. (2017b) A sociological analysis of the childbearing coefficient in the Altai region based on method of fuzzy linear regression. *Sovremennye issledovaniia sotsial'nykh problem [Modern Research of Social Problems]* 8(6), 103-113 Retrieved 20.08.2017 from: <http://journal-s.org/index.php/sisp/issue/view/62017>

22. Varaksin S. , Varaksina N. (2017c) Application of fuzzy linear regression for modeling the migration process in Russia. *25th International Scientific Conference on Economic and Social Development - "XVII International Social Congress (ISC-2017)"*. Moscow, 30-31 oct. 2017. Varazdin Development and Entrepreneurship Agency, Varazdin, Croatia; http://soccongress.rgsu.net/netcat_files/261/472/Book_of_Proceedings_esdMoscow_2017_Final_online.pdf
23. Varaksin S. , Varaksina N. (2018) Modeling the dynamics of the indicator of the life expectancy of the population of the Altai Territory by the fuzzy linear autoregressive method: *Proceedings of the All-Russian Conference on Mathematics "MAK-2018 Barnaul, 28 - 29 June 2018 z.* – Barnaul, AltSU, 2018.-c.157-159.
24. Wang H.F., Tsaur R.C. (2000) Insight of a fuzzy regression model. *Fuzzy sets and systems* 112(3), 355-369.
25. Wilson T., Rees P. (2005) Recent Developments in Population Projection Methodology: A Review. *Population, Space and Place* 11(5), 337–360.
26. Wiśniowski A., Smith P.W.F., Bijak J., Raymer J., Forster J.J. (2015) Bayesian population forecasting: extending the Lee-Carter method. *Demography*. DOI: 10.1007/s13524-015-0389-y
27. Zadeh L. A. (1965) Fuzzy sets . *Information and Computation* (8), 338–353.

CORPORATE LEGAL ENTITIES IN THE CIVIL LAW OF THE RUSSIAN FEDERATION

Lubov Sitdikova

*Russian State Social University, Russian Federation
sitdikovalb@rgsu.net*

Svetlana Starodumova

*Russian State Social University, Russian Federation
StarodumovaSJU@rgsu.net*

Maria Volkova

*Russian State Social University, Russian Federation
volkovama@rgsu.net*

ABSTRACT

This article is devoted to the analysis of the changes in civil law, the consolidation of corporate relations and the introduction of a new classification of legal entities. At the same time, the reform of legislation on legal entities has led not only to positive changes, but also terminological inaccuracies, causing difficulties in law enforcement. The article defines the features of such corporate legal entities as joint-stock companies, analyzes the subjects of corporate relations, the concept and content of the corporate agreement. From the analysis of materials of judicial practice the problems of the conclusion of the corporate contract and consideration of the corporate dispute are revealed. In the course of the study, the authors were guided by General scientific and private legal methods of knowledge: historical and legal, formal legal, comparative legal, sociological, etc. The main applied method was a comparative method that allowed to compare the implementation of the norms of civil legislation on corporate legal entities before and after the reforms. The results can be useful to scientists and civilists, as well as practicing lawyers studying the issues of corporate relations in General and the activities of corporate legal entities in particular.

Keywords: *corporate relationship, body corporate, corporations, companies, shareholders agreement, contracts of rights of participants of the corporate contract, corporate dispute*

1. INTRODUCTION

The next stage of the civil law reform in 2012-2015 touched upon the subjects of civil law – legal entities. Not only the concept itself, but also the composition of constituent documents, the procedure for reorganization and responsibility of management bodies, as well as the classification of legal entities, the Traditional classification of legal entities into commercial and non-commercial ones, was supplemented by the provision on the inability of the latter to profit from their activities, but only income. The subject of civil relations included corporate relations-relations related to the participation of founders (participants) who have the right to membership and form the Supreme body of a legal entity in a legal entity or management of corporate organizations. Also, the civil code of the Russian Federation (hereinafter – the civil code) was supplemented by Art. 65.1, according to which all legal entities were divided into corporations and unitary legal entities. It follows from the content of this article that the concepts of "corporate legal entities" and "corporations" act as identical. In this regard, the situation with the names of a number of state and municipal unitary enterprises, which are created in the form of a Corporation, but are not a corporate legal entity, is ambiguous.

The study is based on the following works of the authors:

- Sitdikova L. B., Starodumova S. Yu. (2016) Public law companies as a special kind of non-profit organizations // Actual problems of the Russian legislation. No. 13. P. 141-150.
- Sitdikova L.B., Starodumova S.Yu., Shilovskaya A.L. (2017) The reforming of Russian civil legislation (from the general part of the civil code to the particular implementation of the norms) // Economic and social development. Book of Proceedings. Varazdin Development and Entrepreneurship Agency; Russian State Social University C. 894-901.
- Volkova M. A., Gridneva O. V., Kaurova O. V., Maloletko A. N., Sitdikova L. B., Starodumova S. Yu., Shilovskaya A. L. (2017) Organizational and legal forms of non-profit organizations under the legislation of the Russian Federation. Monograph. Moscow, 210 p.
- Volkova M. A., Sitdikova L. B. (2011) Commercial law. Monograph. Tom Part 2. Moscow, 335 p.
- Volkova M. A., Starodumova S. Yu. (2016) Features of the content of real rights to property of legal entities. Actual problems of the Russian legislation. No. 14. S. 24-30.
- Volkova M. A., Starodumova S. Yu. (2017) The order of realization of the right of legal entity // Private law problems in the context of development of the modern legislation. Collection of articles on the results of scientific and practical seminar. Pp. 26-30.
- Starodumova S. Yu. (2018) types of corporate contracts // Main trends and prospects of development of modern law. The proceedings of the annual International scientific conference in memory of Professor Felix Mikhailovich Rudinsky. P. 452-456.
- Starodumova S. Yu. (2016) Commercial corporate legal entities // Humanities, socio-economic and social Sciences. No. 11. S. 142-145.

Thus, the authors were able to determine the legal nature of legal entities in General and corporate in particular, to consider the features of non-profit corporate legal entities as the largest number of existing organizational forms of legal entities and identify terminological inaccuracies in the conceptual apparatus of "Corporation" and "corporate legal entities".

2. METHOD

In the course of the research, the authors were guided by General scientific and private legal methods of cognition: historical and legal, formal legal, comparative legal, sociological, etc. the main applied method was the system-structural one, which allowed to reveal the legal nature of corporate legal entities. The combination of historical and legal and comparative legal methods allowed to reveal the specifics of the impact of historical conditions on the development of the Institute of corporate governance through a corporate agreement, shareholders' agreement and agreement on the implementation of the rights of participants. The formal legal method allowed to analyze the legal norms regulating the legal status of business companies and to identify the features of joint stock companies. The system-structural method gave the authors an opportunity to consider the peculiarities of corporate dispute resolution.

3. RESULTS

It is revealed that the interaction of participants of the joint-stock company is determined by the internal organization of interaction of three groups of subjects: shareholders; management bodies; labor collective of the company. We believe that a joint-stock agreement should not go beyond the legislative requirements and provisions of the Charter of a business company. If there is a conflict between the agreement and the Charter, preference should be given to the Charter. Therefore, joint-stock agreements cannot be considered as sources of corporate law, rather, they are a tool for regulating relations between the company's participants. It is established that the interpretation of the corporate agreement, given by the legislator in Art. 67.2 of the civil code, combines the provisions of existing shareholder agreements and contracts for the exercise of the rights of participants in limited liability companies.

It is revealed that the corporate agreement is intended to exclude and resolve in time the corporate disputes arising between participants of economic society.

4. DISCUSSION

4.1. Companies as types of corporate legal entities

Among commercial corporate legal entities a special place is occupied by economic companies with the authorized capital divided into shares of the founders certifying the obligations of the participants in relation to the company. A novelty in the field of classification of legal entities was the division of business entities into public and non-public (the principal difference between which is the possibility of placing shares and securities of a person by open subscription). Non-public corporations are limited liability companies and joint stock companies that do not meet the criteria of a public Corporation. The legislator did not give additional explanations in this regard, limiting himself to very lengthy phrases. Along with joint-stock companies, in Russia there is another organizational and legal form of business companies – a limited liability company – whose members are not liable for the obligations of the company, but bear the risk of losses that may be associated with the activities of the company within the size of their shares. The authors highlight the corporate nature of joint-stock companies whose members combine their own capital in order to make a profit, subject to restrictions of economic and other risks, which is a form of business organization based on a certain type of corporate relations between its participants (Badulina, 2015, p.12). At the same time, the corporate form of legal entities has its advantages and disadvantages in the event of disputes between persons interested in the activities of a joint-stock company. The complexity of interaction between the participants of the joint-stock company is determined by the feature of corporate cooperation, which is developing in the joint-stock company. Thus, according to A. V. Pavlyuk, the method of internal organization, which is inherent in joint-stock companies, is a kind of relationship, which is characterized by a corporate nature (Pavlyuk, 2015, p.23). Often the interests of three groups of subjects in a joint-stock company are singled out: shareholders; management bodies; the company's workforce. Form of corporate enterprises into joint-stock companies allows its participants to combine personal efforts or capital for common solutions to complex problems, implementing the right to freely use abilities and property in the economic sphere, under part 1 of article 34 of the Russian Constitution. The authors distinguish such signs of joint stock companies as the availability of shares certifying contractual rights of shareholders in relation to the society; the right of free transfer of shares without the consent of the joint-stock companies; limited liability of shareholders to the value of their shares, and other signs governing the legal status (Gutnik, 2014, p. 45). So M. A. Mazo identifies two important characteristics of a joint-stock company: 1) a joint – stock company is the largest Corporation that allows to attract not only significant financial resources, but also to involve a large number of participants; 2) joint-stock companies can be created in various ways in compliance with the established registration procedure (Mazo, 2015, p.128). O. I. Grishchenko among essential signs of joint-stock companies allocates Association of the capitals, instead of persons which is confirmed by number and cost of shares (Grishchenko, 2014, p.11). With the same nominal value of all shares, the shares of participants in the joint-stock company may be different. There are some other essential features of joint-stock companies: the company name of the joint-stock company must contain in the name an indication that the company is a joint-stock company; the liability of shareholders is determined only by the boundaries of the funds invested in the shares.

4.2. Shareholder agreements and agreements on the exercise of participants ' rights

A significant role for joint-stock companies is played by the introduction of the Federal law of 26.12.1995 № 208-FZ "on joint-stock companies" article 32.1, devoted to joint-stock

agreements. V. Kononov points out that joint-stock agreements were concluded earlier, even before the introduction of the provisions of article 32.1 of the said law, but if there was a dispute over corporate law, the courts ignored the provisions of the concluded joint-stock agreements and applied only these rules. In practice, the court could only protect those interests that arose from the shareholders' agreement. Regarding legitimate could be considered a shareholders' agreement on the procedure of voting, for example, the merger of the votes of the shareholders when establishing the sole Executive body. The agreements containing such provisions became known as minority shareholders agreements (Kononov, 2010, p.18). During the period of non-regulation by the norms of the Russian legislation of issues of shareholders agreements, foreign law was applied. A striking example of the implementation of this option in the future was the trial of the company "MegaFon". As a result, the court stressed that the subordination to foreign law of corporate relations arising from participation in the Russian society, the court was declared inadmissible under paragraph 2 of article. 1202 civil code of the Russian Federation as contrary to the principle of incorporation in determining the personal law of a legal entity (FAS resolution of the West Siberian district of March 31, 2006 № F04-2109/2005 (14105-A75-11) in the case № A75-3725-G/04-860/2005). Otherwise, shareholders were required to create a complex corporate structure with the creation of additional management, for example, the parent company in a foreign jurisdiction, with the application of foreign law. Note that the world practice has long known and uses the Institute of shareholder agreement, better known as "shareholders' agreements" (SHA). In the classical sense, which leads to A. Rostov, shareholders' agreement is an agreement between shareholders and the company, the purpose of which is to organize the management of the Corporation, in the distribution of profits between shareholders, in the settlement of disputes and solving deadlocks (Rostov, 2014, p.16). According to the existing court practice (decision of the Moscow Arbitration court of 24 November 2010 in case No. A40-140918/09-132-894) the agreement should specify and clarify the rights of the members of the company, therefore, it is necessary that it comply with the provisions of the Charter. Note that the level of optionality of contracts for the exercise of the rights of participants of the company more loyal than the shareholders' agreement. We believe that the shareholders' agreement should not go beyond the legislative requirements and provisions of the Charter of the company. If there is a conflict between the agreement and the Charter, the court will certainly give preference to the Charter, since paragraph 2 of article 11 of the Federal law "on joint stock companies" and paragraph 2 of article 12 of the Federal law of 08.02.1998 No. 14-FZ "on limited liability companies" clearly indicate that the requirements of the Charter are mandatory for execution by all bodies of the company and all its participants (Lenkovskaya, 2018, pp. 419-423; Lenkovskaya, 2017). Therefore, joint-stock agreements cannot be considered as sources of corporate law, rather, they are a tool for regulating relations between the company's participants.

4.3. Corporate contract

It should be noted that the legal status of corporate entities has undergone some changes in recent years. Federal law of 30 December 2012 № 302-FZ "On amendments to chapters 1, 2, 3 and 4 of the civil code of the Russian Federation" and the Federal law dated 5 May 2014 No. 99-FZ "On amendments to Chapter 4 of the civil code of the Russian Federation and on invalidating certain provisions of legislative acts of the Russian Federation" in the contents of the civil code was made a few important additions. Federal law No. 302-FZ expanded the boundaries of regulation of relations related to corporate governance in organizations, as well as fixed in article 67.2 the civil code a new concept of a corporate agreement. The new rule expanded the range of participants, as the parties to the corporate agreement may be creditors and persons intending to become members of the company in the future. Participants of companies can take care of the conclusion of a corporate agreement at the stage of creation of

a business company, that is, until the state registration. At the same time, the corporate agreement has a certain legal force, because if the decisions of the company's management bodies contradict its content, they will be invalidated. The interpretation of the corporate agreement given by the legislator in Art. 67.2 of the civil code of the Russian Federation combines the provisions of existing shareholder agreements and agreements on the exercise of the rights of participants in limited liability companies. At the same time, I. V. Berezkin believes that the concept of a corporate agreement also includes agreements concluded between the founders during the creation of the Corporation, and agreements on the transfer of powers of the company's management bodies (Berezkin, 2013, p.174). The conclusion of the corporate agreement along with the Charter and other necessary constituent documents allows to keep confidentiality, to establish obligations for all participants and to use if necessary the simplified order of modification and additions (Zolotareva, 2014, p.69). At the same time, there are certain shortcomings in the dispositive ability not to disclose information regarding the content of the corporate agreement, as corporate agreements are not subject to state registration, there is no possibility to check it for compliance with the current legislation. At the conclusion of a corporate agreement, participants are required to notify the company of this legal fact, without disclosing its contents, as stated in paragraph 4 of article 67.2 of the civil code. If the agreement on the establishment of a Corporation is classified as a corporate agreement, it turns out that the company should be notified of its creation, while it has not yet been created. It should be noted that the corporate agreement is intended to exclude and timely resolve corporate disputes arising between members of the company, so paragraph 1 of article 225.1 of the Arbitration procedure code of the Russian Federation (hereinafter the APC) determines that corporate disputes are disputes about the liquidation of non-profit organizations that are able to unite commercial organizations and individual entrepreneurs, or have the status of self-regulatory education. In the determination of the Supreme Court of the Russian Federation from November 23, 2010 No. 46-Vpr10-14 the view was expressed that corporate disputes should be considered as disputes arising from membership-based relationships. Therefore, only legal entities can participate in corporate disputes. However, this view was not recognized by the courts as the only true one. In the ruling of the SAC of 04 August 2010 in case no. A40-26705/09-73-69 from 4.08.2010 it was established that the rules of Art. 33 and 225.1 of the APC, establishing a special jurisdiction of disputes, indicate that the participants of such disputes can be not only commercial or non – profit organizations, individual entrepreneurs, but also other citizens-individuals, if they are directly related to the corporate dispute. In fact, the SAC of Russia has quite clearly indicated that the harm can be caused by illegal actions of both individuals and legal entities. Thus, if the applicant applies to the court to terminate the illegal actions of the defendant, which are associated with the liquidation of the company, that is, a legal entity, the dispute shall be considered under the rules of the Chapter. 28.1 APC RF. Thus, corporate disputes can be called not only disputes based on the participation of legal entities, but also related disputes that arise on a par with those categories of disputes that are covered by the arbitration procedure legislation, and are understood as corporate disputes. As explained in paragraph 21 of The information letter of the Presidium of the SAC of 18.01.2011 № 144" on some issues of practice of arbitration courts of disputes on the provision of information to participants of economic companies " such disputes are by virtue of paragraph 2 of article 225.1 of the APC to corporate disputes. At the same time, the review of the judicial practice of the Supreme Court of Russia indicates that the relations of the participants with the Executive bodies of the company are complex, that is, on the one hand, the Executive bodies consist in corporate legal relations with the participants of the company and the company itself, in fact, from the position of labor legislation, the Executive bodies are unusual, but employees. On the other hand, the employment relationship between such workers and the organization, which is

an employer, the status of which is governed by the rules of GL. 43 of the Labor code of the Russian Federation, has its own characteristics regarding the work of heads of organizations.

5. CONSLUSION

Thus, the study of corporate legal entities in the civil law of the Russian Federation revealed the features of corporate legal entities, features and legal tools for resolving corporate disputes through corporate contracts, as well as shareholder agreements and agreements on the exercise of the rights of participants in limited liability companies.

LITERATURE:

1. Badulina E. (2015) Share capital. What has changed? // *Ezh-Yurist*. No. 8. P. 12-17.
2. Berezkin I.V. (2013) Comparative characteristics of the corporate contract in Russian and foreign law // *Law and policy: challenges of our time: collection of articles by teachers, graduate students, law students*. Khabarovsk: the RITZ, JGAAP.
3. Volkova M.A., Gridneva O.V., Kaurova O.V., Maloletko A.N., Sitdikova L.B., Starodumova S.Yu., Shilovskaya A.L. (2017) Organizational and legal forms of non-profit organizations under the legislation of the Russian Federation. Monograph. Moscow.
4. Volkova M.A., Neznamova A.A., Kuleshov G.N. (2017) Legal nature of the result of the contract for the valuation as an object of civil law // *Economic and Social Development Book of Proceedings*. Varazdin Development and Entrepreneurship Agency; Russian State Social University. Pp. 853-859.
5. Volkova M.A., Sitdikova L.B. (2011) Commercial law. Monograph. Tom Part 2. Moscow, 335 p.
6. Volkova M.A., Starodumova S.Yu. (2016) Features of the content of real rights to property of legal entities. Actual problems of the Russian legislation. No. 14. Pp. 24-30.
7. Volkova M.A., Starodumova S. Yu. (2017) The order of realization of the right of legal entity // *Private law problems in the context of development of the modern legislation*. Collection of articles on the results of scientific and practical seminar. Pp. 26-30.
8. Grishchenko, O.I. (2014) the state's Participation in joint-stock companies: legal problems. Abstract. dis. ... kand. the faculty of law. sciences'. Moscow, 30 p.
9. Gutnik, O.V. (2014), Legal liability in corporate relationships // *Bulletin of civil law*. No. 6. P. 45-54.
10. Zolotareva A., Kireeva A. (2014) Corporate agreement: second edition // *Economy and law*. No. 10. Pp. 69-75.
11. Kononov V. (2010) Problems of the subject and content of the agreement of the participants of business companies under Russian law // *Corporate lawyer*. No. 10. Pp. 18-23.
12. Lenkovskaya R.R. (2018) on the procedure of formation of Executive bodies of a limited liability company // *Main trends and prospects of development of modern law materials of the annual International scientific conference in memory of Professor Felix Mikhailovich Rudinsky*. Pp. 419-423.
13. Lenkovskaya R.R. (2017) limited liability Company as a subject of civil relations. Monograph, Moscow.
14. Mazo, M.A. (2015) the Legal structure of the regulation of conflicts of interest in the company // *Russian law journal*. No. 2 (101). Pp. 128-133.
15. Pavlyuk A.V. (2015) On the concept of joint-stock company in Russian law // *Administrative and municipal law*. No. 1. Pp. 23-26.
16. Rostov A. ways to resolve the deadlock in the framework of the shareholders agreement // *Corporate lawyer*. 2014. No. 10. Pp. 16-20.
17. Sitdikova L.B., Starodumova S. Yu. (2016) Public law companies as a special kind of non-profit organizations // *Actual problems of the Russian legislation*. No. 13. Pp. 141-150.

18. Sitdikova L.B., Starodumova S.Yu., Shilovskaya A.L. (2017) The reforming of Russian civil legislation (from the general part of the civil code to the particular implementation of the norms) // Economic and social development. Book of Proceedings. Varazdin Development and Entrepreneurship Agency; Russian State Social University. Pp. 894-901.
19. Sitdikova, L.B., & Shilovskaya, A.L. (2016) The Role of Self-Regulatory Organizations (SRO) in Civil Legal Relations, *Contemporary Problems of Social Work*. Vol. 2. No. 1 (5). P. 150–156. DOI: 10.17922/2412-5466-2016-2-1-150-156.
20. Starodumova S.Yu. (2016) Commercial corporate legal entities // Humanities, socio-economic and social Sciences. No. 11. Pp. 142-145.
21. Starodumova S.Yu. (2018) types of corporate contracts // Main trends and prospects of development of modern law. The proceedings of the annual International scientific conference in memory of Professor Felix Mikhailovich Rudinsky. Pp. 452-456.

THE PROBLEM OF THE VALUE SAFETY OF THE SOCIETY

Nikolay Starostenkov

*Russian state social University, Russia
StarostenkovNV@rgsu.net*

Natalia Lyapunova

*Russian state social University, Russia
ljapunovanv@rgsu.net*

Lada Poghosyan

*Russian state social University
PogosianVV@rgsu.net*

Elena Tatyeva

*Russian state social University
TatyevaEV@rgsu.net*

ABSTRACT

The formation and successful evolution of the civil society depends to a significant extent on the value paradigms that form the basis of the vital activity both of the society itself and each of its members. However, in the contemporary public opinion, different approaches to the idea of morality have been formed. It's not coincidentally that crisis of the human person related to religious and ethical identity has become a signature feature of our days. It's a global problem. A sustained displacement of the norms of religious morality from secular legislation represents a public threat, indeed. At that, it should be kept in mind that the main life values consist of spiritual and moral wealth.

Keywords: *value safety, moral values, value paradigms, value orientation*

1. INTRODUCTION

Contemporary age is a tough time, from the spiritual point of view. And this is the time for values reconceptualization and revaluation. The troubles of the presents days are related to a compulsive need of the people to create and surround themselves with a "new" culture, new moral and ethical values coming from outside. There is a question: why do we so easily adopt and try to implant on our soil alien ideas which are quite accidental for our national and historical existence? According to Patriarch Kirill of Moscow, there may be only one answer: we have not learned how to combine new fashioned ideological and philosophical crazes with the original values of our national and historical tradition. The observance of such tradition means the conservation and transfer of specific values from generation to generation. Their meaning is treated as an issue of vital importance. That's why the adaptation of such values in one's life becomes a categorical imperative for an individual (Kirill, 2006, p.102). Following the results of the examination made, nowadays there may be observed a tendency to divergence of Christian values and new (non-religious, secular) values, in the centre of which there is a human being who has lost his moral orientations. If the ideas excluding the notion of the good and the bad begin to dominate worldwide globalisation will turn into spiritual death of the people. For this reason, in the context of the natural evolution of integration processes, it's necessary to build a multi-polar world, not only in the sense of the poles of the political power, but in the sense of the freedom of spiritual choice. There shall be different views and beliefs on our planet, among which Christian views and beliefs must have a noticeable and strong presence.

2. METHODOLOGY

The introduction into scientific discourse of a notion "cultural and historical space" provides an opportunity to retrace the ideas and views of researchers and the ways of interaction between the Church and the State, related to the problem of harmonization of traditional moral values and secular ethics, with the problem of the value safety of the society. Besides, it makes possible to demonstrate that native and foreign clericals and representatives of Russian society and European parliamentary structures, being on the same subject field, operate in qualitatively different cultural and historical spaces. This is exactly what explains sometimes considerable theoretical and ideological differences between their beliefs and actions in respect of traditional morality and the secular value system which is promoted by some international institutions. Besides, the application of such notion while raising new questions to already well-known main notions favours knowledge increment, and helps to evaluate and check existing models and hypotheses. "Cultural and historical space" shall mean a specifically organized and logically conceivable form which represents an environment into which a knower is integrated (pluralistic model, moral standard, ideological standard, etc.) and under the influence of which he is shaped and acts. The most important parameters of the cultural and historical space are: an ideology; dominating in the society; social and political order; sources array available to the researcher and historically developed methods for their interpretation; social and cultural traditions dominating in professional environment; the personality of the historian which manifests through the system of political opinions and ideological beliefs and which can be influenced by its ethnical identity, personal proclivities and, sometimes, social background.

3. RESULTS

The analysis of the problem has shown that the contemporary Western world is in a deep spiritual crisis. Throughout the Western world, there is an "erosion" of universal human values forming the spiritual foundation of the modern European civilization. Laws spearheaded against traditional morality are adopted at the governmental level. All this points to the fact that not only the Western world has broken with tradition, but the worldview rupture has arisen in its inside. They who argue against traditional values consider them as the main obstacle on the way towards human freedom. Today, the freedom is globally interpreted as "a freedom from" and "a freedom for". Across the West, the focus is put on the freedom as an exemption from all and any restrictions in the cultural and moral area, as a movement towards permissiveness. In Russia, freedom is understood as an enhancement of opportunities for the establishment of higher moral and spiritual ideals and objectives, and the cultivating of kindness by the humanity. And this rupture, this dividing line in the area of information, culture and spirit is growing more wide and deep (Matvienko, 2016). Although, despite the hard time we are going through today, one shall note that an interest to traditional values throughout the world is not weakening, and Russia is of no exception. The majority of Russian population is historically related to the Orthodox background which has been dominating in Russia for more than a millennium. A return to its origins, to its moral and ethical values is very important for the contemporary Russia. For this purpose, it is necessary to enrich traditional values filling them with content and meanings reflecting new trends. There are opportunities and tools for this. In particular, there was recently adopted the "Strategy for Education Development in the Russian Federation until 2025", prepared with an active involvement of the Federation Council. A great educational potential is contained in the Federal target program "Education Development in 2016-2020", the additional education system for children (Matvienko, 2016). Summarizing the above, it is worth emphasizing that our country's future and the future of the Slavic civilization depend on the prospective spiritual order of the society.

4. DISCUSSION

4.1. Cultural generational bridge

It is commonly known that a dynamic development of the country depends to a significant extent on the value paradigms that form the basis of the vital activity of the State and the people. They reflect the needs and the day-to-day realities of our time, draw up the guidance for professional activities, define the social mission and the life purpose of every citizen. In the words of N.O. Losskiy, "life is entirely motivated by love for values" (Losskiy, 1991, p.182). It must be admitted that in contemporary life some of cultural and historical characteristics change from generation to generation. What's behind all this? Firstly, it may be explained by a serious change in the cultural environment. This means a considerable change in the value orientations of the society (or their absence), as well as the diversity of such orientations - that is, the absence, to a greater or lesser extent, of a united value field. Secondly, the modern life style is more and more focused on the values and norms of the consumer society, in the centre of which there is a person in the capacity of the consumer. Therefore, the modern society is characterised not by just anthropocentrism, but by a consumer anthropocentrism. The millenarian experience of our ancestors teaches us that if we want to preserve our motherland and, in general, the entire human civilization, we must not admit to ruin its life-giving core - the cultural generational bridge. It's the appeal to the values which guided our ancestors what can help us on this way. Thanks to these values, our forefathers managed to build a strong state system which united different nations and to create a great cultural heritage. Actually, we often happen to hear say about the crisis of relationships between the generations. Undoubtedly, for young people, our time differs fundamentally from the past centuries by two circumstances, at the least: a great potential of free time, which is often non-demanded or used inappropriately; and a huge volume of information received by young people both from the face-to-face contacts and through modern mass media and communication means. However, one who uses to read the "Book of Proverbs" is led to the realization that in the past millennium and a little over the human values have remained the same, and the man himself haven't changed at his bottom. It stands to reason that nobody can change the moral nature, as the moral sense is appropriate to the human nature. The evolution of the moral nature of the man is possible only under the condition of the compliance with moral laws. If to ignore it, the moral nature of the man will change considerably: the person will begin to lose its spiritual and moral path and, with that, any moral restraints. As a result, the human society will inevitably lose its system-forming features and lack its vital capacity. Unfortunately, at the present time both in Russia and throughout the entire world traditional moral values are trampled upon, and the voice of conscience is ignored. Human civilization, breaking the bond of the moral standards, establishes itself in malice and mistakes. That's why the fight for the human morality it's the fight for the salvage of the human person, it's the way for survival of the civilization. There is no doubt about the fact that every nation has a certain system of moral values. At the same time, the overwhelming majority of people believe that there are some universal values, apart from the values inherent in every human community, which mean not so much moral values as philosophical ideas and legal norms. Currently, many people, in particular in the West, consider as universal the values which emerged as a result of philosophical development in Western Europe, especially in the age of Enlightenment. These are the so-called ideas of rights and freedoms. There is nothing wrong with these ideas, however, like any human idea, it cannot claim to be universal, all-encompassing since the humanity was not involved in the formation of these ideas, and this was did by a single culture only. Therefore, despite the fact that the Western community seeks to promote the liberal model of its democracy by forcing it on other peoples and civilizations, such term as 'universal values' may not be applied to those new global universal concepts. One should always keep in mind that every nation has its own national and state interests.

Different nations reveal different abilities, a special way of thinking and world perception. By summarizing the above, it should be noted that Russia has no spiritual and moral, ideological and worldview alternative. We are witnessing today the most serious worldview conflict between the West and Russia. Therefore, special attention of all civil society institutions should be paid to the development of spiritual and theoretical tools required by the state to provide an adequate response to the anything but simple challenges of the XXI century.

4.2. Main value components of Russia's development

Back in 1945, American general Allen Dulles, head of US political intelligence in Europe, who later became Director of the CIA, said: 'Having wreaked havoc in Russia, we will insensibly replace people's values with false ones and will make them believe in these false values'. <...> We shall gradually exterminate the social substance in literature and art. Literature, theatre, the cinema - everything will depict and glorify the basest human feelings. In every way we shall support and cultivate the so-called artists who will disseminate and implant into the human conscience the cults of violence, sadism and betrayal - in short, all sorts of immorality. We shall create chaos and confusion in state governance. We shall promote abuse of power by state officials, bribe taking, and unscrupulousness. Bureaucracy and red tape will be built into a virtue. Honesty and moral rectitude will be ridiculed; nobody will need it, they will become old prejudices. And only a few, a very few people will guess and understand what is happening. But we shall put those people in helpless position, make a mockery of them. We will find ways to belie them and declare them to be the scum of society... (Joann, 2000, p. 72–73). We are witnessing today this new type of war fought worldwide, and in particular against our country - a kind of information and psychological action. The struggle on the main, ideological battlefield goes for people's souls. And the issues of information protection of the Russian state, society and citizens, the need to unravel falsifications and distortions of our national history under such circumstances require serious practical measures to address these. This directly affects the prospects of the Russian statesmanship. Information security leads to the necessity to create a reliable barrier system for protection against information dangers and threats, negative information effects on the individual and public consciousness, people's state of mind. Of great importance here is an ongoing commitment to adequate measures in the information confrontation, whoever this may be imposed by (Kuznetsov, 2004, p. 523). Although the social amnesia syndromes are gradually eliminated today, a dismissive and often nihilistic attitude to the history of the country has not been completely overcome. The rootedness of this phenomenon is one of the consequences of the Russian split, which acts as a permanent intracultural conflict expressed in the coexistence of different subcultures gravitating to the opposite ways of social development within the same culture, which was clearly demonstrated by the years of perestroika. Historical amnesia is dangerous in many respects, most importantly – it shapes a human with a monologue type of thinking, programmed for one-sided world perception, unambiguous, categorical assessments, judgments, actions. An overall assessment of the past, expansion of the people's field of social memory are the most important prerequisites for the value security of the society. Blind adoption of experiences of other countries that have succeeded in technological and socio-economic development is a daunting challenge for emerging nations. Progress is only possible if best practices are shared in all spheres of public life. N. Berdyaev, V. Zenkovsky, K. Cavelin and others noted that since the end of the XV century, Russia has been developed under the influence of an attractive Western model, but the European components "have never been deeply assimilated by the Russians", external forms were perceived in the first place as the most accessible, prone to imitation. Imitation among the educated classes of Russian society often spiralled into idolatry of Western values. It is especially dangerous when uncritically perceived Western models are brought by the ruling elite to the rank of sociality transformation state policy.

Injection of foreign 'samples', values into the "social fabric" inevitably leads to the emergence of ardent supporters of innovations and adherents of traditional values. Confrontation of these groups becomes the center and driver of sociocultural and spiritual development and gradually extends to all other spheres and aspects of human life. According to Patriarch Kirill, the main task of social development today should be the development of a basic system of values in modern Russia. It must be protected from the influence of any political climate and lie beyond the pragmatic benefits so that no political initiative or political struggle would be able to cause damage to the structure of Russia's national basic values. The arena of struggle should be shifted from the sphere of basic values (i.e. spiritual and moral values) to the area of superstructural values that may include issues of economy, foreign or domestic policy (Cyril, 2006, p. 109).

5. CONCLUSION

As you can see, one of the lessons of our thousand-year history is that the country survived, improved in strength, created a unique civilization, became a great power. This was to a great extent due to the fact that the Russians and other Russian peoples and the Russian state remained in all tough calls faithful to their moral and spiritual foundations and relied on them. In this case, we are talking about the preservation and at the same time about the development of our traditional values. Such as a strong state, independence, patriotism, freedom, justice. As equality and cooperation of peoples, religious denominations. As collectivism, mutual help, strong family, its support. Exactly these traditional, or rather, fundamental values define our national Russian identity. Exactly these values set the trend for the social, state structure, culture and spiritual life. Exactly these values hold together and consolidate a society, a nation. And this is the most important lesson of Russian history (Matvienko 2016).

We may draw the following conclusions:

- First, the analysis of the problem showed that the development of Russia was often made under the influence of an attractive Western model, however the European components "were never deeply assimilated by the Russians", external forms were primarily perceived as the most accessible, prone to imitation. Imitation among the educated classes of Russian society often spiraled into idolatry of Western values. It is especially dangerous when uncritically perceived Western models are brought by the ruling elite to the rank of sociality transformation state policy. Injection of foreign 'samples', values into the "social fabric" inevitably leads to the emergence of ardent supporters of innovations and adherents of traditional values. Confrontation of these groups becomes the center and driver of sociocultural and spiritual development and gradually extends to all other spheres and aspects of human life.
- Secondly, a valuable place in the trend of development of research devoted to the value security issues was still held by the ambition of the author to evaluate the past in an unbiased and comprehensive manner, the expansion of the people's field of social memory – the most important prerequisites for the formation of the people's feelings of national pride, patriotism and dignity.
- Thirdly, a tendency peculiar to the EU countries and Russian citizens sharing their views started to gain momentum in the period examined. It means focus on the legalization of same-sex marriages and application of punishment to European countries and not only in case of violation of resolutions adopted by PACE and European Parliament with regard to homophobia. These so-called international standards spread all over the world pose a threat to value security and provoke a conflict of values.

LITERATURE:

1. Ioann, the Metropolitan of St Petersburg and the Ladoga region. Russian 'node'. – Saint Petersburg 2000. p. 72–73.

2. Kirill, the Metropolitan of Smolensk and Kaliningrad (since 2008 Patriarch). Issues of spiritual education in the context of contemporary challenges for the church, Russia and the world / The XIVth International Christmas Educational Readings. Collection of plenary papers. - Moscow: Prosvetitel 2006. p. 102, 109.
3. V.N. Kuznetsov Russian ideology XXI: Experience of sociological research into formation of the Russian ideology of the XXI century. / The Institute of Socio-Political Research under the Russian Academy of Sciences. — Moscow: Book and business 2004. p. 523.
4. N.O. Lossky Prerequisites for absolute good: Fundamentals of ethics; Character of the Russian people. - Moscow: Politizdat 1991. p. 182.
5. V. Matvienko 2016. Detailed information about the Christmas Readings and the role of the Russian Orthodox Church in the moral perfection of the society has been retrieved on August 28, 2018 from the website <http://www.ippo.ru/news/article/predsdatel-soveta-federacii-valentina-matvienko-o-308247>
6. Marshak, A.L. (2016) Multiculturalism in Today's Russia: Present and Future, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 55–61. DOI: 10.17922/2412-5466-2016-2-3-55-61.

MEDIATIVE TECHNOLOGIES OF SOCIAL CONFLICTS RESOLUTION ON THE BASIS OF RUSSIAN TRADITIONS OF COMMUNITY INTERACTION: THE EXPERIENCE OF IMPLEMENTATION AND TRAINING

Vadim Maslikov

*Russian State Social University
ul. W. Pieck, d. 4, Moscow, Russia, 129226
MaslikovVA@rgsu.net*

Anton Ostrovskii

*Russian State Social University
ul. W. Pieck, d. 4, Moscow, Russia, 129226
Ostrovskiiian@Rgsu.net*

Julia Sulyagina

*Russian State Social University
ul. W. Pieck, d. 4, Moscow, Russia, 129226
SuljaginaJuO@rgsu.net*

ABSTRACT

The present article aims to demonstrate the adaptation of the most effective forms of social interaction associated with the practice of resolving social conflict based on the community justice traditions of russians peasants in the nineteenth and early twentieth centuries. It formed the basis to determine the methodology of a training game “Village meeting” (“Sel’skij skhod”). The main task of the training based on the game is to realize the importance of using traditional socio-cultural technologies with a high degree of efficiency. The authors also found the influence of training in conflict management technologies on the sphere of local self-government with the formation of conflictological competencies in resolving social conflicts based on the traditional Russian practices of self-government and its reconciliation, “Village meeting” (“Sel’skij skhod”). Approbation of results of the methodology allows to detect number of significant qualities, such as solidarity, unity, penitence, collective responsibility, and the ability to adequately assess the various forms of relationships.

Keywords: *conflict, mediation, technology, local-government, sustainable development*

1. INTRODUCTION

One of the most important criterion task of social stability and prosperity is no significant social conflicts between public authorities, public associations and groups, business representatives and various local communities ones. In the meantime, there are certain novations of administrative authority in megapolises such as: overhaul and home maintenance service, enclosed fortified area, organization of the waste sorting process, secure bicycle and pram parking spaces, the introduction of car parking on the streets, subsequent restriction of the passage of «non-residents» to yards. It’s often happen, such decisions or details of its are taken in conditions of exchange relations of private companies and put into practice without detailed discussing with citizens. Often, such a formulation of a question comes with increasing of social activity of citizens and forming protest groups. The groups, spontaneous local-government community, could also be said to bear a similarity to village meeting, especially in the part of determination research of collective form local problems resolution. In here, people educated and collective problems resolution oriented are becoming leaders of non-formal institutions of citizens.

Such public groups are often non-formal, and if the best happened, they determine its organizational and functional structure such as the head of the entrances of a building, or of the street, councils of houses and delegating organizational and control functions to them. Such public associations often come into conflict interaction with representatives of local authorities or even with other similar groups on the management of houses and the enclosed fortified area (the allocation of parking spaces to users, the provision of cars to yards, the improvement of the territory, the allocation of space for walking pets, etc.). Thus, such activity has a positive effect as well. In a number of studies, this effect is substantiated by the existence of correlation system between representatives of the local-government community and reducing costs to management (Coronado Escobar & Vasquez Urriago, 2014); through the growing social confidence to actions of authorities (Bondaletov V.V., 2015; Bondaletov V.V. et al., 2017; Rogach O.V. et al., 2018) and expressed one in ensuring sustainable growth of qualitative indicators of territories development (Kohler, 2013). However, the imperfection of the legislative framework and the complexity of law enforcement do not always provide an opportunity to rely on a regulated procedure that could be confirmed and correctly documented. At the same time, the lack of skills and experience in constructively resolving such conflicts among government officials or local community managers creates a difficult situation when local governments, on whose territory the residents of houses, for example, argue because of the maintenance of the barrier, are often easier to obtain from the city administration and police reorganization of blocking traffic with a boom gates on the streets, than to initiate internal agreements of citizens on the mode of entry into yards. In this case, residents have to negotiate among themselves and take full responsibility for the management of their house and territory of the house. In conflictology such case can be classified as «kommunál'nyj» (in rus.); it comes from «communis» meaning «common», «society» or «shared». A Big Law Dictionary gives the same interpretation of word «kommunál'nyj» (in rus.) as «when it might be related to local governance». This wording gets us to traditional and cultural concept of Russian community, joint responsibility, regularity and stability (Lurie S., 1992; Maslikov V.A., 2017; Starikov Y. 1994). Management decisions are determined by members of Russian community as «community meeting», «community has made a decision», «community chose». according to O.A. Platonov, in these concepts, first of all, the meanings of the higher spiritual and moral level were invested: «community christening», «the Christian community». The community is the highest authority for the peasants, above which is the tsar only. (Platonov O. A., 1991). Having within such borders of the highest authority as «Village meeting» («Sel'skij skhod»), Russian local self-government determines its quite clear formalization and structure. Thus, there should be posts of «desyatnyk» and «sotnyk» with broad power, especially, in the field of conflict resolution besides the village headman; sometimes it makes inexperienced researchers to compare policemen with extortioners («miroed» in rus.), who extorts money from peasants by threatening to expose embarrassing information about them. However, the most conflict-sensitive issues were resolved precisely by the «Village meeting» («Sel'skij skhod»), where evidence and indisputability of decisions is. This is about change in property rights, redistribution of the strips, the resolution of family sections, the payment of taxes, conscription, the management of food products and financial reserves, as well as the admission of new members and expulsion from the «mir» («мир»- in rus.-it was usually used to denote a local, self-governing peasant community at the village level), social exile of people who have been excluded from the mainstream society by sending to rural settlements («Vyselky») for chronic offenses and other. Judicial reform of the Russian Empire in 1861 somewhat transformed the system of «secular» self-government and led to the approval of peasant self-government, based on a structured village society and a village headman, and its peasant common law («volostnoy sud» in rus.) crowned the mechanism for the implementation of common law.

The jurisdiction of peasant common law (“volostnoy sud”) included all disputes and litigation of up to 100 rubles in both movable and immovable property within the peasant allotment, inheritance, trusteeship, loans, obligations, as well as minor misdemeanors in criminal cases originated by the most rural reality and the most frequent occurrences in a peasant environment. In solving most of the local-government cases, the court of justice was allowed to be guided by local customs, but not by non-existent state legislation. Such an approach to justice served the observance of social justice, which sometimes runs counter to imperial law. So, sometimes the Village meeting (“Sel’skiy skhod”) went to cover up minor crimes from the point of view of the “mir” (“the obshchina” as community) if it’s committed by the only man in the family under the pretext of keeping him in the household as a bread-winner, provided that the offender was bailed out by the peasant community itself. So Kaufman describes such a principle of the Russian community-order as «the law of disobedience» (Kaufman A. A., 2011.). Peacekeeping traditions of the Caucasus and Central Asia people were playing the main and important role in the reconciliation procedure. Firstly, there they were such a way to prevent further escalation of violence (blood feud) in the event of damage to a representative of a particular family or ethnic group. This is the «mazalim court» or «justice sofa» for Tajiks, «atalism» is the custom of raising a child of the affected side for Abkhazians or «oilat» («masliat») as a set of traditions to conciliation with a mediator to act in Dagestan and a number of North Caucasian people. Traditions of the village communities were kept in some communities of Russian emigrants, including the regulation of religious relations in conditions of persecution of traditional religion in Russia (Baynova et al., 2017). Since the second half of the last century, approaches to resolving conflict situations involving an intermediary or involving representatives of the village community (“obshchina”) have been reflected in the concept of restorative conflict resolution and criminal cases. There is a concept represented as a set of methods system, procedures and methods of work (rehabilitation restorative programs) used in the situation of crime, a surge of violence, conflict, in the circumstances of escalating mutual misunderstanding, alienation and tension between people. Restorative technologies arose as a response to criticism of modern Western justice and a formal legal approach to conflicts and criminal situations. Such an approach «privatized the conflict» by shifting the responsibility for its resolution from communities of people to the hands of abstract professionals, which, as a result, led to the loss of people's ability to find a way out of conflict situations, conciliatory infantilization. As a result, with the professional analysis of a conflict or criminal situation, its participants can less influence their own life, and professional decisions in the field of justice are less relevant to the real situations of people and communities in the context of the values of society and personal development. Modern Russian «community», as a rule, should be represented in the form of «Territorial public self-government» (TOS), the legitimacy of which is determined by the main principle of the Russian constitution, where the Russian people and the Russian Civil Code are the only source of power in Russia. However, in fact, this is not about the role and importance of modern TOS nowadays in any comparison with the pre-revolutionary system of sustainable development of society. In fact, it’s giving the pas in all basic characteristics. Anyway, all the new forms of the social institution are gaining hope for the system. Thus, a matter of especial importance is certain skill actualization in social conflict resolution, forming competences in conflict resolution caused by complicated ethno-cultural and socio-economic conditions. It should be noted, mediation is one of the most approaches to conflict resolution in Russian legislation. The approach is presented as a way of settling disputes with the assistance of a mediator on the basis of the voluntary consent of the parties in order to reach a mutually acceptable solution and it’s institutionalized one in the Federal Law of the Russian Federation format No.193, from July 27, 2010: “Alternative disputes resolution with the mediator person associating (mediation procedure)“. According to normative document to above, this method is for disputes resolution caused by civil matters,

and also including entrepreneurship and other ones of economics activity, labour disputes (besides a collective labour disputes), and family disputes. Departing from bringing the mediation in collective labour disputes has strengthened the theory to adopt a legislative program by a lawmaker means, firstly, conflict resolving in two disputing parties where a mediation is as a generally accepted world practice one. However, the above-mentioned law does not officially limit the number of parties to a conflict in disputes resolved through the using of mediation. At the same time, most of the programs of additional vocational education and professional retraining in mediation consider first of all two parties conflicts. However, group social conflicts are becoming increasingly important, as described above. In this case, searching for new methodological basic practices of conflict resolution in groups based on a mediation in Russian community of pre-revolutionary period is well founded. Thus, the researchers (Bondaletov V.V. & Maslikov V.A., 2017; Maslikov V.A., 2016) who previously turned to the studies of the foundations of the social processes stability in pre-revolutionary Russia consider it possible to take a training game “Village meeting” (“Sel’skij skhod”) by Maksudov R.R., as a basis of methodology in conflict competences formation of government bodies and civil bodies. This method is based on the common Russian traditional life before pre-revolutionary period of 1917, where most of effective forms of Russian livelihood and culture life were prohibited. As a basis of researching, this method determines the conflict resolution technologies training impact in the sphere of local self-government on the formation of conflict resolution competency on the basis of Russian traditional practices of local self-government and mediation («Village meeting» (“Sel’skij skhod”).

2. METHODOLOGY

When considering and forming a methodological strategy, object-oriented and instrumental base, such a well-known yet program as “The methodological Circle” program («The Circle of Conflict») was such a scientific and methodological approach. The program has been developed by Maksudov R.R. in 2012 and based on the “historical” context on practice of social conflict resolution. There is such practice can be found mostly in the community-order institute among the many ethnic groups, nations. The most important feature of this method is to involve all the parts interested in the discussion of the problem, that is a keystone to just conflict resolution. Besides, there is a community-made decision during the «The Circle of Conflict» program or «Village meeting» (“Sel’skij skhod”) must be evidently putting into effect. There is a big effectiveness of these technologies as life experience shows. Thus, the methodological approach and main principles, as a basis of organizational and active training game, are in Russian traditional peasant community of the justice. It should be noted, describing the main aspects of Russian peasant community of justice as basis of the training game as well that was taken by experts of Russian association of Center for Mediation and Legal and Social Interaction of the Russian State Social University and Center for Legal and Judicial Reform (Maksudov R.R., 2012). The importance of the actualization of the organizational and active training game “Village meeting” (“Sel’skij skhod”) is predetermined by the fact that mediation is determined as an increasingly important tool in situations of conflict resolution in the self-government. This relevance can be explained as unique technology in resolving conflict through the use of specialized communication and negotiation techniques; The mediator acts as a neutral third party and helps others to reach agreement, and usually, this process is private and confidential. In Russia, mediation practice is legislatively institutionalized within the framework of the Russian Federation Law «Is a form of alternative dispute resolution with the mediator assistance” (Mediation procedure) dated July 27, 2010 No. 193-FZ. The main purpose of this law was an importance in the peaceful method of resolving conflicts with a variety of domains, such as commercial, legal, diplomatic, community, family, workplace (excepting collective labour disputes) matters without going to court, possibly enforced by law.

In the conditions of the social differentiation described above, the emergence of new types of social activity and, accordingly, new social roles, there is a need for structures as mediators doing functions between different social authors and groups that have a potential conflict mode in action. It's logical to expect that self-government bodies could take the function on themselves. However, according to the Law of the Russian Federation "of alternative dispute resolution" dated July 27, 2010 No. 193-FZ., there is certain restriction to persons who replace public posts of the Russian Federation, public offices of the constituent entities of the Russian Federation, civil service positions, in the possibility of carrying out the mediation procedure.

A reasonable decision is to devolve the power of mediative functions on public associations (councils, chambers) created by the authorities to various levels of government. In addition, a key to success of the public structure would be independence, neutrality, finding an optimal solution in mutual respect and equality as well. There is a big question: if such public associations are going to be corresponding to the canons of the mediation in their activity. No less an important question is the effectiveness in public conflict resolution when it's hard to gain one in ignoring, not sharing somebody's opinion of protest groups representatives. In this case, the construction of an effective system of public relations in local communities, aimed at preventing and resolving emerging social contradictions, it dictates the search for new non-standard organizational solutions that take into account the realities of the practice of resolving such conflicts, the peculiarities of the functioning of self-government bodies and the specifics of the current legislation. Thus, in order to effectively moderate the process of cooperation in a conflict resolution, within the framework of establishing a system of sustainable development of society, it needs the state will, public initiative and contract training organizations that have a set of specific technologies for conflict resolution. Considering these study technologies, success of using "The circle of Conflict" program should be noted. A characteristic feature of "The Circle of Conflict» process is that it includes three necessary phases of conflict resolution:

- transferring of the conflict situation into the discussion by the participants of the conflict or deviant situation and its consequences;
- determination of the past and future actions of participants (problems, interests, needs, values, goals) and facilitating the change of these ones into the socially significant values;
- assistance in reaching an agreement on a way out of the situation (Maksudov R.R., 2012).

Based on training game «Village meeting» ("Sel'skij skhod ") by Maksudov R.R., a methodology was developed for studying the technologies of social group conflict resolution as a technology for teaching methods to resolving social conflicts by the staff of Center for Mediation and Social Interaction of the Russian State Social University (the RSSU) together with the teachers of conflictology at the Faculty of Management of the RSSU. The method was tested with some students by listening the courses to increase level of their skills (with several state and municipal employees, civil activists). The script of the game is based on the life story of Russian peasants of the nineteenth century. The plot of the game can be concluded in the presence of the fact of a fighting between two peasants, leading to serious bodily injuries of one of them. Additional conflict conditions include accounting for the dissonance of the community's core values. That is, the person who is clearly sympathetic to the community: moral, hard-working, having children who does not drink, is guilty of causing bodily harm and potentially being subject to transfer to the authorities for the implementation of official justice. In the role of the victim is a negative character, abusing alcohol and when he gives his head to assault towards the relatives. Although this module is fully mobile, and can be replaced by a different conflict situation, but closer to the group. The first stage of the lesson is actually a game. In the game, 18 people can be involved; there is a social role of the character for each of them, namely, the peasant of community: his personal story and character traits suggesting the actualization of other possible conflicts during the game.

So, for example, there is an owner of a local tavern among all the characters who serving the peasants «in debt» and indulging peasant drunkenness, the bell ringer of the local church, being a model of morality, a single mother with many children, a grandmother-healer, wives of the main characters, joining them and others. The main status-role components of the system of sustainable development of society over the years have not suffered significant changes, but the female component has been necessary to introduce in view of the increased role of this factor. It is also possible to justify other factors that have become relevant nowadays. However, they must be introduced into the game cautiously, taking into account a number of qualities of the social system such as integrity, structure, substantivity, self-sufficiency, functionality, hierarchy of elements and connections, dynamism, synergy, emergence, holism (Sycheva O. A., 2012). In this game the central role is played by a teacher, taking a role of the head of the village for an unprepared audience. This person is respected and who has an authority over all members of the community. During the discussion of the conflict, he remains neutral, does not pass his judgments, moderates the communication of the participants in the game, suppressing mutual game insults and demonstrating the technique of active listening, i.e. he acts as a mediator of the conflict. During the game, participants are invited to agree on how to act in the current game situation: to apply for justice to the authorities or to resolve the conflict independently within their community, discussing the reasons for the event and prospects for further peaceful coexistence with preventing the recurrence of a similar criminal situation. Now it's obvious, the game is not a historical retrospective. Therefore, every participant has the opportunity to «think out» the role, to give it a modern emotional-cognitive color. However, the role of the «historical» context of the game allows us to find and restore the strings and notes of the optimal public symphony of the Russian world, including with additional modern Russian realities. This trajectory is undoubtedly a winning solution, allowing in the discussion of the situation to escape from the existing momentary political agenda, focusing on the «eternal» problems of domestic and spiritual interaction of the Russian social order. Nevertheless, this teaching technology can be equally effectively adapted for restoring the fundamentals of institutions of the justice, atalcy or maslative sofa. The experience of games like that shows the general pattern, namely, the actualization of global social problems, that is manifested in each session and related conflicts among members of the community. This allows you to get an understanding of the principles and patterns of the value model of society, its main characteristics, develop skills of optimal management and media technologies. Specifically, during the game, the «community» denounces «the owner of a tavern as a prosperous peasant», although he is a rich man who tries to dictate his will to the community. Subjects for discussion at all sessions also become other deviations of family life and collective interaction. The duration of the game typically takes from 1,5 to 2,5 hours. Positive The end can be considered as positive one, when result of the game is the decision to recognize the conflict as having been exhausted without recourse to the authorities. However, even then the community takes a number of preventive conditions, for example, such as the following:

- to make an open confession of one's guilty in the deed by both of the parties;
- getting ready to make it up to «the peasant» who inflicted bodily harm on his neighbor, to make amends for his «guilt» by helping the victim in field work;
- making a strong statement on stopping to drink an alcohol completely, to become reasonable;
- to make a claim of «a tavern owner» to peasants about limits on alcohol to bring with during the field works;
- the proclamation and unanimous acknowledgment by the whole «community» in the fact of inadmissibility of the loss of a member of the local community, who may be subjected to punishment in the form of imprisonment. The motive for such a position is that «a good man will be lost, and a confirmed drunkard being «left behind “, out of there, somewhere»,

but «why should the family be left without a breadwinner and we all have to feed his children?», «We still have to pay ransom, extra hands will not interfere, and he's a hard worker» and so on. In addition, as a rule, «peasants» make the suggestions as to how to help the parties to the conflict in the course of work or in the provision of medical care, wishes for the joint work of the quarreled for the benefit of the local church.

One of the main effect of conflict resolution with a person educated of several principles of the mediation is across of the participants:

- from the personal responsibility of the conflicting between parties to the collective responsibility of the entire local community;
- from the prevailing dependence on the state (the need for a primary review of the situation in court) to greater self-confidence within the community;
- from justice on the principle of “to square accounts” to justice, based on the «common good» (Kay Pranis, et al., 2003; Howard Zehr, 1990).

The second part of the lesson consists of an analysis the most effective technologies for conflict resolution and to express views of the students on the most deserving candidates. With the permission of the students, there are several audio recording of our discussion we've got. The first group of discussing is focused on to assess the actuality of the game and the reflection of its results. Usually, students could review this training game in close association with historical context of this role-play story: “...pay attention: what year is it now. Abolishing serfdom. The Community (skhod) is getting a taste of freedom. Russian peasants are going to come together to form a community unconsciously...”, “...its the most telling example.. how effective it truly is, and now this becoming as “mediation“. Besides, reflecting on the process of this game situation, listeners run a parallel with some another historic periods, trying to find current questions characterized by social discontent with the existing system for protecting their rights: “...Russia has always been a strong community. Community even took its roots in a form of collective farm (a kolkhoz) in Soviet Union period. Community has been ready to help after a destructive fire, rebuilding it up stone by stone. There is pretty nothing left of it now, but community must not be to get lost at all. So who do we chose to be here? Lawyers only we have. The society must live in justice, and there was justice in Village meeting (“Sel'skij skhod “). Meaning a Village meeting, when it's getting together in a civil parish (“Pogost”, has specific meaning of rural community on the periphery of the ancient Russian state) to make some tillage practices for agriculture preparation of soil...”; “«... In our society there is something to differ us from other nations, we can find support in each other and coming gathering at once...»; «We first had an interpersonal conflict, which was transferred to a group conflict. Always in Russia in Soviet Union times there was a team, a cooperation. Now everyone is just for himself. Being in a group, being a part of a team, we can resolve any conflict situation...” It is evident that the students are looking for parallels of the plot of the game with the social problems of today, in particular, the most urgent points of application of such technologies are the sphere of management of housing and communal services and management of apartment buildings: «Today, certain conditions allow the modern community being formed and fit in as well. It can be found in the chats. Or in apartments houses. People's chatting: “Guys who put the car?” or “Does anyone have diapers - bring some to me, please.” I am personally dreaming that mediation is included in the management contracts of the apartment building. Let's work on it together then ... <; In this case, it should be noted that the problems of urbanization and the current environmental state, necessitates a revision of the system of socio-cultural development, the creation of a new ecological culture that must be built on the principles of co-evolution of man and nature. Proceeding from this, the analysis of the system the ecological culture formation within the framework of Russian education assumes particular

importance, taking into account the specific nature of the system «nature-society» (Kirillov N.P., 2010). The training game allows the listeners to rethink such conflict situations, to get the nature, the hidden motives of the conflict parties and examine the issues of the current situation, to find their optimal solution: “... there is no deep interest in this process. There is common interest is to reach an optimal solution. And find reasons that prevent of reaching the goal ...”; “... In this society, despite the many voices, everyone is trying to say just one thing – there is a willing to save the community and every member of the community. Each person has a reason for self-preservation and to protect the community ...”. “... There was a reason to join together efforts against common evil. In fact, alcoholism is the common evil here. The point is to get that people want integrity. They are ready to unite against the common evil ...”. The Village Elder position (“Starosta”) is the most often mentioned phenomenon during the discussion of the final results of the training game. It would appear at first sight that the part he played is not big. He speaks not much, no judgements, no criticism, and at the same time, he ensures an emotional safety in a group, shows respect to all members of the community and deserves the same. Meanwhile, the participants of the game are most impressed with the role of the village elder (“Starosta”): “... The village meeting more closely resembles a herd. Starosta as a shepherd. It is important that the herd does not wander off. The village elder must stop the disputing. He must give guarantees that everyone is gonna be heard. Next step is following the goals ...»; “... The role of the mediator is to let everyone speak out, stop making a noise around to everyone is heard, but this is aimed at clearing up ...”; “... It seemed that the conflict was not resolved and without the starosta would end in a fight. It would be difficult to resolving...”; “As much as anything could go further. But the starosta stopped everything and together we found a common interest ...”; “...The starosta is some kind of a leader. He does not assume the role of a leader. He is quiet, he makes competent connections to the conflict resolution... ”; “I saw for myself the role of a third person. It would be desirable to support one family and another, both of them. And then, the role of a third party is important, as an real example of the solution of what society is facing, the way to combat social conflict... ”. The status role of the starosta, an authoritative person standing «above the fight» in a local social conflict, represented in the game; it is quite similar to the role of a representative of the public supervisory body (public council under local government bodies or the Civic Chamber) or a representative of local self-government, provided that in this a concrete conflict, he acts as a neutral party. In addition, this status absolutely corresponds to the role of a professional mediator because of its owner following the basic principles of mediation, according to the Law of Russian Federation «Of an Alternative dispute resolution with the help of a third party, as a mediator “(Mediative process)” dated July 27, 2010 No. 193-FZ. In fact, these principles do work well: the participation is typically voluntary - no one forces the parties to the conflict to participate in its group settlement, the procedure; this process is confidential - information about the conflict is not transferred outside the community in which the conflict occurred; cooperation and equality of the parties - moderator of the conflict resolution procedure invites all members of the «community» to take part in the discussion of the problem situation; impartiality and independence - the village elder is absolutely neutral and acting without judgments. Attention should be drawn to the point of satisfaction of taking part in the game. In this part, the most valuable remarks were fixed in understanding the predetermination of the resolution of any social conflict by the technologies of the Russian “mir” / “community” (“obshchina”), and also in the realization it is necessary to find a common foundation of basic values to the solution. There is an important role of the “Village headman” (“starosta”) elected a single elder to represent the village community, as a symbol of justice in the list of these basic values definitely. This understanding provides clarity in the role and significance of the skills and abilities acquired by the mediator, the importance of these practical competencies in the mechanism of the community, and of the social self-organization.

3. RESULTS

In addition to the above statements and acquired skills, there are quite significant qualities fixed all the participants of the game. There are such as knowledge of skills of solidarity, cohesion, repentance, collective responsibility, and the ability to adequately assess the various forms of relationships. Thus, in the course of the game “Village meeting” (“Sel’skij skhod”) for the state and municipal employees, civil activists, members of public councils and students, the direction of training «state and municipal management» and «conflictology» we’ve succeeded in the following:

- to show the features of formation and development of group social conflicts;
- demonstrate the difficulties and opportunities that accompany the person trying to resolve the conflict;
- to provide students with technologies for conflict resolution from the perspective of mobilizing the resources of the communities to solve their stressful social problems.

It should be noted that in different studying groups the average coefficient of each stage of game training was different; however, the general trend of this coefficient did not change significantly. In general, there is a noticeable interest of the students not only in studying effective techniques for settling social conflicts based on traditional Russian practices of local government and reconciliation, but also on the theory, history and methodology of the forgotten cultural wealth of the Russian people. Getting the reflexion and fixation of the skills obtained at the second stage of the training game, it does make possible to realize an additional task and it allows us to identify the strengths and weaknesses of the gaming methodology, to direct efforts to enrich it, if it’s necessary.

4. DISCUSSION

At present time, the actuality of researching and discussing the new forms of local self-government in Russia is becoming increasingly important every year. There are large numbers of competitions in our country on the problems of the development of territorial public self-government. These competitions are initiated with both government support and a number of public organizations - «a man of the people». At present, there are dozens of initiatives trying to find ways of resolving the problems of local self-government or are being discussed in Russia. Such as an example of a number of proposals are: from the project of the government scale «Dialogue of the population and self-governing authorities: introduction of alternative ways to resolving disputes in «Village community” to such manifestations of activity from below as the Social Project «Live, My Village» or «The Efficiency of Local Self-Government in territory of my village: problems and ways of their resolution» arising in the regions. Most of the time, the problem of «disunity of the population and power» and «passivity of the majority of residents», their lack of understanding and distrust of self-organizing mechanisms, is one of the most important problems identifying by the authors of this article. There is a quiet important role is to the conflictology. Economical and juridical parts of the subject matter are mostly provided by the researching. However, administrative and organizational aspects are for some reason considered only within the structures and functions available, in fact. These initiatives will not change the main substantive approach to the problem of disunity and rallying of local residents, gaining a common worldview basis for the sustainable development of the settlement and society even if supporters of the projects «open» the region (for example, the project «Saratov region is an open region»), implement technologies to inform residents et so on. Most often, the social initiatives under consideration are in the form of projects. There are objective and subjective conditions such of project development as shown in Table 2.

Table 2. The development conditions of social project (Kataeva V.I., 2011)

Objective conditions	Subjective conditions
Focusing on the end result (purpose) to minimize the commitments	The flexibility of the manager-organizer (or the decision-maker) in the perception of innovative ideas and decisions
Scientifically based definition of social designing objects (institutes, processes and phenomena)	A project planer (an ability of thinking systematically, correctly and creatively; of having a workmanship, unusual degree of interest and so on.)
The involvement of the great number of creative, professionally trained specialists in the concept formation	The preparedness of the several social environment to the project perception (infrastructure, material and technical base, availability to resources, etc.)
The regularity of social status development	The level of socio relations developing between the subject and object of the engineering
The originality of decisions and an effectively organized system for encouraging initiatives	The factors of socio-psychological and culturological nature
The possibility of diversity and individualization of each element of the social environment	Ability to bring the social project to the management technology level. Its subsequent reproducibility and duplication (the possibility of recurring it at different times, in different places and by different implementers)

The authors of this work emphasize the importance of supporting all types of conditions for the development of true mechanisms of local self-government, and this is an objective requirement for sustainable development of society. The script of the training game («Village meeting» («Sel'skij skhod»)) shows the possibility of resuscitation of successful forms of solving common problems. This technique finds its roots in the depths of centuries and harmoniously combines all the best aspects of the proposed options, thanks to testing and rejection by time. Nevertheless, it cannot be denied that the conditions and opportunities of the modern social Russian formations are not identical by contrasting Russia before in the 1917 revolution, destroying Russian cultural traditions. That is, at present the format of the game allows to gain a sufficiently serious empirical and even theoretical knowledge base, focusing on it will be possible to create a system of the most harmonious institution of the local self-government. However, in spite of the obvious positive effects and acquired positive skills of social self-organization, it should be noted that now the bank of data is not sufficiently collected, there is no hierarchy and general classification of such phenomena, a modular set of specific conflictological tools on the most significant cases of social conflicts in the institute of local self-government. Therefore, this space is still quite capacious for a variety of sociological, socio-psychological and conflictological studies (Fomicheva T., et al., 2017). In addition, much research has been concentrated on the study showed after the game, in spite of a higher level in the acquisition of technological skills, the theoretical level of knowledge concerning methods of conflict resolution in the sphere of local self-government based on traditional Russian practices of local self-government and reconciliation (Village meeting/Sel'skij skhod). On the one hand, a significant gap in this knowledge is explainable, and on the other hand, it does not allow us to use the «Village meeting» method as more effectively in a limited time interval.

5. CONCLUSIONS

Thus, the main purpose of this work is to determine the adaptation of the training game «Village meeting» («Sel'skij skhod»), based on the traditions of Russian commune life before the 1917 revolution. Also, there was a question of the influence of training in conflict management technologies on the sphere of local self-government to resolving social conflicts based on the

traditional Russian practices of self-government and its reconciliation, “Village meeting” (“Sel’skij skhod”). It should be emphasized, there are some traditional and common ways of conflict resolution that all nations absolutely have. As a rule, these ways are formed through many ages, and so it was an important approach to the struggle for survival of humans in all society; This fact gives considerable weight to the argument of the importance of applying efforts to comprehend, adapting and implement the social practices that have been tested for centuries into modern work with the population in the sphere of municipal government. It should be noted, the available technology of studying the social conflict resolution methods gets a great relevance for a wide range of persons who realizing their activities in cooperation with society; this technology is based on Russian traditional self-government and its reconciliation practices. The main task of this training is getting of the importance in comprehension of traditional and socio-cultural technology with a high level of effectiveness. In addition, the mission is to get the advantages of the neutral status of the person resolving the conflict situation, to appreciate the importance of acquiring mediatory qualities to the resolving contradictions and preserve the confidence of the population first-hand. According to the results obtained in the training, a well-posed purpose by the researches is getting today. Nevertheless, it should be noted that this training program can not be considered as the main methodological material to studying the technologies in social conflict group resolution. Firstly, it should be considered, as a tool to the reflecting of students of the possibility to adapt the technologies demonstrated to specific situations that took place in the course of their own professional activities. The «feedback» with its participants is a reasonable part of the game, conducted by the moderator who acted as the starosta. The «feedback» stage is important for the possibility of discussing what the participants can see and feel during the game. In addition, it allows the moderator of the game to identify their own mistakes, to draw a conclusion about the subsequent possible transformation of their role. Thus, the application of these technologies dictates the increasing actualization of the development of directions for the implementation of organizational models to a number of aspects of social tension resolving. As an important priority for the organization of the system of prevention of social tension, we see an increase in the effectiveness of the activities of public associations, including those whose creation was initiated by power structures. It can be Public councils and Civic Chambers with mandatory inclusion of representatives of all stakeholders, including real informal leaders of local communities, as well as representatives of various kinds of non-profit organizations (Maksudov R.R., 2012). The second strategic direction, we believe the voluntary and Free training(at public expense) of manager contingent territorial self-government as public «village elders», a mediation competences for constructive resolution of disputes and conflicts that constantly accompany those or other «hot» for the population and the authorities of the problem. In the modern reality, with respect to state and municipal employees, Russian legislation provides for restrictions on activities related to the conduct of the mediation procedure. Meanwhile, self-government bodies and municipal employees, carry out constant contact with citizens, often the first to receive information about certain social conflicts. Given this, these workers can become excellent conductors (providers) of mediation of social conflicts, directing citizens to resolve emerging disputes in structures that are neutral with respect to a specific conflict. In this regard, the authors consider it important to hold short-term seminars on mediation (one-day) giving the opportunities in resolving social conflicts. The purpose of these seminars should be to inform potential providers of social mediation about its goals, objectives, principles and opportunities. The basis for such seminars can also be the training game «Village meeting» (“Sel’skij skhod”). The value of this organizational and role play is in the fact that is the most revealing and «living» example of the application of mediative technologies for social group conflict resolution , out of the current political agenda and based on the traditional values of justice, collectivism, reconciliation and forgiveness, mutual trust and mutual aid.

LITERATURE:

1. Baynova M.S., Kozyrev M.S., Palekhova P.V., Petrov A.V. The state regulation of the religion relations in Czechoslovakia on the example of the Orthodox community. *Espacios*. 2017. T. 38. № 57. C. 33.
2. Bondaletov V.V., Maslikov V.A. Evolution of sociological knowledge in the field of self-organization of society *Economic and Social Development Book of Proceedings*. Varazdin Development and Entrepreneurship Agency; Russian State Social University . 2017. C. 1075-1081.
3. Bondaletov, A.A. Evolution of self-organization ideas. // *Sotsiologicheskie Issledovaniya*. 2015-January (3), S. 132-139.
4. Bondaletov, V.V. et al. Public evaluation of police activities. // *Sotsiologicheskie Issledovaniya*. 2017. № 4, S. 52-59
5. Coronado Escobar, J. E., & Vasquez Urriago, A. R. (2014, October). Gamification: An effective mechanism to promote civic engagement and generate trust? In *Proceedings of the 8th International Conference on Theory and Practice of Electronic Governance* (pp. 514-515). Guimaraes, Portugal: ACM.
6. Fomicheva T., Sulyagina Ju., Kataeva V., Kryukova E., Dusenko S. Transformation of values in global society: managerial aspect *Espacios*. 2017. T. 38. № 33. C. 31.
7. Howard Zehr *Changing Lenses A new focus for crime and justice a Cristian Peace Shelf Selection* HERALD PRESS Scottdale, Pennsylvania Waterloo, Ontario, 1990.
8. Kay Pranis, Barry Stuart, Mark Wedge (2003) *Peacemaking Circles: From Crime to Community Living Justice Press* St. Paul, Minnesota 55105 P. 240.
9. Köhler J. (2013) Globalization and Sustainable Development: Case Study on International Transport and Sustainable Development. *The Journal of Environment & Development*. Vol 23, Issue 1, pp. 66 – 100 <https://doi.org/10.1177/1070496513507260>
10. Rogach O.V., Ryabova T.M., Frolova E.V., Evstratova T.A., Kozyrev M.S. Social and psychological climate in state authorities. *Espacios*. 2018. T. 39. № 11. C. 19-28.
11. Kataeva V.I., Social project planning. // *Sotsialnoe proektirovanie*. Moscow, 2011. P. 272.
12. Kaufmann A.A. Russian community in process of generation and evolution. // *Russkaya obschina v protsesse ee zarozhdeniya i rosta*. Moscow.: Librocom, 2011. P. 472
13. Kirilov N.P. Eco-psychological approach to modeling ecological culture of scholar. *Social policy and sociology*. // *Ekopsihologicheskiy podhod k formirovaniyu ekologicheskoy kulturyi uchashchegosya*. *Sotsialnaya politika i sotsiologiya*. 2010. № 9 (63). pp. 114-127.
14. Lur'e Svetlana, Statism and Community of Russia. // *Rossiyskaya gosudarstvennost' i russkaya obschina // Znanie-sila*. 1992, №10. – pp. 3-11.
15. Maksudov R.R. Krugi soobshchestv: na puti k sozdaniyu rossiyskoy modeli // *Shkolnyie sluzhbyi primireniya i profilaktika mezhetnicheskikh konfliktov*. Non-Profit Research Foundation «Prosveschenie». Moscow, 2012. pp. 7-20.
16. Maksudov R.R., Martynova M.Yu., Nikiporets-Takigava G.Yu., Ostrovskiy A.N. *Covremennyye instrumentyi obespecheniya obshchestvennogo soglasiya v usloviyah razvivayushchihsy territoriy/ V sbornike: Imidzh i marketing territoriy: opyt i perspektivy razvitiya v biznese, kulture, turizme i obrazovanii Materialyi XV mezhdunarodnogo simpoziuma po imidzhologii*. 2017. pp. 106-118
17. Maslikov V.A. Socio-historical analysis of problems and advantages of the Russian community: Materials athanasian readings. // *Sotsioistoricheskiy analiz problem i preimushchestv russkoy obschiny Materialyi Afanasevskih chteniy*. 2017. #1(18). pp. 116-125.
18. Maslikov V.A. The management concepts in Pre-revolution Russia: Materials athanasian readings // *Upravlencheskie kontseptsii v dorevolyutsionnoy Rossii Materialyi Afanasevskih chteniy*. 2016. № 1 (14). pp. 22-31.

19. Platonov O.A. Russian labor. // Russkiy trud. – Moscow: Sovremennik, 1991. P.36.
20. Starikov E. Obschina: ot russkoy «marki» k uravnitelnym peredelam //Znanie-sila, 1994, #3, pp. 16-24, #4, pp. 62-70.
21. Sulyagina, J.O. (2016) Conflictogenic Potential of Labor Migration in Russia: Its Features and Problems, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 91–98. DOI: 10.17922/2412-5466-2016-2-3-91-98.
22. Sycheva O.A. The evolution of communities in the world (within the concept of dynamic system matrices) // Modern economy: problems, tendencies, perspectives, 2012. – №6. // Evolyutsiya obschin v mire (v ramkah kontseptsii dinamicheskikh sistemnyih matrits) // Sovremennaya ekonomika: problemyi, tendentsii, perspektivy, 2012. – #6.

PARTICIPATION OF COMPANIES IN EMERGING MARKETS TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Taridi Kasbi Ridho

*Faculty of Economics and Business,
State Islamic University “Syarif Hidayatullah” Jakarta, Indonesia*

Mikhail Vinichenko

*Department of Personnel Management and Personnel Policy,
Russian State Social University, Russia*

Sergey Makushkin

*Department of Personnel Management and Personnel Policy,
Russian State Social University, Russia*

ABSTRACT

15 September 2015 was a historical day when global leaders in United Nations General Assembly adopted a global agenda for the world people, planet, and prosperity, called The Sustainable Development Goals (SDGs). It consisted 17 goals and 169 targets to be achieved entirely in 2030. A multi stakeholders collaboration among government, private sector, academia, and civil society from all countries was required to achieve the 17 SDGs). This research investigated the role of companies in emerging countries in the implementation of SDGs. The first focus was on the implementation of SDGs by top 200 Indonesian listed companies, in terms of revenue in three years period of 2014-2016. Content analysis of companies' reporting, consisted of annual report, sustainability reporting, and CSR information on companies web sites, using SDG Compass: Linking the SDGs and GRI was employed to identify the engagement of each company to each goals of SDGs. The analysis of the Russian companies' actions in the implementation of SDGs was fragmented. Results revealed that biggest companies in three sectors had contributed well to certain number of SDGs. However, lot of efforts from government, business association, and companies themselves are required to increase company's implementation in other goals of SDGs.

Keywords: Sustainable Development Goals (SDGs), Corporate Social Responsibility (CSR), Indonesia, Russia, business and society

1. INTRODUCTION

Sustainable development introduces in 1987 was defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987). At the Millennium Summit of the United Nations in 2000, all UN members agreed to the eight international development goals called the Millennium Development Goals (MDGs) of 2000-2015. To continue and to complete what the MDGs did not achieve, the General Assembly of United Nations on 25 September 2015 adopted a resolution titled “Transforming Our World: the 2030 Agenda for Sustainable Development”, a plan of action for people, planet, and prosperity. They seek to balance the three dimensions of sustainable development: the economic, social and environmental (UN, 2015). The resolution called all countries and all stakeholders of governments, private sectors, academic communities, as well as civil societies to act in collaborative partnership to implement all of 17 SDGs. Private sector in any countries had an indispensable role in the process of SDGs implementation. First, companies had a role to help to raise the standard of living through the creation of fair and equal jobs, the development of skills and technology, and more equitable distribution of wealth.

Second, business might play its function to transform their strategies, procedures, standards and metrics to integrate sustainable development within the core of their missions and business models (OECD, 2016). Third, private investment is very important in certain areas such as agriculture and nutrition (SDG 2), health (SDG 3), education (SDG 4), water supply and sanitation (SDG 6), climate and energy (SDG 7), infrastructure (SDG 9), biodiversity and ecosystem services (SDG 14 and 15), and technology, including a data revolution (Sachs and Schmidt-Traub, 2014). Finally, business is an important stakeholder on account of its resources, its ability to innovate and its scale and reach (Oxfam, 2017). As a respond to the agreed 17 SDGs by world leaders in 2015, Indonesian President Jokowi signed Presidential Decree no 59/2017 on 4 July 2017. This decree was intended to provide a national guidance, governance structure, and planning to controlling procedures in order to achieve SDGs through mutual collaboration among related stakeholders in Indonesia. This presidential decree had gain a positive appreciation from international agencies such as UNDP and Indonesia was called as one of the world's best examples of civil society, private sector, philanthropy and academic institutions actively embracing the SDGs. UNDP also stated that Indonesia had some innovative finance in achieving SDGs for example by issuing a sovereign Green Sukuk, an Islamic based bond (Bahuet and Sopacua, 2018). Nine months later on 26 April 2018, as been mandated by the presidential decree, the Minister of National Development Planning issued the minister decree no. 7/2018 on coordination, planning, monitoring, evaluation, and reporting of SDG implementation as a further regulation to achieve SDGs. The involvement of Indonesian companies in the area of sustainable development by engaging in social and environmental activities actually had been initiated two decades before. It was started by Indonesian state's owned companies (SOEs). As described by Ridho (2017), The Ministry of SOEs of Indonesia issued a Minister Decree Number Kep-216/M-PBUMN/1999 on 28 September 1999 that mandated every SOE had to allocate 4% of its net profit on partnership with small and medium enterprises and environmental management programs, equally 2% each for partnership program and for environmental management programs. The promotion to engage more in sustainable development was extended to all companies either government, private domestic, or foreign owned companies in eight years later. In 2007 the government and parliament of Republic of Indonesia passed Law Number 40 year 2007 regarding Corporation. Article 74 of the Law said that all companies operate in and/or related to natural resources have to follow social and environmental responsibilities. One step forward had been also initiated by National Center for Sustainability Reporting since 2005 to conduct the Indonesia Sustainability Reporting Award (ISRA) to give award to companies that has published sustainability reporting. The Indonesian Capital Market and Financial Institutions Supervisory Board (now under Indonesian Financial Service Authority/FSA) through the issuance of the regulation Number X.K.6 year 2006 stated that all annual report of listed companies have to describe activities and cost related to corporate social responsibilities to societies and environment (Ridho, 2017). Incorporating sustainable development in business means ensuring that business does good for people and for planet, while at the same time also gaining well profit. More and more research showed that investing in sustainable development was not charity, but fundamental and smart investment and brought positive impact both to company and society. The cooperation of companies with state structures and the population allows achieving almost all goals of sustainable development (Bondaletov et al, 2014). This applies fully to Agriculture. In Russia, the State program for the development of agriculture and regulation of markets for agricultural products, raw materials and food products for 2013-2017 (State program, 2012) is implemented. Within the framework of this Program, practically all the goals of sustainable development have been implemented, to varying degrees. Recent interviews with executives from 40 big companies concluded that companies that invested in sustainable development had performed above the industry average in terms of both financial and sustainability-performance metrics.

It means that companies that introduce sustainability into their business models are profitable and successful. Sustainable actions had, in fact, led to reduce risk, diversify market and portfolio, increase revenue, reduce costs, and improve products. Shareholders and consumers want and value sustainable development. (OECD, 2016). As Dunn (2016) emphasized, society expects business to create social value along with shareholder value and is prepared to punish those that do not. Firms that embraced it gained strategic advantage, while some ignored it at their peril and will end up paying a price for doing that. Moreover, Dunn (2016) continued that SDG partnerships can help business with social license, product marketing, employee retention and recruitment, regulatory friction, brand development and a host of other areas. His research correlates the results of studies on satisfaction with work by the elderly (Ryabova et al, 2017) and by young workers in the implementation of SDG (Vinichenko, Karácsony et al, 2017), their peculiarities in the agro-industrial sector of the economy (Dorzhieva, 2017, Demchenko et al, 2018). As been explained by Chandler (2015) profit is representation of economic value plus social value. Social value is the value that is derived above and beyond the functional purpose of a product or service. Economic success of a firm is determined by the firm's decisions regarding production as well as the consumer's decisions regarding consumption which encapsulate of both economic and social value. If a society permits a firm to continue its operations, they are acknowledging that the firm adds those values. Among the most important aspects of social value, labor conditions (Wharton & Blair-Loy, 2002, Vakola & Nikolaou, 2005, Bharadwaj, 2014, Wenhua et al, 2016), including people with disabilities (Makhov & Medvedev, 2018), the application of health preservation technologies (Vinichenko et al, 2018, Makhov & Medvedev, 2018). Previously, Porter (2011) had argued that a firm need to focus on creating shared value, a concept that involves creating economic value for shareholders while also creating social value by addressing society's needs and challenges. This will not only allow companies to gain and sustain a competitive advantage but also reshape capitalism and its relationship to society. He explained that that markets are defined not only by economic needs but also by societal needs. The shared value creation framework seeks to enhance a firm's competitiveness by identifying connections between economic and social needs, and creating a competitive advantage by addressing these two challenges. Young people can significantly help in solving these problems. It is important to correctly reconcile the wishes of young professionals with the opportunities of companies for their employment (Demchenko et al, 2017), the full use of their talents (Vinichenko, Ridho et al, 2017), further development, career growth (Kirillov et al, 2017). In Indonesia, research on top 200 listed companies in Indonesia in 2014-2015 period concluded that CSR implementation associated significantly and positively with financial performance both ROE (return on equity) and ROA (return on assets). This result was consistent with the previous findings that CSR implementation shall have positive impact to the financial performance of Indonesian listed companies. There was a change in the influence of CSR implementation on customer performance from no significance impact in 2014 to become significantly had positive impact in 2015. This shifting might indicate a good signal from market that became appreciate companies that have good business practice. However, CSR implementation had still no influence on employee perspective both in 2014 and 2015 which might be interpreted that Indonesian employees did not consider CSR practiced by a company as a reason to work in that company (Ridho, 2016 and 2017). The objective of this research is to describe the companies contribution to SDGs, with emphasis on the three industrial sectors, in Indonesia and in Russia as a comparative analysis. It described how Indonesian companies engaged in SDGs, explained by each goal and by year to year.

2. METHODS

This research used data from top 200 Indonesian listed companies in terms of revenue in three years period of 2014, 2015, and 2016.

For analysis purpose, the companies from three sectors was then selected. They were agriculture sector, mining sector, and basic industry and chemicals sector. Secondary data was collected from many means of corporate reporting, i.e. annual report, CSR report, and CSR information on company's web site. To measure company participation to each goal of SDGs, content analysis was employed on corporate reporting using "SDG Compass: Linking the SDGs and GRI", an instrument that offers businesses the tools and knowledge to put sustainability at the heart of company's strategy developed by Global Reporting Initiative (GRI), UN Global Compact and World Business Council for Sustainable Development (WBCSD). Score of 0 was given on one goal of SDGs, if the company's reports did not disclose any specific information as required by the SDG Compass. On the other the score was 1, if the company's reports provided one of indicators required by one goal of SDGs. As there were 17 SDGs, therefore if a company participate in all SDGs, its score shall be 17. On the other extreme, if a company did not engage in any activities related to SDGs, then its SDG participation score shall be 0. The typical SDG participation score then had range from 0 to 17. The indicators of each goal of SDGs was set as the following. SDG 1 (no poverty) required information on the respected corporate reporting, (i) availability of products and services for those on low incomes, (ii) economic development in areas of high poverty and (iii) physical and economic displacement. SDG 2 (zero hunger) indicators were (i) food safety and (ii) healthy and affordable food. Indicators in SDG 3 (good health and well being) was access to medicine. SDG 4 (quality education) was explained by (i) education for sustainable development and (ii) media literacy. SDG 5 (gender equality) had five indicators, (i) equal remuneration for women and men, (ii) gender equality, (iii) non-discrimination, (iv) parental leave, and (v) women in leadership. Furthermore, SDG 6 (clean water and sanitation) needed disclosure about (i) sustainable water withdrawals, (ii) waste, (iii) water efficiency, and (iv) water quality. SDG 7 (affordable and clean energy) contained (i) electricity access, (ii) electricity availability and reliability, (iii) environmental investments, and (iv) renewable energy. SDG 8 (decent work and economic growth) included indicators of (i) abolition of child labour and elimination of forced or compulsory labour, (ii) freedom of association and collective bargaining, (iii) diversity and equal opportunity, (iv) earnings, wages and benefits &, (v) economic performance, (vi) employee training and education, (vii) employment, (viii) indirect impact on job creation, and (ix) occupational health and safety. SDG 9 (industry, innovation and infrastructure) had one indicator of infrastructure investments. Indicators of SDG 10 (reduced inequalities) were (i) access to financial services, (ii) accessibility of media content, and (iii) responsible finance. Moreover, SDG 11 (sustainable cities and communities) consisted of (i) access to affordable housing, (ii) disaster/emergency planning and response, (iii) noise, and (iv) sustainable buildings. SDG 12 (responsible consumption and production) had the following indicators, (i) materials efficiency/recycling, (ii) procurement practices, (iii) product and service information and labelling, (iv) resource efficiency of products and service, and (v) sustainable sourcing. SDG 13 (climate action) consisted of (i) energy efficiency, (ii) GHG emissions, and (iii) risks and opportunities due to climate change. SDG 14 (life below water) contained (i) marine biodiversity, (ii) spills, and (iii) water discharge to oceans. SDG 15 (life on land) consisted of (i) deforestation, (ii) genetic diversity of farmed and domesticated animals, (iii) land remediation, and (iv) on land biodiversity. SDG 16 (peace, justice and strong institution) had seven indicators of (i) compliance with laws and regulations, (ii) effective, accountable and transparent governance, (iii) ethical and lawful behaviour, (iv) grievance mechanisms, (v) inclusive decision making, (vi) protection of privacy (vii) responsible content dissemination. Finally, SDG 17 (partnerships for the goals) required information of significant indirect economic impacts.

3. RESULTS

Content analysis of corporate reporting of top 200 Indonesian listed companies for the year 2014-2016 using SDG Compass: Linking the SDGs and GRI revealed the number of companies that had engaged in each SDG during the three years were as shown in the following figure 1:

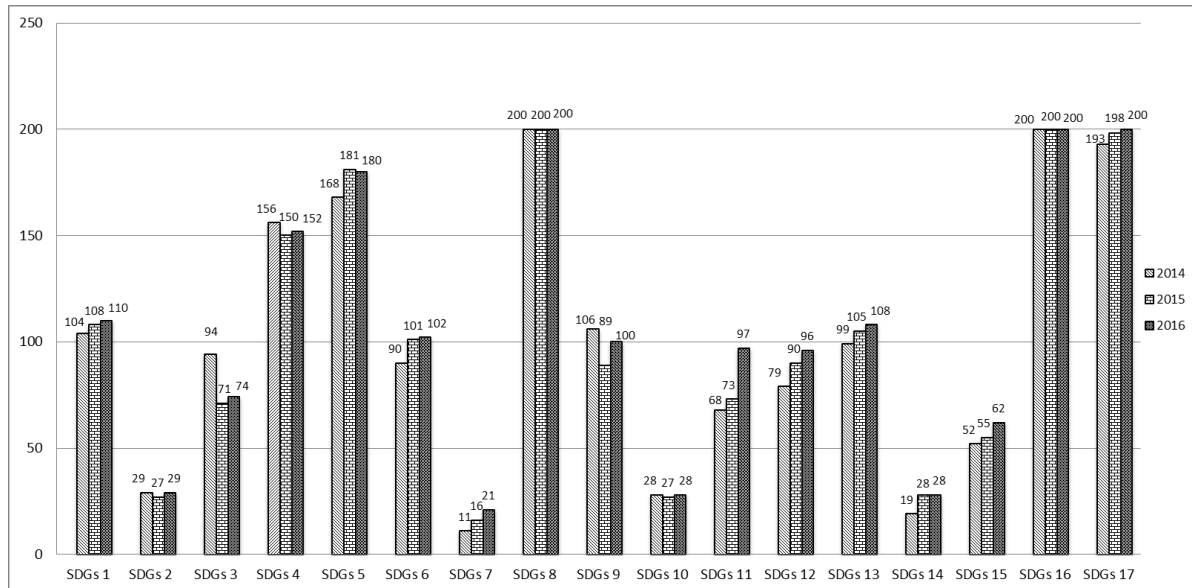


Figure 1: Number of Companies Participated To SDGs

The chart showed that there were three SDGs—SDG 8 (decent work and economic growth), SDG 16 (peace, justice, and strong institution), and SDG 17 (partnership for the goals)—that categorized as the most implemented SDGs by the top 200 listed companies in Indonesia during 2014-2015 period with implementation of around 100%. Two SDGs—SDG 5 (gender equality) and SDG 4 (quality education)—has been implemented by majority of the companies in which more than 75% to below 97.5% of companies had participated in achieving those goals. Around half of companies (40% to less than 75%) had engaged in seven SDGs—SDG 1 (no poverty), SDG 3 (good health and well being), SDG 6 (clean water and sanitation), SDG 9 (industry, innovation and infrastructure), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production), and SDG 13 (climate action). A quarter of companies were active in SDG 15 (life on land). Finally, there were four SDGs—SDG 2 (zero hunger), SDG 7 (affordable and clean energy), SDG 10 (reduced inequalities), and SDG 14 (life below water)—that might be regarded as the least implemented SDGs by top 200 listed companies in Indonesia during 2014-2016 period as less than 25 % of companies involved in those SDGs. The following charts showed participation of companies in three industrial sectors in the implementation of 17 SDGs. There were figure 2 for agriculture sector, figure 3 for mining, and figure 3 for basic industry and chemicals during 2014-2016 period. The engagement in each goal of SDGs was considered good if at least 75% of companies in the sector participated in certain goal, fair if the participation was around 50% to less than 75%, and poor for participation of around 25% or less.

Figure following on the next page

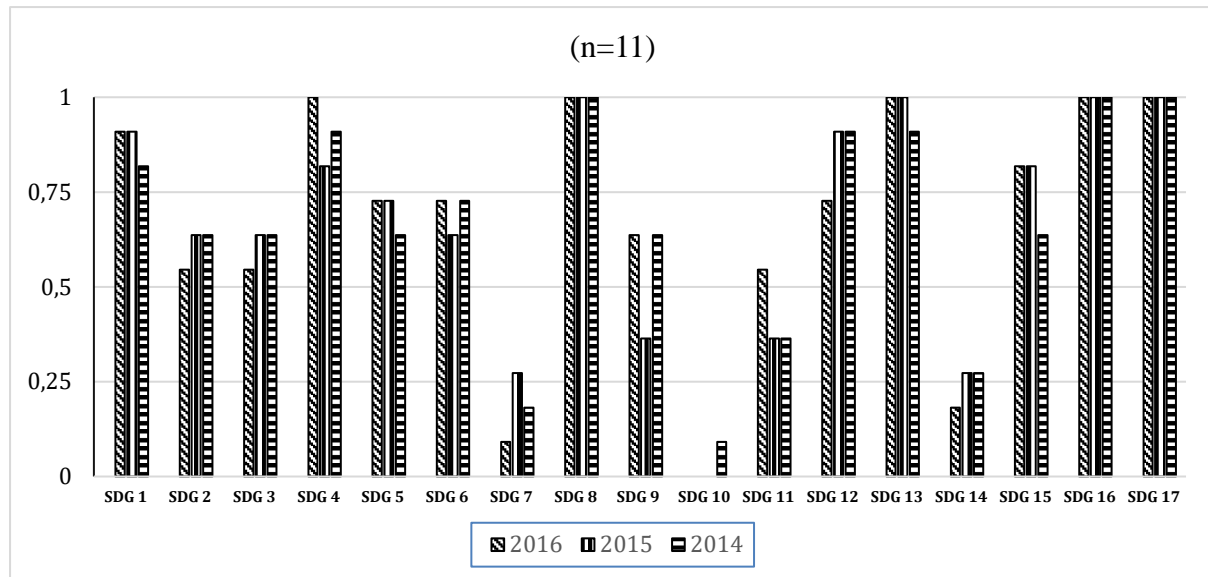


Figure 2: Agriculture – Percentage of Companies Participating to SDGs

It can be seen from the figure 2 above that agricultural companies in Indonesia had engaged very well in implementing eight SDGs (figure 2). Together with the most three implemented SDG 8 (decent work and economic growth), SDG 16 (peace, justice, and strong institution), and SDG 17 (partnership for the goals) plus the SDG 4 (quality education), the agricultural sector had also performed well and surpassed the industry average in four other SDG—SDG 1 (no poverty), SDG 12 (responsible consumption and production), SDG 13 (climate action), and SDG 15 (life on land). Fair participation had been shown to six SDGs, i.e. SDG 2 (zero hunger), SDG 3 (good health and well being), SDG 5 (gender equality), SDG 6 (clean water and sanitation), SDG 9 (industry, innovation and infrastructure), SDG 11 (sustainable cities and communities), while poor participation were shown to three SDGs, i.e. SDG 7 (affordable and clean energy), SDG 10 (reduced inequalities), and SDG 14 (life below water).

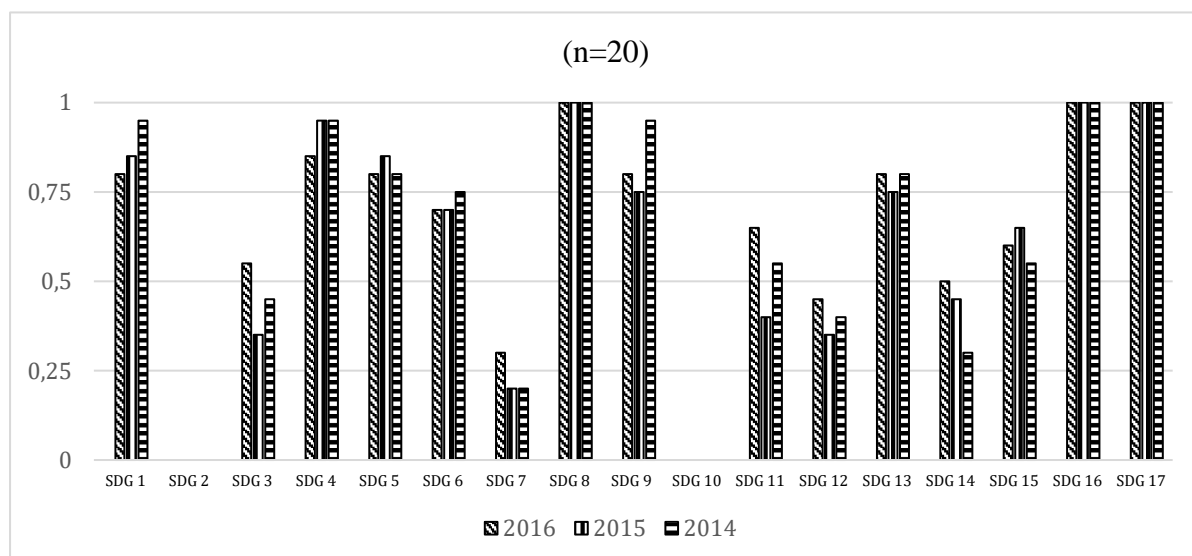


Figure 3: Mining – Percentage of Companies Participating to SDGs

Companies in mining sector as shown in figure 3 had implemented SDGs very well in eight goals (figure 3). Apart from implementation in the three plus two most participated SDGs (SDG 8, SDG 16, SDG 17 plus SDG 5 and SDG 4, this mining sector had supported clearly to SDG

1 (no poverty), SDG 9 (industry, innovation and infrastructure), and SDG 13 (climate action). They had fair SDGs implementation in six SDGs, i.e. SDG 3 (good health and well being), SDG 6 (clean water and sanitation), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production). Even though this sector contributed fairly but they had outperformed average companies in SDG 14 (life below water) and SDG 15 (life on land). This group performed poorly only in three SDGs, i.e. SDG 2 (zero hunger), SDG 7 (affordable and clean energy), and SDG 10 (reduced inequalities).

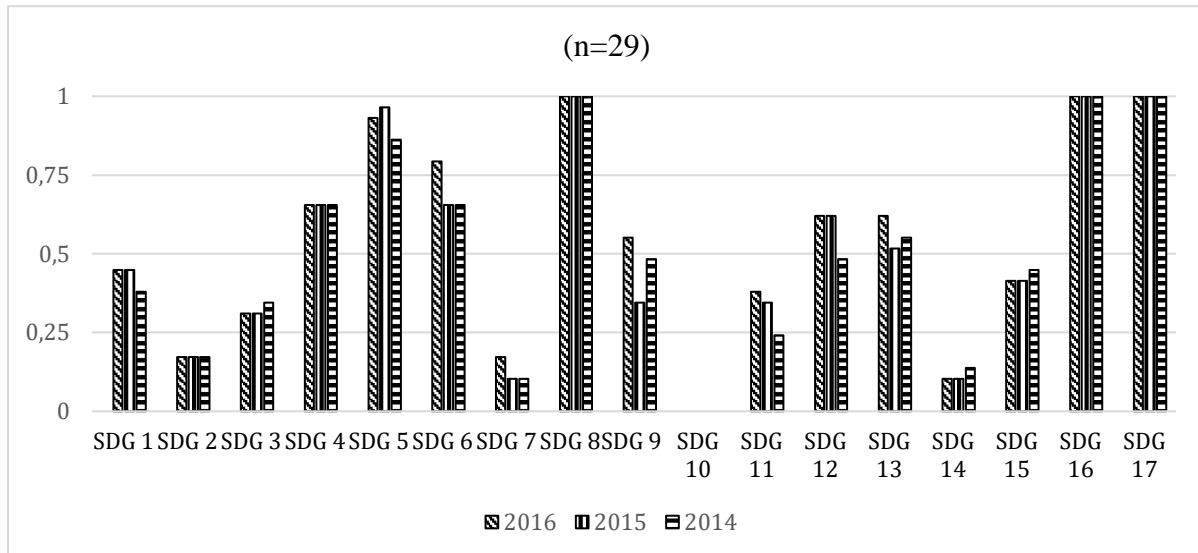


Figure 4: Basic Industry & Chemicals – Percentage of Companies Participating to SDGs

Compare to other two previous sector, companies in basic industry and chemicals sector as revealed in figure 4 were less active in implementation of SDGs (figure 4). They were only well participated in the four most implemented SDGs (SDG 8, SDG 16, SDG 17, and SDG 5). Even though this sector outperformed the average industry to perform fairly in SDG 15 (life on land), this sector only performed fairly in other six SDGs, i.e. SDG 1 (no poverty), SDG 4 (quality education), SDG 6 (clean water and sanitation), SDG 9 (industry, innovation and infrastructure), SDG 12 (responsible consumption and production), and SDG 13 (climate action). Accompanying poor and below industry average performance in SDG 3 (good health and well being) and SDG 11 (sustainable cities and communities), this sector performed poorly in the four least implemented SDGs (SDG 2, SDG 7, SDG 10, and SDG 14).

4. DISCUSSION

The study found that all companies in the research sectors are fully involved in achieving goals such as SDG 8 (decent work and economic growth) and SDG 16 (peace, justice and strong institutions). Similarly, as a rule, all companies in the research sectors carried out activities related to the implementation of SDG 17 (partnerships for achieving the goals). Most companies generally promoted SDG 5 (gender equality). Their number varied from 90% in Basic Industry & Chemicals sector; 80% in Mining sector and up to 70% in Agriculture sector. Similarly, Most companies in different industries are very interested in supporting SDG 4 (quality education). The largest number of Mining companies of 92%, followed by Agriculture of 91%, and finally Basic Industry & Chemicals of 66%. Substantial support was given to SDG 1 (fight against poverty). Most companies from the sectors Agriculture (88%) and Mining (87%) actively joined in the implementation of this goal. Likewise, Mining companies have demonstrated great support for SDG 9 (industry, innovation and infrastructure) - 83%. Somewhat lower the figures for Agriculture - 55% and Basic Industry & Chemicals - 46%.

SDG 12 (responsible consumption and production) had received strong support from the Agriculture companies. About 85% of companies in this industry actively carried out activities to improve responsible consumption and the production environment. Then the support came from Basic Industry & Chemicals (57%). Less than half of the companies in Mining (40%) paid attention to SDG 12. The participation of Agriculture Sector companies in achieving SDG 13 (climatic action) was different. Starting from 91% in 2014, then rose to a peak of 100% in 2015 and 2016 of companies in this industrial group, engaged in activities related to the prevention of climate change. High participation in climate change mitigation was also demonstrated by the Mining sector, in which, on average, 78% of its companies carried out climate-related activities, followed by Basic Industry & Chemicals - 56%. In the industrial sectors under study, moderate support was provided for the implementation of SDG 6 (clean water and sanitation) with the participation of about 70% of all their companies, ie companies in Mining (72%), Basic Industry & Chemicals, and Agriculture 70%. Only two sectors had a fair participation in SDG 15 (life on land). This was the Agriculture sector with an average support of 76% of companies and Mining with 60%. Sector Basic Industry & Chemicals was not too interested in achieving this SDG with the number of companies involved below 50%. The data also showed that all companies in all sectors are fully involved in efforts to achieve SDG 8 (decent work and economic growth) and SDG 16 (peace, justice and strong institutions). Similarly, as a rule, all companies in all sectors carried out activities related to the implementation of SDG 17 (partnerships to achieve goals). Support for SDG 11 (sustainable cities and communities) has gained popularity in Mining - 53% of companies supported the idea of implementing this SDG. The support was given to Agriculture (42%) and Basic Industry & Chemicals (32%). The involvement of the private sector in SDG 3 (good health and well-being) was not really obvious. The largest number was registered only in Agriculture, in which 61% of companies in this industry were engaged in activities related to good health and well-being. The remaining companies accounted for less than 50%, which was shown by companies in Mining (45%), Basic Industry & Chemicals (32%). The support shown by SDG 14 (life below water) was very modest. Less than half of Mining companies (42%) supported SDG 14, and in the remaining research areas even less: Agriculture 24%, Basic Industry & Chemicals 11%. Only one sector of the industry showed real participation in the achievement of SDG 2 (zero starvation) - this is Agriculture (61%). Much less participation was shown to the company Basic Industry & Chemicals - 17%. A small part in achieving SDG 10 (reduction in inequality) was associated with Agriculture (3%). Mining, Basic Industry & Chemicals, did not participate at all in achieving SDG 10. The smallest contribution to the private sector was demonstrated by SDG 7 (available and clean energy), in which only two sectors had a relatively significant share over three years in periods, that is an average of 18% of Agriculture, 23% of Mining. On average, 12% of Basic Industry & Chemicals companies took part in this SDG. Veretehina S. V. studies have proved that in the conditions of digital transformation of society the economic growth of companies in the market is achieved through the use of Big Data. Cloud storage of information and documentation ensures competitiveness of industries and agriculture, the education system. Using Big Data is the beginning of creating the knowledge base needed for management (Khitskov et al, 2017).

5. CONCLUSIONS

From above figure and tables it can be concluded that the top 200 listed companies in Indonesia had made significant contribution to SDGs during 2014-2016 period even though with different level of engagement for each goal. The best Indonesian private sector participation had been made to the creation of decent work and stimulate economic growth (SDG 8) and to the development of the company itself to be strong, transparent, and accountable institutions (SDG 16).

The SDG 16 has an importance to be extended to governance at large in the public sector as bad governance practices in public sector in Indonesia was not difficult to find. The better governance in this private sectors might be taken as model to achieve good public governance . Likewise, the business sector in Indonesia had performed well in building partnership to achieve the SDGs (SDG 17). Participation level of the Indonesian largest companies to improve the quality of human resources through quality education (SDG 4) was considered good. Therefore, during the 2014-2016 period the private sector in Indonesia had made important contribution in solving one of the big SDG challenges in Indonesia. These findings are correlated with the results of various scholars who proposed improving education (Walter, 2012, Pucciarelli, & Kaplan, 2016), increasing the role of teachers in this system (Ilina, et al, 2018), optimizing training (Słowikowski, 1998, Long & OweeKowang, 2015; Zdravkova, 2016). The same big contribution was also performed to promote gender equality in workplace (SDG 5). On the other hand, Indonesian biggest companies still need to do more to overcome challenges related to poverty alleviation (SDG 1), water conservation and sanitation (SDG 6), infrastructure development (SDG 9), climate change mitigation (SDG 13), health quality (SDG 3), sustainable cities (SDG 11), as well as responsible consumption and production (SDG 12). Increasing the participation level to those seven SDGs need to identify and encourage certain industrial sectors whose contribution were still low in those SDGs. Even though the participation was relatively high, agricultural and mining companies as the sector that have very high correlation to not do harm to life on land (SDG 15), participation from this two sectors have to be maximized from current level. Also low participation to this SDG 15 from consumer goods industry companies which contains many food companies should be increased in order to ensure that their operation will not discompose genetic diversity of farmed and domesticated animals, land remediation, and land biodiversity. However, as the engagement was still low, more focus should be put on mining companies in order to ensure that their operations will not destroy life below water (SDG 14). The same effort should be also enforce to any other industries that use seas or oceans for as a means for production and transportation. Participation of companies to SDG 2, SDG 7, and SDG 10 were really far below satisfactory. Beside general roles of government to provide enabling environment with clear and strong laws and regulations for sustainable development, policy intervention might be necessary to encourage certain industrial sector to more active in participating to several SDGs that is currently still low in terms of private sector contribution. Referring to the proactive movement by FSA to regulate the finance industry, active role from other government agency such as the Ministry of National Planning Agency, Ministry of Industry, Ministry of Trade and others are necessary to push and regulate certain industry to take steps forward to achieve SDGs more comprehensively. The role of industry associations are not less important to facilitate their companies member to be more active in SDGs activities. For the company itself, as company's resources are limited, focus must be always put on certain SDGs that are strategically related to objective strategy of the company that can maximize both economic and social value. As end notes, this research only included top 200 Indonesian listed companies in 2014 and 2015. Further research need to study all top Indonesian companies, including Indonesian SOEs which had not been going public in order to have better findings on the participation of private sector to SDGs in Indonesia. The longer time of study might improve the conclusion of this research. Also, research with emphasis more on the quality of company participation with involving activities impact analysis in the future study shall have better contribution in understanding the private sector – SDGs relations.

ACKNOWLEDGMENT : *The publication was prepared with the financial support of the RFBR, project No. 17-03-00059-OFH.*

LITERATURE:

1. Ali, Sajjad, Talib Hussain, Guoliang Zhang, Mohammad Nurunnabi and Benqian Li. 2018, The Implementation of Sustainable Development Goals in “BRICS” Countries, *Sustainability* 10(7), 2513;
2. Bahuet, C and Sopacua, J.A. (2018), “SDGs in Indonesia: 2018 and Beyond”, *Jakarta Post* 19 March 2018, <http://www.thejakartapost.com/news/2018/03/19/sdgs-indonesia-2018-and-beyond.html>
3. Bondaletov, V.V., Medvedeva, N.V., Senicheva, L.V., Frolova, E.V., Santos, E. (2014). LOCAL POLITICS, BUSINESS, PEOPLE: ISSUES AND COOPERATION STRATEGIES. *Journal of Advanced Research in Law and Economics*. 5(2). 63-73. DOI: 10.14505/jarle.v5.2(10).02.
4. Bharadwaj, A. (2014). Planning Internal Communication Profile for Organizational Effectiveness. *IIM Kozhikode Society & Management Review*, 3(2), 183-192. <https://doi.org/10.1177/2277975214542059>
5. Chandler, David, 2015. *Corporate Social Responsibility: A Strategic Perspective*, Business Expert Press, New York
6. Demchenko, T.S., Peter Karácsony, Ilina, I.Y., Vinichenko, M.V., Melnichuk, A.V. (2017). Self-Marketing Of Graduates Of High Schools And Young Specialists In The System Of Personnel Policy Of The Organization. *Modern Journal of Language Teaching Methods (MJLTM)*, 7(9), 58-65.
7. Demchenko, T.S., Melnichuk, A.V., Ilina, I.Y., Vinichenko, M.V., Buley, N.V. (2018). Improvement Of Corporate Youth Programs Of The Agro-Industrial Complex. *Modern Journal of Language Teaching Methods*, 8(5), 404-419.
8. <http://www.mjltm.org/en/downloadpaper.php?pid=470%20&%20p=A>
9. Dorzhieva, E.V. (2017). Ensuring stable development of the regional agro-industrial complex on the basis of its clustering. *Journal of Environmental Management and Tourism*, 8(2), 354-365.
10. Dunn, Wayne. (2016). “CSR and Shared Value Partnership for the SDGs”, <https://www.linkedin.com/pulse/public-private-partnerships-csr-shared-value-sdgs-wayne-dunn>, 11 August 2016
11. Ilina, I.Y., Oseev, A.A., Vinichenko, M.V., Kirillov, A.V., Kaurova, O.V., Nakhratova, E.E. (2018). Transformation Of Social Status Of Teachers Of Russian Universities. *Modern Journal of Language Teaching Methods*, 8(3), 381-392.
12. Khitskov E.A., Veretekhina S.V., Medvedeva A.V., Mnatsakanyan O.L., Shmakova E.G., Kotenev A. (2017). Digital Transformation of Society: Problems Entering in The Digital Economy. *Eurasian Journal of Analytical Chemistry*. T. 12. № 5b. C. 855-873.
13. Kirillov, A.V., Ushakov, D.S., Vinichenko, M.V., Makuchkin, S.A., Melnichuk, A.V. (2017). Career Opportunities for the Management's Personnel Reserve. *Eurasian Journal of Analytical Chemistry*, 12(5b), 723-733. DOI 10.12973/ejac.2017.00205a
14. Long, C.S., OweeKowang, T. (2015). Improving organizational performance through training function. *Engineering Technology, Engineering Education and Engineering Management - International Conference on Engineering Technology, Engineering Education and Engineering Management, ETEEEM*, 119-122.
15. Makhov, A. S., Medvedev, I. N. (2018). Functional State of Muscles In Sports and Physical Training. *Research Journal of Pharmaceutical Biological and Chemical Sciences*. Volume: 9. Issue: 4. Pages: 965-968.
16. Makhov, A. S., Medvedev, I. N. (2018) Sport as a Means of Social Rehabilitation of People With Disabilities. *Research Journal Of Pharmaceutical Biological And Chemical Sciences*. Volume: 9. Issue: 4. Pages: 170-174.

17. OECD (2016). *Development Co-operation Report 2016: The Sustainable Development Goals as Business Opportunities*, OECD Publishing, Paris.
18. OXFAM (2017). *Raising The Bar: Rethinking the role of business in the Sustainable Development Goals*, OXFAM Discussion Papers, February 2017
19. Porter, ME, and Kramer, MR (2011). “Creating shared value: How to reinvent capitalism—and unleash innovation and growth,” *Harvard Business Review*, January–February
20. Pucciarelli, F., & Kaplan, A. (2016). Competition and strategy in higher education: Managing complexity and uncertainty. *Business Horizons*, 59(3), 311–320. <https://doi.org/10.1016/j.bushor.2016.01.003>
21. Ridho, T.K. (2016). “The Influence of CSR on Performance and Its Determinants in Listed Companies in Indonesia”, *Actual Problems of Economics*, Scientific Economic Journal No. 10 (184). Pp. 259-268
22. Ridho, T.K. (2017). “CSR in Indonesia: Company’s Perception and Implementation”. *Journal on Global Socio-Economic Dynamics – EURASEANs* No. 3 (4) May – June 2017. Pp. 68-75
23. Ryabova, T.M.; Frolova, E.V.; Rogach, O.V.; Kirillov, A.V. (2018). Status and Role Transformations of the Elderly in Modern Russia. *Journal of History Culture and Art Research*, 7(1), 132-141. DOI: 10.7596/taksad.v7i1.1462.
24. Sachs, J.D. and Schmidt-Traub, G. 2014, “Financing sustainable development: Implementing the SDGs through effective investment strategies and partnerships”, *UN Sustainable Development Solutions Network*, New York, http://unsdsn.org/wp-content/uploads/2014/11/Full-FSD-draft-for-public-consultation_clean.pdf.
25. Słowikowski, J. (1998). A Draft of a System of Teaching Occupational Safety and Ergonomics at Universities in Poland. *International Journal of Occupational Safety and Ergonomics*, 4(2), 221-236. <https://doi.org/10.1080/10803548.1998.11076391>
26. State program for the development of agriculture and regulation of markets for agricultural products, raw materials and food for 2013 - 2020, approved by Government Decree of July 14, 2012 № 717.
27. UN. (2015). *Transforming our world: the 2030 Agenda for Sustainable Development* (A/RES/70/1). New York: United Nation
28. Vakola, M., & Nikolaou, I. (2005). Attitudes towards organizational change: What is the role of employees’ stress and commitment? *Employee relations*, 27(2), 160-174. <https://doi.org/10.1108/01425450510572685>
29. Vinichenko, M.V., Peter Karácsony, Demchenko, T.S., Melnichuk, A.V., Makuchkin, S.A. (2017). Satisfaction of Employees of Moscow Region Organizations by Implementation of Youth Personnel Policy. *Eurasian Journal of Analytical Chemistry*, 12(5b), 697-704. DOI 10.12973/ejac.2017.00203a
30. Vinichenko, M.V., Taridi, Kasbi Ridho, Kirillov, A.V., Makushkin, S.A., Melnichuk, A.V. (2017). Development Of Skills Management In The System Management Of Talents. *Modern Journal of Language Teaching Methods (MJLTM)*, 7(9), 50-57.
31. Vinichenko, M.V., Peter Karácsony, Kirillov, A.V., Oseev, A.A., Chulanova, O.L., Makushkin, S.A., Shalashnikova, V.Ju. (2018). Influence Of Time Management On The State Of Health Of Students And The Quality Of Their Life. *Modern Journal of Language Teaching Methods*, 8(5), 165-183.
32. Walter, F. (2012). The Idea of a Public Education. *Review of Research in Education*, 36(1), 1–22. <https://doi.org/10.3102/0091732X11421114>
33. Wharton, Amy S. and Blair-Loy, Mary (2002). The “Overtime Culture” in a Global Corporation: A Cross-national Study of Finance Professionals' Interest in Working Part-time. *Work and Occupations*. 29(1), 32-63. doi:10.1177/0730888402029001003

34. Wenhua, L. I. U., Licheng, R. E. N., & Ru, Z. H. A. O. (2016). Exploration on the Relationship between Occupational Stress and Well-being of the Junior Administrative Staff in Universities of China from the Perspective of Social Network. *Revista de Cercetare si Interventie Sociala*, 53, 145.
35. World Commission on Environment and Development. (1987). *Our Common Future*. Oxford University Press
36. Zdravkova, K. (2016). Reinforcing social media based learning, knowledge acquisition and learning evaluation. *2nd International Conference on Higher Education Advance*. HEAd`16, 21-23 June 2016, Valencia, Spain, Social and Behavioral Science, 228, 16-23.

THE CRISIS OF HUMAN IDENTITY IN THE MODERN WORLD: SOCIO-CULTURAL FACTORS IN THE FORMATION AND WAYS TO OVERCOME

Tatiana Pushkareva

*Russian State Social University, Russian Federation
ap-bib@yandex.ru*

Darya Agaltsova

*Russian State Social University, Russian Federation
darya_agaltsova@mail.ru*

Ekaterina Ivanova

*Russian State Social University, Russian Federation
catherine.iva@mail.ru*

Tatyana Belyakova

*Russian State Social University, Russian Federation
evatar@rambler.ru*

ABSTRACT

The article deals with six socio-cultural factors that form the identity crisis situation of a modern man: the plurality of social identity; new opportunities to choose biological affiliation; mobility of cultural boundaries; the formation of new universally significant reference groups; mobility of social groups and constant updating of identification prospects. Psychopathological consequences of identification crisis such as frustration and loss of energy are revealed. The possibilities of the author's psychological and pedagogical workshop "My doll and me" to compensate for the identification crisis are shown. Psychological and pedagogical workshop "My doll and me" is based on the principles and methods of Gestalt approach and analytical psychology allows you to carry out work on study of models identification by the creative materialization, the actual personality of the person in the form of an anthropomorphic image of the doll, thereby clarifying the complex processes of identification and removing the psychological tension.

Keywords: *art therapy, doll therapy, Gestalt approach, identity, identity crisis, psychological educational culture workshop, intangible cultural heritage*

1. INTRODUCTION

The problem of identity crisis, first scientifically formulated by Erik Erikson, more than a half-century of discussion is becoming more relevant as psychological research nowadays and the problems of identity are becoming interdisciplinary in nature, they are considered at the intersection of pedagogy, social psychology, abnormal psychology, cultural studies, sociology, philosophy, political science [G. Andreeva, 2011; Identity as pieces of political analysis, 2010; Krylov, I., 2010; Harsh E., 2008; Civilizational identity in a transitional era, 2011]. If Erickson spoke about the problems of self – identification of veterans of the great Patriotic war and about eight natural age crises of identity in the process of personality development [Erickson E., 1996, Erickson E., 2000], in modern scientific literature the problem of identity crisis is considered more widely, as a synthetic socio-cultural problem. And this is natural, because the problem of identity is really becoming a universal problem of modern people-regardless of status, gender, age, type of culture and society – a problem that requires appropriate reflection and solutions in the interests of mental and physical health.

E. Erickson defines identity as "the subjective feeling, as well as the objectively observed quality of personal identity and continuity, the constancy of some shared with other people picture of the world" [Erickson E., 1996]. In this definition already two forms of identity are actually identified – social (external) and personal (internal), the first is associated with the correlation of the individual with any social group, the second is based on the subjective experience of the integrity and continuity of their own "I". The first is a manifestation of the sum of all social ties of man, the second – the result of personal autonomy. Jacques Lacan clarifies an important point of connection between internal and external identity for our topic: the subject constitutes his identity, identifying with the image of the other, which keeps him a sense of self (himself) ("about mental causality", 1946). An effective way to overcome the crisis of identity of modern man can be psychological synthetic practices based on folk tradition, such as the author's psychological and pedagogical cultural workshop "My doll and me" (Pushkareva, T. V., Pushkareva, E. V., Sarkisjan M.V., 2015).

2. METHODS

To identify the main socio-cultural factors of identity, the interdisciplinary analysis of the qualitative and foreign traditions in studying the problems of identity (taking into account the context of Russian reality) was used. The development of psychological and pedagogical cultural workshop was also interdisciplinary. The workshop is based on the ideas of S. Pearl's Gestalt psychology and K. G. Jung's psychoanalytic psychology, uses group forms of psychological work, develops one of the animation forms of intangible cultural and historical heritage – the technology of creating a motanka doll. The technology of psychological workshop "My doll and me" has been developed by us mainly in line with Gestalt therapy – psychotherapy directions that emerged in the 50s of the twentieth century through the work of the German-American psychologist Frederick Perls Solomon (1893–1970). Unlike other areas of psychotherapy (psychoanalysis, Jungian analysis, transactional analysis, psychology and other Rogerian) Gestalt implies equal artistic participation and mutual responsibility of the client and the therapist in the process, which leads to widespread use of creative methods in Gestalt therapy. The liquid, changeable nature of the traumatic and healthful life situations serves as an important source postulate of Gestalt theory and practice (Mann, 2013, p.7). With categories such as "figure", "background", "box", "contact", "contact cycle" Gestalt therapists contribute to an understanding and a kind of 'settling in' client-changing situation, not pretending to generalize concerning the whole his life (which is characteristic of the classical schools of psychotherapy). During 2014-2018 20 workshops were held (in the library №221 in Moscow, in Russian State Social University and Moscow Pedagogical State University), which were attended by about 200 people of different ages. The psychological request study of participants and the feedback analysis is included in the technology of the workshop and acts as a method of collecting empirical information, conducted in the form of a short interview with each participant.

3. RESULTS

3.1. Factors of the crisis of human identity in the modern era

The current cultural situation, already described many times in the socio-psychological, cultural, sociological literature [Bauman Z., 2005; Bauman Z., 2005], complicates the universal process of human self-identification, giving it new, often crisis, features. There are several factors of the crisis of human identity in the modern era.

Firstly – For the modern man the situation of multiple identity is normal, in which the individual can simultaneously realize his involvement in many social groups [Andreeva G., 2011]. One of the reasons for this is the rapid development of all spheres of production, forcing people to

adapt quickly to these changes by mastering new activities, increasing the share of free time in the structure of employment and, as a consequence of all this, the increasing variety of social roles. An important factor in the formation of multiple identity is the steady expansion of the real (provided by the possibility of movement) and virtual (provided by information technology) living space. This makes an ordinary person, for example, feel not only a citizen of his country, but also aware of himself as a member of, for example, the post-Soviet space or the EU, the Christian or Muslim religion, the representative of humanity. The discussed prospects of commercial space exploration reveal new dimensions of human identification characteristics in the modern world.

Secondly - There is a rapid complication of traditional, previously simple, parameters of human self-identification: identification by age, sex, ethnicity and race. The possibilities of biomedical technologies and the rapid development of the beauty industry force a person to choose something that was not previously offered for choice, putting not only new biomedical and legal problems, but also discovering new existential problems: problems of existence in someone else's body, with a new face and a different skin color and problems of interpretation of such changes in Another. The very possibility of these proposals transforms the situation of human self-identification in the modern world; new elections not only solve, but also generate a complex of psychological problems.

Thirdly - In today's multicultural global society, cultural boundaries also acquire mobility and softness. "Until now, most people have accepted culture as a fate, like climate or native language. In our case, however, empathic penetration into the life of other cultures is nothing more than a way of getting out of prison" [McLuhan M., 2004, p. 5]. 114]. Continuing this idea of McLuhan, we can see that the notorious "release" - is one of the most dramatic identity crises for freedom from their own culture often have to pay a high price, which shows the diverse experience of world migration. The uneven nature of globalization has led societies to develop protective mechanisms and to support localization trends. Such opposition to global socio-cultural processes is often expressed in the form of artificial mythologization of society, which at the individual level develops into an exaggerated perception of cultural and ethnic characteristics [Nikolaev U., Pushkarev T., Shemyakin E., 2015].

Fourthly - In the modern world new universal forms of identity are produced, mainly associated with the development of new means of communication. Researchers identify, for example, such new forms of identity as consumer, virtual, corporate, identity by lifestyle, celebrity identity [Krylov A., 2010]. The Internet becomes a medium for actualization of many unconscious mental processes of archetypal character [Minakov A.V., 2016]. Information technology allows you to identify yourself in a virtual life differently than in real life.

Fifthly - We can state the situation of "liquid (modernity)" (according to Z. Bauman) identification, which is caused, first of all, by the mobility of the framework of social groups, the constant influx of new identification prospects. "The problem that torments people ...is not so much how to acquire a chosen identity and make others recognize it, but how to choose what identity and how to be able to make another choice in time, if the previously chosen identity loses value or loses its seductive features" [Bauman Z., 2005].

The whole complex of the above factors leads to a number of social and patho-psychological consequences, which determine the crisis of human identity in the modern world. "Traditionally, the crisis of identity is defined as a special situation of consciousness, when the majority of social categories, through which a person defines himself and his place in society,

seem to have lost their borders and their value" [Andreeva G., 2011]. Among the manifestation forms of the identity crisis we can highlight the following (according to G. M. Andreeva): undermining the basic human desire for security, reorientation of identification to close primary groups (family, friends), avoiding too stable fixation of identification with a certain group; the dominance of personal identification over social, that is, the emphasis on personal identity and uniqueness, and not belonging to a group (the so-called "search for yourself"). Besides, identity crisis situations are accompanied (according to E. A. Klimov) along with the people painful experience of their own marginality, identity inconsistencies of current social demands, the loss of the unity of his own biography (achievements) and the destruction of promising life plans. Z. Bauman describes the state of total night anxiety of modern man, forcing him all day "to expel the ghosts of uncertainty" ritual shopping [Bauman Z., 2008, p. 89]. The abundance and variability of external factors drown out the "self" challenges, forced to spend energy on a constant external identification setting, taking the energy of "I" identity. Erich Fromm wrote about depersonalization, or self- loss, as a result of the described imbalance of personal and social identity, when an individual finds unity with people and with the world by paying.."complete rejection of the individuality and integrity of the human "I"" [Fromm E., 2011, p. 291]. This situation affects the social well-being of people, can lead to the development of pathology at the individual level. Thus, The well-known Gestalt psychologist D. Francesetti convincingly shows that, for example, such a clinical symptom as panic attacks, develop most often in a situation of stress transition from "policy" (home space) to "policy" (public space) [Francesetti D., 2014] – that is, a situation of identification crisis. Even if the crisis of identification does not manifest itself in pathology, it still affects negatively, frustrating personality and taking away vital energy.

3.2. Psychological pedagogical culture workshop "My doll and me" as a tool to compensate for the identification crisis

Doll therapy as a kind of art therapy practice has a complex character, but, as our experience of psychological workshop "My doll and me" proves to be particularly effective when dealing with situations and consequences of identification crises of various kinds. Psychological and pedagogical workshop "My doll and me" is a socio-cultural project aimed at self-knowledge, self-development and familiarization with the values of folk culture. The project is carried out on the basis of Moscow library №221. Psychological and pedagogical workshop "My doll and me" is based on the principles and methods of Gestalt approach. It combines elements of art therapy, group therapy, traditional female practices. In the course of the workshop, the participants make a folk doll, creatively rethinking the tradition. At preservation of the main parameters of the «motanki doll» (the rag doll made without a needle) all possible options of creative interpretation of an image (the size of a doll, hair color, a dress, jewelry, attributes) are allowed. An important result of the workshop is a self-made art object in the technique of hand-made. The workshop is held in the framework of various educational programs, programs of personal growth, training in organizations (for example, team building), cultural events, as well as in the framework of medical rehabilitation programs. A doll has universal importance throughout the history of human culture, beginning with primitive inverse images, it is a kind of "cultural manifestation of the power lines" (Morozov, 2011, p.23). The doll in our psychological workshop is an imprint of the person, his metaphorical image that can capture both external and internal features of the author. In any creative process there is a mysterious process of the unconscious objectification. In our case, with the doll – anthropomorphic image – we are talking about the materialization of the Jungian archetype, manifested in the individual unconscious. Archetype, one of Jung's definitions – dynamic image of the collective unconscious, a fragment of the objective psyche, which is experienced as a living, really existing (Jung, 2010, p.129).

The matrix of the Jungian archetypes (person, shadow, child, anima, animus, mother, child, wise old man, animal), of course, does not exhaust all their diversity. According to Jung, the images-archetypes are present from birth in the human psyche and can be activated by any situation corresponding to this archetype. Our psychological workshop situation in the classroom contributes to the fact that most actual are "person" or "shadow". By Jung definition, "person" is the perfect way in which people "committed themselves to take a leak", "an arbitrary segment of the psychic" (Jung, 2010, p.182), or how a person wants to look in the eyes of others. "Person" forms the psychosocial identity of the person and the same as the social role. "Person" is inherently plural (is a set of sub-personalities), and in the workshop materializes "person", current at the moment, or certain subpersonality, which is determined by the situation. Modern Jungian-psychologists develop interesting ideas about the psychological types – the possible embodiments of the "person" (Augustinavichute, 1992), the work that can be carried out in the framework of this workshop. As for working with identification models, then, according to the observation of the leading, the realized desire to repeat the experience of creating a doll leads to the refinement and stabilization of identification models. Several participants of the workshop re-participated in the workshop, consistently creating versions of their subpersonalities.

4. DISCUSSION

The success of the work on overcoming the crisis of identification in our workshop is most likely connected, first of all, with the possibility in the practice of doll therapy of the human subpersonalities embodiment. The concept of subpersonality acts here as a synonym of the identification model [Stefanenko T., 2001]. At the same time, doll therapy in our case turned out to be a kind of marker of personal identification difficulties for the audience: the strongest interest in our psychological workshop "My doll and me" arose in people with such experiences. The doll has universal significance throughout the history of human culture, beginning with the primitive prototypes. This three-dimensional image of human or animal, designed for creative manipulation with them (games or religious and mystical rituals), in the history of culture had and still has different functions [Stefanenko T., 2001]. Unlike similar sculpture (requiring contemplation, comprehension of the author's idea, as well as the distance between the perceiver and the author), the doll requires manipulation – "meaning-generating game" (Y. M. Lotman). It is this property that turns the doll into a powerful therapeutic agent, the possibilities of which are truly inexhaustible. G. G. Grebenshchikova allocates the following mechanisms of mental energy transformation in the process of puppet therapy: projection, replacement, sublimation, identification [Grebenshchikova G., 2007]. However, according to our observations of the process of the doll therapy, it can be concluded that the created doll always acts as a variant of the identity of the person himself, as unconsciously a person visualizes the variant of subpersonality that is relevant at the moment. At the same time, according to the fair remark of Grebenshchikova, in the process of therapeutic doll making, a person inevitably gets into a situation of positive self-acceptance, that is, he finds himself in a situation of positive identification. Like all art therapeutic practices, doll therapy is characterized by a mechanism of dissociation with the problem (in the process there is an opportunity and the ability to look from the outside at the created object as yourself and even adjust it (and therefore yourself)). Making dolls, like all practices that take a person beyond everyday life, have a special resource capacity. The doll (because of its anthropomorphic nature) in comparison with other types of creativity has the properties of a peculiar and the most accurate metaphor of a person. Changing the image of the doll, the person is capable of changing itself [Beat T., Timoshenko G., 2001]. In addition, according to our observations, the work with the doll returns a person to his bodily experiences, connection with his body, and creates an opportunity in the work of identification to rely on their physical sensations, and not only on the image itself.

Conscious appeal to the practice of doll therapy to the archetypal sub-personalities – the person, the self, the shadow, the animus or anime [Stein M., 2010], or such sub-personalities as "real I" and "ideal I", or the archetypal images of Slavic folk culture – may have additional therapeutic effect.

5. CONCLUSION

The crisis of identity of modern man forms a complex of socio-cultural factors, among which the most important are the following: the plurality of social identity; new opportunities for choosing biological affiliation; mobility of cultural boundaries; the formation of new universally significant reference groups; mobility of social groups and constant updating of identification prospects. The main psychopathological consequences of the identification crisis are expressed in the situation of frustration and energy loss. The author's psychological and pedagogical workshop "My doll and me" has ample opportunities to overcome and compensate for the identification crisis. Psychological and pedagogical workshop "My doll and me" is based on the principles and methods of Gestalt approach and analytical psychology, allows you to carry out work on study of human models identification by the creative materialization, the actual personality of the person in the form of an anthropomorphic image of the doll, thereby clarifying the complex processes of identification and removing the psychological tension. The image embodied in the doll becomes a kind of identification version, which allows you to accept, study, correct and then re-integrate the subpersonality found in this way into the actual structure of the human personality, thereby clarifying for him the most complex identification processes and largely removing the psychological tension that inevitably accompanies the search for social and cultural identity in the modern world. Thus, creatively rethought folk art practice becomes an effective way to solve psychological problems of modern man.

LITERATURE:

1. Andreeva G. M. (2011) *On the identity crisis in the context of social transformations* // Psychological research: electronic scientific journal. № 6(20). P. 1. [Electronic resource.] URL: <http://psystudy.ru/index.php/num/2011n6-20/580-andreeva20.html>
2. Bauman Z. (2005) *The Individualised society*. M.: Logo, with 390.
3. Bauman Z. (2008) *Fluid modernity*. M.: Peter, 290 p.
4. Grebenshchikova G. G. (2007) *Fundamentals of puppet therapy. Gallery of dolls*. SPb.: Rech, p. 86.
5. *Identity as a subject of political analysis. Proceedings of the scientific-theoretical conference* (2011) 21-22 October 2010. M.: IMEMO of the RAS, 299 p.
6. Beat T. Yu., Timoshenko G. V. (2001) *Puppets in psychotherapy*. M.: Publishing house of Institute of psychotherapy, 192 p.
7. Klimov I. A. (2001) *Psychosocial mechanisms of identity crisis // Transformation of identification structures in modern Russia*. M.: Moscow public scientific Foundation, 2001. P. 54-81.
8. Krylov A. N. (2010) *The evolution of identities: the crisis of industrial society and the new identity of the individual*. M.: publishing house NIB, 272 p.
9. McLuhan M. (2004) *The Gutenberg Galaxy*. Kyiv: Nika-Center, 432 p.
10. Minakov A.V. (2016) *Some psychological properties and features of the Internet as a new layer of reality* [Electronic resource]. URL: <https://www.psyinst.ru/library.php?part=article&id=1573>
11. Nikolaev.G., Pushkareva T. V., Shemyakina E. M. (2015) *Temporality of economic and socio-cultural processes: the prospect of interdisciplinary analysis* // questions of cultural studies. No. 9 - p. 26-31.

12. Pushkareva, T. V., Pushkareva, E. V., Sarkisjan M.V. *Materialization of archetype: theory and practice of psychological workshop «My doll and me»* // Psychology and psychotechnics. 2015. No. 8. P. 787-794.
13. Pushkareva T. V. (2015) *"The mystery of the doll" in the history of culture* // Art in the information space of culture of the third Millennium: problems, opinions, prospects. Collection of proceedings. M., 2015.
14. Stefanenko T.G. (2001) *Study of identification processes in psychology and related Sciences* // Transformation of identification structures in modern Russia. M.: Moscow public science Foundation, P. 11-30.
15. Stein, M. (2010) *Jung's map of the soul: an Introduction to analytical psychology*. M.: Kogito-Center, 256 p.
16. Surova E.E. (2008) *Identity, identification and identification models* // Vestnik St. Petersburg University. Ser. 6: Philosophy. Culturology. Political science. Right. International relations. Issue. 3. P. 56-67.
17. Francesetti D. Panic attacks 2014. *Gestalt therapy in the unity of social and personal contexts*. M.: Mistic, 2014. 264 p.
18. Fromm E. (2011) *Escape from freedom*. M.: AST, 288 p.
19. *Civilizational identity in the transitional era: cultural, sociological and art aspects* (2011) / Kondakov I. V., Sokolov K. B., Khrenov N. Ah. M.: Progress is a Tradition, 1024p.
20. Shemyakina E. M. (2011) *Myth, history, memory and the problem of national identity* // Actual problems of sociology, cultural studies, Economics and law: Collection of articles. M.: FGBOU VPO "Moscow state pedagogical University", 2011. P. 75-77.
21. Erikson, E. (1996) *Identity: youth and crisis*. M.: Progress, 344 p.
22. Erikson, E. (2000) *Childhood and society*. SPb.: Summer garden, from 416.
23. Jung, K. (2010). *Essays on the psychology of the collective unconscious*. M.: Kogito - Tsentr Publ.
24. Augustinavichiute, A. (1992). *The dual nature of man. Science and religion*, p. 4. 12.
25. Mann, D. (2013). *100 questions about Gestalt*. Moscow Gestalt Institute (part 1).
26. Morozov I. A. (2011). *The phenomenon of dolls in traditional and modern culture (cross-cultural study of the ideology of anthropomorphism)*. Moscow: Indrik, Publishing House.
27. Kirilina, T.Yu. (2016) The Social Ideal and the Model of the Future in the Consciousness of Modern Russian Youth, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 41–47. DOI: 10.17922/2412-5466-2016-2-3-41-47.

RESEARCH FORESIGHT AS A NEW EDUCATIONAL TECHNOLOGY OF DEVELOPMENT MANAGERIAL COMPETENCIES

Tatiana Shinina

*Moscow State University of Psychology & Education, Russia
schinina@list.ru*

Inna Morozova

*Russian State Social University, Russia
inna.opinion@gmail.com*

ABSTRACT

The article considers revealing the prerequisites and describing theoretical foundations of the educational technology Re-Foresight («Research Foresight»). The article justified the request for new educational technologies in working with the managers of the new formation. The genesis of the foresight methodology is presented, in which the content thread of the formation of instruments of influence on the development of the strategies of the country, region, and industry is traced. The road map of author's educational technology for research foresight is given, which includes the stages: improvement of managerial competencies, real forecasting, design of management decisions, assessment; application of modern teaching methods: gamification, visualization of meanings, personal reflection. A triad of psychological categories (personality - activity - communication) is presented, forming the methodology of educational technology «Re-Foresight». The educational technology «Re-Foresight» has been approved in the construction of the image of the future youth branch of the Yamal-Nenets Autonomous District and can be applied at the regional and municipal level, as well as in carrying out branch and corporate foresights.

Keywords: *educational technology, foresight, industry development strategy, innovation, «Re-Foresight», research foresight*

*“Nothing ages as fast as the future.”
Stanislaw Lem*

1. INTRODUCTION

State-of-art conditions of development of managerial competencies dictate the necessity of creating new educational technologies. As mentions Evgeniy Ivanovich Isaev, “unfortunately we have to acknowledge that for now the concept of “educational technology” is not studied enough in the psychological-pedagogical science” [4, p.45]. For defining unified conceptual field we have to put into the basis the meaning of the terms “technology” and “educational technology”. A universal definition of the concept of “technology” is given by A.M. Novikov: “It is the system of conditions, forms, methods and means for solving the given problem” [11, p.44]. For designing a technology in the educational environment we have to answer three questions: To teach for what? What to teach? How to teach? From our point of view it is the educational technology that has to contain answers on all the three questions. Thus, under educational technology we mean the connected system of ways and means of personality-values development via reflexion of mutually modelled forming activities. Modern educational technologies are aimed at the first time at the development of the personality potential in the process of educational activity [7]. However, analyzing basic psychological categories we have to underline that “the psychic phenomena are forming, develop and manifest in the processes of activity and communication” [8, p.289].

Thus, the triad of the psychological concepts (personality – activity-communication), forming the methodology of the educational technology Re-Foresight, is created.

2. METHODOLOGY

The methodological basis of the educational technology Re-Foresight is the philosophical basics of dialectical materialism, proposition of the unity of theory and practice; basics of the activation of cognitive activity as well as propositions of the conception of personality-activity development. It is the methodological support of the main postulate of the dialectical materialism – constant development that allows theoretical generalization the data of the past and the future and foreseeing the future scientifically [2, p. 16]. Besides being an educational technology aimed at action the Re-Foresight is oriented at the self-sufficient acquiring knowledge by the trainees. The model of the whole action of the Re-Foresight Technology includes informing, planning, making decision, performing, controlling and assessment [9, p.8]. The analysis of the literature sources, international research, educational and managerial practice allow justifying the original technology of Re-Foresight and highlighting its novelty:

- Orientation at the development of personality potential and forming an internal motivation for changes;
 - Creating a special, open communication media;
 - Activity approach to the designing the image of the future;
 - Assessment of the members in the real strategic activity with finalizing in rotation and forming the personnel reserve.
1. Stage 1. Aim-setting Re-Foresight, during which the aim and concrete tasks of performing the foresight are being formulated. The participants and the interaction protocol are defined, the printed materials are being discussed and the tasks for performing study of personality and managerial potential of the participants, the result of which allows presenting social-psychological portrait of personnel potential of the industry, are being prepared. The image of the future result of the Re-Foresight is being formed.
 2. Stage 2. Designing Re-Foresight. An outline plan with the key points of entry and exit is being created. By means of it we get answers on the questions How? Who? When? Where? What for? The customers of the regional (or industrial) foresight get the program with the time points and foreseen results.
 3. Stage 3. Realization of the Re-Foresight supposes control of the group dynamics. Applying instruments of facilitation the process with including compulsory block of reflexion via various “social mirrors”: how I see myself in work, how the other participants see me in work, how my boss sees me in work. It also contains visualization of the results of designing at the Map of Desired Future, searching the crossing points and creating instruments for actions.
 4. Stage 4. Assessment in Re-Foresight includes verification of the obtained results with the teams in the field and improving the final map of development. The evaluation of the results and attestation of the participants is performed and according to the results the teams of auditors of realization of the Map of the Desired Future are being formed.
 5. Stage 5. Synthesis of the Rep-Foresight. According to the results all the materials are being digitized and the general finalization is being prepared for presenting it to the teams at the regional level as well as for involving the stakeholders into discussion and future work. For this purpose a series of meetings via Skype is carried out for discussing matrixes of programs in key trends (directions).

3. RESULTS

Approbation of the educational technology Re-Foresight was carried out in the field format with the participants of the team of fifty leaders of the sphere of youth of the Yamal-Nenets Autonomous District (YNAD). All the components and conditions for realization of the technology were followed. The aim of the project was designing a map of the future of the Youth policy of YNAD up to 2035. According to the results of the session the leader of the industry carried out attestation of the employees finalizing in horizontal and vertical rotations. The unique product of the YNAD Re-Foresight became a theoretical and practical edition of the “Youth Policy of Yamal: Global Schedule”, which presented the results of modeling the image of the future, obtained in the process of team work; applied methods and formats; description of certain situations, showing the work with the image of the future in a similar format; leading international techniques of development of the potential of modern managers [10]. The special characteristics of the foresight are:

1. The spectrum of applied methods and formats;
2. Including a wide circle of participants with the possibility of involving individuals with various levels of education and experience;
3. Forecasting basing on the open communication of the participants;
4. The practical orientation, justified by fact that the main task of the foresight is not just the foreseeing the future, but finding possibilities of mutual creating of the desired future [6, 13]. It is the possibility of involvement in the mutual designing of the future that shows the potential of the foresight as a special educational environment, in which an active development of the managerial as well as personality competencies takes place.

The effectiveness of the foresight is provided by the strong connections between state, private and academic sectors; involvement of various interested parties; addressing the current schedule; designing new methodologies of creation and nonstandard thinking; active community work and taking into account the previous experience [14, 15, 16]. All this is achieved by combining four types of impact: rising of awareness, informing, involvement and influence, which create a general system.

4. DISCUSSION

The challenges of the current day dictate the general content of the professional and personality successfulness of the leader of every industry, conditioned by a creative orientation of his/her personality. One of the main aspects of the successful professional behaviour of a leader is not the skill of making a prognosis of probable changes but also ability to design the future [13, 54]. As mentions Nadezhda Yakovlevna Kaluzhnova, “the methodology of the foresight is based on two approaches: a normative and an exploring (searching) one”. The normative approach begins with defining variants of the desired future and answers the question: which tendencies should lead to this future. The exploring approach (research or searching) begins with the present and answers the question: what happens in future if the existing trends continue [5, p.12]. The analysis in the exploring approach is carried out according to two main vectors: the time one (from the past to the future) and the global one (from the global, world-wide level to the level of the subject). Basing on the international experience of the performing foresights as well as the experience of the authors in raising the competency of managerial staff, the original educational technology of the Re-Foresight has been created.

5. CONCLUSION

Without a doubt the enforcing of the positions in the sphere of strategic and future designing is nowadays of crucial importance for Russia. In this connection the educational technology Re-Foresight allows increasing the number of managers having mastered the skill of “designing

the future” [12]. Besides, the Re-Foresight Technique allows transforming the educational technology according to the demands of various groups. In the nearest plans is performing Re-Foresight for the leaders of socially-oriented non-commercial organizations. Today the foresight is used as a system instrument of influence on the creating future [1, 2]. The article has been prepared in the course of fulfilment of the state contract of Department of Youth Policy and Tourism of YNAD of 20.11.2017 № 97-17k.

ACKNOWLEDGEMENT: *The authors would like to thank the Vice-Governor of the YNAD Tatiana Viktorovna Buchkova and the Director of the Department of the Youth Policy and Tourism of the Yamal-Nenets Autonomous District Elvira Rinatovna Timergazina for the activity approach to the approbation of the educational technology Re-Foresight.*

LITERATURE:

1. Calof J., Smith J.E., Critical Success Factors for Government Led Foresight, paper presented at the Third International Seville Seminar on Future Oriented Technology Analysis: Impacts and implications for policy and decision-making, 16-17 October 2008, Seville, Spain.
2. Dialekticheskij materializm [Dialectical materialism]. In Aleksandrova A.F. (ed.). Moscow, Gospolitizdat, 1953. 440 p.
3. Isaev E. I. Psihologiya obrazovaniya cheloveka: Stanovlenie sub"ektnosti v obrazovatel'nyh processah : uchebnoe posobie [The psychology of human education: the formation of subjectivity in educational processes: a textbook]. In Isaev E. I., Slobodchikov V. I. (ed.). Moscow, PSTGU Publ., 2013. 432 p.
4. Gaponenko N. V. Forsajt. Teoriya. Metodologiya. Opyt [Forsyth. Theory. Methodology. An experience]. Moscow, YUniti-Dana, 2012. 238 p.
5. Habegger B. Strategic Foresight in public policy: Reviewing the experiences of the UK, Singapore, and the Netherlands, Futures. 2010. Vol. 42 No. 1, pp. 49–58.
6. Johnston R. Developing the capacity to assess the impact of Foresight”, Foresight, 2012. Vol. 14 No. 1, pp.56-68.
7. Kalyuzhnova N. YA. Sushchnost', sodержanie i metodologiya forsajta: problema adaptacii k urovnyu regiona. Materialy pervoj Vserossijskoj Internet-konferencii. [Materials of the first All-Russian Internet Conference.] In Kalyuzhnova N. YA. (ed.). Irkutsk, Irkutskij gos. insti, 2007. pp. 7-22. (In Russian).
8. Kornilova I. L., Dudyreva O. A. Osobennosti metodologii forsajta. Vestnik Rossijskoj akademii estestvennyh nauk [Bulletin of the Russian Academy of Natural Sciences]. Moscow, 2015. no. 19. pp. 13-14. (In Russian).
9. Lichnostnyj potencial: struktura i diagnostika [Personality potential: structure and diagnostics] In Leont'ev D. A. (ed.). Moscow, Smysl, 2011. 680 p.
10. Lomov B. F. Metodologicheskie i teoreticheskie problemy psihologii [Methodological and theoretical problems of psychology]. Moscow, Nauka, 1984. 444 p.
11. Mal'ceva T. V. Osnovnye tendencii i podhody sovremennogo obrazovaniya. Prikladnaya psihologiya i pedagogika [Applied psychology and pedagogy]. INFRA-M, 2016. V. 1. no. 2. pp. 8-8. Available at: <https://naukaru.ru/ru/nauka/article/11319/view> (accessed 25 July 2018), doi: 10.12737/18803
12. Meissner D. Results and Impact of National Foresight Studies, Futures, 2012. Vol. 44, No. 10, pp. 905–913.
13. Novikov A. M., Novikov D. A. Metodologiya [Methodology]. Moscow, SIN-TEG, 2007. 668 p.

14. nacional'nyh celyah i strategicheskikh zadachah razvitiya Rossijskoj Federacii na period do 2024 goda. Ukaz Prezidenta Rossijskoj Federacii ot 07.05.2018 g. № 204 [Decree of the President of the Russian Federation No. 204 of May 7, 1981] Available at: <http://www.kremlin.ru/events/president/news/57425> (accessed 25 July 2018).
15. Shinina T.V., Galasyuk I.N., Morozova I.N., Pasechnik O.N. Molodezhnaya politika YAmala: global'naya povestka [Youth policy of Yamal: a global agenda]. Moscow, Pero Publ., 2018. 136 p.
16. Shinina T. V. Podgotovka kadrov upravleniya sferoj social'nogo obsluzhivaniya v sisteme dopolnitel'nogo professional'nogo obrazovaniya. Akmeologiya [Acmeology]. Moscow, 2012. no 2. pp.54 – 59. (In Russian).
17. Zinchenko M.A., Mahmutova D.S., Izyumov D.B., Kondratyuk E.L. Obzor metodov provedeniya Forsajt-issledovanij. Innovatika i ehkspertiza: nauch. tr. [Innovation and expertise: scientific works], 2012. no. 2, pp. 155-158. (in Russian)

MODERN PROBLEMS OF YOUTH IN THE LABOUR MARKET: GLOBAL TRENDS AND RUSSIAN SPECIFICS

Tatyana Shpilina

*Russian State Social University, Russia
ShpilinaTM@rgsu.net*

Ekaterina Vasiutina

*Russian State Social University, Russia
VasjutinaES@rgsu.net*

Anton Mosalev

*Russian State Social University, Russia
MosalevAI@rgsu.net*

Robinah Nanyunja

*Pilot International, Uganda
robinahknanyunja@robinahknanyunja.com*

ABSTRACT

The problem of "youth unemployment" is a global trend in the world labor market. However, the reasons for this phenomenon in developed and developing countries vary considerably. In the first group of countries, youth unemployment is caused by a series of macroeconomic crises of recent years, in the second group - the inability to organize the optimal number of jobs sufficient for the ever-increasing flow of young cadres. Indeed, it is in the countries with a growing economy that today about 90% of all the world's young people live. Youth unemployment has become stagnant throughout the world. At the same time, many newly-entered young people automatically become "working poor" and become one of the most vulnerable categories of citizens. The paper presents both youth unemployment and the growth of the share of young "working poor" influences the internal aggregate demand, the inadequacy of financial resources in public funds of funds in connection with the transition of young employees to informal forms of hiring, decision-making in favor of emigration to more prosperous regions and employment in foreign companies. In the process of analyzing the problem, typical institutional traps, which are encountered in the world practice, are blocking the reduction of youth unemployment, as well as a positive experience of overcoming them. The paper discusses tools for working with young people that can be useful for adapting the younger generation to modern trends in the labor market and reducing the proportion of "working poor".

Keywords: *freelance, informal employment, youth unemployment, "working poor"*

1. INTRODUCTION

The global labour market is currently experiencing the growth trend of citizens' social vulnerability, especially with reference to the youth. Youth unemployment is one of the burning issues currently faced by the European countries, countries with economies in transition and the majority of developing states. Pursuant to the International Labour Organization (ILO) report for the year 2017, the global youth unemployment rate has slightly decreased as compared to similar parameters in the crisis year 2009. Nevertheless, 13.1% of young people of working age were unemployed in 2017; moreover, at the moment, youth constitutes around 35% of all unemployed in the world. In absolute terms, this figure constitutes 70.9 million young people. However, ILO experts anticipate that even in 2018 the "army" of unemployed

young people will increase again and will constitute 71.1 million persons¹. Thereat, youth problems in the labour market are not limited to the job search difficulties. Furthermore, such problems include the growth of poverty among the employed youth. According to the ILO estimation, 39% of employed youth in the world, i.e. 160.8 million young people, live in poverty for less than \$3.1 per day². This situation entails a contracted reproduction of labour-power, escalation of population ageing, migration of talented young people to more attractive regions, expansion of informal employment forms in the absence of any employment alternative, loss of the state credibility, as well as enormous shortfalls to the state monetary funds. All these adverse social and economic effects generated by youth unemployment and poverty are often irreversible. They also include such effects as reduction in revenues throughout the life, increased risk of future unemployment and potential vulnerable employment, as well as result in the health and welfare deterioration within this age group. The global academic community is concerned about this situation. International conferences and symposia are held annually to discuss any issues generated by the global youth unemployment. This research trend is no less pertinent in Russia. Generally speaking, the global academic environment provides currently three main standpoints with regard to this issue. The representatives of the first standpoint emphasize that youth unemployment is a global problem in all the countries, regardless of their level of social and economic development, and that this problem shall be handled by joint efforts of the whole global community (Collins M.E., 2000), (Duran, H.E., 2017), (Hällsten, M., Edling, C., Rydgren J., 2017). The researchers under the second standpoint consider the youth, who failed to be useful in its native region and made a decision upon the labour migration to more attractive countries, as the possibility for governmental structures to show a positive dynamics of development figures in the region of destination. Due to the outflow of this category of citizens, the country of origin shows improved formal figures of housing per capita, reduced figures of official unemployment, increased figures of GDP per capita, as well as inflow of money from abroad on the account of unilateral private transfers (Lobo Daniel, 2017), (Starova Ekaterina, 2018). The representatives of the third group of researchers considerably associate youth unemployment with informal types of employment. They consider such problems as freelance, self-employment, youth unemployment in mono-industry towns, which often result in poverty among the employed youth (Alonso, L.E., Rodríguez, C.J.F., Rojo, R.I., 2017), (Shpilina, T.M., Kryukova, E.M., Vasiutina, E.S., Solodukha, P.V., Shcheglova, O.G., 2017).

2. METHODS

The following scientific methods were applied during the investigation: content analysis method intended to analyse the semantic contents of textual blocks and communication correspondence products covered by the scope of investigation, as well as the instruments of inductive and deductive analysis, due to which it was possible to consolidate certain author's conclusions on this issue and formulate the author's vision of the problem. Special methods were also applied in the framework of investigation: absolute and relative statistical figures, dynamics indices, logical and empirical models of demand and offer generation in the labour market, as well as the methods of investigation results visualization. On generation and description of any models, the authors attempted to adhere to the principles of multifaceted approach permitting to identify the most significant correlations and trends of phenomena and processes in the labour market, as well as formalize the most significant effects. The investigation database comprised official statistical and analytical materials of the Federal State Statistics Service of Russia, International Labour Organization and the World Bank.

¹ Global Employment Trends for Youth 2017 – Paths to a better working future

² Global Employment Trends for Youth 2017 – Paths to a better working future

3. RESULTS

While considering the global youth unemployment, it can be stated that this issue also affects both developed and developing countries.

Table 1: Unemployment, youth total (% of total labor force ages 15-24) (modeled ILO estimate)

(Source: <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?end=2017&locations=CN-EE-JP-LV-LT-RU-US&start=1991&view=chart>)

Countr y	200 0	200 8	200 9	201 0	201 1	201 2	201 3	201 4	201 5	201 6	201 7
China	9,7	10,0	9,9	9,6	10,0	10,3	10,5	10,7	10,8	10,7	10,8
Estonia	21,1	12,0	27,4	33,0	22,4	20,9	18,7	15,1	13,2	13,4	14,8
Latvia	21,3	13,7	33,4	36,1	31,0	28,5	23,2	19,6	16,3	17,3	17,1
Lithuania	28,5	13,4	29,6	35,7	32,5	26,7	21,9	19,2	16,2	14,4	15,3
RF	20,7	14,1	18,5	16,9	15,3	14,9	14,1	13,9	16,2	16,5	14,6
Japan	9,1	7,4	9,3	9,3	8,0	8,0	6,8	6,3	5,6	5,0	4,2
USA	9,2	12,7	17,5	18,3	17,1	16,2	15,5	13,3	11,6	10,3	10,0
France	21,4	19,0	23,6	23,3	22,8	24,5	25,0	24,2	24,6	24,5	23,7

In the framework of our work, the analysis of this phenomenon is restricted to Russia, Baltic countries and leading countries of the Asian and American continents, and is intended to identify any peculiarities and reasons for youth unemployment in these regions, including any best practices facilitating the reduction of youth unemployment in the investigated countries.

3.1. Features of the situation of youth in the Asian labor market

While analysing youth unemployment for the last ten years, it can be mentioned that this issue is less severe in Asian countries, for example China and Japan. In Japan, this figure never attained a two-digit percentage value over the whole period of review, and attained the minimum value of 4.2% in 2017, whereas in PRC this value is maintained over the similar period approximately on the same level. However, actually the issues seem not to be so optimistic; these countries show a dynamic transformation of traditional labour market models, which over a long term will retrofit the youth values system, behavioural models, social elevator channels and, finally, will affect the employment of these social groups. The Japanese system of lifetime employment is well known in the whole world. The main idea implies that any labour collective shall be understood by the employees as a family, whereas corporate goals and objectives pursued by any members of the labour collective shall be ranked on the same level with personal interests. Such policy of the employment system organization is successful, if the country economy shows a sustainable economic growth for a long-term period. Thereat, national companies in dynamic development, ensuring all conditions to maintain such system. In this case it appears that upon the procurement of professional education, the young people find employment with the enterprises, where they will be employed, acquire necessary knowledge and develop their professional skills until their long service benefit. In such companies the major burden of professional duties is imposed on the young employees; concurrently, their wages are significantly lower as compared to the wages of their more experienced colleagues. However, in the framework of such employment system, the young people are highly motivated to an efficient labour, since this country has a well-developed vertical mobility, resulting in successfully operating social elevators. This optimistic environment could be traced in Japan until the 90-s; thereafter, as a result of a series of crises, the system started failing.

The Japanese system of lifetime employment currently represents a sort of “pyramid scheme”, i.e. the persons coming earlier succeed in getting large benefits. The young people coming today to get employed at the Japanese enterprises on completion of their studies are exposed to the risk of losses, without any promising future prospects, performing a huge volume of work for poor money. Needless to say that the enterprise can not change its labour organization system in a single moment; therefore, the wages distribution principle remains actually the same at the majority of Japanese companies. While understanding that the enterprise simply makes use of them, the young employees either leave to foreign companies, or look for temporary additional work. As for China, in our opinion, a relatively sustainable level of youth unemployment is just a temporary phenomenon in this country. The China’s “economic miracle” was caused by a huge offer of low-cost labour, rather than by any innovation technology achievements, increased level of education, increased efficiency of markets and enterprises. Moreover, it shall be noted that this competitive advantage has not reached its limits. The working age population in China will attain in 2015 its highest level of 923.5 million persons [18]. This trend will be maintained up to and including the year of 2025.

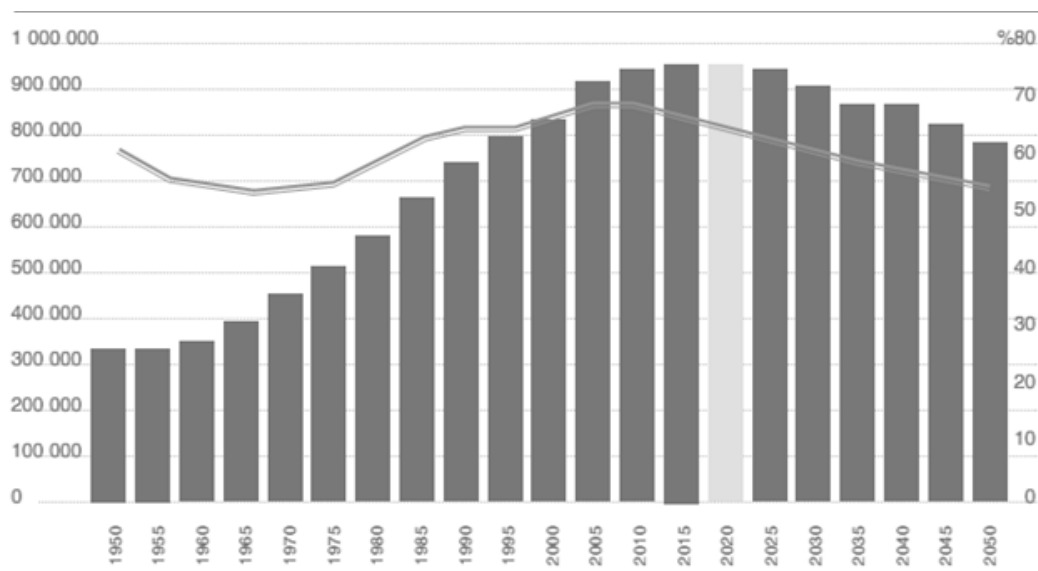


Figure 1: Working age population of China (15 – 59) (Source: SKOLKOVO Institute of emerging market studies (SIEMS). The study, "gone is the cheap manufacturing in China? - Who will be the next world factory?"(2010 – 2011))

Notwithstanding its large low-cost labour, informal employment forms, including the youth employment, are widely spread in China. In that context, the youth unemployment official statistics doesn't reflect the actual situation in the country. Similarly with Russia, PRC has a high number of informally employed persons in the formal sector of economy, i.e. it refers to undeclared employment, rather than unregistered employment. Around $\frac{2}{3}$ as of the total employment refers to the informal employment, due to which the labour resources of China become even more accessible. It shall be noted that, subject to the contemporary structure of the Chinese pension scheme, this country doesn't incur large losses from any deficiencies in the pension contributions due to widely spread informal labour practices. In PRC pension is paid to an insignificant number of citizens of the whole number of employed population. It is paid, predominantly, to public officers employed in the formal economy sector, with a total work record of, at least 15 years [13]. In general, the pension fund scheme is under reformation in China; therefore, the subsistence of senior citizens is imposed on their children, as customary in this society.

In this regard, the birth restriction demographic policy was revised, having eliminated two problems at once. Firstly, it decreased social strain within the society, since it is easier to sustain old parents for two children rather than for one child. Secondly, due to this demographic program it will be possible to further implement the concept of economic growth at the account of redundant low-cost labour. This situation sharply gives rise to the issue associated with the growth of employed youth living below the poverty line. In other words, the youth unemployment problem in the Asian countries is currently “deferred”, due to strongly inert traditional employment systems and labour market models; however, it can be stated that a negative trend is currently generated, entailing the increased strain in the domain of youth employment and welfare.

3.2. Youth unemployment in the US

The analysis of this issue in the framework of the Anglo-Saxon labour market model revealed a strong correlation between youth unemployment and the cyclical pattern of the overall economic development. It means that the model is sensitive to external shocks, rather than to internal transformation processes. Stabilization of youth unemployment figures is slightly lagged with reference to the overall macroeconomic stabilization. Thus, the peak of youth unemployment in USA falls on the crisis year of 2009 and post-crisis period of the years 2010-2012. This figure has currently regained its original values and doesn't exceed 10%. This group predominantly includes young people with poor education, as well as young freelancers; it substantiates the obtained results, because these groups are mostly vulnerable during crisis.

3.3. Young professionals in the European labor market

Youth employment in the labour market of the Baltic and East European countries represents a specific interest. The primary comparative analysis of youth unemployment figures shows an optimistic pattern: for example, the youth unemployment problem in the Baltic countries is currently less acute than integrally in the European Union countries, where this figure constitutes, on the average, 18.7%, whereas in the year 2017 in Estonia – 14.8%, in Lithuania – 15.3%, and in Latvia – 17.1%. Thereat, the unemployed profile is rather specific: 60% of such young people are without professional education, the majority of them having just a secondary education diploma. Circa 40% of them have work experience, but this experience refers to menial work. To a certain degree, lower unemployment indices are accounted for the Youth Guarantee Programme launched in 2014, for which Europe had allocated 60 million euro. Due to that programme, the unemployed young people had the possibility of familiarizing with three different training programmes before deciding on the profession to be mastered. Those with diploma, who couldn't get employed due to the lack of experience, were assisted in their job search. As a result of this programme, the unemployment level in the Baltic countries was reduced virtually twice from the year 2010 until the present. However, if the dynamics of unemployment indices is juxtaposed with the dynamics of youth migration from the Baltic countries to the European Union, the situation gets not so univocal.

Table 2: Number of labour migrants from Baltic countries, thousand persons (Source: Deutsche Welle, Wednesday, May 24, 2017 DW: why the Baltic countries can't cope with emigration. Electronic resource. Access mode: <https://ru.delfi.lt/news/live/dw-pochemu-strany-baltii-ne-mogut-spravitsya-s-emigraciej.d?id=74737634>)

Years	Lithuania	Years	Latvia	Years	Estonia
2005	58	2004	15	2005	4,61
2010	83	2005	11	2010	-
2013	39	2010	36	2013	6,74
2016	50	2015	20	2016	13,792

According to the official data, 60% of emigrants comprise young people aged up to 35 years. Pursuant to the unofficial data, this figure constitutes 75-80%. It can be concluded that unemployment in the Baltic countries has a “concealed” nature: some young people unable to get employed prefer to search for jobs in wealthier countries with a higher salary level, even subject to social downgrading. Levelling of barriers and intensification of integration processes affected also the labour market, having moved the labour force from “peripheral” national markets to European countries with a higher economic potential. Upon the analysis of the stated problem, it was possible to distinguish another labour market model, within which youth unemployment is caused by incorrectly organized institutional framework. One of the formal institutes, initially designed to encourage the youth employment and protect rights within this social group, turned into the institute with negative efficiency. It refers to France, where the youth unemployment level is one of the highest in Europe. To stimulate youth employment in France, a law, stipulating a wide range of guarantees for young employees upon employment thereof was adopted. However, as a result of such overregulation of “principal-agent” relations within the proposed structure, employers refused to assume obligations with regard to any young employee, avoiding additional burden and liabilities. Thus, young people encounter more difficulties in finding any vacant position.

3.4. Problems of Youth Employment in Russia

In Russia the youth unemployment level is maintained approximately on the same level, notwithstanding the phase of economic cycle thereof; it is due predominantly to country-wide expansion of informal employment forms. The unemployment level among the Russian citizens aged of 15-24 years currently exceeds 14%, whereas young people constitute almost 30% in the overall number of the country’s unemployed population. Namely these 30% are represented by young people, who are not officially employed. According to different data, around 25% of employed youth don’t formalize their relations with the employer pursuant to the Labour Code. Further, about 20% of graduates practicing freelance are abeyant. Millions of people work remotely. As a rule, it refers to highly-qualified brain workers, who render professional services. They have significant human capital assets obtained in the framework of their professional education and practical activities, and their work is associated, in whatever way, with the data production and processing. They need just a computer and free access to the Internet in order to search for orders, hold negotiations, provide deliverables, obtain remuneration, etc. These workers are freelancers.

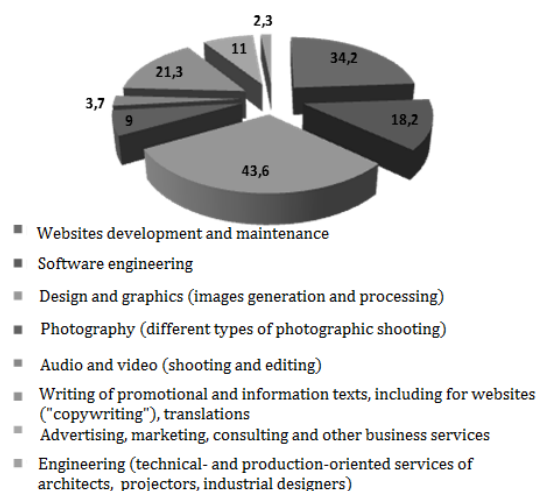


Fig. 2. Freelance professional structure in Russia, % (Source: Strbkov D.O, Shevchuck A.V., *Freelancers in the Russian labour market // Sociological investigations*. – 2010. – no. 2. – P. 45 – 55)

Virtually half of all freelancers are engaged with images generation and processing in the domain of graphics design, 34.2% develop and maintain websites, and just a small proportion of employed (2.3%) render engineering services. Freelance, as a form of employment, is prominently focused on youth in Russia. Almost 4/5 of all respondents (79%) are persons below 30 years, whereas more than a half thereof (59%) are aged 18-26 years. The youngest are freelancers concurrently attending institutions of higher education: 87% of them are aged below 23 years, while the average age within this group constitutes just 20 years. Thus, it appears that the educated highly-qualified young people in Russia are not covered by the activity of social protection institutes, because this domain was not regulated under the Russian labour laws, whereupon this professional group is automatically referred to the category of informally employed persons. The work executed in the absence of any long-term contract is associated with considerable hazards for young programmers, web-designers, journalists and translators. Many experts consider that freelance constitutes a sort of “potential unemployment”, because people work in this domain without any social guarantees and quite often based on verbal agreement. Thereby, mala fide employers either underpay or refuse to pay remuneration to each fifth non-payroll employee. Concurrently, employment problems in Russia affect also the young people living in mono-industry towns. The non-diversified nature of these settlements based on the activity of a single enterprise may painfully affect the employment of young people living therein, in cases of any economic slowdown. Many Russian experts refer this type of unemployment to stagnant unemployment. Regional difference in the levels of youth employment constitutes an equally acute issue in Russia. In the Russian Federation the place of residence crucially affects the employment prospects not only for employees aged up to 25 years, but also for all other age groups. The extent of this problem is really impressive: the average unemployment level in the most deprived North Caucasian Federal District exceeds this figure four times in the most prosperous Central District. Young people have nothing to do, but leave their homes in search of a better life. The effects of their leaving native regions and, by implication, the effects of overpopulated large cities are evident to everybody.

4. CONCLUSIONS

The conducted analysis demonstrated that the implementation of various state programmes and youth unemployment solving instruments developed in different countries produce, generally, a positive social and economic effect. The entrepreneurial activity level in depressed regions increases, the labour market strain decreases, and the “fare evader” problem associated with colossal shortfalls of money to the state funds gets partially resolved. Concurrently, the burden on budget expenditure items is reduced on the account of reduced volume of social transfers in favour of the unemployed citizens. Nevertheless, all these positive trends are short-term only. The contemporary world social, economic and political processes are under dynamic variance, so that the labour market is continuously exposed to different internal and external shocks. Consequently, the less protected market participants, such as young people, are in the firing line. Correspondingly, the goal pursued by government agencies, business entities and members of the public shall include the development of problem solving mechanisms, which would promptly respond to all internal and external environment challenges, so as to reduce the level of youth exposure in the labour market and contribute to its comprehensive involvement in social production and formal institutional framework.

LITERATURE:

1. Alonso, L.E., Rodríguez, C.J.F., Rojo, R.I. (2017). Youth and perceptions on the crisis: Precarization of labour, middle clases and new politics | [Juventud y percepciones de la crisis: Precarización laboral, clases medias y nueva política]. *Empiria*. (37), c. 155-178.

2. Anikin, V.A. and Tihonova, N.E. (2014). Poverty in Russia as Compared to Other Countries. *The World of Russia*, 4, 59–95.
3. Axelrad, H., Malul, M., Luski, I. (2018). Unemployment among younger and older individuals: does conventional data about unemployment tell us the whole story? *Journal for Labour Market Research*. 52(1), 3.
4. Baglioni, S., Colloca, P., Theiss, M. (2015). Political participation of unemployed youth: The moderator effect of associational membership. *Partecipazione e Conflitto*. 8(3), c. 770-787.
5. Ballot, G., Kant, J.-D., Goudet, O. (2016). An agent-based model of the French labor market, applied to the evaluation of employment policies: The example of the "Generation contract" | [Un modèle multi-agent du Marché du travail français, outil d'évaluation des politiques de l'emploi: L'Exemple du contrat de génération]. *Revue Economique*. 67(4), c. 733-771
6. Collins M.E. (2000). Transition to adulthood for vulnerable youths: A review of research and implications for policy. *Social Service Review*. 75(2), c. 270-291.
7. Dal Bianco, S., Bruno, R.L., Signorelli, M. (2015). The joint impact of labour policies and the "Great Recession" on unemployment in Europe. *Economic Systems*. 39(1), c. 3-26.
8. Duran, H.E. (2017). Youth unemployment: Macroeconomic causes, consequences and determinants. (Book Chapter). *Studies on Balkan and Near Eastern Social Sciences*. c. 85-97.
9. Ekaterina Starova. (2018). The flow of immigrants from Latvia is increasing. [Accessed 16.08.2018]. [Electronic resource] – Access mode:
<https://ru.sputniknewslv.com/Latvia/20180131/7218949/Potok-jemigrantov-Latvia-narastaet.html>
10. Görlich, A., Katznelson, N. (2018). Young people on the margins of the educational system: following the same path differently. *Educational Research*. 60(1), c. 47-61.
11. Günther, I. and Launov, I. (2012). Informal employment in developing countries: Opportunity or last resort? *Journal of Development Economics*, 97(1), 88-98.
12. Hällsten, M., Edling, C., Rydgren J. (2017). Social capital, friendship networks, and youth unemployment. *Social Science Research*. 61, c. 234-250.
13. Jinjun Xue, Wenshu Gao, Lin Guo. (2014). Informal employment and its effect on the income distribution in urban China. *China Economic Review*, Volume 31, Pages 84-93.
14. Loayza, N.V. and Rigolini, J. (2011). Informal Employment: Safety Net or Growth Engine? *World Development*, 39(9), 1503-1515.
15. Lobo Daniel. (2017). Every third Latvian is not against emigrating [Accessed 16.04.2018]. [Electronic resource]. – Mode of access:
<https://ru.sputniknewslv.com/Latvia/20171121/6521628/Kazhdyj-tretij-latviac-ne-protiv-jemigrirovat.html>
16. Maloletko, A.N., Bikbulatova, A.A., Mkrttchian, V.S., Tolstykh, T.O., Vinogradova, M.V. & Kaurova, O.V. (2016) The Digital Model of the Formation of Human Capital As Part of the Socioeconomic and Spatial Reactive Projects, *Contemporary Problems of Social Work*. Vol. 2. No. 4 (8). P. 58–66. DOI: 10.17922/2412-5466-2016-2-4-58-66.
17. Melnik, M.S. & Mityushina, E.A. (2017) Regulation of a Labor Migration for Increase in Efficiency of Forming of the Regional Market of a Labor Power and Decrease in Integration Risks, *Contemporary Problems of Social Work*. Vol. 3. No. 2 (10). P. 32–39. DOI: 10.17922/2412-5466-2017-3-2-32-39.

18. SKOLKOVO Institute of emerging market studies (SIEMS). The study, "gone is the cheap manufacturing in China? - Who will be the next world factory?" (2010 – 2011) [Accessed 18.08.2018]. [Electronic resource]. – Access mode:
http://www.skolkovo.ru/public/media/documents/research/SIEMS_Monthly_Briefing_2010-11_rus.pdf
19. Schmillen, A., Umkehrer, M. (2017). The scars of youth: Effects of early-career unemployment on future unemployment experience. *International Labour Review*. 156 (3-4), c. 465-494.
20. Shpilina, T.M., Kryukova, E.M., Vasiutina, E.S., Solodukha, P.V., Shcheglova, O.G. (2017). Informal employment in SCO countries: Realities and prospects. *European Research Studies Journal*. 20(2), c. 429-438.
21. Strebkov D.O., Shevchuk A.V. (2010). Freelancers in the Russian labor market. *Sociological research*. 2. P. 45 – 55.
22. Ravsky, M. (2016). How the Currencies Exchange Rates Changed in the CIS and Eastern Europe in January. [Accessed 16.08.2018]. [Electronic resource] – Access mode:
<http://www.bdg.by/news/authors/kak-izmenilis-kursy-valyut-stran-sng-i-vostochnoy-evropy-v-yanvare-2016-go>
23. Vishnyakova, V.A. (2016) The Programs of State Support of the Labor Market: Theoretical Aspect, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 81–87. DOI: 10.17922/2412-5466-2016-2-2-81-87.

ENRICHED EDUCATIONAL ENVIRONMENT: LEARNING THROUGH WORK EXPERIENCE FOR THE KNOWLEDGE ECONOMY (EXAMPLE OF EDUCATIONAL PROJECT IN BRAZIL)

Tatyana Vereitinova

*Russian State Social University, Russia
vtv@onto.ru*

Patricia Wazlawick

*Universidade Federal de Santa Catarina, UFSC, Brazil
patriciawazla@gmail.com*

Victoria Dmitrieva

*Russian State Social University, Russia
victoria@onto.ru*

ABSTRACT

The aim of this study is to analyze the attitude of a young person to work and the possibility of professional activity simultaneously with obtaining higher education. The study was conducted on a sample of young people who study and work in ecobiological centers that use the principles of the enriched educational environment (using as an example the educational project in Brazil – center Recanto Maestro, Rio Grande do Sul, Brazil). Methods such as the Schwartz Portrait Values Questionnaire, the hardiness survey (by Salvatore Maddi), the author's questionnaire on work experience and the evaluation of cases from movies reflecting the relationship between the subordinate and the leader were used. The comparative analysis showed that the study group of young people who received training through work in the Recanto Maestro is distinguished by the prevalence of the value of self-determination and power, demonstrates a higher level of vitality and this group also according to the evaluation of two excerpts from films has a more functional and constructive vision of relations leader-subordinate. The study showed that young people choose work that requires from them higher level of responsibility, find opportunities to master practical activities, development and self-realization. The results demonstrate that the creation of different types of enriched educational environment, in particular the model of learning through work, also stimulates in the young people certain value changes, the development of the ability for autonomous decision-making. The description of the experience of using the enriched educational environment (learning through work) in this educational project is possible for replication in the framework of other educational projects in different countries. In the future it is planned to conduct a similar study in Russia on the territory of similar centers with the cross-cultural analysis.

Keywords: *enriches educational environment, learning through work, globalization, knowledge economy*

1. INTRODUCTION

Youth is a time of serious internal and external conflicts. This is a period of profound biological, psychological, behavioral and social changes. This period is marked by the transition from school to university and all the consequences associated with this, taking responsibility and obligations before the law, changing the environment, getting into society and going to work, and striving for autonomy. All these are complex variables that a young man, who is not yet ready for this, must deal with, often. A society with constantly emerging new trends can facilitate or complicate this transition period. Studies show that most of the issues are directly related to the society in which people are immersed.

Oliveira (2009, p.79) emphasizes the importance of the fact that a young person is always a part of culture and builds himself up within a certain social context. Many problems of modern youth are worried by society including an increase in the number of suicides, drug addiction, illness, depression and unwillingness to interact with society. Studies show that formal educational systems emphasize access to knowledge and, as a rule, reject other forms of cognition necessary for the development of a young person. Alves (2010) notes that daily activities related to work, family and recreation constitute an informal environment that is not structured by an educational institution, but has an important educational role. In addition to the environment, the European Employment Strategy proves that training should not be limited to one period of life, the document defines "lifelong learning as any activity aimed at cognition, in order to improve knowledge, skills and abilities". (CCE, 2000) The UNESCO document also states that "every human being must be ready, thanks to the education received in his youth, to the realization of values, the decision-making and effective action in various life circumstances." (p. 99) However, Salva (2008) in her study of youth, comes to the conclusion that the school does not "know" those who are addressed by the educational process. In fact, many researchers and even UNESCO talk about the evidence of an educational crisis at all levels. The report explains that the crisis in which the modern educational system and universities are located "must be viewed from the point of view of pedagogy, that is, as an opportunity to strengthen morale. This is a necessary condition for renewal and correspondence of the epoch and time" (Unesco, 2003). Education should give young people "academic training (specialization, ability to critical thinking, problem solving, updating knowledge and skills during life), opportunities for personal and social growth (self-confidence, compromise with moral values and a broad understanding of society and the world), along with business skills (leadership skills, teamwork, computer skills and other technologies)" (Unesco, 2003). It requires pedagogy, which will allow the young person to be responsible for building his own life and personal development. In this regard, the importance of practical education is emphasized, which should accompany personal education in an environment and circumstances that are favorable for the disclosure and development of the abilities available in the young man. According to the definition of the Italian scientist A. Meneghetti, pedagogy means the art of forming a person-citizen as a social function. It is about the formation of a person-citizen on the basis of his natural potential and abilities. That is, in the pedagogical process, two main points should be singled out: The first and fundamental is the formation of the personality. And the second - taking into account the environmental factor, the formation of a responsible citizen. Pedagogy should be conducted in the context of real historical events (Wazlawick, Schaefer, Giordani, Carvalho, 2011). In the international center Recanto Maestro there has been created a favorable environment primarily for human development and creativity. In this environment, in addition to the educational process on the basis of one of the best private universities in Brazil, AMF University (Faculdade Antonio Meneghetti), various practical projects are actively developing that enable young people to try their skills in different areas – from working in a restaurant to the sphere of high technologies. During such practical training, a young person learns information about the functioning of the enterprise, observes colleagues and seniors, gives birth to his ability to do something and create independently. As he demonstrates the results, simple tasks give way to more complex and requiring more responsibility, a young person can change activity, project, gets new powers, always in accordance with his inclinations and abilities. As the young man learns and develops, he passes through various spheres until he comes to autonomy: he starts to make decisions and solve problems himself, he can organize his own activities and take the initiative to improve it. Thus, thanks to the model of learning through work, a young person can organize his activities, choose the case that most corresponds to his abilities and internal project, and that will enable achievement of realization and growth.

Passage through different phases and coming to assume responsibility for the project requires constant improvement of skills and continuous updating of own knowledge (life long learning). This model of learning through work, working in conjunction with an educational project in the Recanto Maestro, is one of the examples of the successful creation of the enriched educational environment. The term 'enriched environment' is used to refer to a combination of conditions, factors of influence and opportunities which stimulate realization of individuals' intellectual and creative potential and creative skills development, stimulate personal development and a pro-active social attitude. At the same time, various types of the developing environment are considered: natural, educational, subject-spatial, aesthetic, socio-educational, sociocultural, etc. The aim of the study was to study the young man's attitude to work, the opportunity to try himself in various types of professional activity in the process of obtaining higher education (on the basis of the infrastructure of the ecobiological center Recanto Maestro).

2. METHODS

Methods of research included: an author's questionnaire on work experience; Schwartz PortraitValues Questionnaire, the hardiness survey (by Salvatore Maddi), and analysis of case studies from films that participants had to analyze in terms of the relationship of the protagonists to the work, the functionality of the manager-subordinate relationship, and his own perceptions of the situation demonstrated in the case.

3. RESULTS

3.1. Comparison of two groups

Given the goals and objectives of the work, the sample of the study was 80 people, which were divided into 2 groups. All respondents were students of the AMF University in Recanto Maestro. The first group(Group 1) included young people who had not worked before, or worked for a short time at enterprises that did not belong to the infrastructure of the center of the Recanto Maestro. The second group(Group 2) consisted of young people, as well as students, who, in fact, constantly, simultaneously with university studies are employed in organizations and projects operating in the territory of the center of the Recanto Maestro. When asked about the reason for starting the work, the overwhelming majority - 95% of the people in their group 2 responded that it was a desire for independence. When asked about motivation to change jobs, 50% of group 2 answered that they were looking for "work for the soul", that is, which would meet their personal plans and expectations, while only 15% of group 1 chose this option. As regards the present work, it can be seen that the majority of group 2 (90%) work in their specialty, while for group 1 this figure is only 45%, and another 40% indicates that they are temporarily working because they cannot find something in its industry (Sig = 0.004). This result means that the representatives of group 2 already had a clearer idea of their interests, they expanded the knowledge and skills that enabled them to work in their area of interest. When asked what kind of work should be done, most representatives of both groups agreed that work should promote growth. The difference between the groups was that group 1 allocated mainly economic benefits and good relations (with colleagues and superiors), while group 2 concentrated on issues of education and freedom.

Figure following on the next page

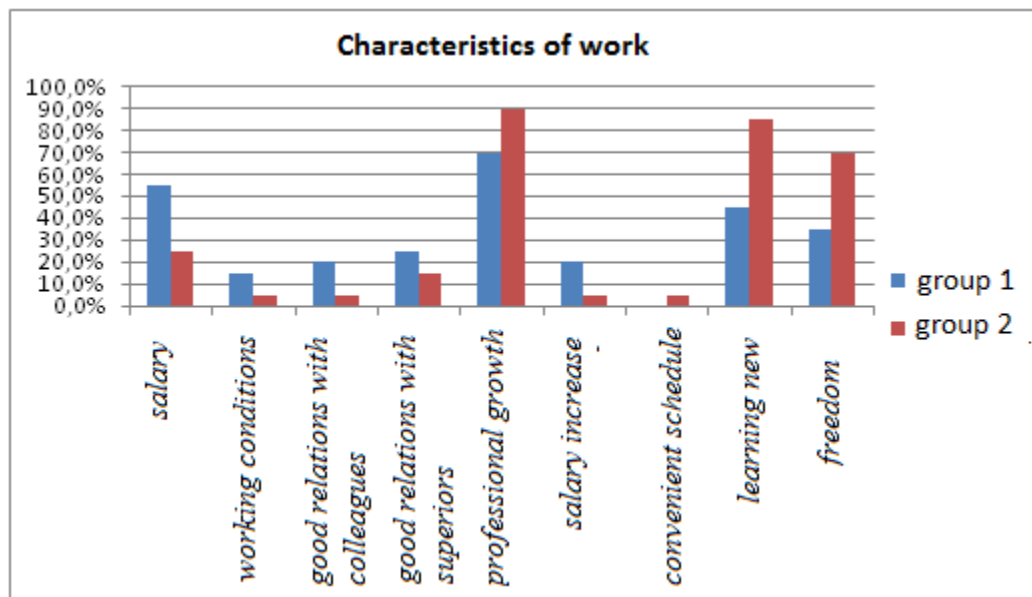


Figure 1: Characteristics of work

The average indicator of the importance of working in one's own life showed significant differences between the two groups, showing a difference in vision and attitude, the result was 8.8 for group 1 and 9.65 for group 2. On the question of ambitions, the average was 8, 10 for group 1 and 9.05 for group 2, which reveals a significant difference ($Sig = 0.051$). One of the factors necessary for working in today's market is the study of foreign languages and work experience abroad. In this issue, a great difference appeared between the two groups, the youth of the International Center of the Recanto Maestro turned out to be more prepared, in many respects this is due to the opportunities given by the enterprises working in cooperation with the Center. When asked about the type of work they would prefer and about job expectations, the two groups gave quite different answers, these are the results presented in Figures 2 and 3, they clearly show the desire for responsibility among the representatives of group 2 ($Sig = 0.001$ and 0.014). This is a very important factor in the education process, in part, through responsibility, a person learns to influence the result, becoming more autonomous in decision-making.

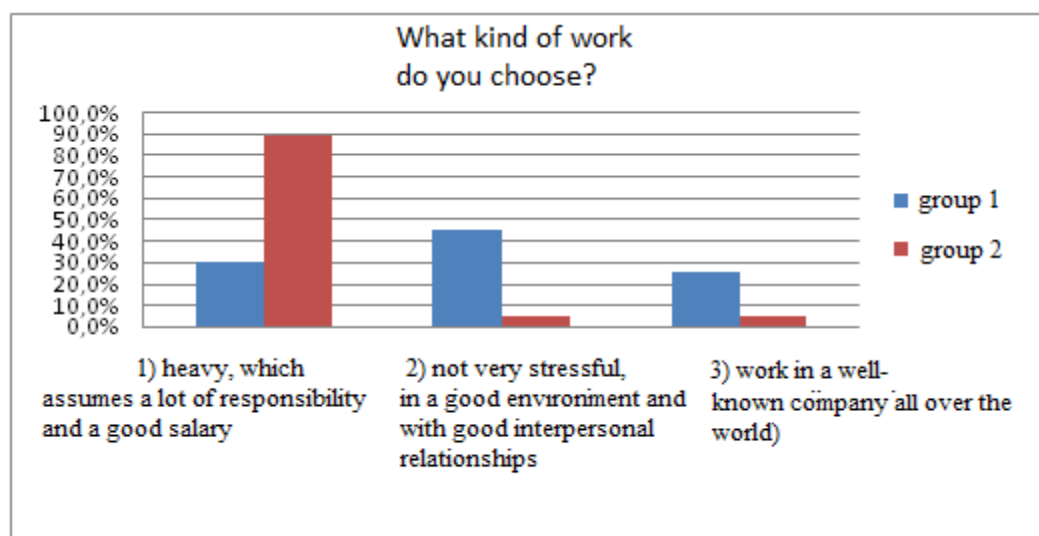


Figure 2: What kind of work do you choose?

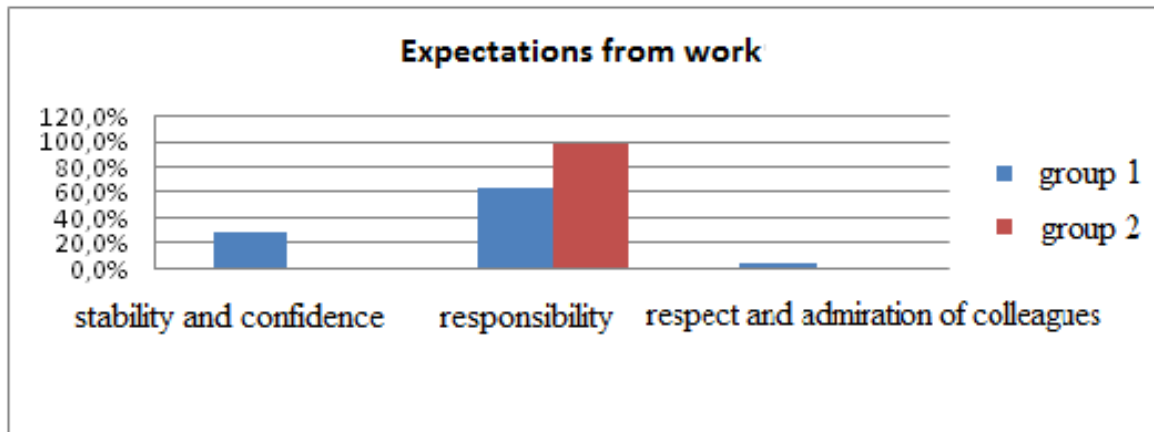


Figure 3: Expectations from work

With the respondents, Schwartz Portrait Values Questionnaire was also conducted, which allowed us to identify ten motivations. The result is shown in Figure 4.

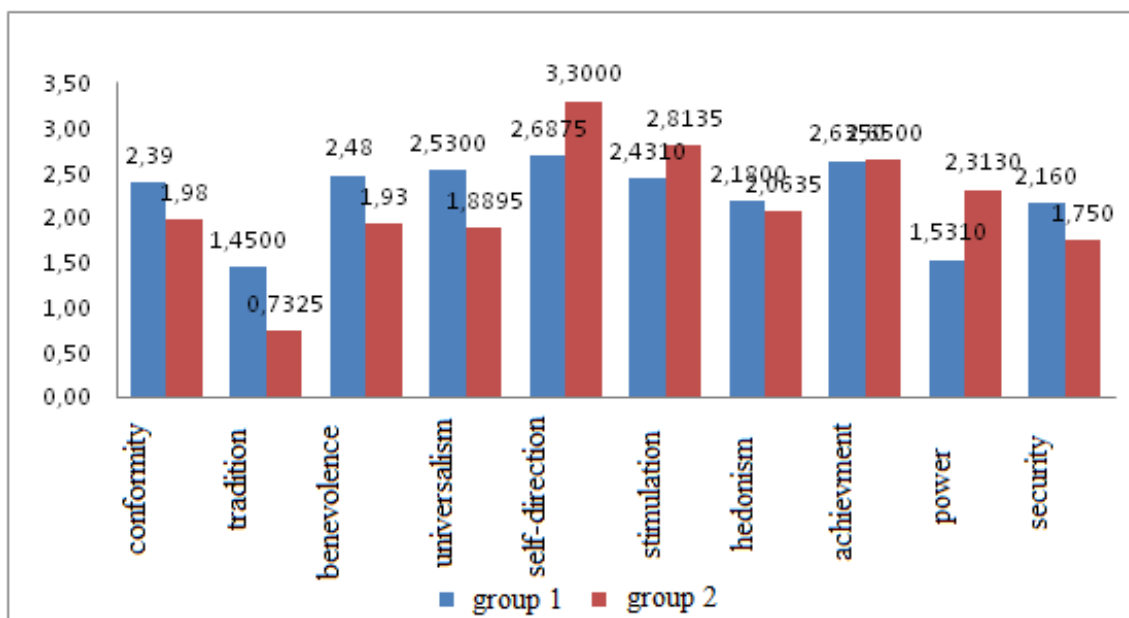


Figure 4: Results of the Schwartz Portrait Values Questionnaire

Among statistically important motivations, it should be noted the ‘tradition’, which gave a higher index of group 1 relative to group 2 (Sig = 0.035). This shows that group 2 is able to overestimate what we know as cultural habits, symbols, rituals, customs, beliefs, behavioral norms. This may be due to greater freedom of thought, the search for a new, unaffected view of established concepts, a preference for the creation of a new own style. Group 1 also showed a higher average motivation indicator for ‘universalism’ (Sig = 0.35), it is also a traditional characteristic, its goal is understanding, tolerance and universal protection. Group 2 showed a higher average motivation indicator ‘self-direction’ (Sig = 0.003) and ‘power’ (Sig = 0.018). ‘Self-direction’ shows the desire for independence of thinking and choice, creativity and autonomy, all these factors are peculiar to young people who want to develop. ‘Power’ shows a higher level of ambition of group 2, this characteristic was already stipulated in the author's questionnaire, it is a question of striving for social status and prestige. In the hardiness evaluation test, significant variations were found for all factors considered by the test (Sig = 0.000), which is shown in Figure 5.

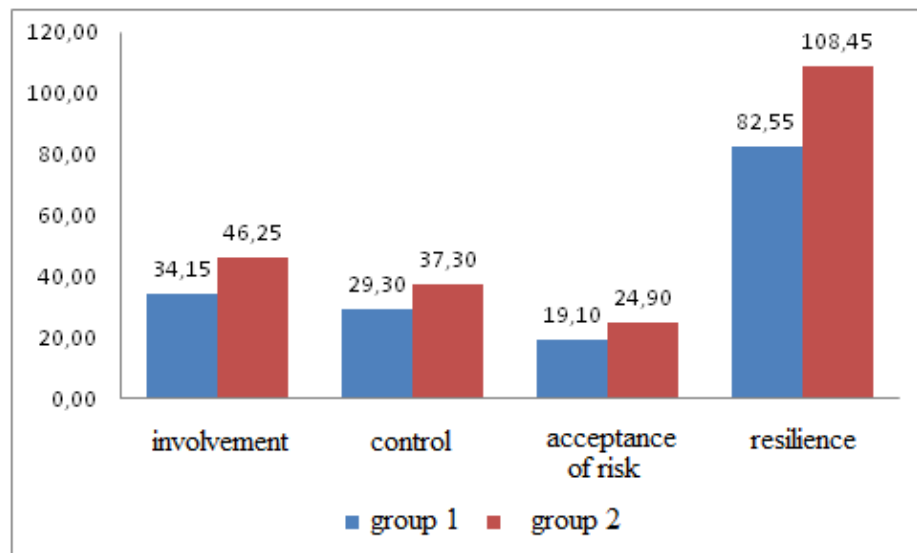


Figure 5: Hardiness parameters of two groups

3.2. Comparison of the perception of cases from movies in two groups

As part of the study, both groups were invited to review two cases from the movies: 'Wall Street' and 'Swimming with sharks'. In the first movie 'Wall Street' we are talking about a young man who is trying to win a new client. Kais from this film shows a scene in which a young man after a lot of unsuccessful attempts, still seeks a meeting with the director of the company - a potential client. The director behaves harshly, but the young man is also very confident. He presents himself, offering profitable opportunities and knowledge about the market. He can win the client's attention. Case from the second film ('Swimming with sharks') shows the scene with a young man who goes on his first day of work. The colleague tells him about the duties and activities of the company. In consequence, the director of the company himself, tells the young man about the opportunities that can be achieved at this job and gives the task that the new employee must perform. The young man cannot perform the task as it was necessary, and he is very nervous about this, the leader answers him strictly. A young man listens to him with attention and willingness to understand his mistakes. The purpose of the experiment was to analyze how young people assess the behavior of heroes in the situation of employment and relations with the leader. The first questionnaire was related to mistakes and strengths in the behavior of young people in each scene. After viewing the first case, the groups disagreed about the mistakes of the young man. Of the responding members of group 1, 20% indicated that the subordinate was not straightforward, not objective and not obvious in his attitude towards the boss, 15% noted pretense, not flexibility and arrogance, 25% were divided into those who praised the boss, pointed to dishonesty and unreliability of the subordinate. From group 2, 70% noted the pretense, not the flexibility and arrogance of the young man, and 20% indicated his dishonesty. This means that group 2 understands and attributes an error to the inadequate behavior of a young person in relation to work and to the immediate leader. Based on the results of the case study from the second film, the descriptions made by group 2 again emphasize the behavioral errors of the young man regarding work and the boss. Group 1 gave a more general analysis, pointing out inefficiency and inattention. The opinion of 35% of the participants of this group is particularly noteworthy, which pointed out as an error 'obedience' (emphasizing that, with tough comments by the manager, it was not worth 'bending down'), which indicates their inability to serve the project's purpose and learn from the leader. Next, we asked respondents to answer the question of whether they encountered situations in their cases in cases, 50% of the group members did not answer this question, or said that they did not have anything like that, due to little or no experience of work this group and also with the lack of

experience of life in the ‘adult world’, where such situations are quite common. Among the responding group 1 participants, the difficulties described were: doubts and fear (10%), barriers and pressure (15%), nervousness and insecurity (25%). Of Group 2, only 15% left this item blank or responded that they did not have this experience. 75% of respondents indicated difficulties due to lack of knowledge and experience, and the corresponding situation of functional behavior, the ability to behave. This shows that young people who have experience of training through work in the center of the Recanto Maestro show that young people recognize their lack of knowledge and the need for more functional behavior in such situations. This is the first step towards development and growth. When asked about the emotions, feelings, thoughts that come to young people in the situation of such contact, the majority of the representatives of group 2 (55%) demonstrated their openness to knowledge, responding that it is always an opportunity to learn, while only 35% of the group members 1 demonstrated a similar vision. 40% want to remain in peace, that is they do not realize how difficult situations contribute to the development of the mind of a young person. The next stage of assessing the case studies from the movies was related to the characters: the young man and the boss. A number of qualities were provided, for each of which respondents had to indicate the degree of manifestation (on a scale of 0 to 7) in each of the characters.

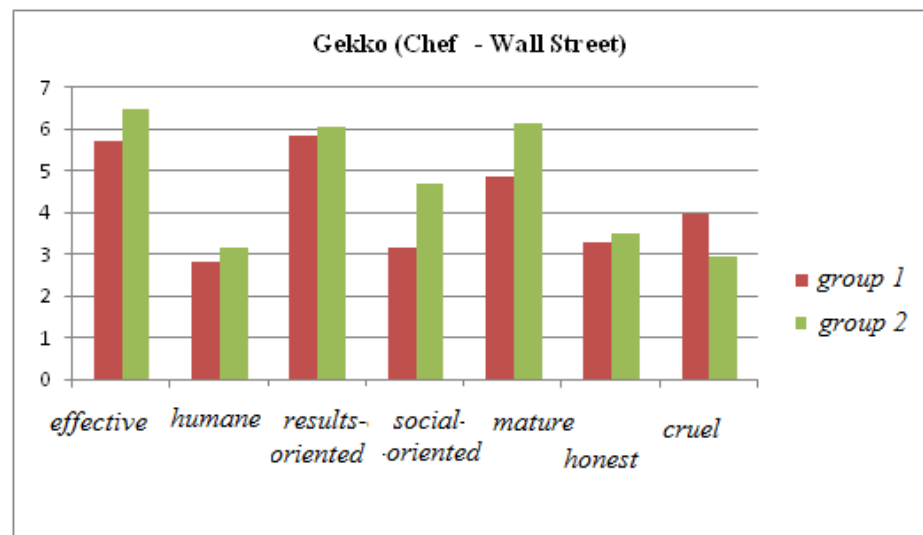


Figure 6: Character score: the boss. ‘Wall Street’

When analyzing the chief from the video ‘Wall Street’ we got three characteristics with significant variations for both groups, the difference was given by the options: effective (Sig = 0.053), social-oriented (Sig = 0.027) and mature (Sig = 0.027), all of them Group 2 attributed the highest rates (6.5, 4.7 and 6.15 respectively). This shows that group 2 perceived the boss from the first case more positively, while group 2 saw him from the negative side, highlighting, for example, cruelty. From the point of view of our analysis, this character is very result-oriented and very confident in his knowledge of his own business.

Figure following on the next page

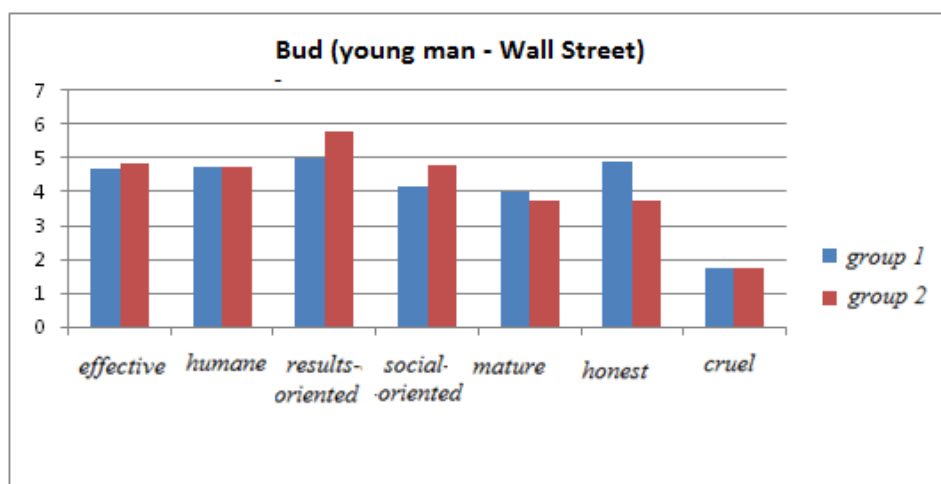


Figure 7: Character evaluation: a young man. 'Wall Street'

The analysis of the young man from the first film did not reveal a significant difference between the answers of the two groups, for all characteristics, the average indicators were selected, the quality 'cruel' received the smallest score. This demonstrates neither the good nor the bad attitude of the respondents to the young man, he is seen as a young man who is just starting his career, and still has to build himself.

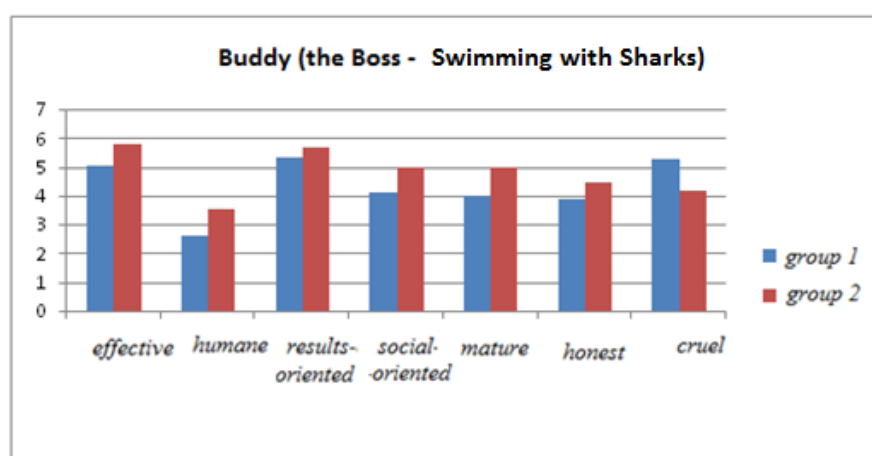


Figure 8: Character evaluation: the boss. 'Swimming with Sharks'

For the head of the next movie 'Swimming with Sharks', there were also not received significantly different indicators, the obtained estimates are in the middle limits of the provided scale, group 2 indicated a higher degree of manifestation of all qualities, with the only exception - the indicator "greedy" scored the least points from group 2.

Figure following on the next page

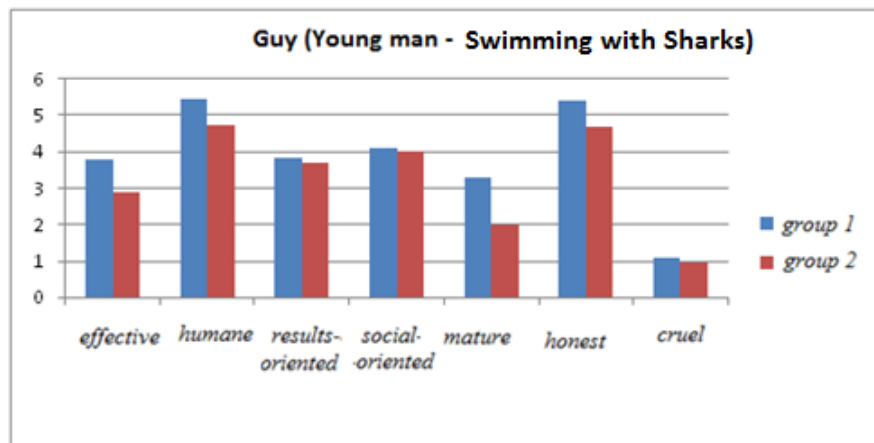


Figure 9: Evaluation of the character: a young man. 'Swimming with Sharks'

We also conducted an analysis of the young man from the second case. For him, a statistically significant difference was found in the responses in particular for the "mature" characteristic (Sig = 0.029), the remaining indices indicated by group 1 slightly exceeded the indices from group 2. This proves that group 1 took this character as better prepared, able to hold better than the young man from the video 'Wall Street'. This contradicts the opinion of the authors of the study, since in the film 'Swimming with Sharks' a young man seems passive and unprepared, he is ready to learn but he lacks the humility and effort to prepare. The last questions of the questionnaire regarding the films suggest an analysis of the relationship between the boss and the young man from each film.

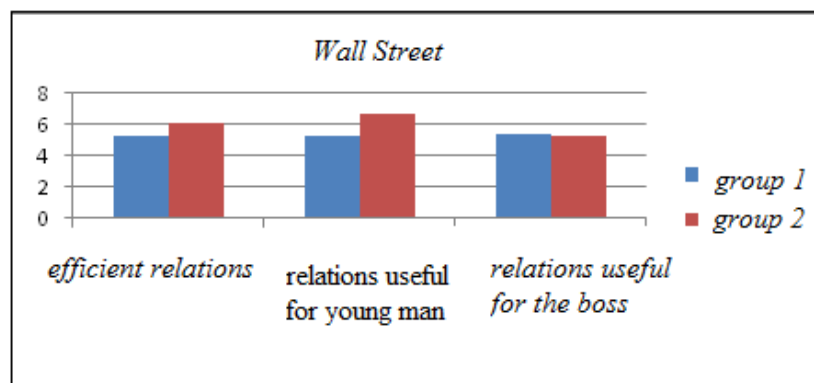


Figure 10: Analysis of relations. 'Wall Street'

It was suggested to analyze the effectiveness of relations as well as the benefits for the superior and the young man. With respect to the first case different results were obtained from the point of view of utility for the young person (Sig = 0.001), group 2 gave an average score of 6.65, while group 1 was 5.25. This proves that the group with the ontopsychological education and learning through work training better understands the opportunity to learn from a leader, as shown in the video 'Wall Street'.

Figure following on the next page

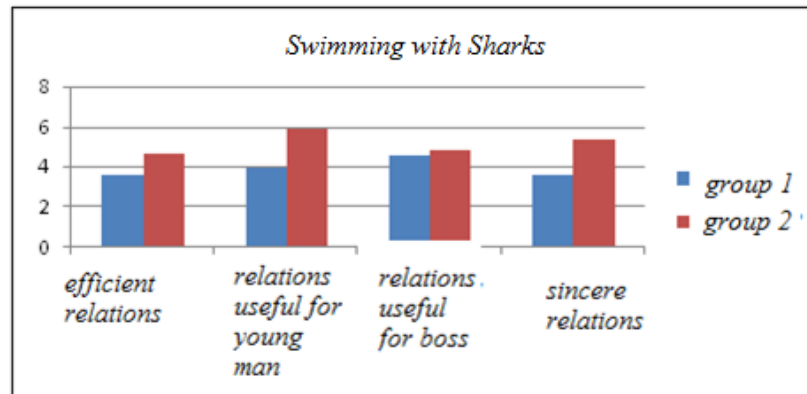


Figure 11: Analysis of the relationship: 'Swimming with Sharks'

When analyzing the case from the movie 'Swimming with Sharks', group 2 showed a higher manifestation of all parameters, but two showed a statistically significant difference: the benefit for the young man ($\text{Sig} = 0.011$) and the honesty of the relationship ($\text{Sig} = 0.027$). If group 1 considers it more likely as a victim, then group 2 considers this situation an opportunity to gain experience with a demanding boss.

4. CONCLUSION

In this study, the ideas about the work of young people were considered. Comparative analysis showed that the study group of young people who received training through work within the enriched educational environment of the Recanto Maestro:

- It differs by the predominance of the value of self-determination and power, and has a higher level of vitality.
- According to the evaluation of case studies from movies, has a different from group 1, the perception of the relationship between the leader and the subordinate, has a more functional and constructive vision of this interaction, greater willingness to enter the world of work.
- Young people choose a job that requires from them higher level of responsibility, find opportunities to master practical activities, development and self-realization.

The obtained results demonstrate that the ecobiological centers are a practical realization of the creation of a developing educational environment (in particular, the model of learning through work) aimed at developing the personal potential of a person, helping to change values and priorities in the professional activity of a young person, stimulating autonomy and changes in the positive side of perception of relations between the leader and the subordinate.

LITERATURE:

1. Alves M. (2010). Aprendizagem ao longo da vida. *Revista Portuguesa de Educação*, 2010, 23(1), pp 7-28. Cied, Universidade do Minho.
2. Bernabei P. (2011). Psicologia Managerial: o conhecimento que consente a escolha ótima. In: MENEGHETTI, A. et. al. Psicologia Managerial. São Paulo: Fiol.
3. Boterf G. (2003). *Desenvolvendo a competência dos profissionais*. Porto Alegre: Artmed.
4. Boychenko, A. (2015). *Globalization of the world economy*. Osmova M.N., A.B. Boychenko A.: ИИФРА-М.
5. CCE. (2000). Memorando sobre aprendizagem ao longo da vida. Bruxelas, Comissão das Comunidades Europeias.

6. Dourado T. (2010). *Desenvolvendo competências comportamentais em organizações de aprendizagem*. Monografia (Especialização em Gestão estratégica de pessoas). Brasília: Universidade Gama Filho.
7. Gemavat P. (2013) *World 3.0: Global integration without barriers*. Moscow: AlpinaPublisher
8. Kukushin V. (2006). *General principles of pedagogy: a textbook for students of pedagogical universities*. M.: Rostovn/D: MarT.
9. Meneghetti A. (2005). *Pedagogia Ontopsicológica*. 2. ed. Recanto Maestro: Ontopsicológica.
10. Meneghetti A. (2008). *Manuale di Ontopsicologia*. 4 ed. Roma: Psicologica.
11. Oliveira F. (2009) *Avaliação da efetividade de um curso de desenvolvimento de competências gerenciais*. Dissertação (Mestrado em Psicologia Social, do Trabalho e das Organizações). Universidade de Brasília: F. Oliveira.
12. UNESCO. (2003). *Educação superior: reforma, mudança e internacionalização*. Unesco: Brasília.
13. Volkova E., Vereitinova T., Dmitrieva V., Mikhalyuk O. (2016). Problems of socialization of Russian youth: social risks and deviations. *Petersburg Psychological Journal*, No. 15.
14. Wazlawick P., Schaefer R., Volkova E., Dmitrieva V., Vereitinova T., Mikhalyuk O. (2016). Socialização dos jovens modernos: uma breve discussão entre conceitos da Sociologia, da Psicologia Social e Histórico-Cultural. *REMEA (Revista Eletrônica do Mestrado em Educação)*. Vol. vol. 33, Nº n. 2. P.
15. Zaitseva A. (2007). *The problem of identity in the era of globalization: the socio-philosophical aspect: the thesis...* Candidate of Philosophy: 09.00.11. Moscow: A. Zaitsev.

PROBLEM OF PERCEPTION OF CLASSICAL MUSIC BY STUDENTS OF MUSICAL AND PEDAGOGICAL UNIVERSITIES

Vera Ovsyannikova

*Russian State Social University, Russia
ovsyannikova.va@gmail.com*

Stanislav Lushnikov

*Russian State Social University, Russia
lakkinzimusic@gmail.com*

ABSTRACT

Purpose of work was search of solution of perception problem of classical music by students of the musical and pedagogical educational programs. Process of formation and development of students' interest in the academic culture became an object of research. The analysis and synthesis of theoretical and methodological concepts of scientists-teachers, pedagogical observation and an experiment have served as methods of work. The hypothesis confirmed in educational process became results of a research: esthetic education of youth by means of classical music is most effective on condition of activization of students' perception of music by means of the developing, problem and project methods of training based on heuristic training model. At the same time perception of old composers' works is most productive on condition of involvement of theoretical, practical, psychological, motivational and critical components of the students' identity. Results can be applicable by teachers scientists and practitioners in real educational process, scientific and methodical work (in researches on close subject, writing of training programs and courses' contents). The novelty of work consists in proof of efficiency of using of active, musical and creative forms in students' education in musical and pedagogical colleges and faculties causing increase in interest of pupils in classical music and making it by a part of youth life.

Keywords: *Classical Music, Training, Pedagogue-Musician, Perception, Developing Education, Problem Method, Project Method*

1. INTRODUCTION

The classical music created by masters of the past, having aesthetic taste, makes the improving educational impact by means of the deep intellectual and spiritual contents which distinguish original art from object of entertainment and pleasure, however classical music attracts interest of modern youth less and less. It is known that, practicing music since the childhood, the person keeps love to it for the rest of life and "comes to understanding of music [...] in result of listening of successful execution" [Shapinskaya, 2015, pp. 2]. However in modern culture there is a contradiction between "the "gold fund" of world musical culture which is saved up for centuries" [Ogorodova, 2014, pp. 149] and the esthetic needs of students-musicians far from masterpieces of classical art; between "main objectives, tasks and the maintenance of pedagogics, including musical, and negative tendencies in modern society" [Kazakova, 2007, pp. 2]; between cultural and material values of classical music and misunderstanding of their values by new generation of people; between "the maintenance of music education at school and the created musical preferences of pupils connected with music of mass genres" [Polozova, 2011, pp. 257]. There are many reasons of this situation. The first consists that "classical music was always property of elite" [Shapinskaya, 2015, pp. 1], however presently this social category consists of the people who are on high financial, but not always cultural level. The second consists in decrease in level of social culture in general, "humanitarian, spiritual and moral crisis in Russia" [Dudarenok, pp. 3].

The third reason, according to the pianist T. Rubina, is connected with the fact that "there is not incentive to become expert, and it is almost impossible to get a job by profession after graduated from conservatory therefore very few students keep desire to devote themselves to music" [Shapinskaya, 2015, pp. 2]. The fourth reason is inaccessibility of concerts of classical music to the listeners who are truly understanding and appreciating her, especially in country regions, remote from the center. Because of weak state support of classical music there is "a filling of free time with hot impressions, pleasure sources, thoughtless and pleasant pastime, at the same time a leisure having low cultural level doesn't bring restoration of forces, blossoming of creative possibilities" [Dudarenok, pp. 2]. The fifth reason is caused by the new values and priorities propagandized in mass media and becoming personal reference points of young people (wealth, magnificent life, physical beauty, the power, success, glory, superiority over others). "It is possible even to speak about a global problem of transformation of cultural wealth in modern Russian society. Youth's need for competence of "high" musical art disappears, but need for hearing of low-grade samples of various musical styles and directions of youth subculture increases" [Kazakova, 2007, pp. 2]. The sixth reason reflects insufficient inclusiveness of pupils in the surrounding musical and esthetic environment, passivity of perception, lack of a motivational and estimated component of perception. But the main reason, in our opinion, consists in methodology of teaching which is outdate in relation to new, personal focused strategy of education and not corresponding to psychological features, mentality, the nature of perception of modern youth, their social inquiries, spiritual needs and esthetic interests. "It is necessary to recognize that often musical education on the basis of the academic musical genres and the developed system of methods, means and the principles of music education loses in "competitiveness" of the industry of light popular music, mass media, sector of musical show business" [Kazakova, 2007, pp. 1]. Modern culture is characterized rather consumer, than the creative and activity people relation to the environment and insufficiency of conditions for active spiritual life, formation and development of creative potential of the personality, her desire to improve the world. Students' interest in classical music is developed worse, than in popular, because of passive intellectual and emotional perception. Therefore "search of the new pedagogical principles has to be aimed directly at penetration into depth of the personal relation to music" [Dudarenok, pp. 3].

2. METHODS

The methodology of problem research of students' perception of the academic music was based on scientific and methodological concepts of scientists of the last decade when the problem relevance of youth's education by means of classical art increased. As S.M. Dudaryonok and V.V. Ilnitskaya note, this problem "should be solved in a wide culturological context (axiological, subjective and human, ethical aspects)" [Dudaryonok, pp. 1]. A.V. Polozova is convinced that "at the present stage it is important to consider a factor of influence of mass music on younger generation" therefore suggested to master classical music "in interaction with mass genres" [Polozova, 2011, pp. 257–258]. Generalization of scientific and pedagogical literature, observation and experience of pedagogics in the Higher School of Music named after A. Schnittke (institute) of RSSU allows to claim that comprehensive approach is not feasible in the conditions of modern educational process yet, however separate methodical developments are quite applicable and bring the result considerably changing current situation to the best. As a result "classical music is actively involved in space of modern mass culture" [Zhurkova, 2012, pp. 6] and "most realized humanistic values which influence on formation of persona spirituality" [Belous, 2014, pp. 1].

3. RESULTS

The hypothesis of a research devoted to problem of modern youth's mastering of the classical music making a basis of the educational program of teachers-musicians was formulated during the pedagogical experiment on activization of musica perception of students by means of the developing, problem and project methods of training based on heuristic model. The positive result in the solution of problem of formation and development of students' interest in classical music was brought by method of the musical and creative projects developed and realized by forces of pupils. It was aimed at "development of informative, professional, esthetic, art, musical interests" [Kazakova, 2007, pp. 2]. The method of the musical and creative project as much as possible promoted formation of emotional and personal assessment of the events, emergence of interest in classical music and development of creative potential of pupils thanks to their vigorous activity directed to the solution of a concrete problem situation and filled with intellectual work, personal emotional experiences, self-expression, self-realization. Interest includes "strong-willed, emotional, informative, creative components directed to the perception and understanding of musical works promoting satisfaction of the conscious musical requirements causing it" [Kazakova, 2007, pp. 2]. As a result interest in knowledge of classical music became a part of the identity of the student, and expansion of experience of communication with it became internal need of the pupil. As A.V. Polyakov notes, "the expert and the fan of classical music, having faced some easy popular composition, not only will define popular style in it, but also will feel yourself the stranger in this culture which is below his level" [Polyakov, 2011, pp. 33]. Forms of realization of musical and creative projects of students of the Higher School of Music named after A. Schnittke (institute) of RSSU became:

- tasks to sections of the "Musical and theoretical disciplines" studied by bachelors, the courses "Performing Schools and Concepts", "Theory and History of Musical Art", etc. in the system of distance learning;
- educational and methodical developments on different subjects related with lessons of music hearing in Children Musical Schools and Art Schools;
- musical and visual presentations of reports, performances and projects of students;
- creation of the works based on classical pieces and means of other art forms – painting, choreography, literature, poetry, graphics, design;
- development of a thematic concert of classical music for pupils of children's music and art schools and the centers of development ("Winter's Tale", "The opera, the operetta, the musical...", "Indian Summer", "Golden Fall", "Piano's Tale", etc.), including making of a program, design of a scene, selection of pieces, technical providing, rehearsals, the notification of audience.

When students selected musical pieces for children concerts, their personal critical component was formed and developed, and all participants of the project felt responsibility for their results. Also they selected their favorite classical pieces and interested in new experience of communication with music. They recognized that "the earlier the child will have an opportunity to get acquainted with works of "gold" fund of world classics, the more successfully there will take place formation of his musical taste" [Belous, 2014, pp. 1]. Most effectively familiarizing with world musical heritage happens in the course of esthetic experience of musical piece contents "during different types of practical activities (game, research, art and productive, dramatized)" [Belous, 2014, pp. 1]. Undoubtedly, "the role of the teacher as carrier, the creator and the translator of norms and values, including musical culture" is big" [Kazakova, 2007, pp. 1] in the past and presently however the personal involvement of the student into educational process and an active creative position in relation to classical music bring, sometimes, more noticeable result, than the most authoritative and skilled teacher.

4. DISCUSSION

Perception and mastering of modern styles and directions of the academic music has to be the following step on the way of education of the youth avoiding classical music. As researchers note, "development of professional competences of students studying in musical and pedagogical faculties, universities and institutions of arts demands expansion of the material provided to students" [Malkin, 2015, pp. 238]. Studying of vanguard works from B. Bartok to A. Schnittke is very interesting and brings benefit in the course of formation of teachers-musicians professional competences and also culture experts and sociocultural figures in general. However these compositions also become a stumbling block for students of culture and art institutions for the reasons mentioned above. Original musical language and nonconventional means of expressiveness, a serious conceptual component and high-emotional character of sounding, unusual instruments and intricate forms – all these qualities complicate process of perception of modern classical music and forces to look for new pedagogical technologies. During professional training of teachers-musicians at the Higher School of Music named after A. Schnittke in group practical and seminar training and independent creative work of students were used such methods as a contents problematization, development of critical thinking, modeling, and project activity which develops creative relation of students to the mastered material [Praslova, 2007, pp. 53–54]. At the same time pedagogical process was organized on the basis of the principles of personal orientation and accounting of specific students' features (development of professional qualities of the students), systemacity (identification of interrelations, regularities, general and private phenomena in studying), integrity (research of set of the interconnected elements), presentation (live sounding of music performed by professionals, listening to audio recordings). An important role in strengthening of interest in works by classical composers was played by own successful experience of interpretation – performing of music on the stage. As M.A. Lashkul notes, "experience of successful performing activity becomes one of components of performing competence" [Lashkul, 2008, pp. 243].

5. CONCLUSIONS

Today classical music still "keeps the position of a moral, esthetic, cultural guideline" [Dudarenok, pp. 3], and teachers task is use classical music in the course of professional training of teachers-musicians as carriers of sociocultural values. "The new strategy of training of teachers-musicians puts forward education of the younger generation on world cultural and spiritual traditions and values which organic part is musical art as one of the priority directions" [Lashkul, 2008, pp. 243]. Use of active, musical and creative forms of education of students studying in musical and pedagogical colleges and universities causes increase of students' interest in classical music, making it by a part of youth's life. The set of theoretical, practical, psychological, motivational and critical levels of perception of classical music brings the greatest result during education of youth on material of traditional culture. The steady positive motivation created during obtaining theoretical knowledge and practical development provides psychological readiness of the student to new experience of communication with classical music.

LITERATURE:

1. Белоус Л.А. Использование проектной деятельности при ознакомлении детей с классической музыкой // Сборник материалов Ежегодной музыкальной научно-практической конференции «Воспитание и обучение детей младшего возраста» / ред. В. Шишкина. М.: ООО «Мозаика-синтез», 2014. С. 1–4.

2. Дударёнок С.М., Ильницкая В.В. Теоретические аспекты формирования музыкальной культуры молодёжи через восприятие классической музыки // Общество: философия, история, культура. 2017. № 5. С. 102–106.
3. Журкова Д.А. Классическая музыка в современной мировой культуре России: автореф. дисс. ... канд. культ. М., 2012. 26 с.
4. Зеленкова Е.В. Компетентностный подход в высшем музыкально-профессиональном образовании // Высшее образование в России. 2010. № 11. С. 149–154.
5. Исхакова Н.Р. Формирование духовности молодёжи через музыкальную культуру // Адлеровские социологические чтения. Альметьевск, 2008. С. 168–170.
6. Казакова И.С. Развитие интереса к классической музыке у студентов педагогического колледжа в условиях творческой самореализации на основе проектной технологии // Профессиональное образование. Научные исследования в образовании. 2007. № 5. С. 66–73.
7. Кузнецова Е.О. Проблема музыкально-педагогической профильной ориентации учащихся в современной теории и практике музыкального образования // Известия Российского государственного педагогического университета имени А.И. Герцена: Психолого-педагогические науки (психология, педагогика, теория и методика обучения). 2008. № 12 (88). С. 293–297.
8. Лашкул М.А. Исполнительская компетентность педагога-музыканта // Вестник ТГУ. 2008. № 10 (66). С. 243–249.
9. Малкин С.Ю. Современный музыкальный язык и проблема его понимания // Вестник МГУКИ. 2015. № 6 (68). С. 238–242.
10. Мансурова А.П. Модульный подход к музыкально-педагогической подготовке // Высшее образование в России. 2014. № 4. С. 56–62.
11. Музыкальная культура США XX века: Учебное пособие / отв. ред. М. В. Переверзева. М.: Московская консерватория, 2006. 480 с.
12. Огородова А. Биляр, Ю. Яговдик, А. Кисилев, А. Репертуар в классе специального инструмента и его влияние на формирование художественного вкуса // Наука. Искусство. Культура. 2014. № 4. С. 143–151.
13. Переверзева М.В., Смирнов, А.В. Современное сольфеджио // Учёные записки РГСУ. 2017. Том 16. № 5. С. 159–167.
14. Полозова А.В. Проблема формирования музыкальных предпочтений школьников-подростков // Знание. Понимание. Умение. 2011. № 1. С. 257–261.
15. Поляков А.В. Функции стиля и стилиевой подход в классе основного музыкального инструмента // Вестник КТУ им. Н.А. Некрасова. 2011. Том 17. № 3. С. 32–36.
16. Праслова Г.А. Взаимодействие традиций и инноваций в методике историко-педагогической подготовке педагогов-музыкантов // Общество. Среда. Развитие. 2007. № 2 (3). С. 50–62.
17. Румянцева З.В. Формирование профессиональной готовности учителя к музыкально-педагогической деятельности в школе: дисс. ... канд. пед. наук. М., 1987. 26 с.
18. Селевко Г.К. Современные образовательные технологии: учебное пособие. М.: Народное образование, 1998. 256 с.
19. Хань В. Музыка разных народов в подготовке современного педагога-музыканта // Наука и школа. 2012. № 1. С. 34–36.
20. Шапинская Е. Классическая музыка в современной культуре: размышления исполнителя и педагога (интервью с Т. Рубиной) // Культура культуры [Электронный ресурс]. Режим доступа: <http://cult-cult.ru/classical-music-in-contemporary-culture-reflections-of-an-artist-and-an-teacher/> (дата обращения 02.09.2018).

21. Kamenets, A.V., & Zinchenko, E.O. (2016) Development of Leisure Culture As a Condition of Life Quality Improvement in the Contemporary Society, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 142–149. DOI: 10.17922/2412-5466-2016-2-3-142-149.

SOCIAL REPRESENTATIONS OF MODERN RUSSIAN YOUTH OF THE PHENOMENON "CORRUPTION"

Yuliya Steklova

*Russian state social University, Russian Federation
keyzerova.y@yandex.ru*

Vadim Steklov

*Russian state social University, Russian Federation
steklov@gmail.com*

ABSTRACT

The article there is a speech about studying of representations of the younger generation of corruption. The research objective consists in identification and the subsequent analysis of structure of social representations. The content analysis, the prototypical analysis of P. Vergès and a free associative experiment were applied to carrying out a research. The research showed the youth attitude to corruption and also allowed to reveal emotional assessment of such concepts as "corruption", "corrupt", "bribe" and "integrity". The structure of representations demonstrates differences in degree of coherence and uniformity of associations. Ordinary ideas of youth of integrity are more coordinated, than ideas of corruption, a bribe and the corrupt. The novelty and relevance of this work is dictated by need of studying of a social and psychological component of corruption acts for obtaining bigger effect of anti-corruption measures.

Keywords: *corruption, corruption perception, bribe, mass consciousness, perception stereotypes, social representations, integrity, corrupt, prototypical analysis of P. Vergès, associative experiment*

1. INTRODUCTION

Corruption continues to remain today one of the most acute and current problems of modern society which demands thorough and comprehensive examination. The versatility of modern corruption leads to certain discrepancies of this concept. Often the opinion of society on this phenomenon finds lines other than those which attribute explanatory dictionaries, the Federal law and other normative documents. The general remain the fact that citizens act as the subject of corruption, an object – public officials, and the purpose of corruption is illegal enrichment of one in exchange for the decision problems of others. Corruption poses a threat not only to economic well-being of nation, but also moral and spiritual moral to a condition of citizens. Media actively inform us on large corruption scandals and revelations of the high-ranking corrupt officials [5;6], very important psychological function – decrease in uncertainty in society thereby is performed. Similar messages attract genuine interest and condemnation which generally belong to unreasonably large sums of bribes in society. And there is a question of what reflection in consciousness of people is found by the images broadcast in the media discussed in everyday daily situations? How on all this the simple knowledge of life of everyone is imposed? How at the ordinary level information on corrupt officials and corruption in general is interpreted? What they I consider corruption and what is not considered? The theory of social representations of S. Moskovisi [11] which is even more often used in researches of modern scientists for definition by the subject of various components of the inner and outside world was chosen from possible methodological approaches to a research of corruption by us. A method of data collection – an associative experiment. For processing of results of an experiment the technique of the prototypical analysis of P. Vergès [14] which allows to mark out nuclear and peripheral structure of representations is chosen. [4]

Use of the prototypical analysis of P. Vergès is referred to quantitative methodology. For fuller and multidimensional analysis the content analysis which belongs to qualitative methodology was also chosen. "The purpose of carrying out the content analysis is definition of the repeating elements in an array of text information with a possibility of the subsequent comparison of frequency of occurrence of these elements". [9] During the content analysis we developed the categorial device adequate to the purposes and problems of this research, categories of the content analysis are correlated to the substantial elements received during the research and the obtained data are interpreted.

Within this research it is supposed to receive answers to a number of questions:

1. What semantic maintenance of the concepts "corruption", "integrity", "corrupt official" and "bribe" of ordinary consciousness of youth?
2. What relation of youth to these phenomena?
3. Whether there are similarities between substantial filling of representations and emotional assessment of these phenomena?

Research objective – to reveal and analyse structure and content of social ideas of youth of corruption, the corrupt official, a bribe and integrity.

2. RESEARCH HYPOTHESIS

Social ideas of the younger generation of corruption, the corrupt official and a bribe will differ from ideas of integrity on degree of coherence, stability and emotional coloring. In a case with "integrity" social representations will be steady, coordinated and positively painted, and in a case with "corruption", "corrupt official" and "bribe" will observe dynamics, smaller coherence and negative emotional coloring.

3. RESEARCH

Young people in number of 374 people participated in a research (middle age 22,2 years). A method of data collection – a free associative experiment. We asked respondents to lead not less than five associations to the words incentives "corruption", "corrupt official", "integrity" and "bribe". The sequence of presentation of objects varied for overcoming effect of presentation. For the concept "corruption" 1758 associations, for the concept "corrupt official" 1644 associations, for the concept "bribe" 1754 associations and 1693 associations for the concept "integrity" were brought together [8;10]. Results were processed in 2 ways:

1. Technique of the prototypical analysis of P. Vergès
2. The content analysis of all array of the obtained data

Let's describe at first the results received by means of P. Vergès's technique.

3.1. Ideas of corruption

In total respondents stated 1758 associations with the concept "corruption" that averages 3,99 concepts. The dictionary of concepts consists of 440 words. We analysed the most often meeting associations, i.e. those which mentioned 5% of respondents. [3] This part made 47% of total number of the offered concepts. Average rank of associations 2,99, frequency 27. The zone of a kernel of ideas of corruption is formed by elements (Table 1): a bribe (-and), money, the power, the official (-and) and theft. The potential zone of changes is presented by the following elements: state, deputy(deputies), Russia, deception, crime(s), bribery, injustice. The peripheral system of representation includes: prison, government, police, violation, bribability.

Table following on the next page

Table 1: Elements the forming kernel and the periphery of ideas of corruption

Frequency of associations	Average rank of associations	
	< 2,99	≥ 2,99
≥ 27	bribe (148; 1,91); money (146; 2,30); power (83; 2,88); the official (83; 2,88); theft (37; 2,47);	deception (65; 3,09); crime (42; 3, 26); bribery (28; 3,25); injustice (27; 3,70);
< 27	state (24; 2,79); deputy(deputies) (22; 2,77); Russia (19; 2,89);	prison (23; 3,87); government (22; 3,05); police (20; 3,3); violation (20; 3,2); bribability (19; 3,26).

The kernel of ideas of corruption in general defines structure of all representation. I.e. corruption by eyes of present youth is first of all bribes in the form of money which is associated with the power in broad understanding, and at the same time is concretized to officials. Also in a kernel there is a word – theft which gives final sense of corruption. As these words are in a kernel, so we can draw a conclusion that it is dictated by values and norms of social group. In a potential zone of changes there are words defining accessory (the state, Russia). It is possible to find a position in literature that the elements getting to this zone reflect a minority position. [1] In a potential zone of changes there is a word defining corruption - it is bribery. The fact that the youth understands that corruption is a crime, deception and injustice in our opinion is extremely important, thereby giving a moral and public assessment to this phenomenon. The peripheral zone is connected first of all with individual experience and memory of examinees. Here we see words which in our opinion can be explained with influence of media. The peripheral system of social representations is not steady at the expense of what it easily adapts to concrete reality.

3.2. Ideas of the corrupt official

In total respondents stated 1644 associations with the concept "corrupt official" that averages 3.4 concepts. The dictionary of concepts consists of 481 words. We also analysed the most often meeting associations, i.e. those which mentioned 5% of respondents. This part made 37,5% of total number of the offered concepts. An average rank of associations - 2,66, frequency - 41. The zone of a kernel of ideas of the corrupt official is formed by elements (Table 2): official, bribe taker, criminal, deputy. The potential zone of changes is presented by the following elements: deceiver, money, power, bribe. The peripheral system of representation includes: thief, prison, violator, politician, selling. The sort an activity / position (the official, the deputy) gets to a kernel of ideas of the corrupt official again. Presence of a word the bribe taker in a kernel can be explained with lack of uniform unambiguous interpretation of a concept the corrupt official in media and identity of these concepts. The fact that, according to youth, the corrupt official is a criminal is important, but at the same time we do not find a large number of characteristics of the identity of the corrupt official and moral estimates. The characteristic of personal qualities of the corrupt official appears in a potential zone of changes, in that part where the opinion of minority finds reflection, and this minority considers the corrupt official the deceiver.

Table following on the next page

Table 2: Elements the forming kernel and the periphery of ideas of the corrupt official

Frequency of associations	Average rank of associations	
	< 2,66	≥ 2,66
≥ 41	official (125; 2,21); bribe taker (77; 2,10); criminal (64; 2,28); deputy (47; 2,13);	money (68; 3,06); power (45; 2,73); bribe (41; 2,83)
< 41	deceiver (22; 2,55);	thief (39; 2,66); prison (25; 3,44); violation (23; 2,78); politician (21; 2,81); selling (20; 3,05).

In general we see the following picture: the corrupt official is an official who takes money, deceives, breaks the law and perhaps goes to prison. I.e. in our opinion it is perceived as the reality and the ordinary, in the words of youth are not present aspiration something to change.

3.3. Ideas of a bribe

In total respondents stated 1754 associations with the concept "bribe" that averages 3, 75 concepts. The dictionary of concepts consists of 467 words. We also analysed the most often meeting associations, i.e. those which mentioned 5% of respondents. This part made 42% of total number of the offered concepts. An average rank of associations – 2,95, frequency - 35. The zone of a kernel of ideas of a bribe is formed by elements (Table 3): money, bribery, corruption, crime. The potential zone of changes is presented by the following elements: police, envelope, official, deception, power. The peripheral system of representation includes: benefit, prison, punishment, gifts, injustice.

Table 3: Elements the forming kernel and the periphery of ideas of a bribe

Frequency of associations	Average rank of associations	
	<2,95	≥2,95
≥35	money (229; 1,79); bribery (82; 2,31); corruption (71; 2,54); crime (53; 2,68);	official (53; 3,04); deception (51; 3); power (40; 3,38);
<35	police (30; 2,47); envelope (21; 2,67);	benefit (26; 3,27); prison (23; 3,83); punishment (19; 3,47); gifts (19; 3,05); injustice (18; 3,83).

With these elements everything is predictable, the bribe is a legal concept which at all very famous. Young people understand all illegality of a bribe, defining it as crime and deception, but that interestingly on the periphery of representations there is a word benefit that can testify to a certain readiness for participation in corruption acts. Examinees associate a bribe with the power again and officials, add police here. Researchers note that the periphery of representations is connected with personal experience of respondents and is extremely changeable, here we see injustice, prison and punishment.

3.4. Ideas of integrity

In total respondents stated 1693 associations with the concept "integrity" that averages 4,3 concepts. The dictionary of concepts consists of 394 words. We also analysed the most often meeting associations, i.e. those which mentioned 5% of respondents. This part made 50,4% of total number of the offered concepts. An average rank of associations – 2,8, frequency - 29.

The zone of a kernel of ideas of integrity is formed by elements (Table 4): honesty, honor, adherence to principles, responsibility, correctness, conscience. The potential zone of changes is presented by the following elements: nobility, debt, justice, decency conscientiousness, law. The peripheral system of representation includes: advantage, respect, legality, fidelity, firmness, truth.

Table 4: Elements the forming kernel and the periphery of ideas of integrity

Frequency of associations	Average rank of associations	
	<2,8	≥2,8
≥29	honesty (257; 1,52); honor (46; 2,46); adherence to principles (43; 2,40); responsibility (36; 2,61); correctness (29; 2,76); conscience (29; 2,55);	justice (90; 3,06); decency (56; 2,91); conscientiousness (35; 2,91); law (32; 2,91);
<29	nobility (24; 2,75); debt (19; 2,53);	respect (28; 3,36); advantage (28; 2,96); legality (26; 3,04); fidelity (25; 2,8); firmness (25; 3,48); truth (25; 3,08).

In a research we applied the word incentive "integrity" as a certain opposition of corruption. The elements forming a kernel of ideas of integrity are various positive characteristics. In a potential zone of changes and the periphery there are elements connected with positive characteristics of the personality and also the elements connected with a legal component of a question – the law and legality. Comparison of contents and structure of social representations allow to draw a conclusion on differences in degree of coherence and uniformity of associations. Ordinary ideas of youth of integrity are more coordinated, than ideas of corruption, a bribe and the corrupt official. The smallest coherence is observed in ideas of the corrupt official, of it the number of the dictionary of concepts to each word incentive (Table 5) testifies.

Table 5: the Number of the dictionary of concepts by each word incentive

№	Word incentive	The number of words in the dictionary of concepts
1	corruption	440
2	corrupt official	481
3	bribe	467
4	integrity	394

During the analysis it was revealed that frequencies of occurrence of associations, entering a kernel of each representation differ. Let's take, for example, the most numerous concepts of nuclear structure of each representation (Table 6).

Table 6: the Most numerous concepts of structure of social representations

№	Word incentive	Name of a concept	Occurrence frequency	% of total number
1	corruption	"bribe"	148	40
2	corrupt official	"official"	125	33
3	bribe	"money"	229	61
4	Integrity	"honesty"	257	69

From this table we can understand that the most numerous concept of structure of ideas of the corrupt official was stated to only 33% of examinees, and about integrity – 69%. Therefore, ideas of the corrupt official it is characterized by the smallest coherence and uniformity. The kernel of representations of each concept is presented in more monotonous and similar percentage ratio: the kernel of ideas of corruption supports 60% of all associations, about the corrupt official – 51%, about a bribe – 59%, about integrity – 52% therefore for comparison of contents and structure of representations in this parameter is not informative. In this regard, it is possible to draw a conclusion that differences in coherence and uniformity of representations exist and they are most noticeable between words incentives the corrupt official and integrity. After we disclosed nuclear and peripheral structure of ideas of corruption, the corrupt official, integrity and a bribe we pass to carrying out the content analysis of these four concepts. The content analysis allows to subject to studying all 100% of the empirical material received during the associative experiment. For the analysis of the massif of the received associations, we developed the system of categories from 7 components. We divided all associations on the following bases:

1. The essence / in what is expressed.
2. Sphere/accessory.
3. Motivation.
4. Moral and public assessment.
5. Status (sort occupations / professions / names).
6. Characteristic of the personality.
7. Legal assessment.

At the following stage we by means of an expert method carried out distribution of associations according to categorial this grid. In Figures 1-4 are shown, key categories of the content analysis.

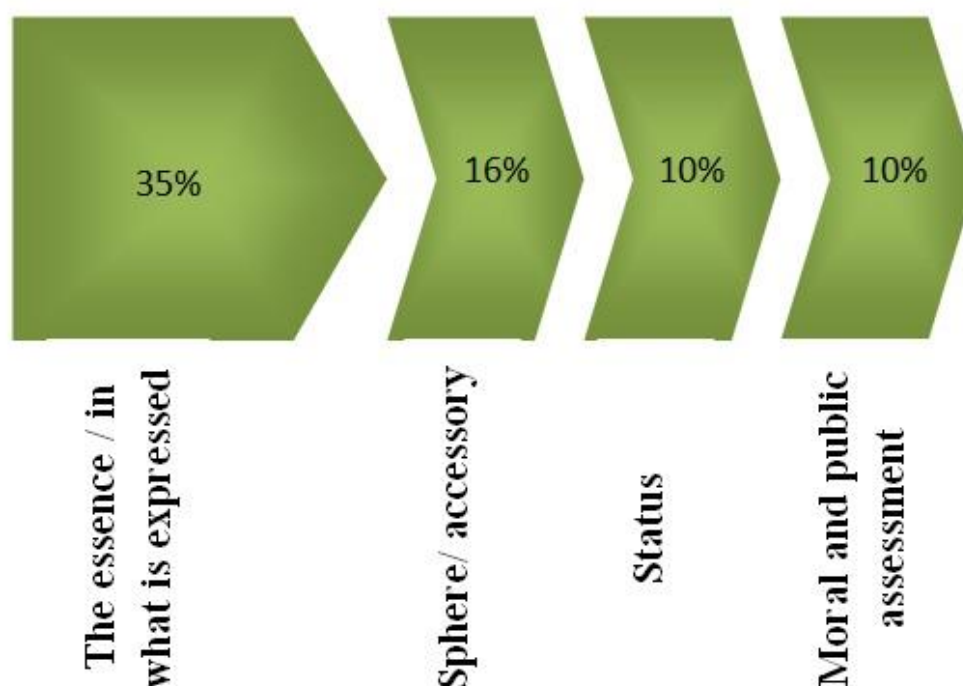


Figure 1: Results of a series of the content analysis of the word incentive "corruption"

Here we see the following picture. Corruption is associated first of all with those actions in what it is expressed, there are further certain spheres in which according to young people corruption most often meets. The motivation in the form of money and communications goes on the 3rd place in popularity. By the way, many experts also do not define monetary motivation as the main component of a problem. [2] The content analysis showed that the occupation and a profession do not win first place in corruption definition, but, certainly, corruption is associated with *vlastyimushchy*. It confirms opinion of researchers that people associate corruption only with the state and higher levels and in most cases do not associate it with the everyday life within the social status. [12;13] Moral assessment, the characteristic of the personality and legal assessment, as well as in the prototypical analysis passed into the background, but, nevertheless, take place to be.

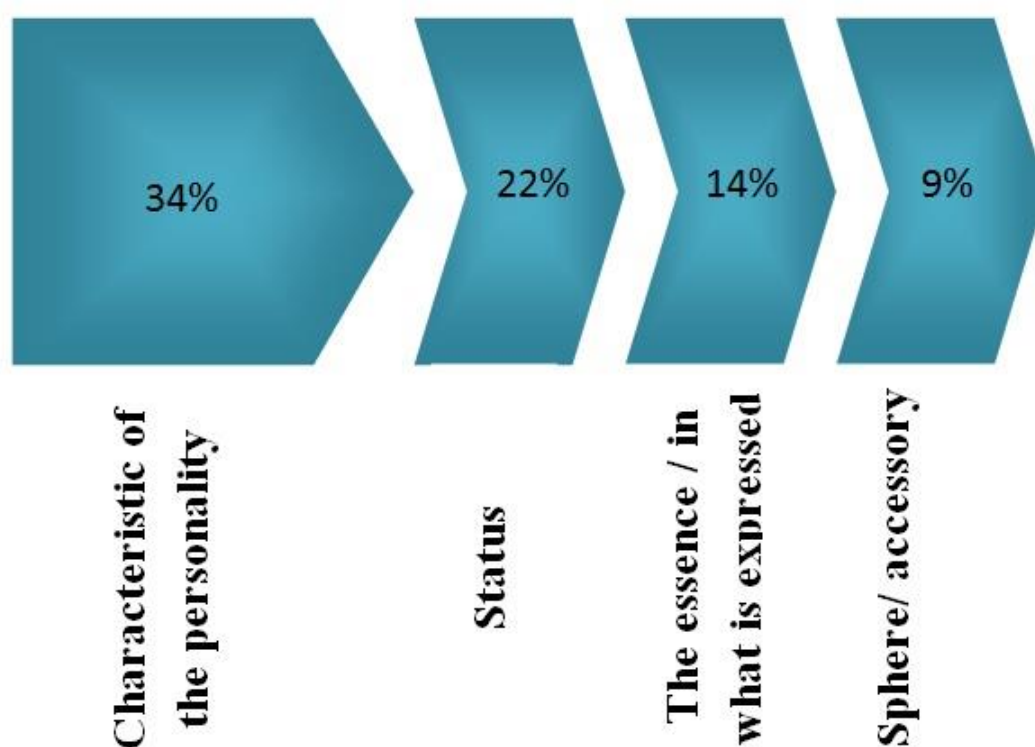


Figure 2: Results of a series of the content analysis of the word incentive "corrupt official"

The content analysis of associations to the word "corrupt official" showed that respondents define the corrupt official through various negative characteristics of the personality. Further there is an occupation and a profession, after essence of implementation of activity of the corrupt official, then the sphere or accessory. Moral and public assessment along with legal assessment, also as well as in a question with corruption, is not defining. And actually the motivation of the corrupt official, also has small weight in definition of this concept. The content analysis of associations showed that the bribe is associated first of all with in what it is expressed, it is essence of a bribe. On the second place there is legal assessment this results from the fact that most of people know what is a bribe, this concept at all very famous and this legal concept. Further there is sphere / accessory, i.e. where bribes take place to be according to examinees. And on the 4th place there is moral and public assessment which has obviously negative color.

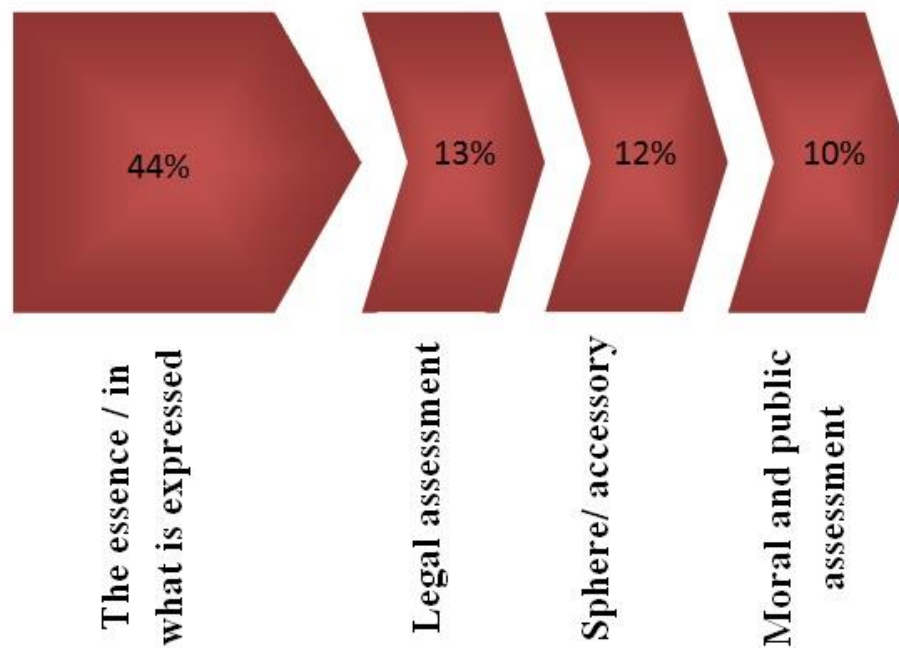


Figure 3: Results of a series of the content analysis of the word incentive "bribe"

The content analysis showed that 52% of associations to the word incentive "integrity" are connected with characteristics of the personality, further there is moral assessment, essence and legal assessment. The minimum number of people associate integrity with some kind of activity or the sphere. It is possible to say that integrity is a personal merit of the person which causes genuine approval from society. Obviously positively painted characteristics get to the category Characteristic of the Personality. In category of moral and public estimates of association are divided into 2 parts, the first reflect that integrity is a nobility, correctly and honestly and also the highest praise to incorruptible people, and others say that people do not believe in integrity existence in principle, saying that it is a utopia, the myth and in general impossibility. But that the most important, integrity, anyway, finds reflection in moral and public estimates.

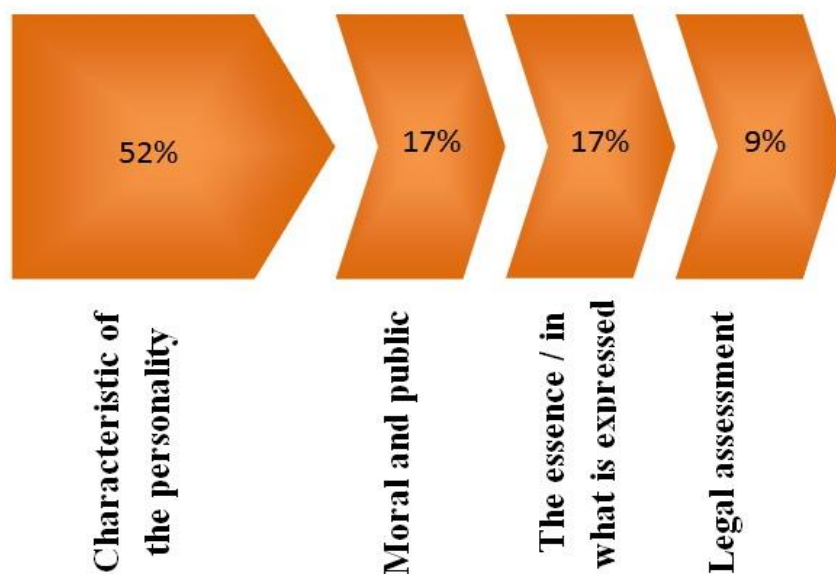


Figure 4: Results of a series of the content analysis of the word incentive "integrity"

4. CONCLUSION

The prototypical analysis of P. Vergès and the content analysis gave us very full picture of social ideas of the studied phenomenon. Namely:

1. Social ideas of corruption are concretized in consciousness of young people through essence of corruption, through those acts in which she says, corruption is associated with the power and a high post. Young people define a certain material motivation for commission of corruption acts. Also the research showed that negative moral assessment of this phenomenon is not a majority position. And the mass aspiration to fight against this harmful phenomenon it was not revealed.
2. Social ideas of the corrupt official are concretized in consciousness of youth through negative characteristics of the identity of the corrupt official. The corrupt official is associated with the official or the deputy, with the power and money. Public and moral assessment of the corrupt official extremely negative. Ordinary ideas of youth of the corrupt official are characterized by the smallest coherence and uniformity.
3. Social ideas of a bribe show that the youth is familiar with this legal concept and first of all for them the bribe is money. There is an understanding that this crime or deception, but at the same time the youth understands that it is possible benefit. It can be considered as a certain interest in a bribe. The moral and public category is presented uniformly, the concept of a bribe is identified with injustice and illegality and also has a negative color.
4. Social ideas of integrity are concretized in consciousness of youth through positive characteristics of the personality and some legal elements. In most cases the youth does not connect integrity with any motivation or a sort of occupation of the person. Ordinary ideas of youth of integrity are characterized by the greatest coherence and uniformity.

Results of the conducted research have predictive value for understanding of the relation of modern youth to a phenomenon "corruption" and also can be used when developing anti-corruption programs at the federal and regional levels.

LITERATURE:

1. Abric, J-C. La recherche du noyau central et de la zone muette des representations sociales [Text]/ J-C. Abric// MMiodes d'fitude des reprmsentation sociales/ Sous la dir. J-C. Abric. Ramonville Saint-Agne: Eras. -2003. -P.59-80.
2. Bilinskaya, M.N. Modern corruption: domestic specifics and foreign experience of counteraction [Text]: monograph / M.N. Bilinskaya, V.V. Moiseyev, V.F. Nitsevich. - Moscow – Berlin – Media, 2014.-438 p.
3. Bovina, I.B. Social ideas of health and disease: structure, dynamics, mechanisms. [Text]: yew. ... doctors of psychological sciences: 19.00.05/Bovina Inna Borisovna. – Moscow, 2009.-473 p.
4. Bovina, I.B. Strategy of a research of social representations [Text] / I.B. Bovina//Sociological magazine. 2011. No. 3. P. 5-23
5. Golubovsky, V.Yu. Anti-corruption [Text]: education guidance / V.Yu. Golubovsky, I.Yu. Nikodimov, I.A. Burmistrov, L.V. Glazkova, E.A. Mironova, T.N. Sinyukova. - Moscow: Publishing commercial corporation "Dashkov and Co".-2018. 88 p.
6. Golubovsky, V.Yu. Rol of mass media in anti-corruption [Text] / V.Yu. Golubovsky, T.N. Sinyukova//the Kazan pedagogical magazine. 2016. T.2 No. 2(117). P. 400-404.
7. Keyzerova, J.V. (2016) Corruption As a Social Phenomenon, Contemporary Problems of Social Work. Vol. 2. No. 1 (5). P. 112–119. DOI: 10.17922/2412-5466-2016-2-1-112-119.
8. Keyzerova, Yu.V. Social ideas of the Russian youth of corruption [Text] / Yu.V. Keyzerova//Scientists of a note of the Russian state social university - 2017. - T. 16. - No. 6 (145). - P. 24-32.

9. Levchenko, E.V. Comparison of opportunities of quantitative and qualitative methods in a research of social representations (on the example of studying of ideas of consciousness and unconscious). [Text] / E.V. Levchenko, A.G. Prodovikova//Messenger of the Vyatka state humanities university.-2009. –№4(3).-P. 79-92
10. Maloletko, A. How does the Russian youth perceive corruption [Текст]/ A. Maloletko, Y. Keyzerova // 27th International Scientific Conference on Economic and Social Development (Rome, 1-2 March, 2018). -2018.-P.849-858.
11. Moscovici, S. (2000). The phenomenon of social representations// Social representations: explorations in social psychology. S.Moscovici/ Ed. By G.Duveen, N. Y.: New York University Press, 2000, p.18-77.
12. Olimpiyeva, E.B. Fight against windmills? Social and anthropological approach to a research of corruption [Text] / E.B Olimpiyeva, O.V. Pachenkov. – Sankt-Peterburg:aleteya, 2007. – 234 p.
13. Petrova, E.A. Corruption perception: social and psychological aspect. [Text] / E.A. Petrova, Yu.V. Keyzerova//Scientists of a note of the Russian state social university.-2017. - T.16. - No. 3 (142). - P. 50-59.
14. Vergès, P. (1992) The Evocation of money: a method for defining the central core of a representation // Psychology Bulletin, 1992, Volume XLV, N405, p.203-209.

FORMS OF LABOUR MARKET DIVERSIFICATION

Daniil Volkov

*Expert, Russian State Social University, 129226, Moscow, Russia
lord7799@mail.ru*

Marina Vinogradova

*Director of the Research Institute of Perspective Directions and Technologies,
Russian State Social University, 129226, Moscow, Russia
VinogradovaMV@rgsu.net*

ABSTRACT

If enterprises choose diversification of production as a development option, there is a problem of violation of the ratio of human and technical capital. The solution to this problem is possible through the diversification of labor. Diversification of labor in this study is considered as a quantitative, qualitative and spatial movement of the labor force, leading to a change in the combinations of social labor in connection with the change of appropriate activities of the employee under the influence of various factors. The cycle time of the diversification of labor is equal to the period which is determined by the time required for the training or retraining of the labor force, which is the control lever of the labor market within the established paradigm of scientific knowledge.

Keywords: *labor market, labor market diversification, human capital, labor supply and demand, forms of labor market diversification*

1. INTRODUCTION

The narrowest place in the path of development of social infrastructure of Russia – everything that has to do with the person in the sense of social development. In this issue of the Russian Federation went through its own path of development very different from the experience of developed countries. The level of social development in Russia in comparison with them is low, which largely hinders its economic development. As history has shown, no country in the world has made economic progress without social progress. The labour market is at turning point, which can be characterized by a many parameters. First, no one knows what is happening in our labour market, and there is no centralized statistical information. There are no real statistics for half of the employed. Large and medium-sized enterprises keep records. But of the 75 million people who are economically active, only 37 million work in large and medium-sized enterprises, namely, half (Vinogradova et al, 2016, p. 5).283). The rest are working in small enterprises, where the number of employees is 100 or less people, well, 26 million people statistics simply do not see, we are does not know where they are working: they belong to the category of "other". Most likely, these people work in the informal sector – quite large. There are different estimates of the share of GDP "in the shadow": 20-30% and more (Volkov, 2016, p.49). People work there and receive wages that are not taxed. These are those who work in private farms and provide either themselves or have commodity surpluses, which somehow enter the domestic market. According to some estimates, about 13 million people are informally employed. The problem of social statistics still lies in the assessment of labour potential. There is no real research that would give the opportunity to see a portrait of the entire population, including the employed. In these circumstances, it is very difficult to pursue any effective labour market policy. The second principal point is the sectoral structure of employment in Russia. It was inherited from the Soviet Union, when there was a large enough sector of military production, heavy industry, engineering, and against this background, there was a relatively small sector of light and food industry, and if we talk about Russia, then agriculture (Markova,

2013, p 15). The agricultural sector was not so big: the demographic situation was such that it became so in Soviet times. And now the structure of our employment is rather archaic.

2. METHODS

Guided by the system of open systems research methods, it was decided to use the following list of tools:

1. Abstraction method-Theoretical and empirical method, which allowed in the process of analytical work to escape from the random, situational, from non-essential properties, relationships and relationships of the phenomenon under study, and highlight the essential characteristics of interest to us in the framework of the phenomenon under study;
2. The method of analysis and systematization of data - involves the structuring of the materials obtained in the course of analytical actions on consumer preferences, followed by the unification of previously disparate concepts and judgments in qualitatively new information.
3. The method of bibliographic search is a method of searching for information sources (documents and publications) that contain or may contain qualitative information that supports the statements corresponding to the logic of the topic disclosure. The use of this method improves the quality of research, as it allows to obtain all the necessary information in the traditional information environment in the optimal time.
4. The method of ascent from abstract to concrete - a theoretical method based on the results of the study based on the transition from the logical study of abstractly dissected user profile of the Internet to a holistic concrete knowledge of it.

In a broad sense, the labor market — a system of relations in society (socio-economic and legal relations), norms and institutions designed to ensure the effective use of labor and normal continuous process of reproduction of labor. The organization of this system in the framework of the concept of maximum utility is time-consuming for public administration of socio-economic processes.

3. RESULTS

The state of the labor market largely determines the rate of economic growth of the system. At the same time, the labour market is a key element of the socio-economic policy pursued by the authorities. Thus, the labor market is simultaneously influenced by the social and economic policies of the region or the state as a whole (Shestakova E. V., 2013, p.17). Being a system that is affected by many factors, the labor market must be administered and transformed in a timely manner, anticipating the needs of society. In this concept, the diversification of the labor market acts as a tool for managing the socio-economic processes of society. The relations of influencing factors are contradictory due to the laws of supply and demand. In the process of exchange, a state of their temporary balance is established, which is expressed by a certain level of employment and wages. Now the mobility of labor resources is one of the most important parameters under which economic growth in the economy in General is possible. Labour mobility is characterized by the real ability of workers and their families to move to other locations to choose where they can have better employment offers. Therefore, labor mobility contributes to higher efficiency and productivity in the economy. In the period of decline in production, the company faces a choice of alternative ways of development. Next, we define what is the diversification of the labor market. Diversification of the labor market – quantitative, qualitative and spatial movement of the labor force, leading to a change in the combinations of social labor in connection with the change of appropriate activities of the employee under the influence of various factors. The result of staff diversification is an increase in the quality and a significant increase in the range of goods and services provided (Basovsky L. E., 2014, p. 21).

As a result of the deterioration of the economic condition of the country, manifested in a significant decline in production, disruption of existing production relations, bankruptcy of enterprises, rising unemployment and, as a result, a decrease in the standard of living, welfare of the population and as a consequence, a decrease in the purchasing power for a number of services and products. During the recession of production, the company faces a choice of alternative paths of development. The actions of the enterprise will differ depending on the purpose of the activities, significance for consumers of the produced product or services, financial condition, results of innovative impact on manufacturing. In the General case, it is possible to allocate three variants of development of production (Ali-Zade A. N., Login V. N., 2015, pp. 85-86):

1. Unprofitable production of the traditional product and gradual withdrawal of the product from production;
2. Extending the life cycle of a traditional product;
3. Introduction into production of new goods and services, penetration into other industries and activities.

The process of labour diversification is linked to the life cycle of the industry and is also cyclical. In the period of increased structural unemployment increases the flow of labor from one industry to another, during the recession it decreases. The cyclical development of labor diversification makes it possible to predict this process, and, consequently, to regulate the overflow of human capital in a timely manner. Compliance with technical and human capital requires labor such as mobility, namely, structural mobility (Zanina, K. D. Et al, 2017, p.212). The increase of professional mobility of employees can be achieved through General education, professional qualification, social and other forms. At the same time, there are obstacles to the flow of labour. There are three main factors (Verdieva Yu. N., 2012, p. 179):

1. Education (no education needed);
2. Social (there are no social guarantees capable to compensate moral and material damage at change and diversification of work);
3. Organizational (outdated mechanism of educational institutions and the shift in ensuring timely retraining).

In the current unfavorable conditions, the demand for services and products of many enterprises of the service industry, for example, has significantly decreased and in order to continue to operate in the market and even to develop, enterprises had to revise the personnel policy and the number of employees of their enterprises. In some organizations, the optimal solution found the staff reductions, other reduced wage personnel (D. V. Volkov, 2016, p.51, Zhabin D. V. Et al, 2017, p.30). But such decisions could have been avoided by diversifying staff and production. By diversifying its production, enterprises penetrate into new areas, increase the range of goods and services, expand the consumer segment, and as a result, gradually transformed into more competitive. Diversification of personnel as a form of ensuring the competitiveness of personnel, manifested in the universalization of the employee, the development of several specialties and production operations that facilitate the redistribution of personnel within the same organization (Oganyan, V.A., 2016). This form of competitiveness is provided by retraining and advanced training of personnel of the enterprise. All programs of retraining and advanced training of employees are mutually beneficial both for the management of enterprises and for employees. Enterprises receive more versatile professionals, and investments in short-term training or development courses are not effective enough. And employees have additional incentives to work in an enterprise that invests in their professional growth, thereby providing them with career prospects.

This situation is characterized by two features (Vinogradova M. Et al, 2017, p.11).642):

1. The obvious competitive advantage of an employer offering training programs to its employees,
2. The risk associated with the fact that a trained employee will leave the company and the money for his training will be spent in vain.

In the process of labor market diversification, the latter circumstance may be particularly frequent. But the situation in which an employee leaves an intensively developing enterprise is extremely rare. Usually people correctly understand the real situation: if a company enters a new market segment and at the same time invests in the development of employees, it means that the latter has excellent prospects for professional growth. The main feature of the retraining of personnel associated with the diversification of the business is not so much work on a specific task, but also for the future development in General. A striking example of the diversification of staff in the service industry, and more specifically in the restaurant sector are chefs with the skills to prepare dishes not only from different countries (Russian, Italian, Chinese, etc.), but also several cuisines at the same time (Marks, 2018, p.).23). And it turns out that during the economic downturn and, as a consequence, the decline in restaurant attendance one of the ways to survive is to increase the range of products. To do this, it is necessary to train specialists. At the beginning there will be an increase in the financial costs of the enterprise, but then these investments will pay off quickly enough and begin to make a profit. Since the presence of a multi-chef will increase the range. These investments in their employees are very effective, and the risk is close to zero, and in General can even become an element of serious savings for the enterprise. The shortage of skilled workers and the shortage of others in the labour market is accompanied by a number of negative consequences for the economy of any city or region (Momotova O. N., Vorontsova G. V., 2011, p.).28, Alexandrov, V. A., 2013, p. 28. 155):

1. irrational and unjustified investments in human resources;
2. inefficient use of funds for programs of material support and stimulation of the unemployed and active employment policy;
3. the increase in unemployment, both in the total population and in certain types of specialties;
4. psychological dissatisfaction of people working not in their specialty.

As of 2016, in Russia, about 85% of the graduates of the secondary school do not find a job in the specialty, among the graduates of the secondary school - 65%, and 60% of the higher school (Maloletko A.N., 2016, p.72). In the labor market, the imbalance between supply and demand for specialists leads to the need to review the mechanisms of regulation of change and diversification of labor. The result of the diversification of staff is to improve the quality and a significant increase in the range of goods and services, as well as the possible development of new types. That will certainly entail the development of the industry in General and the system of professional training in particular. The economy of the country largely depends on the condition of the basic industries but at the same time, highly specialised development gives rise to the dependence of the budget of the region from the work of one company. The transition from a one-sided, often based only on the production of one or several products of the region's production structure to a multi-disciplinary activity can improve the efficiency and sustainability of the economy and improve the environment, so that diversified regions as a whole are more stable, competitive compared with highly specialized ones. Under the regional diversification refers to the development of industries associated with the relevant structure-activity kernel (Grebenkina E. S., 2012, p.24). The structure-forming core of the region is the dominant industry or group of industries in which the region has a competitive advantage.

4. DISCUSSION

Diversification is divided into horizontal and vertical. Vertical diversification implies the transition of the company to output from the previous or subsequent branch of the technological process. Simply put, if the company was engaged only in the extraction of ore, and then began its processing, it is a vertical type. Horizontal diversification of production involves the development of new products at the same stage of the technological process. This is, for example, if the firm adds any other mineral to the iron ore (Erokhin, S. G., Volkov D., 2013, p.7). The most striking example of unrelated diversification of the company in the modern market is the British company VirginGroup. It is difficult to calculate the exact number of directions in which the company is developing. The company gained its fame by mastering the field of sound recording and creating a store for the sale of music records, cassettes and CDs. Currently, the most well-known areas of activity are:

1. air transportation Virgin Atlantic Airlines;
2. filmmaking Virgin Vision;
3. banking services Virgin Money.

An effective example of related vertical diversification is the Czech company Studentagency. Starting with bus transportation in the cities of the Czech Republic, they gradually entered the market of Austria, Slovakia and Germany with a focus on tourists and travelers. Now the company is also engaged in the provision of hotel booking services and organization of excursions. This approach is often applied between competitors. If you cannot beat, then you can make it an ally by purchasing a controlling stake. Combined efforts will help to gain a significant market share and improve financial performance. So all business owners should think about the strategy of diversification. At the initial stage, problems may arise, since the development of a new product and entering an unfamiliar market will require significant capital expenditures, but if done wisely, the result will more than pay for all the intermediate costs. A well-known example of related horizontal diversification is BIC, which has become large and successful thanks to the production of pens. The technology used in the enterprise, allowed to produce handles with low cost mass. Subsequently, the features of the production cycle were used in the production of disposable razors and lighters, which also began to bring a steady income. Diversification of types of employment was the result of changes in the market, such as: privatization, the emergence of financial and economic problems of many enterprises (partial or partial stoppage due to difficulties with the sale of finished products), lack of funds for the purchase of raw materials, reduction of defense orders, payment of wages and its low level in a number of industries (Maloletko A.N., 2017, p.571). In General, this phenomenon contributes to the formation of a flexible labor market, makes it possible to provide material support to a part of the population, and in some cases allows to preserve the core of labor collectives and prevent mass unemployment. For people with the worst chances in the labor market, involvement in secondary employment is only a forced way to improve their financial situation. At present, there are elements of this form of government regulation in the absence of state regulation, or rather, of employment (Maloletko, A. N., Maloletko, N. E., 2016, p. 250). This is manifested in the fact that employees who are on forced leave, trying to do small business, or find a job in combination. However, often secondary employment is associated with a significant increase in the intensity of labor, which can have a negative impact on the workers themselves, because they have much less time to restore the spent forces (Volkov D. et al, 2017). Therefore, the existence of secondary employment corresponds to the changed conditions of economic life of society. A flexible labour market requires a variety of forms of employment and the use of labour. As a result, new approaches to employment are emerging, expressed in the concept of global employment. It is based on the needs of the working population as a whole, involves the normalization of the total amount of work and its

distribution among all those wishing to get a job. It is within the framework of the concept of global employment that mass individualization of forms, regimes and conditions of employment in the labor market and the structure of the human labor path takes place. The flexibility of the employee in the labor market, his professional, qualification and social mobility, the ability to find his place in the changing sphere of social and labor relations, certainly increase the level of competitiveness and guarantee employment even in conditions of economic problems.

5. CONCLUSION

Labour market diversification and its process are cyclical and linked to the life cycle of a number of socio-economic processes. The cyclical development of labour diversification, with proper management, can help to regulate the migration of human capital from one industry to another in a timely manner. The oversupply of the labor market by skilled workers of some specialties and the shortage of others is accompanied by a number of negative consequences for the economy of any region. Irrational use of funds for training and retraining of specialists, reducing the economic effect of investment in human resources invested in the production of highly qualified labor force in any sphere. Psychological dissatisfaction of people working outside the specialty. In the labour market, the imbalance of supply and demand for professionals leads to the need to review the mechanisms for regulating change and diversification of labour. The solution of this imbalance is one of the important directions of economic development of the regions and the country as a whole.

LITERATURE:

1. Alexandrov, V. A. Strategic management: Textbook / N.. Kazakov, A. V. Alexandrov, A. S. Kurashova, N. N. Kondrashov . - M.: research center INFRA-M, 2013. - 320 c.
2. Ali-Zade A. N., Login V. N. Scientific management - strategic factor of innovative development. - M.: Russian Academy of Sciences. INION, 2015. - 120 p.
3. Basovsky L. E. Management: textbook. a manual for students. Universities. Education. at Ekon. and UPR. special. Moscow: INFRA-M, 2014. - 214 p.
4. Erokhin, S. G., Volkov D. V. International gold market. Actual problems of reproduction of the global social product and individual capital Collection of scientific works of students. Moscow, 2013. P. 4-11.
5. Grebenkina E. S. The Study of patterns of development and the essential parameters of the diversified business structures. Engineering journal of don. – 2013. № 2 - 29 p.
6. Katkalo V. S. Theory of strategic management: stages of development and main paradigms. Scientific reports of the center for management institutional studies of the faculty of management of St. Petersburg state University. - 2012. - № 14. - 29 p.
7. Maloletko A. N., Vinogradova M. V., Kaurova O. V., Babakaev S. V., Kulemina O. S., Shendrik G. N., Glotova T. A., Aktan A. G., E. I. Vasilkevich, Conson, R. G., Timoshina, E. N., Deyko, I. A., Friesen, A. G., Volkov D. V., Gibalov M. R., Kostyukova P. N., Yermilov A. N., Zanin, K. D., Bataev, V. V., Goncharov A. Estimation of prospects of development of system of non-state (Additional) pension security in Russia. Research report No. 1618-09/16/211NPF/16 from 02.09.2016 (a non-profit organization "non-state pension Fund "BLAGOSOSTOYANIE")
8. Maloletko A. The approaches to methods and mechanisms of formation of the national risk management system of socio-economic development and ensuring the economic security of the state. 25th International Scientific Conference on Economic and Social Development. "XVII International Social Congress (ISC-2017)". Book of Proceedings. ISSN 1849-7535. pp. 567-575

9. Maloletko, A.N. (2016) The Economic Security of the Some Public-Private Partnerships, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 44–48. DOI: 10.17922/2412-5466-2016-2-2-44-48.
10. Maloletko, A. N., Maloletko, N. E. Document Individual economic security: Reverse mortgage (2016) *Actual Problems of Economics* 184 (10), pp. 242-250
11. Markova, V. D. Strategic management: concepts, concepts, decision-making tools: reference book / V. D. Markova, S. A. Kuznetsova. - Moscow: INFRA-M, 2012. - 320 c.
12. Marks, G.N. Do the labour market returns to university degrees differ between high and low achieving youth? Evidence from Australia. *Journal for Labour Market Research*. Volume 52, Issue 1, 1 December 2018
13. Momotova O. N., Vorontsova G. V. diversification Strategy as an acceptable option for the development of regional socio-economic systems. *Kant*. 2011. No. 2. - 28-31 p.
14. Oganyan, V.A. (2016) Legal Nihilism: The History of the Development and Its Expressive Means in the Society, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 102–108. DOI: 10.17922/2412-5466-2016-2-2-102-108 (International bibliographic description).
15. Shestakova E. V. Company's diversification planning. *Economist Guide*. - 2013. – No. 1. - 13-18 p.
16. Verdieva, Yu. N. Management: proc. a manual for students. Universities, Education. Economics and management. - [2nd ed. rework and additional]. - Vladivostok: far Eastern Federal University, 2012. - 311 p.
17. Veretekhina, S.V. (2017) The State Policy of Development of Effective Labor Market and Employment, *Contemporary Problems of Social Work*. Vol. 3. No. 1 (9). P. 139-145. DOI: 10.17922/2412-5466-2017-3-1-139-145.
18. Vinogradova M., Maloletko A., Shatsky A. Social entrepreneurship within the framework of multi-agent system. 25th International Scientific Conference on Economic and Social Development "XVII International Social Congress (ISC-2017)" Economic and Social Development . Book of Proceedings. ISSN 1849-7535. Pp. 642-643
19. Vinogradova M.V., Kulyamina O.S., Larionova A.A., Maloletko A.N., Kaurova O.V. (2016) Digital technology in the field of educational services. *International Review of Management and Marketing*. 6 (2), 281-287
20. Vishnyakova, V.A. (2016) The Programs of State Support of the Labor Market: Theoretical Aspect, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 81–87. DOI: 10.17922/2412-5466-2016-2-2-81-87.
21. Volkov D. V. Forms of state representation of the monetary system. *Innovation and investment*. 2016. No. 12. Pp. 48-52.
22. Volkov D. V. Public-private partnerships as a variety of society-economic adaptation. *Contemporary Problems of Social Work*. 2016. Vol.2. No. 1 (5). P. 65-72.
23. Volkov D.V., Akhtian A.G., Dgibabov M.R., Semennikova A.I., Kusina O.A. The effective use of human capital through the reduction of working time. *International Journal of Environmental and Science Education*. 2017. T. 11. № 18. C. 35-46.
24. Zanina K. D., Ermilova, A. N., Vinichenko M. V. Approaches to the study of migration: the concept of assimilation of the Chicago school of sociology and its rethinking in the 21st century. *New generation*. 2017. No. 14-2 (4). P. 208-217.
25. Zhabin D. V., Turkov M. M., Volkov D. V. The potential of using the information of the fiscal data operator. *Social policy and sociology*. 2017. Vol. 16. № 5 (124). P. 25-33.

OVERCOMING THE DIGITAL DIVIDE IN RUSSIA AS A FACTOR OF SOCIAL SUPPORT FOR THE OLDER GENERATION

Svetlana Novikova

*Russian State Social University, Moscow, Russia
s_novikova60@mail.ru*

ABSTRACT

The article analyzes the problem of overcoming the digital divide in modern Russia between age groups. This process is considered as one of the important factors of social support for the older generation. It is proved that overcoming the divide of access to digital technologies and Internet services does not mean solving the problem of digital divide, which goes from the technical to the level of socio-economic and socio-cultural relations. The measures on overcoming the digital divide are generalized and systematized.

Keywords: *access to services, digital divide, Internet services, information and communication technologies, social support, statistical and empirical data, the older generation*

1. INTRODUCTION

Digital technologies and Internet services have become attributive properties of modern society, all major areas of its reproduction. Therefore, a new form of inequality - the digital divide - has become as important as the traditional forms of inequality. The digital divide as a social and economic problem became topical in the late 80s of the XX century, when the mass dissemination of information and communication technologies began, and the formation of the concept of the information society. In 1997, at the UNDP meeting in Berlin, for the first time, the notion of "information poverty" was introduced, which was understood as the lack of access to these technologies [3]. Next, the word combination "information (digital) divide" appeared, which is meaningfully closely connected with "information poverty". In the Russian scientific lexicon, "digital divide" appeared in 2000, when an international seminar "Problems of Overcoming the Digital Divide in Russia and CIS Countries" was held in Moscow. Overcoming this new kind of inequality quickly became one of the global tasks and already in 2003 at the UN Summit on the Information Society (WSIS) a Declaration was adopted calling on the Western countries to do everything to overcome the "digital divide". This task remains on the agenda today, but its severity is reduced, and the content is partly changing.

2. METHODS

A comparative analysis of the content of the concept of "digital divide" is carried out. In the Russian scientific community this concept is usually interpreted widely, including not only the technical possibility of access to new information and communication technologies (ICT), but its socio-economic, sociocultural and psychological support. For example, according to O. Vershinskaya, it is necessary to study many signs of "digital divide" - property, age, education, gender, territorial and cultural [25]. In addition, the range of scientific interests, along with the availability of new information opportunities, included issues related to information literacy and people's culture, the motivation for using ICT and the content of the information provided [20]. From the point of view of the majority of Russian researchers, to have, be able and use the Internet are the independent aspects of digital inequality. Later such an understanding of digital divide received a socio-economic interpretation in the notion of "Internet Lifestyle".

3. RESULTS

The main tendency to overcome the digital divide, including among the age groups, has been confirmed.

The main factors of overcoming the digital divide in modern Russia are systematized. It is justified that overcoming the digital divide for people of pre-retirement and retirement age is an indispensable condition for their adaptation to the new social reality and obtaining the necessary social support. The most recent forms of inclusion of the older generation in cyber space are analyzed. On the basis of the secondary analysis of statistical and empirical data, the tendencies of changing the digital divide of age groups are studied. According to statistical and empirical data, the maximum differences in the digital divide in Russia are observed between the younger and older generations. This inequality is gradually decreasing, but remains high and is a barrier to social support for the older generation. It is in these social groups that differences in education level, income, gender and sociocultural differences are concentrated. This maximum gap is objectively conditioned: always young people are more ready for such radical innovations than people of the older generation, simply because of the peculiarities of socialization of people of different ages. Under such conditions, a lot of status, professional and other preferences of the older generation are lost, and its social capital is devalued. The older generation is forced to again become "young" and begin their socialization first. Many can not do it. But otherwise, the older generation risks remaining excluded from the new social reality. At present, the greatest digital divide between age groups is overcome. But it remains an important factor in the new socialization of the older generation and getting them social support. The older generation is forced to master digital technologies in order to remain competitive in the new social reality.

4. DISCUSSION

In the 90s of the XX century, digital divide was huge in our country and concerned all major social groups and territories. Of course, there was a significant gap in this criterion from economically developed countries. It is believed that until 10% of the population start using new technologies, the intensity of application of these technologies grows slowly. In Russia, the share of Internet users reached this level in 2002. Then began its rapid increase. According to the Public Opinion Foundation (FOM) in 2005, the Internet was used by 17% of Russians [11], in 2009 - 34%, 2015 - 71% [18, 22, 24]. In 2017, according to GfK, the Internet audience was 73% of the adult population of the country, in 2018 according to WCIOM – 80% [24]. A radical increase in the availability of ICT, in addition to purely technical reasons, had additional incentives. Firstly, the adoption of the State Program "Information Society (2011-2020)" and its successful implementation can be considered such a reason for the mass involvement of the population in the Internet. Secondly, a high level of education of the population. Thirdly, a good level of scientific developments, which Academician V. Fortov attributed: the availability of capable programmers, the experience of protection from cyberattacks, the achievements of Russian science for the development of ICT [7]. Fourth, the growth of living standards of the population with a simultaneous reduction in prices for information technology. Fifth, the difference in payment for access to the Internet in the subjects of the Russian Federation, which reached five times a decade ago, decreased. At the beginning of the XXI century, Russia in the growth rate of the digital opportunity index (DOI) ranked third in the world. In the strategy presented in 2018 "Moscow. Smart City - 2030" states that Moscow is one of the world's top three leaders in the promotion of IT technologies in the everyday life of citizens and in the management system [15]. In 2018, 80% of Russian households had broadband Internet access [24]. The program for the development of satellite communications for the Arctic region is also ready. Annually about 12.5 billion rubles are allocated, which telecom operators transfer to the universal communication service fund, which is working to provide technical support for expanding access to the Internet [16]. According to the results of 2017, the digital divide in Russia between the younger and older generations remained high: according to GfK, among the 16-29-year-old Russians, the audience of the Internet was 98% [24]. (including the share of

users from smartphones - 70%, tablets - 35%) [18]. Among the people of the age group 55 + - 36%. However, over the past year, among the 55+ group, the proportion of Internet users has increased by a quarter [27]. Studies conducted by WCIOM in the Russian Federation in 2017 on the dependence of users on the Internet and its security showed that, first, more than half of Internet users of pensioners experience difficulties in mastering new Internet opportunities: 54% of the 60+ group answered that it was difficult for them learn new things. Secondly, 71% of the pensioners surveyed said that nothing will change in their lives, if there is no Internet (for young people this percentage was 24 points). Thirdly, 56% consider themselves unprotected from illegal actions, which can be explained by insufficient skills of safe work, and the accompanying fears [19]. Despite the remaining gap, at least three fundamental reasons work to overcome the age-related inequality. The first reason - the demographic reserve of informatization of the society completely remained in the older age groups. The second - digital technologies and Internet services are totally included in everyday life. Social support will soon be unthinkable without digital support. The third is a natural change of generations: the older generation goes away and is gradually replaced by the next generation, which is information more literate. According to the company Synovate Comcon [22] in Russia for Internet audience 55+, except search, mail, weather and news, social networks (44%) and video portals (12%) were also the most relevant. When asked why a pensioner needs an Internet, the following answers most often sounded: for reading news; write letters to friends and relatives; receive and send photos and photos to friends and relatives; to watch Russian TV shows; watch movies (including Soviet films); Keep photos, books and movies to use at any time; find answers to any questions; find recipes for different dishes; translate text from any language; pay the bills; to make purchases at lower prices (goods, tours, tickets); to get opinions and opinions of people about something that interests; read about needlework, fishing, gardening and in general about any hobby. In addition to utilitarian tasks, the Internet helps the older generation to solve complex psychological problems of stress, loneliness. According to a number of studies, computer development after 50 years causes brain cells to work more actively and create new neural connections. This prevents age-related impairment of memory, wit and speed of thinking. The most important and socially oriented direction of using the Internet is getting the older generation of social support. Social support is most often obtained by this age group through the solution of bureaucratic issues, the receipt of social services, including public services. In the most internally "advanced" city in Russia - Moscow, the highest is the level of digitalization of financial and trade services: according to 78% of Muscovites, digital technologies are actively used in financial transactions and payments, 71% - in trade. Further, as the activity decreases, goods are delivered, logistics (46%), transport (43%), leisure (32%), medicine (31%), education (31%), housing (16%), personal security 13%). And in the last place when assessing the activity of using digital technologies, Muscovites put "care and support for the elderly" - 7% [15, p.12]. But this is only direct support for the elderly, but indirect support (which is also included in the understanding of social support) is, of course, linked to Internet commerce, telemedicine, financial and other services. That is why almost all Muscovites (92%) noted that thanks to the introduction of digital technologies, their life has become more convenient and more interesting [15, p.11]. At the end of 2016, the total number of users of the Single Portal for State and Municipal Services reached 50 million people in Russia [26]. They ordered 380 million services for 7.9 billion rubles. This is almost 3 times higher than the volume of payments in 2015 [13]. In 2010, 10% of the adult population used state services via the Internet [6], and 50% in 2017 [9]. According to the Department of e-Government of the Ministry of Communications of the Russian Federation, the figure of 50% in this area exceeded 32 regions [14]. The leaders were the Central (56.3%), Privolzhsky (55.3%) and the Urals (53.1%) federal districts. This is due to the advantages of electronic government services and ease of use.

For example, you can pay a state duty at a discount of 30% when registering a vehicle or obtaining a driving license. In 2018, the regions received subsidies aimed at improving the two indicators - the percentage of citizens using state services, and the number of citizens registered on the state services portal [9]. It is people at the age of 55+ who, more often than other age groups, apply for services in various state structures. Consequently, the intensive growth of Internet government services is necessarily related to the active behavior of the 55+ group. In recent years, in addition to a large number of programs for motivating active Internet citizenship, projects aimed at older people are being implemented. Thus, "Rostelecom" and the Pension Fund of Russia organized the project "ABC of the Internet", in which in 2014-2017 more than 100 thousand people of the older generation took part [10]. In 2016, the section "Payment for goods and services via the Internet: useful services and payment devices" was added to this project. In the same year, a section for pensioners was launched on the Unified Portal for State and Municipal Services [1]. The section contains information on the retirement of old age, the processing of pension benefits and various state benefits. A new Internet project "The best is just beginning" is launched for the older generation and adult children caring for their parents [2]. The site contains the largest in the country online catalog with vacancies and courses for people of pre-retirement and retirement age. In the Astrakhan region in 2017, the first in the region Internet cafes for the training of pensioners by computer literacy was opened [23]. In St. Petersburg in 2018 launched the project of the Social Insurance Fund "Social Navigator". On it you can find out the whole set of free social services, for people with disabilities (and their share is highest among the elderly), now you do not need to come to the Fund's office to arrange preferential services [21].

5. CONCLUSION

In recent years, Russia has been actively implementing projects to overcome the digital divide between age groups. These and other trends suggest that the government's goal of overcoming the digital divide by 2025 will be resolved and almost all households will have access to ICT [16]. The target of overcoming inequality is 97% of the population with access to the Internet, including in the Far North and rural areas. At the same time, it is clear that the solution of the technical side of the task of overcoming the digital inequality does not mean its complete solution. Further, instead of the technical side, such problems as the conscious refusal of people to use information technologies, new forms of information discrimination, segmentation and isolation of Internet communities, the formation of Internet addiction, violation of personal security, etc. will come to the forefront. In other words, the socio-economic, socio-cultural and psychological problems of the "Internet Lifestyle" will come to the forefront. We add that the pension reform initiated in Russia in 2018 and the proposed increase in the retirement age for five years (women under 60, men under 65) will lead to large changes in the labor market, increase competition between age groups. It will make for older generation information literacy an indispensable condition getting a job and social support. Therefore, the State Program "Information Society (2011-2020)" will require its continuation taking into account new aspects of the digital divide. This program needs to be modernized with a shift in emphasis from the technical side to the social and humanitarian one.

LITERATURE:

1. A section for pensioners was launched at the beta version of the Unified Public Services Portal // Ministry of Digital Development, Communications and Mass Communications of the Russian Federation. July 7, 2016. - (date of circulation: 20.07.2018). - <http://minsvyaz.ru/en/events/35411/>
2. Baba-Deda is a project for the older generation and adult children caring for their parents! // Baba-grandfather. - (date of circulation: 10.06.2018). - <http://baba-deda.ru/about>

3. Beketov N. (2009) Information Diversity and Digital Divide in the Development of Russia // Information Resources of Russia. - (date of circulation: 10.08.2018). - http://www.aselibrary.ru/press_center/journal/irr/2009/number_5/number_5_3/number_5_3976/
4. Dyatlov S. Regional-spatial characteristics and ways to overcome the digital divide in Russia / S. Dyatlov, T. Selishcheva // Economics of Education. - 2014. - № 2. - S.48-52. - (date of circulation: 22.07.2018). - <https://cyberleninka.ru/article/n/regionalno-prostranstvennye-harakteristiki-i-puti-preodoleniya-tsifrovogo-neravenstva-v-rossii>
5. Elyakov A. Information type of social divide // Sociological research. - 2004. - № 8. - P.95-100.
6. Every tenth Russian citizen used electronic state services // Yuga.ru. - July 20, 2010. - (date of circulation: 21.08.2018). - <https://www.yuga.ru/news/195812/>
7. Fortov V. (2000). Scientific and educational aspects of digital inequality // Materials of the international seminar "Problems of overcoming the" digital divide "in Russia and CIS countries". - M., House of the Government of the Russian Federation.
8. GfK: the audience of Runet is growing due to the users of 55+. - (date of circulation: 22.08.2018). - <https://www.cossa.ru/news/190651/>
9. How many Russians really use electronic public services // Building. RU. - March 02, 2017. - (date of circulation: 01.08.2018). - <http://rcmm.ru/novosti/34077-skolko-rossiyan-realno-ispolzuyut-elektronnye-gosuslugi.html>
10. In Moscow, the winners of the contest "Thank the Internet 2017!" // Russian Pension Fund. - (date of circulation: 15.08.2018). - <https://ria.ru/pfr/20171102/1508084714.html>
11. Interview "Internet in Russia" // POF database. - Issue 11. Spring 2005. - (date of circulation: 01.09.2018). - http://bd.fom.ru/report/cat/smi/smi_int/o051101
12. Kuznetsov U. Some aspects of quantitative assessment of the level of digital inequality in the regions of the Russian Federation / Yu. Kuznetsov, S. Markova // Economic Analysis: Theory and Practice. - 2014. - 32 (383). - (date of circulation: 17.08.2018). - <https://cyberleninka.ru/article/n/nekotorye-aspekty-kolichestvennoy-otsenki-urovnya-tsifrovogo-neravenstva-regionov-rossiyskoy-federatsii>
13. Monthly attendance of EPUU in 2016 reached 33.5 million times. - (date of circulation: 01.07.2018). - <https://news.sputnik.ru/ekonomika/96d430d2e6aff698fdd70907a4da6057184255be>
14. More than half of Russians choose electronic public services // Ministry of Digital Development, Communications and Mass Communications of the Russian Federation. March 2, 2017. - (date of circulation: 10.08.2018). - <http://minsvyaz.ru/en/events/36563/>
15. Moscow. Smart City-2030: The text of the strategy. - M., 2018. – 111 p. (date of circulation: 15.07.2018). - https://www.mos.ru/upload/alerts/files/3_Tekststrategii.pdf
16. Nikiforov spoke about the program for eliminating digital inequality in Russia. - (date of circulation: 19.07.2018). - <http://www.banki.ru/news/lenta/?id=10315060>
17. Ratner S. The Digital Divide of Russian Regions as a Threat to Socio-Economic Development of the Country // National interests: priorities and security. - 2012. - № 39 (180). - P. 29-35. - (date of circulation: 03.08.2018). – <https://cyberleninka.ru/article/n/tsifrovoy-razryv-regionov-rossii-kak-ugroza-sotsialno-ekonomicheskomu-razvitiyu-strany>
18. Research: the number of Internet users in Russia increased by 5% to 84 million. - (date of circulation: 26.08.2018). - <https://tass.ru/ekonomika/2619574>
19. Security in the Information Society: Challenges of the New Century // WCIOM Press Release. January 11, 2017. - № 3282. - (date of circulation: 21.08.2018). - <https://wciom.ru/index.php?id=236&uid=505>

20. Sergeev M. How to overcome digital divide. - (date of circulation: 16.05.2018). - <http://politcom.ru/740.html>
21. "Social Navigator" launched in St. Petersburg // State institution St. Petersburg regional department of the Social Insurance Fund of the Russian Federation. - (date of circulation: 29.06.2018). - <http://rofss.spb.ru/news/1188-sotsialnyj-navigator-zapushchen-v-sankt-peterburge.html>
22. The audience of Runet is rapidly growing up // Sostav. - (date of circulation: 13.08.2018). - <http://www.sostav.ru/publication/auditoriya-runeta-stremitelno-vzrosleet-15732.html>
23. The first Internet café for pensioners opened in Astrakhan // Tass. - February 20, 2017. - (date of circulation: 10.06.2018). - <https://tass.ru/v-strane/4037849>
24. The number of Internet users in Russia. - (date of circulation: 09.08.2018). - http://www.bizhit.ru/index/users_count/0-151
25. Vershinskaya O. (2018) Information inequality as a sociological problem // Information Society. - (date of circulation: 15.07.2018). – http://www.aselibrary.ru/datadocs/doc_976ga.pdf
26. 50 million people were registered at the Unified Public Services Portal // Ministry of Digital Development, Communications and Mass Communications of the Russian Federation. June 22, 2017. - (date of circulation: 30.07.2018). - <http://minsvyaz.ru/en/events/37067/>

INTEGRATION OF YOUNG IMMIGRANTS INTO THE RUSSIAN SOCIETY: PROBLEMS AND PERSPECTIVES

Sergey Babakaev

*Russian State Social University, Moscow, Russia,
babakaev.sv@mail.ru*

Olga Kulyamina

*Russian State Social University, Moscow, Russia,
olgakuljamina@mail.ru*

Valery Oganyan

*Russian State Social University, Moscow, Russia,
OganyanVA@rgsu.net*

Viktoriya Vishnyakova

*Russian State Social University, Moscow, Russia,
vishnjakovava@rgsu.net*

ABSTRACT

The issues related to the research of the immigrant integration into the community, despite a large number of scientific papers on this topic, are still most relevant. Although the main approaches and measures of the integration have already been determined, substantiated and developed at the new level of modern theory and practice, their effect and result obviously do not correspond with the social significance of the problem. The main problem seems to be the underestimation of the integration of immigrant youth as an important social group, the organization and mobilization of which will largely depend on the stable and forward progress of the Russian society. Today, the problem of integration of immigrant youth accents on the research into the socio-cultural and institutional aspects of their adaptation and assimilation. At the same time, many important aspects of the support young immigrants, as well as the creation of effective mechanisms for their interaction with the host community, has not been studied yet scientifically and practically. The purpose of the article based on analysis of the problem and results of the survey of young immigrants, which will help to find a gap and suggest new approaches to solve the problem and complete the results that can be used on the implementation process of the state youth policy.

Keywords: *integration, adaptation, youth policy, young immigrants, host community, factors of integration, problems of integration*

1. INTRODUCTION

1.1. The relevance of the topic and the problem of research

Global transformations at the modern stage have made Russia, as an industrially developed state, an attractive country for immigrants. On the other hand, for the economic and socio-demographic development of Russian society, as well as for other European countries, there is an objective need to attract labor resources from other countries. Therefore, the integration of immigrants for a long time is an actual scientific and practical problem in Russia and other developed countries of Europe and the rest of the world. Many immigrants from the neighboring countries (the countries of the former USSR), which make up a considerable part of migration flow, often have a little difference in their identity and socio-cultural characteristics from the host population. Today, the main contingent of immigrants from the former Soviet republics are young people who born in the post-Soviet period.

They are worse than their parents on many indicators: speaking Russian, they don't know Russian history, literature and culture. Another problem correlates with the second generation of immigrants who came to Russia. As the experience of Western European countries has shown, this social group has the highest conflict potential with the mismatch of their social expectations of the reality in which they exist. [22] Unlike the first generation of immigrants, who were faced with the problems of employment and adaptation to a new life, the second generation of immigrants already has more ambitious goals that aimed at achieving success and high social status. In the absence of social elevators, socio-economic conditions and mechanisms for realizing life's aspirations, this can make serious social conflicts. [27.8]. On the other hand, the host community has a fairly widespread negative attitude towards immigrants, which not only increases the risks of conflict interaction with them, but also hinders their integration into society. [17, 23] Therefore, the continuous study and research of the problem of integrating immigrants into the host community allows us to solve two problems.

1.2. Basic approaches to the study of social integration and the development of the topic.

The development of sociological knowledge about migration processes in Russia and abroad based on the application of integration approaches to the analysis of this problem. [10, 30] These approaches are based on a differently interpreted, always developing and refined in the context of other sociological concepts, the category of "social integration". This category is closely related to such concepts as social communication, social cohesion, social interaction, the inclusion of the individual into the group, solidarity and other concepts. The concept of integration as a problem of the general theory of social and sociocultural systems occupies an exceptionally important place in sociology. From the "idea of a fragmented society" it follows that "non-integrated migrants" cannot be in principle, because this is impossible from a system point of view. At a time when an immigrant enters the territory of another country, he is already in some respect integrated - into the economic chain, into the system of relationships with relatives and friends, into the ethnic diaspora or community, into the system of state and public support for immigrants, etc. [7]. In the typology of social integration in general and the integration of immigrants in particular, depending on the sociological discourse, there are four types of integration:

- cultural integration, which is based on the consistency of cultural standards, norms and patterns of command;
- normative integration, in which the basic norms of the cultural subsystem are "institutionalized" in the elements of the social subsystem;
- communicative integration based on the exchange of social meanings, cultural values, symbols, information and characterizing the mass coverage of the whole society or a certain group;
- functional integration - based on the production and exchange of goods and services between people, resulting from the social division of labor.

Depending on the predominance of those or other integration aspects of the bases, the processes of integration become specific. Natural and compulsory social integration are singled out. Natural integration arises on the basis of the coincidence of individual and group interests [22].

1.3. Social mechanisms and practical models of integration of immigrants

The process of "integration of immigrants" is considered in theory and practice in three main dimensions. Firstly, in the context of assimilation, when immigrants shouldn't be different from the new socio-cultural environment in which they found themselves. Secondly, integration can mean a cultural adaptation of immigrants to the host community, when their adaptation to a new social environment, despite what suggests changes in their values, norms and lifestyle,

doesn't require them to change their identity. And if earlier under cultural adaptation understood the adaptation of the culture of immigrants to the culture of the local community, now we are talking about mutual adaptation of cultures. Thirdly, the integration of immigrants can be interpreted as a structural adaptation to a new environment, when sociocultural features are put on the back burner, the main thing is their identity with the host community in terms of social and economic indicators of involvement in the labor market, in the social sphere of the life of the society. Proceeding from the multivalence of the concept of "integration", in modern social science this term has more practical application and is widely used to indicate specific goals of practical activity, although it is often used to analyze the situation. In particular, he was widely used in the practice of implementing state youth policy aimed at the socialization of youth and its integration into the economic and social life of society. It has been decided to single out four main aspects of integration, which are displayed by different groups of indicators that capture the features of the process of integration of the newcomers [4]. The first cluster integration indicators include the socio-economic indicators. They characterize employment, income level, social security, level of education, housing conditions of immigrants. The second group indicators of integration include political and legal indicators. They reflect the extent of naturalization, participation in political life, and in institutions of civil society. The third group includes socio-cultural indicators. Among them: the level of knowledge of the language, history and culture, choice of spouse, attitude to the basic norms and values of the host community, the frequency of contacts with the local population, the diaspora, and the country of origin. The fourth group is represented by socio-psychological indicators. They primarily fix the attitude of the host population, cases of discrimination, ethno-cultural diversity, ways and nature of coverage of migration issues. Based on these indicators, it is possible to assess the status, problems and prospects for the integration of young immigrants into the host community.

2. METHODOLOGY

The main method of research was a mass survey on a formalized questionnaire of young immigrants from the neighboring countries (aged 14 to 30) living in big cities (from 500,000 people) of the Russian Federation. The survey was conducted in October 2017 in the following cities and regions of the Russian Federation: Moscow, St. Petersburg, Novosibirsk Region, Krasnoyarsk Territory, Krasnodar Territory, Rostov Region, Samara Region, Primorsky Territory, Tyumen Region, Yamalo-Nenetsky Autonomous Okrug, Khanty-Mansisky Autonomous District, Moscow region, Irkutsk region, Sverdlovsk region and other regions of the Russian Federation. A total of 2000 respondents were interviewed. The research was carried out within the framework of Rosmolodezh projects. The purpose of the conducted sociological research was to research and identify the problems of integration of migrants in the host society, the reasons that prompted immigrants to resettle in the Russian Federation, the features of adaptation to new conditions and the upbringing of children. Among the main tasks of the research are following:

- research the readiness to join the life of the local community, to identify the main forms of participation in the life of the host society, the readiness to interact constructively with it;
- identify the main problems of immigrants, research the extent to which their rights and legitimate interests are realized, the degree of satisfaction with different aspects of life and activity;
- identify the life plans and social expectations of immigrants with regard to further actions for integration into the local community;
- determine the level of knowledge by young immigrants of the history, language, culture, mentality of the host community;
- identify the main axes of emerging conflicts and inter-ethnic tensions, as well as the main axes of constructive interaction;

- research the basic forms of integration of immigrants in the local community;
- identify factors that contribute to and impede the integration of migrants and the influx of highly skilled migrants to Russia.

The structure of the migrants surveyed by sex: men - 59%; of women - 41%. An analysis of the age structure of the respondents shows that the most representative age group of young immigrants are respondents aged 18 to 24 (72%), from 25 to 30 years old - 16%, and the smallest - 14-17 years (12%). The largest number of immigrants came from Ukraine (27%), the Republic of Belarus (18%), the Republic of Kazakhstan (9%) and the Republic of Azerbaijan (9%), other Central Asian republics (10%), the Baltic republics (11%). By their education, the respondents represent a fairly different and heterogeneous population. At the same time, the most of respondents, the most common is secondary general education. It has about 40 percent of respondents. With an average professional - 14%; bachelor's degree - 26%; master's degree - 13%. Due to their financial situation, young immigrants are also different. About half of the respondents have a monthly income of less than 20 thousand rubles (54%). At the same time, a fairly representative social group has formed among young immigrants, with a relatively high income of more than 50,000 rubles (15%), 20-50 thousand rubles (31%). According to their marital status, the respondents are mostly single or not married (63.0%).

3. RESULTS

The research confirmed the importance of the main conditions and factors described in modern sociological science in the process of integrating young immigrants into the host community. An important condition for the integration of immigrants in Russia is the knowledge of Russian (46% of respondents indicated this on average). Moreover, as the analysis has shown, for women this issue is more significant than for men. Men, according to the survey, are more adaptable compared to women, even with a poor knowledge of Russian. (49% and 38% respectively). The analysis also revealed that with increasing age of young immigrants, their status status and salaries, the problem of language knowledge becomes more significant in the process of their adaptation.

3.1. Factors and standings of structural adaptation of young immigrants

Another important condition for the integration of young immigrants into the host community is the nature and type of their inclusion in economic and economic activities. Depending on the socio-demographic, as well as other social and professional characteristics, there are quite strong differences. In particular, they are as follows:

- Among young women, a relatively large proportion of people work in the public sector of the economy compared to young men (20% of women, respectively, compared to 12% of men work in a state enterprise);
- Among young immigrant men, a slightly larger proportion of individuals than in young women immigrants work in the private commercial sector (54% vs. 40% respectively).

Depending on the different factors (socio-demographic and other social variables), there is a certain specificity in the search for a work for young immigrants, and that must be taken into account in the practical implementation of the state youth policy in the migration field for working with different groups of young immigrants with their involvement in economic and economic activity. This specificity, if it is considered on the basis of sex, is as follows:

- Young women immigrants, in comparison with men, more often have to look for work independently, without any help from the state and commercial services, as well as other sources of support in this matter. For example, 71% of women work independently, while among men this figure is 62%.

- Men more often than women find work through relatives, friends, acquaintances, resorting to their help in finding employment (12% against 10% respectively).

As the analysis of the survey results showed, the highest monthly salary indicators are observed in young immigrants who received employment through commercial firms (more than 20 thousand rubles are received by 65% of those who got a job through them, taking into account that the average for the array, such income is only 45%). In second place in terms of the income received are state employment agencies. Among immigrants who found work through state employment agencies, 55% receive an income of more than 20 thousand rubles. In third place in terms of income, depending on how a person found a job, with help from friends, relatives, acquaintances, who helped to find a job for a young immigrant, go. Among those who get a job through relatives and friends who already live in Russia, 46% of respondents receive a salary of more than 20 thousand rubles. In the last place in terms of monthly income - it is an independent job search. Only 40% of respondents who found their work independently have an income of over 20 thousand rubles. Another important indicator of the integration of young immigrants is the opportunity to find a good job in their specialty, which they already have. Here the situation is not the best. As the results of the survey showed, many young immigrants (57%) work not in their specialty and only less than half of the respondents (46%) noted that they managed to find work in their professional status.

3.2. Factors and conditions of social-cultural adaptation and relations with the local people

Fundamental importance in the process of adaptation of immigrants and their integration into the local community has a common background of the social mood of local residents with respect to the arrival of immigrants from the countries of the neighboring countries to permanent residence. Here the situation taking into account the gender and age factor is as follows:

- Men more often than women, as results of the survey and analysis shows, have recently had to face negative attitudes from themselves because they are immigrants (36% and 31% respectively noted the facts of negative attitude to themselves by local community).
- Young immigrants aged 14 to 17 years were much more likely than young people aged 18-24 years to face negative attitudes from others (51% and 27%, respectively). The same results about the age group "25-30" years, in which more than half of the respondents (54%) indicated that they faced such facts.

An analysis of different groups of young immigrants interviewed showed that men were much more likely than women to witness aggressive attitudes to immigrant children (41% and 29%, respectively, faced this problem). As for the age groups, this problem was most important in the minds of young immigrants aged 14-17. According to the survey, about half of the respondents (49%) of this age group indicated that they witnessed an aggressive attitude to immigrant children, which came from the local population. Another important indicator of the integration of young immigrants and their potential integration into the Russian society is the prevalence in their environment of a social orientation to socio-cultural isolation from the local community. Isolation attitudes are also much more pronounced among young people aged 25-30 years compared to younger age groups. For example, among young immigrants aged 25 to 30 years, it is believed that immigrant children need (or rather need to) isolate from Russian peers, 30% of respondents in this age group. At the same time, among 14-17 year olds and 18-24 year olds, only 13% and 17% of the total number of respondents think so. Another important indicator of the integration of immigrants into the Russian society, as well as the formation of their Russian national-state identity, is the orientation to equality of immigrant children rights

with Russian children. In general, the ratio of immigrants and Russians to the equality of children is higher among men than men (54%, respectively, compared to 48%). A similar trend is evident when comparing young people of the senior and younger age groups. For example, if in the younger age group of immigrants (under the age of 18) only 20% are opponents of equality, when in older age groups (from 18 to 24 and 25-30 years) their share is 36% and 37% respectively.

4. DISCUSSION

4.1. Perspective of integration of young immigrants from the neighboring countries into the Russian society

The results of the research confirmed the priority of structural, civil-legal, socio-economic adaptation in the process of integration of young immigrants from the countries of the neighboring countries over socio-cultural adaptation. The social tension in the process of interaction with the local community is more likely to be more economic and social than socio-cultural. Perspectives for integration into Russian society, as our research showed, will most depend on overcoming today problems and making strong the social, economic and administrative-legal resources of the youth policy, aimed at creating the necessary conditions for the integration of immigrants. It should be noted that focus on the socio-cultural integration of immigrants, what we have today in youth policy, doesn't allow to solving these problems. As the research showed, the most common motive of immigration to Russia is namely through narrative "I want to create my family here and live permanently" (41% of respondents indicated it). The next most common motive of immigration is "I like Russian state policy about immigrants" (36% of respondents indicated it). The third most widespread immigration motive is "I like how Russians treat citizens of neighboring countries" (35% of respondents indicated it). Another common motive of immigration is "I believe that you can make good money here" (30% of respondents indicated it). The next motive behind immigration is "I'm close to the Russian mentality" (25% of respondents indicated it). 18% of respondents noted this motive of immigration as "I like to live and work in Russia". Another one motive of immigration - "I have relatives, friends, acquaintances who help me" - indicated 17% of respondents. And the latest reason in prevalence is the motive of immigration, namely in a verbal position - "I believe that my rights will not be infringed" (only 9% of respondents indicated it). Such a low level of confidence in the possibility of guaranteed legal and social assistance, avoiding discrimination, violation of the civil rights and freedoms of immigrants show us the critically low level of legal and social security of immigrants. All this data underscores the need to make a new level work in this area - increasing the social and legal security of immigrants, as many modern authors rightly point out [13, 14, 25, 22]. In this issue, we are in solidarity with this position.

4.2. The main obstacles of integration of young immigrants and minimizing the risks of social elimination

As an obstacle for the integration of young immigrants, a number of authors note the negative effect by the local people about arrival of immigrants [6, 17, 20, 21, 24]. By people's opinion, anti-immigration sentiments are widespread in Russian society. According to the statistical data, as our study has shown, the facts of hostility to immigrants from local people are stable and massive. This situation cannot be acceptable for the positive integration of immigrants into the local community and their social and political-civil adaptation aimed at the formation of Russian identity. In this context, according to many researchers, a responsible state policy should consist in overcoming this phenomenon [22, 27, 29]. One of the key indicators that show the main factors of disturb the integration of young immigrants into the host community is the nature of the respondents' social perceptions of what is the most difficult for their adaptation in Russia.

Despite the fact, according to the survey, a significant proportion of respondents (47%) indicated that they are well adapted in Russia and do not interfere in this respect, most of the surveyed immigrants (53%) do not think so. Young immigrants, during the survey, noted the problems they have to face in the process of their adaptation. Every fifth respondent (20%) cannot establish relations with the local people, which is a serious obstacle to integration. Another important obstacle for the adaptation of immigrants to the host community is a sense of alienation from the local residents, who don't want to communicate. This was noticed by 14% of respondents. The reason for the complexity of adaptation, is a frequent change of place of residence in search for a work, is relevant for 15% of respondents, who prevent this from integrating into the local community. For 13% of young immigrants, the most important question of adaptation is the problem of feeling uncertainty, insecure, and disadvantaged about their rights. That paid attention to 13% of men compared with 7% of women. For 12% of young immigrants, a significant factor that disturbing their adaptation to the environment of the community is the feeling that the representatives of the host community are significantly different to their mental qualities from their own mentality. In order to minimize the risks with the undesirable development of migration processes that can make a new formation of social tension potential in the society and create additional conditions for the successful adaptation and integration of immigrants into the host community, a certain adjustment of the current state policy towards immigrants from neighboring countries. So, for example, among the main expectations of changes in the current state policy, directly follow the interests of young immigrants, the most prominent were the next social positions:

- make a workflow less (82% of respondents indicated this)
- to develop small business (31%)
- grant citizenship more widely (18%)
- better to protect the rights (16%)
- develop national cultural policy (16%)

Analysis of the main expectations of immigrants to their place of residence in the Russian Federation showed that 97% are focused primarily on achieving a good life for their families. At the same time, 71% of young immigrants are striving to achieve a certain social status in Russia and not to live in isolation from the local community, and not to limit themselves to communicating primarily with their diaspora.

5. CONCLUSION

Analysis of immigration flows and the results of sociological surveys show that young immigrants came to big Russian cities from neighboring countries from the states formed in the post-Soviet space. On the one hand, these states have developed for a long time in the general economic, socio-cultural and ideological and political space, which suggests that there are common spiritual roots of interpersonal interaction that facilitate more complete integration into the host community and adaptation in new conditions. Anyway, their mentality, historical and cultural traditions, as well as the lifestyle of the country of the neighboring countries, where young immigrants come to big Russian cities, belong to different institutional matrices (eastern and western) of sociocultural development. In this regard, the process of adaptation and integration of young immigrants into the host community can be ambiguous, contradictory and complex. In this regard, the state policy aimed at systematic integrating young immigrants into the Russian society. When developing state programs aimed at solving this problem, it is necessary to find and see the main aspects of integration: socio-economic, political-legal, socio-cultural and socio-psychological. Socio-structural factors of integration have unconditional priority over cultural factors. The main factors in this regard are contains the working and living conditions, as well as the legal status of immigrants.

Without establishment order in labor relations and preventives corruption in the registration at the place of stay and registration of work permits, it is extremely problematic to solve the problem of integration of immigrants. One of the most important aspects about the young immigrants mind in the life of Russian society is the acquisition of citizenship. In order to minimize the potential conflict potential associated with the social contradictions caused by immigration, the Russian state should focus on eliminating the main cause of conflicts. Such a reason is the practice of social injustice, acute sensation of vulnerable segments of the population and resulting in aggression and violence. The integration policy of the state in relation with arrived population should be specific and targeted. This is due to the fact that the young immigrants in their social composition, educational level, vocational training, marital status, material well-being, degree of integration into the host community represent a rather heterogeneous social group.

LITERATURE:

1. Assimilation and Citizenship: Immigrants in Liberal Nation-States. Houndmills: Palgrave, 2003.
2. Brubaker R. Introduction // Brubaker R. Nationalism Reframed: Nationhood and the National Question in the New Europe. Cambridge : Cambridge University Press, 1996 P. 1–22.
3. Cordon MM. Assimilation in America Life: The Role of Race, Religion and National Origins. New York: Oxford University Press. 1964.
4. Entzinger H., Biezeveld R. Benchmarking in Immigrant Integration. Report for the European Commission. European Research Centre on Migration and Ethnic Relations (ERCOMER). Rotterdam, August 2003.
5. Favell A. Integration Policy and Integration Research in Europe: a Review and Critique // Citizenship Today: Global Perspectives and Practices /T.A. Aleinikoff, D. Klusmeyer (eds.). Washington, D.C. : Brookings Institution / Carnegie Endowment for International Peace, 2001 P. 349–399.
6. Hansen R. Citizenship and Integration in Europe // C. Joppke & E. Morawska (eds.), Toward.
7. Joppke Ch., Morawska E. Integrating Immigrants in Liberal Nation-States: Policies and Practices // Toward Assimilation and Citizenship: Immigration in Liberal Nation-States /Ch. Joppke, E. Morawska (eds.). N.Y. : Palgrave-Mac-millan, 2003 P. 1–36.
8. Portes A., Rumbaut R.G. Legacies: The Story of the Immigrant Second Generation. Berkley: University of California Press, 2001.
9. Rex J. Race and Ethnicity. Milton Keynes. UK: Open University Press. 1986. S.147.
10. Theories of migration / edited by *Robin Cohen* /International library of studies on migration, Polity Press, 2000.
11. Torpy J. The Invention of the Passport: Surveillance, Citizenship and the State. (Cambridge Studies in Law and Society). Cambridge : Cambridge University Press, 2000.
12. Wimmer A., Glick Schiller N. Methodological Nationalism and Beyond: Nation-State Building, Migration and the Social Sciences // Global Networks. 2002 Vol. 2, N 4 P. 301–334.
13. Akhiyezer A.S. Territorial'naya migratsiya - realizatsiya potrebnosti v polnote bytiya // Obshchestv. nauki i sovremennost'. - 2007. - N 3.
14. Barkovskiy A. Privilecheniye v Rossii inostrannykh trudovykh migrantov: neobkhodimost' selektivnogo podkhoda / A.Barkovskiy, I.Barkovskiy // Obshchestvo i ekonomika. - 2011. - N 1.
15. Benkhabib S. Prityazaniya kul'tury: ravenstvo i raznoobraziye v global'noynuyu eru. M. : Logos, 2003.

16. Vallersteyn I. Sotsial'nyye izmeneniya? Izmeneniya vechny. Nichego ne menyayetsya // Vallersteyn I. Konets znakomogo mira: Sotsiologiya XXI veka / per. s angl. pod red. V.L. Inozemtseva. M. : Logos, 2003 S. 162-186.
17. Volkov D. Rost antimigrantskikh nastroyniy i veroyatnosti natsionalisticheskikh protestov v Rossii: doklad v ramkakh seminara Tsentra izucheniya problem grazhdanstva i identichnosti // Tsentri izucheniya problem grazhdanstva i identichnosti. 5 noyabrya 2013. URL: http://www.ccisru.org/books/2013-11_TCIPGI_Volkov_doklad.pdf
18. Gavrilova T.M. Mekhanizm mezhdunarodnoy migratsii rabochey sily // Vestn. Mosk. un-ta. Ser.6. Ekonomika. - 2009. - N 3.
19. Ganifayeva S.A. Funktsii i stadii migratsionnogo protsessa // Observatoriya kul'tury. - 2007. - N 3.
20. Dmitriyev A.V. Gosudarstvo, prinyimayushchiy sotsium, trudovyye migranty: konfliktnoye izmereniye praktik vzaimodeystviya / A.V.Dmitriyev, G.A.Pyadukhov // POLIS: Polit. issledovaniya. - 2009. - № 6.
21. Kirillova Ye.K. Problemy vyzhdeniye pereselentsev v Rossii: glazami migrantov // Sotsiologicheskoye issledovaniya. 2004 № 11 S. 46-51.
22. Malakhov B.S. Integratsiya migrantov: kontseptsii i praktiki. M., Fond "Liberal'naya Missiya", 2015. - 272 s.
23. Malakhov, V. S. Integratsiya migrantov: yevropeyskiy opyt i perspektivy Rossii: rabochaya tetr. / [V. S. Malakhov; gl. red. I. S. Ivanov]; [Rossiyskiy sovet po mezhdunar. dela]. - M. : Spetskniga, 2014. - 24 s.
24. Neterpimost' v Rossii: staryye i novyye fobii »/ pod red. G. Vitkovskoy i A. Malashenko. M. : Moskovskiy Tsentri Karnegi, 1999.
25. Rybakovskiy L.L. Issledovaniye migratsii v Rossii // Sotsiologiya v Rossii. M., 1998. – 436 s.
26. Toshchenko ZH.T., Chaptykova T.I. Diaspora kak ob"yekt sotsiologicheskogo issledovaniya // Sotsiologicheskoye issledovaniya. - 2004. - №3.
27. Transgranichnyye migratsii i prinyimayushcheye soobshchestvo: mekhanizmy i praktiki vzaimnoy realizatsii: monografiya / nauch. red. prof. V.I. Dyatlov. Yekaterinburg: Izd-vo Ural'skogo universiteta, 2009.
28. Ushakova V.V. Ekonomicheskaya migratsiya v globaliziruyushchem mire // Vestn. Mosk. un-ta. Ser.7. Filosofiya. - 2010. - N 1.
29. Chaban S.V. Sotsiokul'turnaya identifikatsiya i integratsiya migrantov v sovremennoy Rossii: dis. ... kand. sotsiol. nauk: 22.00.06 Rostov n / D, 2006. - 161 s.
30. Yudina T.N. Sotsiologiya migratsii. - M. : Akademicheskoye proyekt, 2006. - 272 s.
31. Osadchaya, G.I. (2017) Migrants from the Countries of the Eurasian Economic Union (EEU) in Moscow: Social and Professional Background, *Contemporary Problems of Social Work*. Vol. 3. No. 3 (11). P. 113–120. DOI: 10.17922/2412-5466-2017-3-3-113-120.
32. Vishnyakova, V.A. (2016) The Programs of State Support of the Labor Market: Theoretical Aspect, *Contemporary Problems of Social Work*. Vol. 2. No. 2 (6). P. 81–87. DOI: 10.17922/2412-5466-2016-2-2-81-87.
33. Melnik, M.S. & Mityushina, E.A. (2017) Regulation of a Labor Migration for Increase in Efficiency of Forming of the Regional Market of a Labor Power and Decrease in Integration Risks, *Contemporary Problems of Social Work*. Vol. 3. No. 2 (10). P. 32–39. DOI: 10.17922/2412-5466-2017-3-2-32-39.

DOMESTIC CLINICAL SOCIAL WORK FORMATION IN THE CONTEXT OF THE SOCIAL PROTECTION SYSTEM ENCAPSULATION PROCESSES

Mikhail Firsov

*Professor, Head of the Department of Social and Medical Rehabilitation of the Institute of
Additional Professional Education for Social Workers of the Department of Labor and Social
Protection of the Moscow' Population*
mihail_firsov@mail.ru

Irina Mkrtumova

*Doctor of Social Sciences, Professor of the Institute of Additional Professional Education for
Social Workers of the Department of Labor and Social Protection of the Moscow' Population*
imkrtumova@yandex.ru

Anna Chernikova

Senior lecture, PhD student of Russian State Social University
chernikovaaa@rgsu.net

ABSTRACT

Article devoted to description of cultural encapsulation as the self-defense's psychological model of the individual from the surrounding foreign culture environment pressures. Authors consider the encapsulation of social work in relation to the professional knowledge institutionalization processes and technologies at the change stages as a client, with its specific needs, as an environment that will change its historical forms, and models of assistance that change from the socio-political, socio-economic and technological context, at this point the "digital context".

Keywords: *digital context, encapsulation, clinical social work, cultural encapsulation, social protection system*

1. INTRODUCTION

The concept of cultural encapsulation in social sciences was proposed by the psychologist K. Rennes. Cultural encapsulation is the self-defense's psychological model of the individual from the surrounding foreign culture environment pressures. The scientist proposed a figurative model of a cocoon, a closed individual socio-cultural space that allows an individual to preserve his socio-cultural values and worldview in constant transformation situations of his life's contexts: economic, political, social, cultural [19]. This theme is continued as the researcher, and foreign social cognition. Cultural encapsulation in most scientific publications is understood in the psychological knowledge discourse, less sociological, and is not represented in the social work knowledge. In domestic social knowledge, approaches to this problem are just beginning to take shape, and here we can distinguish M.S. Kuropyatnic's work [2,11]. We will consider the encapsulation of social work in relation to the professional knowledge institutionalization processes and technologies at the change stages as a client, with its specific needs, as an environment that will change its historical forms, and models of assistance that change from the socio-political, socio-economic and technological context, at this point the "digital context".

2. THE ENCAPSULATION PECULIARITY OF CLINICAL SOCIAL WORK IN RUSSIA AT THE PRESENT TIME

The encapsulation of domestic clinical social work takes place at a rather peculiar moment, which was originally designated by the philosopher M. Bakhtin, when the past is over, and the present has not yet come, this period he designated as "a timeless gaping". [2] It is this situation that we believe determines the "chronotope" of the modern model of clinical social work in modern Russia. Its meaning is that with the reduction of social service models, due to the reduction of funding for the number of state support priority groups, the range of individual social work models is expanding on the basis of increasing customer requests, which leads to the activation of the private sector of social services. The process of encapsulation of domestic social work differs significantly from the similar Western model, although there are numbers of system features, which we will focus on later, they allow us to talk about the system characteristics of the clinical social work encapsulation processes. The clinical social work encapsulation processes in Western civilization, the formation of the clinical matrix, were due to the expansion of the practice, which was formed as a certain model, implemented in various fields: social, health, psychiatry, education. Throughout the twentieth century, the clinical social work paradigm was formed on the basis of various factors and environmental conditions. Among the most significant may be noted:

1. clinical technologies development in the framework of social work's practical medical model;
2. clinical practices design of social work in health care and psychiatry;
3. psychoanalysis impact on diagnostic and technological tools of social work

Since the beginning of the twentieth century, spontaneous practices of individual assistance, thanks to professional discussions and developing approaches in the framework of scientific and practical schools, began the shaping of certain support to the needy models. First of all, it is necessary to talk about the medical model of M. Richmond, who considered the individual practice of care as "clinical practice of social work". At the same time, various technologies of assistance were implemented in this model, which were not limited to the client's social problems, but the focus was on working with people who had various addictions, as well as "suffering from mental disorder, dementia." Expanding the practice, social workers improved diagnostic methods and clinical technologies of customer support [18]. It is the medical model of social work that will give impetus to the development of clinical interventions in the second half of the twentieth century. It will allow to expand approaches to different problem fields of the client, provide an opportunity for professionals to solve the problems of social functioning, complicated by various functional limitations: mental, physical, communicative, behavioral, sensory and others. Models of solving Problems H. Pearlman (1957), psychosocial Model F. Hollis (1964), functional model Smalley (1967), gave a kind of impetus to the design of individual approaches in clinical social work [3,9,15,]. The process of formalizing the clinical social work practice as an independent activity was influenced by the work with the case in health care and psychiatry institutions. This practice was widespread in the first third of the twentieth century, it gave impetus to the organization of specialized training programs for specialists in these areas, which had an impact on the further design of the theory and clinical social work technology. According to foreign researchers, such figures as M. Jarret, J. have played an important role here. Addams and E. Abbott [4,25]. E. Abbott paid much attention to the training of clinical social workers. Their hands-on educational activities it has implemented in the University of Chicago. According to H. Northen, the researcher is one of the first to introduce the term "clinic" in relation to individual, group practice in social work [14]. In addition to the changing models of practice, the institutionalization processes of clinical social work were greatly influenced by the concepts of Z. Freud, who determined the technological

specifics of working with a client with various social and mental problems. Psychoanalysis allowed social workers to expand methods of assistance, not only at the expense of environmental resources. The idea of the unconscious allowed to understand the client's motivation and behavior, based on his psychodynamic development, which made it possible to use the method in psychiatric practice of social work, as well as to extend it to other areas of social workers [15]. In the XXI century clinical social work is one of the professional practice directions, which is aimed at supporting a person's biopsychosocial functioning in the environment of individuals, groups and family. Professional activity is based on prevention and work with various dysfunctions, disorders, including behavioral, emotional and mental disorders. The basic models that implement clinical social work, are: psychiatric model, medical model, development model, prevention and support model, integrative model [4,10,13,14,31].

3. THE RUSSIAN MODEL OF CLINICAL SOCIAL WORK WAS DETERMINED WITH OTHER ENCAPSULATION FACTORS

First, the encapsulation of domestic clinical social work was predetermined by the transformations of the social security model, which were caused by changes in the vectors of social development. The transitive society, the transition society from the Soviet model to the social model, on the basis of national consciousness, national, not universal values, determined the vector of its development in the new historical conditions. These processes led to the macro institutionalization context of clinical social work. Secondly, the clinical practice development of social work was influenced in a certain way by external economic sanctions, which activated the processes deinstitutionalization of residential institutions for children with disabilities, organizational measures to increase foster families, who have taken on patronage not only orphans, but also children with disabilities, accommodation for adults with disabilities in a normal environment, the social protection system reorganization, which included in its activities the work on the integration of persons with disabilities into society, based on the re-profiling of the work of health and education institutions that have moved into its system. These conditions determined meso conditions of institutionalization of clinical social work in a certain way. Third, the clinical social work development was influenced by the expansion of helping practice, which began to be implemented in specialized areas: work with families, social psychology, social rehabilitation and other areas. These conditions can be defined as micro-conditions of institutionalization of clinical social work. Taken together, these trends have determined the clinical social work development in Russia in the first third of the twentieth century. Macroconditions that are influenced the design of the clinical social work paradigm were associated with a change in the development vector of Russian society, the expansion of human rights. The policy of "new egalitarianism", defined equal opportunities for people with functional limitations, created conditions, on the basis of state programs and initiative civil society's social projects, for integration into the Russian community. Thereupon, the new historical stage of post-transitional societies development, the ruling Russian elites began their search for the integration of models in the logic of the search for "spiritual braces", not the cross-cultural competencies, search, communications, projections, joint activity, etc. that were observed in this period in Western world [17,30]. "The policy of new egalitarianism" defined the actors in the "socio-cultural construction" of the post-transitive society, they are the Churches of the main religious denominations and social organizations of civil society, which implemented the principles of equal opportunities, through models of social support. Folding models of support for vulnerable segments of the population went beyond the technology of social support and social security, developed in the public sector, they defined new vectors of development of social work, the essential basis of which was clinical practice. Confessional discourses of clinical social work are formed thanks to the registration in the parishes of the

ROC of the profession of a social worker, whose activities were directed in various directions: prevention, work with psychosocial dysfunctions, work with people with functional limitations, mental and behavioral disorders, etc. Social work in the parishes of the ROC, was carried out in various directions, among them are "clinical areas" is:

- support, strengthening and protection of the family, assistance to the elderly, the disabled, people suffering from serious diseases, the homeless,
- assistance to HIV-infected, poor, fire victims, migrants, families who lost their breadwinner, people in other difficult circumstances,
- persons suffering from drug or alcohol dependence, as well as other people in need of assistance.

The social service practice of the Russian Orthodox Church was carried out in the Russian Federation during this period in 18191 organizations, in the direction of social work clinical practice, it was presented:

- more than 400 projects to help people with disabilities,
- in 63 Orthodox churches and communities, work was carried out with deaf and deaf people,
- more than 200 Church help centers worked with drug-addicted clients, including the work was implemented in more than 70 rehabilitation centers,
- more than 500 Orthodox organizations helped the alcohol addicted clients and their families, including more than 60 rehabilitation centres and 300-Ah societies, fraternities and groups [1,22,26].

Thus, the confessional direction of social work contributed to the design of clinical discourses of the practice of domestic social work. Another area that is significantly influenced the theory formation and practice of clinical social work was the activity of socially oriented civil society organizations. Socially oriented non-profit organizations have expanded the range of their activities on the basis of changes in legislation through the law of April 5, 2010 № 40 - FZ. In accordance with this law, the social work practice has expanded in many regions of the Russian Federation. In accordance with the registry of SONKO, the organizations activities are distributed in various areas, including those that cover the professional activities scope of social work clinical practice:

- services for the rehabilitation and social adaptation of persons with disabilities (socio-psychological rehabilitation and habilitation);
- services in rendering social assistance to children, disabled people, elderly citizens, as well as their social support (provision of medical, psychiatric, social, psychological and pedagogical assistance to children in difficult life situations);
- services in psychological and pedagogical counseling, medical and social assistance to students experiencing difficulties in the development of basic educational programs, development and social adaptation;
- services providing medical and social support to persons suffering from serious diseases and persons in need of medical palliative care [21].

For example, just in 2016, 363 non-profit organizations were registered in St. Petersburg, receiving support from the Executive bodies of state power, implementing their activities in the direction of clinical care practice [23]. An important impetus for the activation of clinical-oriented social services, including non-profit organizations, was the Russian Federation President's decree of 01.06.2012 N 761 "on the National strategy for children for 2012-2017". The decree defined the strategies and programs of state structures and the non-profit sector in different regions for disabled children's rights protection, which covered various aspects of socialization, rehabilitation, integration and prevention.

This decree contributed to the expansion of clinical and rehabilitation practice, including in educational institutions, and not only social protection [27]. Meso-conditions determining the formation of domestic clinical social work can be associated with trends in the expansion of clinical practice, which determine the global and domestic processes deinstitutionalization of social institutions. Deinstitutionalization of social protection institutions, psychiatry, special education in the Russian Federation was determined not only by external humanitarian factors, such as the movement for the rights of persons with disabilities, the movement of non-institutional psychiatry, but also by internal factors such as:

- increasing disability among the population,
- economic sanctions that required the ruling elites to look for other social protection mechanisms not related only to social security models,
- shortage of labor resources that can carry out work in the field of social projects.

Consider one of the factors, which is meso level institutionalization of clinical social work children's disability. According to Russian statistics, from 2006 to 2017, there are trends in the growth of child's disability. If in 2006, 202.1 children were registered for 10,000 children, in 2017 there are 215,126 [28]. These data are correlated with regional statistics on children with disabilities, for example, in the field of RACE. For example, the Ministry of health of the Moscow region, was recorded in 2011, 487 children and adolescents with ASD, in 2015 it was recorded already 2683. According to the observations of the Kursk regional psychological pedagogical, medical and social support center the children's growth of this nosological group is planned. If in 2013 there were 24 appeals for help from parents, children with severe developmental disorders, then in 2016 there were 56. In the Krasnoyarsk region, according to experts, there has been a growth of children with ASD. "In 2014 and 2015, the growth was 40% (in 2014, 307 children with ASD, in 2015 — 432), and the primary incidence — 2.3 times (in 2014, 63 children, in 2015 — 144)...Krasnoyarsk region 339 children with ASD had a disability, which amounted to 78.5% of all children with this disorder" [29]. Children's disability is one of the conditions for the formation of clinical social work, because it defines a set of problems that can not be solved only within the "traditional models" of social work. Among these activity areas can be identified work on the psycho-emotional burnout prevention of parents raising children with disabilities, work on integration, socialization, support training, early professional orientation of children with disabilities. Work to support the independent living of boarding schools children-graduates, with complicated socialization and functional limitations, solving their problems of integration into society, solving their family problems, problems with employment, communication, economic, social problems, etc. All these activities, as well as others, define new vectors of clinical social work development. Micro factors of clinical social work institutionalization should be linked with the expansion of helping professions areas, when such professions were legally approved as Specialist in social work (the order of Russian Federation Ministry of labor and social protection of the of October 22, 2013 N 571n), specialist in work with family (order of the Russian Federation Ministry of labor and social protection of 18.11.2013 N 683n), psychologist in the social sphere (order of Russian Federation Ministry of labor and social protection of the of 18.11.2013 № 682n), specialist in rehabilitation work (order of Russian Federation Ministry of labor and social protection of the of 18.11.2013 № 682n). First, these standards have expanded the field of social work knowledge, which is no longer limited to the "difficult situations of human life" that require surgery, as a rule, these technologies were different types of social security. Secondly, these standards have identified various areas of human problems that went beyond social functioning. The standards fixed the provisions that human problems can accompany him throughout life, they can have bio-psycho-ethno-social conditionality, and this approach required the use of different types of diagnosis.

Moreover, the diagnosis should not be static, only at the beginning of interventions, but dynamic, allowing to assess the situation of the client in the long term, all this is reflected in the practice of helping professions. Third, in connection with the development of postmodern approaches in the social work theory, there was observed the interventions construction involving technologies from various fields of knowledge and practice: psychiatry, health, clinical psychology and neuropsychology, dialectology, rehabilitation and a number of other areas, which expanded both theoretical areas of knowledge and technological constructs.

Thus, the professional activities standardization in the social protection system, as well as the trends of transversal approaches to the human problems knowledge, formed at the microprocess conditions level for the institutionalization of clinical social work.

4. GENERAL TRENDS IN THE ENCAPSULATION OF CLINICAL SOCIAL WORK

General trends of encapsulation are caused by the development processes of the social work profession. One of the problems that arises in the process of new directions registration in any profession is the objective parameters allocation of their identity. And here, according to the researchers, there are two approaches or a distinction is made between the "identity of paradigmatic constructs", the types of specific interventions, or the line of differentiation is carried out on "specific areas of knowledge" [12]. However, the problem becomes more complicated when the paradigm of the profession is formed in the disciplinary matrices of its functioning, but it no longer "fits" within its borders in the existing challenges context. Therefore, it seems to us that it is necessary to develop explanatory concepts in the logic of other approaches that are adequate in this regard, as we see it, are the ideologies proposed by M. Foucault. Based on the ideas of M. Foucault about "dominant discourses", it can be noted that at a certain stage, in this case, the development of the profession begin to take shape dominant discourses that change the configuration of identity within the framework of the formed "professional cocoon", professional encapsulation [6]. The dominant discourses are determined by different sets of socio-historical factors, as we have seen on the different models examples of the profession encapsulation, which contribute to the localization of specific interventions, as well as the redesign of the labor force, professionals engaged in intervention, in relation to our problem, clinical practice. Clinical practice, as we noted above, is determined by the transformation of the labor force, the inclusion in its various sectors of the economy, while the current government authorizes new "forms of professional behavior", as well as segments of the market and social institutions, where "professional behavior innovative forms" are implemented. The legitimacy of the actions of professionals is provided by the "new game rules", which are established either by law, through a system of fixed norms and rules of action, or through a system of standards, fixed operations (system of competencies), or through the authorized practice of reproduction of knowledge. The government thus not only authorizes a new encapsulation, a professional cocoon, but also contributes, through the system of knowledge reproduction, the new discourses design of the subject language. Subject-specific language through a system of discourses, performative speech acts, according to John. Austin, captures emerging / established forms of intervention in the situation of "I-you-here-now", thereby contributes to the consolidation of a new configuration of professional identity [6]. On the other hand, the actions themselves repeatedly committed in the context of new communications, relations, institutional ties within the framework of professional interaction form a new design of professional identity. This was noted By H. Pearlman in the middle of the last century, when she analyzed the impact of psychoanalysis on the formation of individual social work: "Psychoanalysis began as a study, but turned out to be a therapeutic process. But mostly it is a theory of practice, repeatedly tested in the transactions process between the treating person and his patient or client. That is why the psychodynamic theory so readily formulates the principles of practice, why so easily translates in the practical Affairs direction.

This is probably one of the reasons why the individual case work development in their theory of practice happened earlier and easier than that other methods of social work [15]. It can be noted that there is a scientific differentiation of the existing knowledge. In the theory of social work, new scientific constructs are formed, which allow to comprehend the phenomena of the client's behavior, his problem complexes. In this regard, the clinical discourses of knowledge that have developed in other disciplinary areas are "appropriated" by academic social work. This is facilitated by the "inclusion" in the interdisciplinary communication interaction of social workers with other professionals who are "forced" to look for "alternative interdisciplinary" communication, allowing to understand the intersubjective interaction not only from the standpoint of "their subject knowledge", but also from the standpoint of "other knowledge". Thus, these trends of encapsulation determined the peculiarity of the formation of domestic clinical social work.

LITERATURE:

1. About principles organizations social works in Russian Orthodox Churches.
2. Bakhtin M.M. The forms of time and chronotope in the novel. Essays based on historical poetics// M.M. Bakhtin The questions of literature and aesthetics – M.:Painter. Lit..1975 - p.480
3. Briar, S., & Miller, H. (1971). Problems and issues in social casework. New York: Columbia University Press.
4. Carlton T. Clinical social work in health setting. N-Y , Springer, 1984
5. Chereneva E. A., E. A Volodenkova. Interagency model of organization system to help children with ASD in Krasnoyarsk region. Autism and developmental disorders 2016 Vol. 14 № 4 p. 220.
6. Foucault M. Knowledge Archaeology .The knowledge archaeology. SPb., Publishing house Humanitarian Academy 2004 p. 416
7. George A. Word as action // New in foreign linguistics. - Issue. 17 : the Theory of speech acts. M. 1986
8. Harris Perlman H. Social Work Method: A Review of the Past Decade. Social Work OCTOBER 1965, p.175
9. Hollis F., Woods M. Casework a psychosocial therapy. N-Y, Random House,1981
10. Kane R., Ouslander J. Essentials of clinical geriatrics. N-Y, McGraw-Hill. 1989
11. Kuropyatnic M. S. Cultural encapsulation: contexts and interpretations of sociocultural processes.Snt.-P., VESTNIK OF SAINT PETERSBURG UNIVERSITY, 2015. 12. 3 p. 141
12. Mackey Hazel. Do not ask me to remain the same': Foucault and the professional identities of occupational therapists/ Australian Occupational Therapy Journal (2007) 54, p. 95
13. Meyer C. Social work practice: The changing landscape. N-Y: Free Press., 1976
14. Norton H. Clinical social work. N-Y Columbia University Press. 1994
15. Perlman H.H. (1957), Social Case Work : A Problem Solving Process, Chicago.
16. Polyakova N. A.. Early assistance Service Formation of the regional center. // Education and training of disabled children 2017 No. 1 p. 17
17. Putin V.V., Russian Federation President V. V. Putin's message to the Federal Assembly 12.12.2012 [Electronic resource.] – Mode of access: <http://kremlin.ru/events/president/news/17118>
18. Richmond Mary Ellen. Social Diagnosis.1917p.9-10
19. Ruben J. Echemendia. Cultural Encapsulation /Key Words in Multicultural Interventions A Dictionary Edited By Jeffery Scott Mio, Joseph E. Trimble, Patricia Arredondo, Harold E. Cheatham, and David Sue. GREENWOOD PRESS Westport, Connecticut • London, 1999 p. 67-68

20. Salistaya, G.S. & Fomicheva, T.V. (2016) Social Phenomenon of Consumer Behavior in Contemporary Russia, *Contemporary Problems of Social Work*. Vol. 2. No. 4 (8). P. 30–38. DOI: 10.17922/2412-5466-2016-2-4-30-38.
21. Sarycheva I. A., Kochkina E. V. Interaction Model of Moscow Executive authorities with SONKO in the Federal Law implementation " About the basis of social services in the Russian Federation Confederations" M., 2017, p. 167
22. Statistics for social service of the Russian Orthodox Church.
23. Socially oriented non-profit organizations register - recipients executive bodies' state authorities of Saint-Petersburg 2016, gov . spb . ru ›static/writable/ckeditor/uploads
24. Sue, D.W. and S., Sue (1977). Barriers to cross-cultural counseling. *Journal of Counseling Psychology* 27:720–729; Pedersen, P. (1994). A handbook for developing multicultural awareness (2nd ed.). Alexandria, VA: American Counseling Association and ect.
25. Trattner W. From poor law to welfare state: A history of social welfare in America N-Y, Free Press.
26. The Number of Religious Organizations Registered in the Russian Federation, at the end 2017.
27. The Russian Federation President's decree of the of 01.06.2012 N 761 "About National actions strategy for children 2012 - about National actions strategy for children
28. The total number of persons with disabilities, by disability groups (1 January). Rosstat:"About National strategy of actions in interests of children on 2012-Health care in Russia - 2017..."On the National strategy of action for children for 2012
29. Valgepea A. A., Integration of children with ASD: major trends and issues. / Education and training of children with disabilities 2017 No. 2 p. 24
30. Vera E., Speight S. L. Multicultural competence, social justice, and counseling psychology: Expanding our roles //
31. Wittman M. Preventive social work. Encyclopedia of social work. NASW, 1977

MARKETING PLANNING IN SOCIAL ORGANIZATIONS IN A TURBULENT ENVIRONMENT

Maxim Chardymskiy

*Candidate of Economic sciences, associate professor of Department of Advertisement,
Marketing and Public Relations of Russian State Social University*

Mikhail Gundarin

*Candidate of Philosophical sciences, associate professor, chief of Department of
Advertisement, Marketing and Public Relations of Russian State Social University*

Igor Suchkov

*Professor of Department of Advertisement, Marketing and Public Relations of Russian State
Social University*

ABSTRACT

At the current stage of social and economic development, marketing is increasingly being used not only in the field of business, but also in the social sphere. To systematize and increase the effectiveness of marketing activities, it's necessary to carry out marketing planning. In the turbulent environment of the organization, marketing planning should be flexible enough to take into account the influence of variable factors. The article reveals the importance of marketing planning in socially oriented non-profit organizations under the changing conditions of their functioning, the essence, significance and features of marketing planning in the social sphere are examined, the structure and content of the typical marketing plan of organizations providing social services to citizens are described.

Keywords: *Marketing planning, social organization, turbulent environment, structure of the social organization marketing plan*

1. INTRODUCTION

Marketing as a management concept of the organization, as well as a set of tools for market research and impact on it is increasingly used not only in commercial organizations, but also in social organizations. This is due to the expansion of market mechanisms in the social sphere, the strengthening of competition in the markets of certain types of services, the need for successful fundraising. Methods and methods of marketing allow to attract target consumers of services to the organization, better to identify and satisfy the needs and demands of citizens in the field of social protection and social security, raise awareness and form a favorable image of social sphere organization [8; 10]. In order for the marketing activity of the organization to be continuous, systematic, comprehensive, it is necessary to carry out marketing planning on an ongoing basis. During planning the organization's activities, including marketing, it is necessary to take into account the factors of its environment. In this case, it's necessary to consider the factors of marketing environment of the organization. The analysis of the factors of the marketing environment allows the social organizations to adapt more carefully to the current situation in the services market, to predict changes in the operating conditions and to more smoothly adapt to them. As a result, marketing planning taking into account the factors of the marketing environment contributes to meeting the needs of customers in the best way and increasing the competitiveness of the organization. The marketing environment of an organization is a set of active actors and forces that affect the ability of the marketing service of this organization to establish and maintain successful cooperation with consumers and business partners [6].

The marketing environment of the organization is divided into external and internal environment. In turn, the external environment is divided into the macro environment of marketing and the market environment. The macro environment of marketing of social organizations includes such groups of factors as economic, political, legal, demographic, scientific and technical, national, sociocultural and natural. The organization can not influence these factors, but it must constantly consider them when planning marketing activities. e of certain groups of macro-environment factors on the activities of social-sphere organizations is different. In industries such as education, culture, social welfare, especially the strong influence of national and ethnic, cultural and religious factors. The sectors of consumer services, entertainment, government regulation is relatively small, so they are more noticeable impact factors of the market environment. Market environment includes such factors as market conditions, the level and nature of competition, the specificity of the main groups of consumers. The market environment of social organizations has the following characteristics:

1. limited development of market relations in industries that are on budgetary financing (education, health, social protection of the population);
2. low level of competition due to the presence of natural monopolies (housing and communal services);
3. the main subjects of the services market are small and medium-sized organizations.

The internal environment (microenvironment) of social organizations covers a combination of such factors as the hierarchical structure of the organization, the place of the specialized marketing services of the organization, management features, sources of information on the market activity of the organization, volunteers. The microenvironment of social organizations has the following characteristics:

1. implementation of marketing functions by the management of the organization in parallel with other management functions;
2. the important role of public bodies (supervisory boards and guardianship councils, parent committees, etc.) in the activities of many social organizations that are not part of the hierarchical structure of the organization;
3. a large dependence of marketing goals on the resource potential of the organization of the social sphere (the presence of an original market idea, its own know-how, good material and technical base, highly qualified personnel, the image of the organization, etc.).

In Russia the environment in which organizations operate is highly volatile. The turbulence of the environment with regard to social sector organizations is the frequent frequent changes in legislation, economic conditions for the functioning of organizations, the amount of financing and the procedure for allocating budgetary funds, and the expectations of consumers of the services provided. The inconstancy of turbulent environment factors, on the one hand, makes it difficult to plan marketing activities in terms of establishing and achieving target values. On the other hand, it is a definite guarantor of following the strategic vector of the organization's development, ensuring minimum acceptable socio-economic indicators for survival and with a favorable course of development of their maximization in comparison with normative values. In the conditions of turbulence the management of the organization is forced to promptly adjust the approved plans, to reorganize the work of structural subdivisions taking into account changing market requirements and other factors. Adaptation of the organization to the changing conditions of the turbulent environment is due to: changes in the objectives of the activity, development and introduction of new services, reengineering of business processes, restructuring, clarifying the motivation system, improving the skills of employees, changing organizational culture, etc. Therefore, top management should have a good vision, in which direction should the organizations develop, know the industry development trends, be open to

discussing new ideas, form a corporate culture aimed at innovation, expand the rights and capabilities of employees, increase staff motivation for work, have creative abilities. It should be remembered that changing each business process entails changes at all levels of organization management [4; 9]. Noting the role of influence of the turbulent environment let us turn directly to marketing planning in social organizations.

2. THE ESSENCE, MEANING AND FEATURES MARKETING PLANNING IN THE SOCIAL SPHERE

According to the authors of this publication, «marketing planning in the organization of the social sphere is an activity to develop marketing plans aimed at achieving the statutory goals of the organization of the social sphere, taking into account the capabilities of this organization.» In social organizations the marketing plan can cover a separate area of marketing activities (consumer research plan), a certain type of services (marketing plan for patronage services), a specific market or a group of consumers (marketing plan in Moscow and the Moscow region, a marketing plan for services for large families) or all marketing activities of the organization. In Russian organizations of the social sphere marketing plans usually are not separate documents, but are part of the organization's development plans or sections of business plans. Marketing as a whole is at the stage of origin in the social sphere of Russia. Although some domestic organizations have already acquired a rich experience of using it. Improved marketing planning is all the more rare in Russia and practiced in a small number of social organizations. The turbulence of the external environment is one of the factors that prevented the management of a number of non-profit organizations from planning activities, since their managers consider it inexpedient to plan under unpredictable results and to choose the best actions for achieving them. Taking into account the above, the problem of implementing marketing planning in Russian social organizations is very urgent. The value of marketing planning for an organization is as follows [1]:

1. marketing plans help to convey to the employees of the organization the idea of leadership;
2. marketing planning allows to accurately establish marketing goals and monitor their achievement;
3. marketing planning allows to avoid unnecessary actions that do not lead to the intended goals of marketing and the overall objectives of the organization;
4. marketing planning ensures a clear allocation of time and resources to the organization.

Marketing planning in social organizations has a number of features that distinguish it from marketing planning in organizations of other economic sectors working on a commercial basis.

The principal features of marketing planning in the social sphere:

1. The content of marketing plans - Marketing plans in business and social sphere organizations differ somewhat in content, which is caused by the nature of the products (services) produced, types of consumers, the composition of the marketing mix, sources of financing, etc.
2. Availability of marketing information - Marketing information about the services of social organizations, market players and the current market situation, necessary for the development of marketing plans, is more accessible than similar information in the business sector, since it is more often found in open sources. Consequently, social organizations are easier and cheaper to collect data prior to marketing planning [2].
3. Organization of marketing activities - Since marketing planning is inextricably linked with the organization of marketing, it should be noted that in the social sphere, marketing services are rarely created. Depending on the management structure, marketing functions in them can be performed by the information service or the public relations service,

managers and specialists of other structural divisions. To perform complex and time-consuming planned activities that require high professional qualifications, social organizations can apply to specialized marketing firms if they have the necessary funds.

4. Evaluation of the results of marketing activities - There are significant differences in the evaluation of the implementation of marketing plans in social organizations in comparison with business organizations. In these organizations, not so much economic as social indicators of the effectiveness of planned marketing activities are estimated.

Thus, marketing planning in the social sphere to some extent covers all system of marketing management.

3. THE STRUCTURE OF THE MARKETING PLAN IN SOCIAL ORGANIZATIONS

The structure of marketing plans can vary significantly. It depends on the type of marketing plan, as well as on the specific preferences of the developers. However, all marketing plans have a number of general provisions, formulated in a certain logical sequence. The structure of the standard plan for marketing the organization of the social sphere is set forth in the book of PH. Kotler and N. Lee «Marketing in the Public Sector» [6]. Summarize this marketing plan structure in Table 1 and then give a more detailed description, making some changes and additions that seem appropriate to the authors of this publication.

Table 1: The structure of a typical marketing plan for the organization of the social sphere

№ p/p	Section title	Content
1	Annotation	The main goals and recommendations of the marketing plan.
2	Situational Analysis	Problems of organization, SWOT-analysis, the level of competition, the results of previous marketing plans.
3	Marketing goals and objectives	Goals of marketing, objectives for creation a marketing mix.
4	Target consumers	Main groups of consumers, profile of the target consumers, benefits and obstacles to the use of services.
5	Positioning of the organization	Ways of positioning the organization.
6	Marketing mix	The marketing mix for services by the 4P model: product (service), price, place, promotion.
7	Marketing program	List of planned measures on the basis of the marketing mix.
8	Marketing budget	Cost of marketing, the amount of revenue growth and cost savings.
9	Method of evaluation	Indicators and methods for assessing the effectiveness of the marketing plan.

As can be seen from Table 1, the standard social organization marketing plan includes 9 sections. Let's sequentially characterize each section of the marketing plan.

3.1. Annotation

This section provides the main objectives and recommendations included in the marketing plan. This is an introductory section addressed to the top management of the organization, and sometimes to investors or sponsors, for a brief introduction to the content of the document.

3.2. Situational analysis

It contains the initial information for drawing up the following sections of the marketing plan: organization problems, SWOT analysis, the level of competition, the most important results of implementation of previous marketing plans. The marketing plan highlights the problems of the organization, both related to its statutory activities, and those that are directly in the field of marketing. Examples of problems facing social organizations include: deterioration of the health status of the population in the served territory, an increase in the number of road accidents, low legal literacy of young people, a reduction in the consumption of services provided, the possibility of introducing a new social service to the market, etc. SWOT analysis involves the analysis of strengths and weaknesses of the organization, market opportunities and potential threats. Evaluation of the level of competition is to identify other organizations offering similar social services or substitute services in the target market, determining their market positions, development strategies, advantages and disadvantages of statutory and marketing activities. The results of implementation of previous marketing plans include a brief description of the main marketing activities, an analysis of the results obtained, shortcomings in marketing activities and the corresponding conclusions.

3.3. Marketing goals and objectives

There are formulated goals and corresponding targets established for the duration of the marketing plan. The goals of marketing should be aimed at solving the organizational problems specified in the plan, coordinated with the mission of the organization and the overall objectives of its activities [5]. The setting of marketing goals, as well as the overall goals of the social sphere organization, should be based on the needs of the population. In practice organizations providing social services often aim at providing strictly limited services, forgetting the priority of the needs underlying them. Thus, the marketing goals in the organizations under study should be formulated in terms that characterize the volume, dynamics, degree of satisfaction of certain needs, and not just the form of their satisfaction through specific services. Generalized marketing goals in social organizations can be: changing public behavior of people, increasing the level of consumption of services provided, achieving high satisfaction with the services provided by citizens, expanding the range of services, etc. More specifically, the first two of these marketing goals can be formulated as follows: a readiness to assist disabled people in public transport in 40% of able-bodied citizens, 8000 visits to a dental clinic per year for routine oral prophylaxis. Note that the purpose of marketing social organizations formed under the influence of environmental factors. The higher the turbulence of the environment, the more and more changing marketing goals of the organization. Marketing objectives are determined as a result of study of the marketing mix for services provided by organization, which will be discussed below.

3.4. Target consumers

The main groups of consumers (target market segments) are selected, on which the activities of the organization are oriented, a profile (description) of the consumers of each group is drawn up, and the benefits and obstacles of consumers for using the provided services are determined.

Target consumers are allocated using the signs of segmentation, which include several groups: geographic, socio-demographic, economic, psychographic, behavioral. A typical customer profile depends on the type of service. So the main consumers of vocational education services are graduates of general education schools, as well as older persons wishing to obtain a second higher or secondary vocational education. Consumers of social protection and social security services are mainly citizens who for one reason or another found themselves in a difficult life situation. The main consumers of such services are persons of incapable working age, poor citizens, disabled people, victims of natural disasters, man-made accidents, military conflicts, terrorist acts, political repression, violation of civil rights. Benefits and obstacles for using the services of social organizations are determined both by formal criteria (age, income level, disability, etc.), and by conducting marketing research of potential consumers [10].

3.5. Positioning of the organization. It consists in the definition and presentation to target consumers of the desired market position that the organization wants to take to ensure a high level of competitiveness. Positioning is carried out in different ways, expressing any competitive advantages of the organization in comparison with producers of similar products (services). The main ways of positioning social organizations in the target segments of the services market include: satisfaction of special needs and needs of citizens, individual approach to consumers, high level of service, comprehensive provision of a package of services, affordability of services, preferential cost of services for certain categories of population, high qualification of staff, a good material and technical base, wide popularity and public recognition of the organization's achievements. Positioning the organization of the social sphere depends on the resources of this organization, and mainly on its competitive advantages. Typically, the positioning is performed on the basis of two or three competitive advantages that make it possible to determine the best position the organization in the market in relation to competitors.

3.6. Marketing mix

Assumes the formation of a set of marketing tools, through which the organization seeks to meet the needs of citizens and manage the demand for services provided. Marketing mix for services provided by social organizations, it is logical to present in the form of a classic model 4P, which includes the following elements:

1. product (services): name, order of service production, qualitative characteristics of services, service standards;
2. price: sources of financing services, price level, forms of payment, price strategy;
3. place: forms of service, place and time of services, conditions for the sale of services through resellers;
4. promotion: basic ideas of promotion, tools of service promotion, branding of social organizations.

Some features of the marketing mix for services of the organizations under investigation are as follows. The role of the package of services is played by the design of the premises where it is provided, its technical equipment, the form of customer service, etc. Reinforcement for the promotion of the service can be either a product or another related service (a lecture summary for a practical seminar, a free diagnosis before treatment). To monitor the quality of services, it is important to create a feedback system with consumers. The nature of the financing of the social organization influences the price level and the methodology of its development. Organizations financed from the budget or having sponsorship can provide services to consumers at no cost or at a price below market.

Organizations that do not have such sources of funding, provide services at prices set in accordance with their prime cost and market conditions. A widespread marketing approach in the market of services is price discrimination - the sale of services of the same quality, at the same cost to different buyers at different prices. Given the inseparability of production and consumption, the services of social organizations are usually provided by producers without intermediaries. In the case of inclusion of intermediary organizations in the distribution network they provide are not the services themselves and the right to receive ongoing services (tickets for concerts, theater performances, tickets for a haircut at reduced prices, etc.). To promote the services of social organizations can apply all kinds of marketing communications: advertising, personal selling, public relations, methods of sales promotion [3]. In connection with the characteristics of the external environment when planning advertising campaigns in such sectors as education, culture, health, it is necessary to skillfully combine the trends of internationalization of consumption and the specifics of inquiries in the markets of individual countries. In the Russian conditions, in this connection, it is necessary to take into account the regional peculiarities of consumption of services [2]. Many social organizations are characterized by low advertising activity due to high prices for advertising in the media, as well as unethical distribution of commercial advertising in the opinion of their leaders. Such organizations more often place advertising in the form of leaflets, small booklets, wall inscriptions and announcements. In the case of advertising in the media, regional TV channels, radio stations and periodicals are usually chosen, which is due to the territorial concentration of the market for most services. All-Russian advertising campaigns should be carried out only with the spatial nature of services (long distance and international transport, telecommunications), a wide network of branches (large banks and insurance companies), extramural customer service (distance learning) or high-profit organization. Personal sale as marketing communication in the social sphere is not a sale in the full sense of the word, which is explained by the inseparability of services from the source of production. Nevertheless, social organizations often resort to agitation in favor of the services provided through oral interviews with potential clients and the demonstration of indirect evidence of high quality of services (publications in the media, positive feedback from consumers, photographs, etc.). Many types of services of social organizations are more social than commercial, which makes it advisable to promote these services to the market through public relations. Public relations for social organizations is more attractive than advertising, and because of the lower cost, and sometimes even lack of payment for participation in certain events. Since the introduction of many types of services by social organizations is associated with changes in the life style of the population, it is first necessary to initiate and stimulate changes in behavioral patterns, which is achieved through various PR activities, including through the Internet media. A variety of methods of sales promotion are also widely used by organizations of the social sphere due to their relative cheapness [8]. Summarizing on this section, it should be noted that the marketing mix covers a huge number of marketing tools. In a turbulent environment, of course, they need to be varied when developing the next marketing plans, concentrating marketing efforts on different elements of the 4P model.

3.7. Marketing program

It is an ordered list of planned activities with an indication of the timing of implementation, responsible executors and the costs of each event. The marketing program is based on a set of marketing and previous marketing plans [9]. Activities included in the marketing program are grouped according to sub-sections depending on the marketing activities (marketing research, development of new services, promotion of services, etc.).

3.8. Marketing budget

The budget pays for the implementation of the marketing plan, the expected increase in the organization's revenues or cost savings. The marketing budget is developed according to the marketing program. Marketing costs include line-item costs for paid planned activities, current expenses for marketing activities of the organization, tax deductions, and a reserve of funds. In some activities, the cost savings of social organizations are partially achieved through tax benefits, which should be reflected in the marketing budget.

3.9. Method of evaluation

Assumes the definition of indicators and the choice of methods for assessing the effectiveness of the marketing plan. To assess the effectiveness of marketing in organizations of the social sphere, most often an approach is used, in which the effectiveness of marketing is characterized by a set of proper marketing goals or marketing activities without correlating the results with the resources spent. Efficiency as a return on costs, profitability in the social sphere is usually assessed in those industries where the conditions of a market economy are firmly established. The effectiveness of implementing marketing plans in the organizations under study can be estimated in three categories:

1. the effectiveness of products and processes (the effectiveness of promotional materials, incentive measures, etc.);
2. effectiveness of results (effectiveness of social campaigns, marketing activities of the organization, etc.);
3. the effectiveness of the impact (the effectiveness of solving social problems, impact on society, the environment, etc.).

The presented structure marketing plan may vary somewhat. In particular, the sections "Goals and tasks of marketing" and "Target customers" may be reversed. It is also possible to include in the planning document the section "Marketing strategy" [7]. If the developer wishes, other changes are allowed that do not violate the general requirements for the content and orderly sequence of the presentation of the material.

4. CONCLUSIONS

For the research of consumers, competitors, development and promotion of social services, the means, principles and methods of marketing are increasingly being used. Marketing activities in the social sphere in comparison with marketing activities in business have some distinctive features. Speaking generally, these features are expressed in the orientation of the organizations being surveyed rather to achieve a social rather than an economic effect. Accordingly, many organizations of the social sphere prioritize their activities to address important social problems. At the same time, a significant number of such organizations function in a fully-fledged market system and operate on a commercial basis. The operating conditions and management concept of each organization are mainly determined by belonging to one or another industry. An important role in determining the methods of financing is played by the position of the leaders of socially-oriented non-profit organizations. In a turbulent environment, the development and implementation of marketing plans are subject to more frequent and significant changes. In the social sphere, along with the economy, many factors of the external and internal environment of organizations are noticeably manifested. In periods of deterioration of the economic situation in the country and the strengthening of negative social processes, the achievement of marketing goals for non-profit organizations with limited resources is greatly hampered. Few in social organizations and marketing specialists. However, despite these difficulties, the need to apply marketing planning approaches in the social sphere organizations becomes obvious and is taken up by the leadership of hundreds of Russian organizations, the number of which is not so rapidly

but steadily increasing. Consequently, there is a growing confidence that attitudes towards customers of social services will become more attentive, their vital needs and needs will be better met.

LITERATURE:

1. Golubkov, E.P. Marketing for Professionals: A Practical Course: A Textbook and a Workshop. M.: Yurayt, 2014.
2. Gundarin M.V., Gundarina E.V. Advertising and PR-campaigns. Rostov n/D.: Phoenix, 2013.
3. Gundarin M.V., Chardymskiy M.G. Communication planning in a university // PR and advertising in a changing world: a regional aspect. 2017. No. 17. P. 76-86.
4. Ilyina O.G. The role of the leader in organization in conditions of turbulent environment. IV International distance scientific-practical conference «Scientific Forum: Economics and Management». URL: <https://nauchforum.ru/conf/economy/iv/18367>.
5. Kevorkov V.V., Leontiev S.V. Policy and marketing practice. M.: KONSEKO, 1998.
6. Kotler PH., Lee N. Marketing in the Public Sector / Trans. from English; Ed. S.G. Bozhuk. SPb.: Piter, 2008.
7. Kryukova E.M., Nakhratova E.E. Features of the development of marketing strategy in the sphere of services // Social policy and sociology. 2015. P. 14. NO. 4. P. 60-67.
8. Sinyaeva I.M., Romanenkova O.N., Sinyaev V.V. Marketing Services: Textbook for Bachelors. M.: Publishing and Trading Corporation «Dashkov & C^o», 2014.
9. Management of marketing: Textbook [Electronic resource]. M.: Unity-Dana, 2015. URL: <http://biblioclub.ru/index.php?page=book&id=114556>.
10. Chardymskiy M.G. Marketing research in organizations of the social sphere // Questions of economic sciences. 2014. No. 6. P. 26-30.

USA MUSIC AS A REFLECTION OF THE NATIONAL SOCIOCULTURAL VALUES

Marina Pereverzeva

*Russian State Social University, Russia
melissasea@mail.ru*

Natalia Anufrieva

*Russian State Social University, Russia
nata415485@mail.ru*

Anna Shcherbakova

*Russian State Social University, Russia
anna.68@list.ru*

Evgeny Anufriev

*Russian State Social University, Russia
evanufr@yandex.ru*

ABSTRACT

Object of research is the music of the USA considered from the point of view of national sociocultural features of the country. The work purpose is the short review of process of formation of USA musical culture in the context of the leading sociocultural principles. The scientific analysis of the historical, sociocultural and musical and art phenomena and processes which allowed to find cause and effect logic in formation and development of national features of the American music served as method of a research. Scientific conclusions about the major sociocultural values and the art and esthetic principles which predetermined specifics of music of the USA became results of work. Results can be applied in courses of the theory and history of musical art, world art culture at theoretical and performing faculties of conservatories, in musical and pedagogical universities and institutions of culture and arts. The scientific novelty is caused by the fact that authors found national peculiarities of musical art and the reason of their emergence; tracked communications of the American music with European and other continents; revealed the genres and styles which developed in USA music. The thesis that various traditions, closely interacting with each other became the main conclusion of researchers, they received new qualities and made a basis of the original phenomena of the American culture. At the same time the leading sociocultural principles – independence and freedoms – affected musical art of the USA which developed on the way of independence and freedom of traditions of the past in search of own national style.

Keywords: *USA Music, Sociocultural Values, National Style, Freedom and Independence, Traditions*

1. INTRODUCTION

USA Music as the American society and culture in general is relatively young phenomenon. The United States of America as the independent state originate since 1776 when 13 colonies of North America adopted the Declaration of independence of Great Britain. During its small historical way America endured two major events which defined the direction of its further economic, political and sociocultural development: war of independence (1775–1783) and Civil war (1861–1865). Both events became important in formation of norms of national public life, sociocultural orientations, national cultural wealth, the approval of democratic principles of the state.

The main sociocultural principles – independence and personal freedoms exerted impact on art of the USA which developed on the way of independence and freedom of past traditions in many respects. In America both the state system, and public customs, and religious beliefs, and art, literature, philosophy had the specifics. Problems of freedom, democracy, social justice and human rights were and remain one of main ideas for the American nation. Continuous inflows of immigrants from an international set in America were resulted by uniform, ethnically non-uniform and multicultural state. Immigration exerted impact on the ethnic structure of the population, history of development and the culture of the USA which developed traditions of the countries of Europe, Africa and also locals of North America. The USA united the European, Indian and African traditions, but the identity of the country consists in nonconventional ways of development of these traditions and non-European shape of culture in general including a set of the ethnic subcultures which formed qualitatively new whole in America.

2. METHODS

Scientific analysis of the historical, sociocultural and musical phenomena and processes serve as methods of a sociocultural research and art criticism allowing to find cause and effect logic in formation and development of national features of the American music. Formation of the USA culture happened in the conditions of interaction of the different not only national, but also racial customs, habits and traditions developing in close connection with each other. Immigrants, arriving in the USA, anyway, accepted Anglo-Saxon norms of public administration and the legislation, adapted to the orders which already developed in the country. "The immigrant, — according to the first U.S. President G. Washington, — has to assimilate with our customs, orders, laws and to make one people" [Chase, 1987, pp. 139]. Over time ethnocultural distinctions became less noticeable during socio-political association of the nations though in some rather closed ethnic communities (for example, Irish, Germans, Swedes, Norwegians) and also Indian reservations, despite assimilation, national traditions remained. "A variety of styles, schools and currents in music of the USA was promoted by internationality of traditions of the American culture. The non-standard and not typicality of musical thinking was characteristic feature of the music of the USA which appeared in the XX century that led to opening of new areas of creative activity and basic change of traditional ideas of art" [Pereverzeva, 2008, pp. 127]. And music as any other art played the leading role in process of maintaining national traditions of the different countries and continents peoples living in the States. Policy, history, economy, way of life, the legislation – all these promoted cultural "alignment" of the population of the state, however music thanks to the specifics became that area of the USA culture in which national cultural wealth, art traditions, the esthetic principles, features of thinking, attitude and outlook of the different people inhabiting the territory of North America were reflected and remained. Music was capable to reflect national features of the Italian, Irish, Austrian-German, Russian, African and other national art traditions which were found in America in common polycultural environment. National cultural wealth of immigrants continued development in music, but the main thing – it promoted maintaining national identity of the communities which laid the foundation of the multinational population of the country [Chertina, 2007].

3. RESULTS

American culture susceptible and open for the new ideas in a short time and accelerated rates passed several stages of formation and formation owing to its youth. Literature before other arts of the USA gained world recognition and showed those sociocultural principles of independence and freedom. In the 19th century romantic literature of the USA reached high level in which national features of American culture were reflected.

Transcendentalists wrote about moral feelings and creative potential of the personality in their works, trusting in boundless opportunities of moral improvement and attaching great value to communication of the person with the nature. "Golden Age" American philosophical thought came in the second half of the 19th century, in the period of blossoming of pragmatism. Puritanism and pragmatism were and remain the main not only philosophical, but also sociocultural principles influencing art of the USA [Hitchcock, 1988]. Music of the USA throughout several centuries was closely connected with the European traditions and searched for ways of its development [Hills, 2001]. During the formation the American musical culture carried on traditions of the English church, folk and secular popular music. The Puritan choral was the major genre in the 17th and 18th centuries, and many composers of the First Boston School led by U. Billings addressed to it. The 19th century presented to America several large composers, whose creativity was connected with the German romanticism and traditions of the French impressionism. The next stages of national musical culture development were connected with the birth of the original forms and genres based on synthesis of different national traditions. In the 19th century the minstrel show, spirituals, blues, ragtime, in the 20th century – jazz, gospel, country music, and musical which became the "business card" of American art culture. In the 20th century when every decade brought new artistic discoveries on both sides of the ocean, the musical culture of the USA endured unknown blossoming. Composers of the USA brightly proved in different spheres of music. It was connected with the development of performing art which began in the 19th century thanks to emergence of a large number of musical colleges and schools, choruses, brass and symphonic bands which reached high level by the beginning of the 20th century and capable to compete to the European collectives [Hall, 1996]. Opening of conservatories, musical faculties and departments of composition at the universities where the largest composers of the USA conducted creative and pedagogical work, opera theaters, musical libraries and societies promoted activation of pedagogical, performing, musical and educational and composer activity. The original way of development of the American music was defined in many respects by plurality of style sources, wealth and variety of cultures. Throughout all this way Americans in their composer and performing creativity adjoined to the European traditions which were fundamentals of professional music of the USA. At the beginning of the 20th century masters of the European art took part in musical life of the USA. Americans had an opportunity to enrich their music with the latest developments of the modern art that gave a special impulse to development of composer school. Elements of the French impressionism, Italian Verismo, neoclassicism, the art and esthetic principles of "French six" and compositional methods of the New Vienna School got into music of the USA as a result of interaction of the European and American cultures. The twelve-tone technique was temporary hobby for one musician; the others addressed it consistently throughout all their creativity. I. Stravinsky's compositions also attracted huge interest of the young American composers who were writing music for choreographic performances (the classical ballet, modern dance) and continued developments in the field of a rhythm and a timbre.

4. DISCUSSION

The identification problem of national peculiarities of the USA music is relevant still even in America. The dispute of culture experts, art critics, and sociologists does not result scientists in a consensus. Let's try to observe process of formation of national American music which result was original phenomena of country culture. National features of the American music did not become an object of a research and musicologists of the USA.

4.1. Formation of national music

American music found own ways of development since the end of the 18th century the, for example, in such genres as the Puritan anthem, the household song, dance, march and music for wind bands. At the end of 19th and the beginning of the 20th century when purely American phenomena with their unique art originality gained distribution, orientation to the European music stopped being unconditional. As V. Konen notes, these phenomena "remained long time unnoticed and residents of the United States" [Konen, 1977, pp. 4]. Moreover, "the American musicians later, than Europeans recognized the value of these original-national creative types" [Konen, 1977, pp. 5]. But from the beginning of the 20th century in the American music development there comes the period of formation of national musical traditions. Then, as V. Konen notes, "independence of searches not so much making a start from the European models as dictated by real acoustical experience of the own-American musical environment" [Konen, 1977, pp. 332] becomes one of the main tendencies in development of the American composer creativity. Increase of interest of many American composers to traditional music of the different, inhabiting America nationalities and appeal to the English Celtic, Indian, Afro-American and Creole musical folklore is explained by it [Goldberg, 1988]. Vigorous research activity of the famous American folklorists (A.K. Fletcher, C. Sharp, A. Lomax, and H. Cowell) was in the first half of the 20th century. Almost all large composers of the first half of century collected and investigated folk music of the USA. The internationality of the American culture caused the variety of styles, schools and currents characterizing music of the USA of the 20th century. "The multicolor international structure, selectivity of traditions, brave conquest of the not closed art space kind of mastered anew are peculiar to young and impudent American culture" [Pereverzeva, 2007, pp. 93–94]. The American composers looked for new ways of musical development, and many of them preferred the principles of traditional music of the countries of the East to the technique and esthetic principles of the Western European art, and their interest defined a career of many sociocultural figures of the USA. The first decades of the 20th century were the richest in opening in the history of the American music [Hills, 2001]. In 1927 the first sound film appears. Many composers, for example, A. Copland, R. Harris, V. Thomson and others, wrote music to art and documental films. Jazz is widely adopted after World War I thanks to L. Armstrong, D. Ellington, B. Goodman and other performers. In the 1920th constant opera theaters and symphonic orchestras which heads were outstanding conductors A. Toscanini, S.A. Koussevitzky, L. Stokowski and others were created in Chicago, New Orleans, Boston and other cities. In the "roaring" 1920th and "red" 1930th years, despite trouble times, in the period of the Great Depression (1929–1933) the American music was supported by the program of the Roosevelt's Federal project created within "A new course". The musical theater develops in the USA, musical folklore is investigated, and concerts of choral and symphonic music are held thanks to this program. Since the end of the 1920th years radio programs with classical and folk music begin to be broadcast through the whole country.

4.2. Blossoming of music of the USA of the XX century

American musical culture enters the culmination period of blossoming between the First and Second World Wars. Such composers as U. Shuman, J.C. Menotti, U. Piston, R. Sessions, U. Rigger, S. Barber, E. Sigmester, later M.B. Bebbitt, L. Bernstein, L. Foss, R. Li Finney, A. Hovhaness, and the next generation J. Cage, E. Carter, J. Crumb and many others act on the world musical scene [Pereverzeva, 2007]. Musical genre and country style are formed in the first half of the 20th century; parallel to these phenomena opera, symphonic and piano performance actively develops in America. Also there take place numerous concerts of the European performing musicians, music education is reached high level, orchestras, ensembles and choruses propagandizing modern music of Europe and America are formed at musical colleges and the universities, amateur collectives and singing schools were opened.

Several dozens of professional symphonic orchestras, ballet and opera troupes, jazz big bands and choruses worked in New York, Boston, Philadelphia, Cleveland, Chicago and other large cities of the USA to the middle of century. Music of the USA of the second half of century is characterized by an unprecedented variety of style tendencies and currents, sometimes mutually exclusive, but coexisting with each other. Along with development of traditions of the first half of the century composers of the second half were engaged in search of new art concepts and musical language and also continued synthesis of different methods of the composition. The twelve-tone technique was at top of its development when the graphic, electronic and magnetic tape music, chance music, aleatoric and sonoric music, and then minimalism, happening, multimedia, instrumental theater and many other things acted on a vanguard scene. Experimentalists brightly declare themselves with his special art and esthetic aspirations and criteria of art. Experimental art was peculiar to the American culture in general and the innovative orientation characterized works of the different composers working in the first and second half of the century, but in the middle of the century search and opening absolutely new in music became a main goal of creativity for a number of composers and brought to qualitatively others innovations in comparison with music of the first half of the century, having noted the beginning of the second wave of vanguard. According to J. Rockwell [Rockwell, 1983], the most influential figures of the American music of the second half of the 20th century were: M. Babbitt and his colleagues as the leaders of musical rationalism relying on traditions of the new Vienna school [Gavrilova, 2005]; "ancestor of experimental art J. Cage" and his followers [Pereverzeva, 2006, pp. 3]; G. Schuller as the representative of the "third stream" based on a combination of jazz and classical music; one of "intellectual composers of the USA E. Carter" [Pereverzeva, 2007, pp. 267]; at last, composers-minimalists and authors "developing multimedia art and different types rock and pop music connected with youth movements" [Pereverzeva, 2008, pp. 146]. Each of innovators of the second half of the century possesses opening in the field of a sound, a rhythm, a form, composition methods, etc. The beginning of the 1950th years was marked by the first experiences of Americans in the field of electronic music. Creative activity of the USA composers led to blossoming of electronic music of the USA in the second half of the century in M. Subbotnik, R. Ashley, G. Mamma, D. Berman, L. Cross's creativity. Electronic studios and the centers supplied by the modern equipment were created at the USA universities. Dialogue with traditions of the European art continued along with innovative tendencies in the American music of the second half of the century and developed out of the art system characterizing this historical period with all its opening in the field of musical language and compositional technique [Rich, 1995]. Some composers of the USA working with John Cage and other experimentalists went in other, not vanguard direction, and addressed to tonal harmony, traditional genres of the Western European music and other phenomena of the past, which they interpreted them in a new way and synthesizing the principles of art of 19th and the 20th centuries [Historicism, 2001]. A number of the works which are not relating to vanguard of the second wave forms some kind of "traditionalist" line – "mainstream" of the USA composer creativity [Howard, 1965]. It is possible to carry to this line R. Finney, L. Foss, B. Johnston, R. Shapey, R. Reynolds, Ch. Dodge, J. Druckman, J. Levinson and others [Thomson, 1971].

5. CONCLUSION

The concept of the national features of the American music is wide and multiple-valued that is caused by unique features of culture of the country having multinational roots. An infinite variety of incompatible traditions, despite their distinctions, form certain whole in America. But these traditions were not just moved to the North American continent from other parts of the world. They, closely interacting with each other, "gained new qualities and made a basis of the original phenomena of the American culture which found reflection in works of the USA

composers" [Pereverzeva, 2008, pp. 152]. Certain sort "eclecticism" was peculiar to the American culture in general, and it was shown long before formation of postmodernism. Synthesis of various types of thinking was characteristic for the folk music of the USA developing in the conditions of close contact between different ethnic groups. Thanks to selectivity of traditions, the Americans freely addressed these or those phenomena of world musical culture and worked in the most different directions, not so "equaling to Europe" as deriving inspiration from own sound environment and keeping national identity in various musical genres and styles of the USA. The leading sociocultural principles – independence and personal freedoms – affected musical art of the USA which developed on the way of independence and freedom of traditions of the past in search of own national style.

LITERATURE:

1. Gavrilova, N. et al. (2005). *Istoriya zarubezhnoy muzyki. XX vek: Uchebnoye posobiye dlya studentov vuzov*. M.: Muzyka.
2. Konen, V. (1977). *Puti amerikanskoy muzyki*. M.: Sovetskiy kompozitor.
3. Pereverzeva, M. (2006). *Dzhon Keydzh: zhizn. tvorchestvo. estetika*. M.: Moskovskaya gosudarstvennaya konservatoriya im. P. I. Chaykovskogo.
4. Pereverzeva, M. (2007). *Muzykalnaya kultura XX veka: Uchebnoye posobiye*. M.: Moskovskaya gosudarstvennaya konservatoriya im. P. I. Chaykovskogo.
5. Pereverzeva, M. (2009). Multikulturalizm v amerikanskoy muzyke XX veka. L. Mikhaylova. *Materialy XXXV mezhdunarodnoy konferentsii Rossiyskogo obshchestva po izucheniyu kultury SShA «Plyuralizm v kulture SShA: literatura. istoriya. iskusstvo» 11–18 dekabrya 2009* (149–158). M.: MediaMir.
6. Pereverzeva, M. (2008). Osnovnyye tendentsii razvitiya avangardnoy muzyki SShA v tvorchestve kompozitorov vtoroy poloviny XX veka. M. Pereverzeva. *Muzyka SShA: voprosy istorii i teorii. Muzykalnyye peyzazhi Ameriki* (Vyp. 1) (127–152). M.: Moskovskaya gosudarstvennaya konservatoriya im. P. I. Chaykovskogo.
7. Chertina, Z. (2007). Dilemma SShA v XXI veke: plavilnyy kotel ili multikulturalizm. A. Petrov. *200 let rossiysko-amerikanskikh otnosheniy: nauka i obrazovaniye: sb. st.* (137–147). M.: OLMA Media Grupp.
8. Chase, G. (1987). *America's Music From the Pilgrims to the Present*. Chicago: University of Illinois Press.
9. Goldberg, R. (1988). *Performance Art from Futurism to the Present*. New York: Thames and Hudson Ltd.
10. Hall, C. (1996). *A chronicle of American music 1700–1995*. New York: Schirmer Books.
11. Hamm, C. (1983). *Music in the New World*. New York: W. W. Norton & Company.
12. Hills, P. (2001). *Modern Art in the USA. Issues and Controversies of the 20th Century*. Upper Saddle River: Prentice Hall.
13. Historicism in New American Music, 1980–1995. (2001). *Contemporary Music Review*, 2001 (Vol. 20, issue 4), 3–138.
14. Hitchcock, H. (1988). *Music in the United States: A Historical Introduction*. Englewood Cliffs: Prentice-Hall, Inc.
15. Howard, J. (1965). *Our American Music: A Comprehensive History from 1620 to the Present*. New York: Thomas Y. Crowell Company.
16. Mellers, W. (1987). *Music in a New Found Land: Themes and Developments in the History of American Music*. New York: Transaction Publishers.
17. Nyman, M. (1974). *Experimental Music: Cage and Beyond*. New York: Schirmer books.
18. Rich, A. (1995). *American Pioneers: Ives to Cage and Beyond*. London: Phaidon Press.
19. Rockwell, J. (1983). *All American Music: Composition in the Late Twentieth Century*. New York: Da Capo Press.

20. Thomson, V. (1971). *American music since 1910*. New York: Johnson Reprint Corp.
21. Scherbakova, A.I. & Shibanova, A.A. (2017) Formation of the Performance Culture of a Traditional Singer As a Pedagogic Process, *Contemporary Problems of Social Work*. Vol. 3. No. 1 (9). P. 103-110. DOI: 10.17922/2412-5466-2017-3-1-103-110.

HIGHWAYS ECO-DESIGN WITHIN THE CONTEXT OF SUSTAINABLE DEVELOPMENT OF THE SOCIALIST REPUBLIC OF VIETNAM

Dao Thi Chung Thuy

Peoples' Friendship University of Russia (RUDN University), Russia, Vietnam

Elena Latushkina

*Russian State Social University, Russia
elena_latushkina@mail.ru*

ABSTRACT

The development of modern road transport is an indispensable trend in the world. Vietnam is a developing country where the infrastructure is constructed, including road transport; this is an urgent and important requirement for the sustainable development of a particular country. These are mountain areas, border gates and roads connecting national borders, including Highway 217, which connects the border with the People's Democratic Republic of Laos and Highway 1 in Vietnam. Many Government of Vietnam strategies mentioned the role of the community in social and economic development in general and in development of the road transport, in particular. However, its implementation and application in practice is very limited. In order to work towards the development of the road system for sustainable regional Highway 217 the community participation should be integrated in all stages of the implementation of transport systems for the road networks development plan on the regional Highway 217.

Keywords: *Vietnam, Highway 217, communities, road traffic, sustainable ecosystem, road networks*

1. INTRODUCTION

The sustainable regional development is now largely associated with the development of road systems. The construction, reconstruction and operation of highways have a negative impact on the natural environment, health of population living near roads, but contribute to the positive economic growth of urban areas, affect the population welfare, allow for communication between human settlements. The emerging worldwide trends towards green building and green economy require the highways to be treated not only as an abiotic environmental impact, but also as the abiotic component of ecosystems of anthropogenic origin. The ecosystem approach is quite widespread in the world. In accordance with this approach, a comprehensive assessment of a manmade facility impact on natural ecosystems and human population is carried out at each stage of its life cycle, and a system of measures to minimize the negative impact and ecological footprint is developed (CBD, 2004; Davenport и Davenport, 2006). The Vietnam national report to the United Nations Conference on Sustainable Development (Rio + 20, June 2012) noted that the process of implementing the concept of sustainable development in Vietnam is a process of participation and interaction of all stakeholders, including the government, civil society and business community, public and private sectors of economy. Highway 217 of the Socialist Republic of Vietnam is a socially and economically significant link in the sustainable development of the country. Highway 217 crosses Vietnam from West to East from the village on the border with Laos, Na Meo, to Highway 1 in Ha Trung, it provides a link between localities of five districts (Ha Trung, Vinh Loc, Cam Thuy, Ba Thuoc and Quan Son), located in the province of Thanh Hoa. To date, there is a significant need to reconstruct and restore the roadway, to carry out the construction work on the highway expansion, create a new and effective road infrastructure for the sustainable development of the region.

The scheduled activities will require the withdrawal of forest and agricultural land, cutting down trees and shrubs, relocating the families, whose homes are near the highway, destructing the farms. In addition, it will cause habitat fragmentation, division of many animals and birds populations, and natural landscapes degradation.

2. METHODS

The study consisted of field, laboratory and desktop works adopted for this kind of environmental surveys. Achievement of the outlined objectives was in accordance with the requirements of international standard ISO 14000. The research program was based on the following approaches. The first approach was based on common interests (a community-based approach – CBA). This approach is a model of resources management for the environmental project implementation, i.e. the construction, rehabilitation and reconstruction of Highway 217. According to Colchester, 1995 and USAID-EHP, 2003, this is a “bottom-up” approach; there is a reallocation of obligations between all stakeholders to ensure the implementation of the environmental project according thereto. All stakeholders can influence the management decisions; each party is engaged in search and mobilization of resources to ensure the implementation of the project, costs reduction, economic efficiency while maintaining the quality of the environment and biodiversity, and improving living standards. The second approach is the ecosystem approach (ecosystem/ecosystem-based approach – EBA). The basis for it is a strategy for natural resources management (lands, landscapes, water bodies, surface and groundwater, air, soil, biota) in order to promote the sustainable development and efficient use of these resources. The ecosystem approach builds on complementary ecological principles (Smith and Maltby, 2003). Its practical implementation aims to identify the stakeholders, to study the structure, functions and possibilities of ecosystem management, to consider the issue on economic level, to provide spatial-adaptive and adaptive management of urban areas for a long time (Smith and Maltby, 2003; Shepherd, 2004). The ecosystem approach allows considering the society and natural ecosystems to be the stakeholders from the standpoint of human dominance in the ecosystem. (MEA, 2005). The way to achieve sustainable development of Highway 217 location region shall be preservation of natural resources, economic use of the territories taking into account their technology intensive nature and non-violation of natural and technological potential. According to the ecosystem approach, the anthropogenic facility Highway 217 should be organically integrated into natural ecosystems; any environmental aspects arising at all stages of the highway life cycle should be reduced to minimizing the impacts on natural objects (Dolan, 2004; Dolan and Whelan, 2004; Davenport and Davenport, 2006).

3. RESULTS

According to the decision of the Government of the Socialist Republic of Vietnam, 2025 is a year of completion of the construction works on Highway 217 and its full commissioning. A limited funding for the project should be referred to some identified social and economic problems that may arise during the design and construction phase. Due to a gradual nature of the construction works, different sections of the road will be restricted to traffic. This will lead to a decline in business activity and reduction in trade between the communities located near the highway, Vietnam, Laos and Thailand, in the absence of bypass routes. The road vehicles used by people on poorly equipped rural roads will increase the number of road accidents and victims. There will be traffic jams. The withdrawal of agricultural land for construction will reduce the number of livestock and poultry and lead to harvest losses. The resettlement of communes to remote areas will be associated with household difficulties for the people and destruction of the existing infrastructure along Highway 217. The commissioning of the highway will cause a risk of deterioration of air quality in a zone of the linear source impact,

mainly due to the increase in traffic. The analyzed state statistics data allows us to expect an increase in traffic by 1.63 times by 2025 and 2.47 times – by 2035, as compared to 2015. Air pollution, increase in noise levels are the integral components of the roads operating. Measurements of dust content in atmospheric air samples taken near the existing Highway 217 in 2015 and 2016, showed the excess in state standards in the range from 1.06 to 1.23 times. These exceeding values were recorded at the intersection with Highway 1, to the west of the intersection of Highway 15A, in the centers of Vinh Loc and Ha Trung cities, that is, in places of traffic jams. This means that the highway operation will require managing the traffic, which will prevent the occurrence of traffic congestion, including introduction of the requirements of being in a traffic jam with the engine switched off unless the traffic permitted. This requirement will reduce the level of noise, gas contamination and dust in the air. Vehicles and fuel filters of low quality lead to emission of polluting substances in atmospheric air. In this regard, a state support and scientific and technical developments aimed at improving the quality of fuel and exhaust gas capture are required. The measured level of noise pollution on sections of national Highway 217 is between 63.6 and 78.9 dB, which does not exceed norms established by the Vietnamese national standard. At the same time, there was an excess of the permissible value allowed by QCVN26: 2010/BTNMT, by 1.05 and 1.13 times, respectively, noted at the intersection of Highway 217 with Highway 1A and Highway 45. The levels of vibration caused by traffic on Highway 217 are under the limits fixed by QCVN 27: 2010/BTNMT Vietnam. In addition, they use a chainsaw for cutting down forest and shrubs during the construction of Highway 217 sections. The noise level measured at a distance of 15 m from the operating equipment is 82-85 dB. The noise level of blasting operations is 120 dB at a distance of 15 m from the source and 75 dB at a distance of 1900 m from the source of the explosion. Radius of a shock wave exceeds 50 m with explosives of one kilogram. There is no shielding during the renovation and construction in order to save funds. Constant and sudden noise causes some behavioral disorders in cattle and wild animals, birds cease to nest and breed. In this regard, it is necessary to search for additional funds for installation of some mobile screens. Analysis of geo-ecological situation allowed locating the landslides risky areas. It should be noted that three-quarters of the highway length are located in a mountainous area with difficult terrain. Landslide processes are specific to such areas. The probability of landslides in the rainy season significantly increases. In this regard, it is necessary to strengthen the soil before the construction works. A quarter of the roadway passes through the flat terrain. Floods are an essential natural factor affecting Highway 217, which can cause washout and destruction of the roadway. In this regard, special engineering-geological solutions are required to strengthen the highway. The concept of creating socio-ecological and economic systems is widespread in the world. Its practical implementation requires a project environmental management, which implies a comprehensive environmental assessment and reduction of the ecological footprint in traffic development (CBD, 2004). Minimizing the ecological footprint involves decrease in the use of natural resources and the largest possible waste assimilation (Wackernagel and Rees, 1996). The problem of reducing the anthropogenic impact on the natural ecosystems is taken into account at the construction planning stage. In case of Highway 217, this is a choice of the road route. It is at this stage when they assess any environmental and geo-ecological conditions of the territories, their natural and production potential, the project technical and economic opportunities, socio-economic efficiency of the facility, environmental consequences and risks, social significance of the facility for the region. An important condition of the green road construction project is the creation of a socio-ecological and economic system in which the inevitable losses for geo-environment and biota will be compensated (Iuell et al., 2003; Forman and Alexander, 1998; Davenport, 2006; Forman et al., 2006). The ecological footprint is inevitable during the construction of Highway 217. The construction and operation of the highway will require the consumption and use of land, soil, water, air and energy resources.

In this regard, the ecological footprint analysis should become a main tool for the complex assessment of a manmade facility impact on the environment (Wackernagel and Rees, 1996) to preserve natural and semi-natural ecosystems of the region and its sustainable development. The United Nations adopted an action plan for the sustainable development in the twenty-first century. The Socialist Republic of Vietnam participated in Agenda 21, supported the plan and adopted an internal strategy for sustainable development of the country as a whole and its regions in particular. As a part of the Vietnam's road network development, they have developed main criteria and indicators (Table. 1).

Table 1: Main criteria and indicators of sustainable development of the road network of the Socialist Republic of Vietnam

Criteria	General indicators
Managerial	Participation of public administration Participation of local authorities Participation of business structures and business communities
Financial	Reliable sources of financing
Economical	Volume Mobility Efficiency
Social	Poverty rate Relocation of the population and assistance in adjustment to new socio-economic conditions Equality of opportunities for regions and people Transparency and accessibility of information
Ecological	Ecological aspects and impacts Preservation of biodiversity Reducing the ecological footprint to zero Level and quality of ecological services Natural resource preservation and management

The adopted strategy of sustainable development of Vietnam focuses on the following: a human is considered as a target and subject of development. Democratization of Vietnamese society is both a goal, motivation and an integral part of sustainable development. Human resources become a competitive advantage of Vietnam long-term development prospects, and a decisive factor in the country development. The national idea of progressive scientific, technical and economic development and continuous growth, environmental safety for the population and a high level of environmental quality, improving the well-being of people ensures the social cohesive (Dolan, 2004). Sustainable development of regions as the socio-ecological and economic systems is largely due to the presence of high-quality communication routes, among which the highways are important. Public participation in decision-making at all stages of the road lifetime is an integral part of sustainable development. Population is involved in the process of considering the project ideas and participating in decision-making, during the planning phase of national Highway 217, as the projected facility will have a significant impact on the level and quality of life of the population in separate communities and the country as a whole. Engagement of the population, scientific community, representatives of the agricultural sector and other stakeholders in the discussions and decisions will allow achieving the transparency and openness of project activities, creating a system of public control over the project implementation and providing independent expertise and support to the state regulatory authorities and participants in elaboration and implementation of the project, increasing the effectiveness of projects by exchanging ideas and opinions. The facility planning involves selection of a route corridor and its discussion with experts, the public, representatives of public

authorities and business community. The accounting of values of all stakeholders, the existing infrastructure and specifics of natural conditions will allow developing the facility project as a part of the socio-ecological and economic system necessary for the sustainable development of the region (Dolan and Whelan, 2004). When designing a road object, the emphasis shall be made on the geo-ecological features of the territory and technical means for engineering solutions, and the environmental values of the territory. It is important to determine the parameters of the structure - width, height, type of road surface, range of filling and paving, type and volume of construction materials and works, measures to minimize environmental impacts, ways to compensate for damage. The following reference points should be the principles or guidelines of the project activity:

- minimum consumption of natural resources;
- minimal environmental damage;
- availability of passage corridors for living species;
- collection and processing of all types of waste due to the project;
- regeneration of environment after completion of works, etc.

Analytical references, stock materials, aerial photographs are important at the design stage. They help to determine the places of animals' passages, species diversity in the territories, protected living species, their habitats and distribution. It will be necessary to choose places to store the soil before the works start, to create a seed bank for restoration of natural phytocenosis growing within the highway area. Ireland recognized that roadside landscape design was the opportunity for wildlife conservation and reforestation in modern history (Irish EPA, 2002; Davenport, 2006; Dolan and Whelan, 2004). The construction phase of the facility can cause environmental damage to neighboring ecosystems (Forman and Alexander, 1998; Forman et al., 2003; Davenport, 2006). In this regard, the main target points are:

- a rate of natural resources consumption and minimization of negative impact due to management of soil resources, rational use of natural construction materials, selection of optimal conditions and locations of construction equipment;
- prevention of local pollution of water bodies and land, prevention of erosion;
- shielding of light and noise pollution;
- strict allotment of time for the equipment operation;
- management (prevention of spread) of invasive species, etc.

The highway infrastructure and automated quality control of atmospheric air and aquatic systems crossing Highway 217, a system of monitoring the roadside vegetation, soil condition, wildlife migration, landslides and etc. need to be created during the facility operational phase and improvement of environmental safety. By 2025, it is necessary to consider the issue and start to implement the existing practices in manufacturing and public accessibility of vehicles operating on alternative fuels – electric, reference fuel cells, electric engine with an internal combustion engine, etc. The phase of decommissioning of the highway will require the full restoration of urban area to a natural environmental level.

4. CONCLUSION

The sustainable development of the Socialist Republic of Vietnam involves the sustainable development of the regions, which is impossible without the support of the state, civil society and business structures. Green building and green economy are ways to preserve the environment, improve environmental safety and welfare of the population. The involvement of all stakeholders in the project management will allow achieving the accessibility and transparency of production activities, increase the relevance and importance of environmental management of manmade facilities.

LITERATURE:

1. Bagdasaryan, N.G., & Korol, M.P. (2016) Social Time: Concept and Reality of Modern Russia, *Contemporary Problems of Social Work*. Vol. 2. No. 3 (7). P. 5–11. DOI: 10.17922/2412-5466-2016-2-3-5-11.
2. CBD, 2004. Convention on Biological Diversity: COP5 Decision V/6. [Http://www.biodiv.org/decisions/default.asp?lg=0&m=cop-05&d=06](http://www.biodiv.org/decisions/default.asp?lg=0&m=cop-05&d=06) (5/5/2005).
3. Colchester M., 1995. Sustaining the Forests: The Community-based Approach in South and South-east Asia. *Development and Change*, 25 (1): pp. 69-100.
4. Davenport J. and J.L. Davenport (Eds.), 2006. *The Ecology of Transportation: Managing Mobility for the Environment*. Springer Press, Netherlands.
5. Dolan L.M.J. and P. Whelan, 2004. Sustainable Road Landscapes I: An Ecological Landscape Design Approach to Irish Rural Roadside Verges Including Design for the Driver Within the Vehicle. IENE Conference “Habitat Fragmentation due to Transportation Infrastructure”. Brussels, Belgium, 13-15 Nov., 2003.
6. Dolan L.M.J., 2004. Roads as Ecosystems: A More Sustainable Approach to the Design of Irish Rural Roadside Verges. In: Davenport J. and J.L. Davenport (Eds.). *The Effects of Human Transport on Ecosystems: Cars and Planes, Boats and Trains*. Dublin, Royal Irish Academy: pp. 15-16.
7. Forman R.T.T. and L.E. Alexander, 1998. Road and Their Major Ecological Effects. *Annu. Rev. Ecol. Syst.*, Vol.29: pp. 207-231 + C2.
8. Forman R.T.T. et al., 2003. *Road Ecology Science and Solution*. Island Press, Washington, D.C.
9. Forman R.T.T. et al., 2006. Good and Bad Places for Road: Effect of Varying Road and Natural Pattern on Habitat Loss, Degradation and Fragmentation. *Proceeding of the 2005 International Conference on Ecology and Transportation*. Center for Transportation and Environment, North Carolina State University.
10. Irish EPA, 2002. Scope of Transport Impacts on the Environment (2000-DS-4-M2). Final Report Environmental RTDI Programme 2000-2006. Environmental Protection Agency, Ireland.
11. Iuell B., G.J. Bekker, R. Cuperus, J. Dufek, G. Fry, C. Hicks, V. Hlavac, V. Keller, B. Rosell, T. Sangwine, N. Torslov and B.I.M. Wandall, 2003. COST 341 – Wildlife and Traffic: A European Handbook for Identifying Conflicts and Designing Solutions. KNNV Publishers, Brussels, Belgium.
12. Millennium Ecosystem Assessment (MEA), 2005. *Ecosystem and Human Well-being: Syntesis*. Island Press, Washington, D.C.: 137 p.
13. Shepherd G., 2004. Tiếp cận hệ sinh thái: Năm bước để thực hiện. IUCN, Gland, Switzerland and Cambridge, UK: 30 tr.
14. Smith A.D. and E. Maltby, 2003. Using the Ecosystem Approach to Implement the Convention on Biological Diversity: Key Issues and Case Studies. *Ecosystem Management Series No.2*. IUCN – The World Conservation Union.
15. USAID – EHP (Environmental Health Project), 2003. Community-based Environmental Management for Urban Malaria Control in Uganda – Year 1, No.20, 11/2003. [Http://www.ehproject.org](http://www.ehproject.org).
16. Bộ Giao thông Vận tải (Bộ GTVT), 2015. Báo cáo tổng hợp Đánh giá tác động môi trường dự án Nâng cấp Quốc lộ 217. Bộ GTVT, Hà Nội.
17. Nước Cộng hòa xã hội chủ nghĩa Việt Nam (nước CHXHCNVN), 2012. Báo cáo quốc gia của Việt Nam tại Hội nghị cấp cao Liên Hợp Quốc về Phát triển bền vững (Rio+20).

FORMATION OF PRACTICAL COMPETENCES IN DISABLED PEOPLE PROFESSIONAL EDUCATION AND PERSONS WITH HEALTH OPPORTUNITIES RESTRICTIONS

Valeria Sizikova

Russian State Social University, Russia

Olga Anikeeva

*Russian State Social University, Russia
olga-double@mail.ru*

Yanina Shimanovskaya

*Russian State Social University, Russia
shimanovskayayav@rgsu.net*

ABSTRACT

*In integration of disabled people into society an important role is played by integration at labor market. However it and the most difficult part of integration which demands scientific justification and practical approbation of various models. One of the most perspective allowing to resolve the most sensitive issues – the competence-based model proceeding from assessment of opportunities of disabled people. Inklusion of disabled people in society and their wellbeing depends on their education and employment. Formation of practical skills during inclusive education for implementation needs the applied mechanism of realization. The international Abilimpiks championship is directed to formation of professional competences both of their applied value, and in theoretical. Experience of his organization and carrying out in Russia in the "social work" direction – an invaluable contribution to development of inclusive education. The research methods include theoretical (the comparative-historical and the structurally functional analysis) and also applied: observation, a pedagogical experiment, interviewing disabled students and non-disabled, expert poll, a modeling method. The educational process model directed to formation of practical competences. This model based on principles: unity of the theory and practice in teaching disciplines, unities of requirements to training results, the students motivation for vocational training, orientation to labor market inquiries and also the principle of professional growth without which there can't be a successful professional activity. **Keywords:** practical competences, integration of disabled people, competence-based model, integration at labor market, professional activity of disabled people inclusive education, professional education, Abilimpiks*

1. INTRODUCTION

In practice of disabled people integration into society there are sensitive issues about opportunities and needs of disabled people. Answering them it is necessary to analyze basic concepts concerning rehabilitation of disabled people. Especially medical models and concepts when concerning disabled people treatment was the main and dominating task have already consigned to the past. The social and medical model has added aspects of social rehabilitation, and today we speak about integration of disabled people into education, in labor market, to all spheres of life of society [1, page 154]. But also it isn't enough today. Search of conditions under which it would be possible to provide to disabled people an opportunity to study, to work, move in any space [3] became the main care of theorists and, in particular, practitioners. With movements across the territory it is quite clear – providing the available environment in the most different meanings, certainly, a necessary condition. But with other conditions the situation is more difficult.

In modern Russia quotas for professional education are established, there are quotas for employment, measures are taken for protection of jobs. However all these measures have protectionist and paternalistic character. They don't give confidence to disabled people and bring many unwanted efforts and unpleasant conditions to educational institutions and employers who often by hook or by crook seek to avoid these obligations. It is required to find a way out at which process of interaction will be included into the normal, natural course. Competence-based approach in integration of disabled people can become such exit. It is that all attention has to be concentrated on formation of necessary competences at people with disabilities. The competences necessary for education and training, for performance of professional duties. The key part of the problem is that if disabled people can't carry out for health reasons all complex of professional duties, then it can be the fragmented activity. The main thing – to create competences, necessary for professional activity, without discounts for health. It is a difficult but solvable task. It is solved in the context of social partnership [4, page 255-260]. For example, at such disability as violations of the musculoskeletal device, there can be safe a mental sphere. It makes available for disabled wheelchair invalids many kinds of activity connected with work at the computer with communication with people, etc. There is an opportunity to find the types of professional activity corresponding to this or that disability. Such researches are sharply necessary in the nearest future. At the same time it is necessary to consider that in each case of violation of health have usually complex character. To define opportunities in training and work it will be difficult. But it is inevitable and it is necessary for natural and effective integration of disabled people into society. And still when determining efficiency of disabled people have to be made amendments to the organization of a workplace and a regulation of working hours. It can be the shortened working hours, work on remote access or other amendments. The range of amendments and possible restrictions can be worked out with participation of representatives of public organizations of disabled people, representatives of health sector and social protection. At employment employers could form model of employment of disabled people depending on their personal opportunities and potential. It is troublesome, but is more effective, than to provide a workplace to insufficiently prepared or not efficient person. Similarly the situation and in an education system is. When training disabled people it is free or involuntarily teachers meet requirements of them, give the overestimated marks, estimating not so much knowledge and skills, how many aspiration to study. To adapt educational process to opportunities of disabled people and persons with restrictions of opportunities of health taking into account nozologiya without damage of quality of educational process quite difficult. There are no such practices or yet, or it isn't enough. All are concentrated on inklyuziya per se. And the speech in education and training as generally, and professional, can go about a combination of inclusive and exclusive education at addition with their remote forms of education and individual approaches. Today it is very difficult for a number of reasons. First, we know about opportunities and potential of people with disabilities very little, badly we represent what help is necessary for compensation of missing trafficabilities, memory or attention. Therefore strategy in interactions double – or the aspiration to avoid contact, or connivance and the underestimated requirements. From here the frequent consumer relation of some disabled people in relation to society, installation on the fact that all are guilty to them and all have to them that have to provide them favorable conditions for life other. If disabled people face misunderstanding and rejection, they become embittered and become hardened, or become isolated and don't seek to solve the problems independently according to the lights any more. Both of these strategy are pernicious for disabled people and for society. At this stage of formation of interaction of society with disabled people we also are now.

2. MATERIALS AND METHODS

The theoretical part of the research was supposed to study the problems of socio-cultural socialization, its structure and main directions, as well as the importance of this form for the successful integration of disabled people into society. Various concepts and approaches to the study of disability issues were analyzed, as well as the problems of the social plan as most relevant to the topic of socialization. The main methods of research were structural-functional and comparative-historical analysis. Subject of applied research: "Adaptation potential of cultural tourism in the formation of the socio-cultural picture of the world for persons with disabilities". Various disability nosonomies were taken into account: disorders of the musculoskeletal system (such as infantile cerebral palsy, disability of movement due to trauma or severe illnesses), impaired sensory functions (visually impaired and hearing impaired), the functions' disorders of various organs due to severe general diseases (cardiovascular or upper respiratory tract diseases, or allergic diseases); mental disorders (such as mental retardation or autism spectrum disorders, Down's disease, etc.) [5, p. 31-49]. Researchers took into account the impact of different disability nosonomies on the degree of disabled people adaptation in society. Within the framework of the full research program, the concepts of "disabled" and "persons with disabilities" are considered to be similar, having differences. "Disabled" is a person officially recognized as needing social assistance, having certain privileges and rights under the protection of the state. The concept of "persons with disabilities" is wider. It includes such categories as the elderly with limited mobility or small children. But most often the concepts are used as synonymous because they try to show tolerance to people with disabilities, to avoid discrimination even at the level of terms usage. As a target group in the study, wheelchair users were selected as a group with the most pronounced limitations on health opportunities, but in many cases they retained their intellectual and socio-cultural capacity.

3. RESULTS

The motivation of students with disability and restrictions of opportunities of health has to change. It has to be the motivation not just to training and employment, but also acquisition of competences, equal with others. At the moment in Russia only 11% of disabled people while foreign experience shows work that to work in this or that form or a measure two thirds from them can [5, page 33]. Studying of a problem has shown that here installation on search of employment which not only will give a source to existence, but a possibility of self-realization is important. It can be also public work during which technologies of social partnership are implemented. Experience of AMIO – Association of the youth organizations for disabled which is engaged more than 25 years in socialization of young disabled people can show implementation of this activity. In structure of association there is a youth division "Laboratory of Innovations and Creative", in abbreviated form – the FACE. The organization carries out round tables on the subject "Business among Disabled People — a Range of Opportunities", seminars with representatives of administrations, business communities, the noncommercial sector, organizations of persons with disabilities. The main subject – employment of disabled people on the basis of business. Members of the organization hold meetings with local young disabled people, their public organizations, ordinary youth. Meetings are held in the form of youth flash mobs, master classes in creativity, sports performances with demonstration of the most modern types such as para-workout, and other similar forms improving the practitioner. All actions are covered in regional and federal media. It is one of successful examples of activation of a position of disabled people, but it needs broader information maintenance and the analysis of results. It can be also public work during which technologies of social partnership are implemented. Experience of AMIO – Association of the youth organizations for disabled which is engaged more than 25 years in socialization of young disabled people can show implementation of this activity.

In structure of association there is a youth division "Laboratory of Innovations and Creative", in abbreviated form – the FACE. The organization carries out round tables on the subject "Business among Disabled People — a Range of Opportunities", seminars with representatives of administrations, business communities, the noncommercial sector, organizations of persons with disabilities. The main subject – employment of disabled people on the basis of business. Members of the organization hold meetings with local young disabled people, their public organizations, ordinary youth. Meetings are held in the form of youth flash mobs, master classes in creativity, sports performances with demonstration of the most modern types such as para-workout, and other similar forms improving the practitioner. All actions are covered in regional and federal media. It is one of successful examples of activization of a position of disabled people, but it needs broader information maintenance and the analysis of results. One of the most sensitive and difficult questions remains formation of practical competences of the course of professional education of disabled people. Inclusive education as the near-term outlook of integration of disabled people into society is unambiguously accepted. It is a big step. Now it is important to provide conditions under which the inklyuziya is possible. The professional education adapted to opportunities and needs of persons with disability becomes one of solutions of problems. In this direction it is necessary to solve at least two problems: to study opportunities and needs of persons with disability in vocational training and also to develop the teaching techniques corresponding to these opportunities. At the same time the most important – not to reduce requirements to results of education and level of formation of professional competences. Certainly it assumes big scientific research which foundation is already laid. Also big educational and methodical work which is only in a finding solutions stage is required. And in both cases approbation of the found solutions is required by practice. The international Abilimpiks championship addressed to persons with disability has been for the first time held in Japan in 1953. Now with the world more than 50 countries are included into this movement. Since 2014 the championship is held in Russia. Now 75 subjects of education from 23 regions of the country participate in him, and in 2018 all regions have to participate in this championship. During the championship practical professional competences of people with disabilities which or have vocational training are checked, or isn't present. The Russian state social university acts as the organizer of these competitions since 2014. For each level the tasks corresponding on complexity are formed. Practical skills are checked in the tasks made on the basis of standards of professional activity. For those who can carry out duties of the social workers who don't have professional education tasks on check of skills of rendering of services at service can be offered at home. For example, carrying out social and medical services (measurement of pressure or temperature) to carry out actions for formation of a healthy lifestyle (for example, the help in carrying out physical exercises). More difficult tasks concern those who have professional education or still study. For example, task for establishment of needs of citizens for providing social services. This labor action demands knowledge of needs, the legislation on his establishment and also knowledge of an operations procedure of establishment of needs, ability to work with documents and to communicate with the people who have appeared in a difficult life situation. In tasks there can be also situational tasks from experience of practical social work. They are offered contestants in the form of descriptions. The task includes the description of a situation from the point of view of social diagnostics, identification of the major problems of the citizen, the choice of ways of their decision and standard and legal justification of decisions. and also Answering these questions, contestants have to offer and the choice of subjects which can help in the solution of problems of the client This task can be adapted to real conditions of this or that region. The algorithm of the solution of a practical situation has to become a result of the answer to a competitive question (the solution of a situational task). Tasks can be different orientation and level of complexity. But they, first, are focused on those practical actions which are made by professionals at various

positions in the social sphere. A basis for drawing up tasks are standards of professional activity of the social worker and specialist in social work. Secondly, performance of these tasks demands knowledge of theoretical disciplines, standard and legal base and also knowledge and understanding of conditions of application of technologies of social work. Thus, in drawing up tasks theoretical and practical (applied) knowledge connects. This approach gives the chance to people with disabilities to be prepared versatily for performance of the professional duties during preparation for the championship. Organizers of the championships hold the events helping persons with disability it is better to be prepared for participation in competitions. In it the independence of disabled people and their aspiration to autonomy, to self-realization and ensuring the worthy standard of living is shown [1, page 154].

4. DISCUSSIONS

The organization and holding the championships of Abilimpiks is of great importance also for the reason that it gives the chance to make changes in educational the plan for training of specialists for social work [3, page 126-134]. Preparation of the praktiko-focused tasks is entered into plans of maintaining objects, and students prepare for the solution of similar tasks. Thus, there is a strengthening and educational process. Interaction of students and teachers and also participants of competitions and organizers creates space in which persons with disability learn to interact, understand and be witnesses, learn to show the rights and to carry out duties. It is very important in ensuring autonomy of disabled people [4, page 255-260]. Educational process will be organized as inclusive educational space. It forms new professional thinking and ability of interaction at future experts of the social sphere. Education of such experts takes place in modern conditions throughout all life. It is the concept of continuous professional education [5, page 33-41]. Participation in competitions can continue all professional career that stimulates disabled people constantly to increase the professional level [6, page 553-557]. The Abilimpiks championship gains steam and extends. His development is of great importance for understanding and problems of disabled people and in search of solutions of their problems. One of the most important and perspective ways is development of inclusive professional education. Important as well the fact that this championship became All-Russian. In regions of Russia there are more and more participants of the championship. It allows to take new steps in development of inclusive education.

LITERATURE:

1. Anikeeva O.A., Maksimova E.V., Seredina M.I. (2017) Social partnership in the correlation of the life situation of disabled people in contemporary Russia: Expectations and realities. //Economic and Social Development/ 25th International Scientific Conference on Economic and Social Development «XVII International Social Congress (ISC-2017)/ Book of Abstract. Moscow, 30-31 October 2017.
2. Bagrova, N.V. (2017) Actual Problems of Russian Education: Ways of Their Solution and Modernization of Education, Contemporary Problems of Social Work. Vol. 3. No. 4 (12). P. 84–89. DOI: 10.17922/2412-5466-2017-3-4-84-89.
3. Bikbulatova A.A., Kim E.N. (2016) Complex model of employment of disabled people//Topical issues of labor and professional orientation of persons with disability and limited opportunities of health: materials of the All-Russian scientific and practical conference: сб. articles. / Under науч. edition N.B. Pochinok, E.A. Petrova.– M., 2016. – 236 c. – C. 39–53.
4. Cohen, J., Arato, A. (2003). Civil society and political theory. Moscow: the Whole world
5. . Contents and measures of implementation of the comprehensive target program "Social integration of disabled people of the city of Moscow for 2011". The collection of methodical materials/ (2011). / Under the general edition of T.A. Potyaeva/ M., 2011 – 107 c.

6. Denisenko S.I. Some contradictions of professional orientation of persons with disability and limited opportunities.//Topical issues of labor and professional orientation of persons with disability and limited opportunities of health: materials of the All-Russian scientific and practical conference: сб. articles. / Under науч. edition N.B. Pochinok, E.A. Petrova. – M.: Издательство, 2016. – 236 с. – С. 65–72.
7. Distribution of disabled people on gender and age.//Official site of Federal State Statistics Service/ URL:
http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/disabilities
8. Demidova, T.(2011) Social partnership in modern Russia: problems and prospects. Scientific notes of Russian state social University. Moscow. No. 8. P. 35-39.
9. Encarnasion O. (2001) Missionaries Tocquevill. Civil society propaganda and democracy support Retrieved 10.05.2017 from http://old.russ.ru/politics/meta/20010220_toc.html
10. Fehtel, E (2014) Social partnership – border possibility myths and reality. Social partnership as a principle of interaction in social work: materials of the interuniversity scientific-practical conference. Moscow: Onto-Print. P. 126-133.
11. Fehtel, E (2016) Tourism as factor of socialization of disabled people.//RGSU scientific sociological school: 25 years. Sociology. Sociality. Present Materials XXI of Sociological readings RGSU. Editor-in-chief Tanatova D.K. 2016. C. 107-112.
12. Kozjakov, R., Fomina, S., Rybakova, A., Sizikova, V., Petrova, E. (2015). Educating social-profile specialists for working with a family of a child with health limitations: competence approach. Research Journal of Pharmaceutical, Biological and Chemical Sciences. T. 6. № 1. C. 1852-1861.
13. Maksimova E.V. (2017). Social practicing of cultural tourism for physically disabled people.//Social policy and sociology.2017. T. 16. № 4 (123). C. 94-100.
14. Maksimova E.V. (2017) Value, demand and restrictions in development of inclusion in modern Russia: subjective aspect.//News of the Saratov university. New series. Series: Sociology. Political science2017. T. 17. № 2. C. 178-184.
15. Maloletko, A. et al (2016) Assessment of the quality of service delivery to social service organizations. All-Russian Research Project “Assessment of the quality of service delivery to social service organizations” Moscow: Published Russian state social university.
16. Practice of social work in the modern global world: crossing of cultures and times. The collective monograph / Under M.V. Firsov, Ya.V. Shimanovskaya's general edition. M/, 2018.
17. Romanov P.V., Yarskaya-Smirnova E.R. (2010). Disabled people and society: twenty years later.//Sociological researches. – 2010. – № 9. – С. 50–58.
18. Rostovskaya T.K., Fomina S.N. Present stage of development of system of vocational training of shots of the sphere of youth policy Social technologies of work with youth: modern times – new decisions.//Materials of an interuniversity scientific and practical conference. Collection of scientific articles. / Under edition Rostov Since, Fomina S.N. – M., 2016. – С. 214–217.
19. Russian encyclopedia of social work. / Under a general edition of E.I. Holostova. (2017) – M., 2017, 2017/ 1032 с.
20. Sizikova V.V., Anikeeva O.A. (2016) Social partnership in formation of active living position of persons with disability.//Social safety and protection of the person in the conditions of new public reality. Modern scientific approaches and forms of social practice in social work with the people having disability. Collection of materials VIII of the International scientific and practical conference. Perm, on December 14, 2016 (Perm, on December 14, 2016) / under a general edition of Z.P. Zamarayeva, M.I. Grigorieva; Perm. state. national. исслeд. un-t. – Perm.2016. – 338 с.: C. 255-260.

21. Yakovlev, A. (2010). Provision of state support to enterprises at different levels of government: differences in priorities. Questions of the state and municipal government. Moscow. № 2.

INVESTIGATION OF MANAGED EXTERNAL - AND INTRIECONOMIC PROCESSES IN CONDITIONS OF GLOBAL AND UNCERTAINTY

Olga Prichina

*Russian State Social University, Russia
olgaprichina@mail.ru*

Helena Piel

*Chair of Latvia Association for Professional Managers, Latvia
boulatvia@gmail.com*

Peter Solodukha

*Russian State Social University, Russia
soloduhapv@rgsu.net*

Victor Orekhov

*International Institute of Management LINK, Russia
vorehov@yandex.ru*

ABSTRACT

The work is devoted to the study and substantiation of the systemic possibilities of administrative influences on socio-economic processes in conditions of global and uncertainty. The program-targeted approach, from the point of view of the existing macroeconomic interrelationships in socio-economic processes, within which regional and microeconomic production, labor, information processes occur, is the basis for the study. The paper substantiates that, from the point of view of the stability of the interrelationships between natural and social processes, the priority of choosing strategic plans (programs) for the development of society is based on the key role of labor productivity growth and GDP per capita, as well as on increasing the share of human capital in the composition of national wealth. A critically important condition for the implementation of the innovative development program is to ensure a guaranteed reduction in the level of depreciation of fixed assets, as well as intensify activities in the field of R&D.

Keywords: *socio-economic processes, human capital, GDP per capita, STEP factors, labor productivity, depreciation of fixed assets, cognitive modeling, fuzzy cognitive matrix*

1. INTRODUCTION

The authors used the target-oriented approach to effectively apply the developed solutions to adapting the Russian labor market to the rising globalization requirements and uncertainty and determine the parameters of the developed strategy. Alternative options of strategic programs were developed by an economic and mathematical method: the cognitive modeling methodology. Previous research both by target-oriented and organic approaches enabled the authors to select a list of factors that provide for the most efficient achievement of the target GDP per capita parameters. The objective of the research is to study the problem of achieving the target GDP per capita parameters using cognitive modeling methods.

2. METHODOLOGY

The study of controlled economic processes is based on the general management theory, according to which the socioeconomic development system of a country develops in cycles with four to sixteen (depending on the level of detail) development stages.

The following classic stages (derived from the scientific organization of labor) are present within the management cycle:

1. Collecting information (in this case, the formation of a list of concepts that reflect the problem area of the actual state of the socioeconomic system in general).
2. Providing a comprehensive analysis of assessment of the collected indicators with account of the interconnected (interdependent) factors of the macroeconomic dynamics and constraining factors.
3. Building a system of scenario alternatives and their assessment (experience shows that it is the most reasonable for decision support systems to develop alternative options of strategic scenarios and uncommon managerial decisions with a focus on maintaining the mechanism of the socioeconomic system functioning).
4. Providing situational control of the process development under a directing control action.

The technology of cognitive modeling of the dynamics of a sophisticated, poorly structured system was used for the systematic study and consideration of the mutual influence of various factors in the field of socioeconomic activity (Kosco, B., 1986, pp. 65–75), (Saaty, T.L., 2008, pp. 251–318), (Kulinich, A.A., 2010), (Prichina, O.S., Goreliva, G.V., 2015, pp. 442–453), (Gorshenin, V.P., Prichina, O.S., Orekhov, V.D., Pechurochkin, A.S., Aliukov, S.V., 2017, pp. 504–513). The behavior modeling of the system under consideration was performed with the IGLA decision support system (Korostelev, D.A., 2008, pp. 329–336), (Podvesovsky, A.G., Lagerev, D.G., Korostelev, D.A., 2018). This publication continues the previous study (Melnik, M.S., V.D. Orekhov, O.S. Prichina, 2018, pp. 94–101) of the cognitive modeling of trends and regularities of human labor activities, in which the first two stages of those specified above were completed and the work on dynamic modeling was started. This study provides the detailed results obtained through dynamic modeling of the system development affected by single control concepts.

3. RESULTS

3.1. Selection of the set of socioeconomic development factors

At the first stage, experts isolated the main types of factors determining trends and regularities of human labor activity. As the factors were grouped, it became obvious that they were mostly STEP factors, though it is not a precise definition for some of them. The list of factors (concepts) is provided in Table 1. Columns 3 and 6 indicate their level L (1 for low, 2 for moderate, 3 for high) for Russia in 2015–2018 compared to the typical level in the developed countries. The Global Competitiveness Report (Schwab K., 2017, 1–398) served as the main source of data on the state of the system under consideration in the evaluation of the level of concepts. In addition, the data provided in (Twelve Solutions for the New Education, 2019, 1–106), (Labor Productivity in Russia, 2017, 1–44), (Russia and the EU Countries, 2017, 1–264), (Education at a glance, 2017, 1–452), (Word Globalization, 2018), (Sobolev, E.N., 2017, pp. 1–46), (Nesterov, L.I., 2003, pp. 103–110), (The Strategy of Innovative Development of Russia, 2011), (Koritsky, A.V., 2013, pp. 1–244) were used for evaluation. Table 1 shows that these factors cover the major part of directions of the socioeconomic development of Russia with an emphasis on the occupational activity. Issues of healthcare, not present explicitly, mostly refer to the ‘social and labor institutes’ concept.

3.2. Construction and analysis of a fuzzy matrix

At the next stage of the study, we revealed connections between concepts and determined their influence degree using the following scale: 1.0; 0.5; 0.5; 0.25; 0; –0.25; –0.5; –0.75; –1.0. In order to reduce the large cognitive table, we also represented it in quartiles (–4, –3, –2, –1, 0, 1, 2, 3, 4), with each portion equal to one fourth of the unit.

Table 1: Levels of the selected concepts

No.	Concept name	L	No.	Concept name	L
Social factors			12.	Depreciation of fixed assets	3
1	Human capital	2	13.	Macroeconomic stability	2
2	Personnel education level	2	14.	Financial institutions and markets	1
3	Stimuli for education	2	15.	Expenditures for science	1
4	Business education	2	16.	Globalization	2
Technological factors			17.	Expenditures for the higher vocational education system	1
5	Labor productivity	1	18.	Unemployment level	2
6	Infrastructure	1	Political factors		
7	Innovative activity	1	19.	Strategic programs	2
8	Progress in science and technology	2	20.	Cross-border barriers	2
9	Research and Development	2	21.	Defense expenditures	2
Economic factors			22.	Social and labor institutes	2
10.	GDP per capita	2			
11.	Natural resources	3			

We used the determined connections and the IGLA decision support system to form a fuzzy cognitive map (FCM), which formalized the cause and effect relationship between concepts, as shown in Table 2 in quartiles (Melnik, M.S., V.D. Orekhov, O.S. Prichina, 2018, pp. 94–101). An analysis of the cognitive dissonance matrix that demonstrates the extent of trust in the FCM concepts shows that it has a low dissonance with the average value of 26%. The highest dissonance is observed for unemployment (65%), social and labor institutes (62%), stimuli for education (53%), business education (51%), and personnel education level (47%).

Table 2: Fuzzy cognitive matrix (quartiles)

Influencing concepts	The concepts influenced																					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1. Human capital										3												
2. The level of the personnel education	3				3		2											-1				
3. Motivation for education		3		2																		
4. Business education					3		2															
5. Labor productivity										3												
6. Infrastructure	1				3																	
7. Innovative activities								3														
8. TD					3														3			
9. R&D								3			1								1			
10. GDP per capita						3						-3										2
11. Natural resources										3												
12. Depreciation of fixed assets			-3		-3					-3												
13. Macroeconomic stability							2							3				-2				3
14. Financial institutions and markets							3					-2										
15. Expenditure on scientific activities									3													
16. Globalization						2	2													-2		
17. Expenditure on the HVE system		3																				
18. Unemployment rate			2							-2												
19. Strategic programs						2						-3			3		3					3
20. Cross-country barriers										-3						1						-3
21. Expenditure on the defense capacity									2				3									
22. Social and labor institutions	3					2												-2				

An alpha section of the FCM consonance (Fig. 1) at 90% shows high trust in the concepts that are most important for this system: strategic programs, research and development, progress in science and technology, expenditures for science and higher vocational education, depreciation of fixed assets, etc.

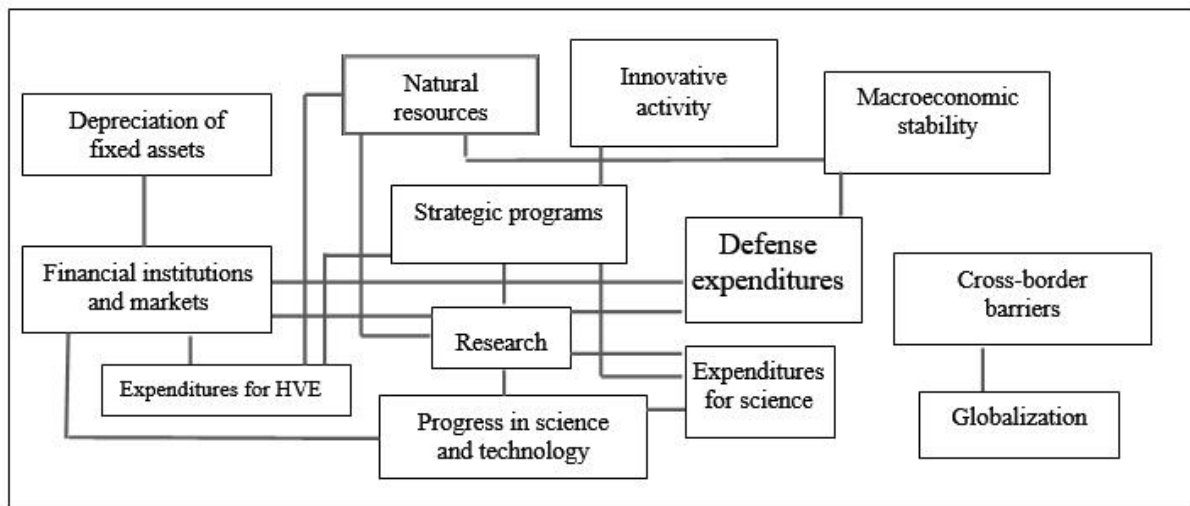


Figure 1: Alpha section of the mutual consonance of the FCM concepts (90%)

Figure 2 provides an alpha section of the concepts at 75% for the mutually positive influence. For a more integral representation of the relationship pattern, we provided the concepts associated with the negative effect in the diagram (those are highlighted with italics, and negative relationship is shown with a dashed line).

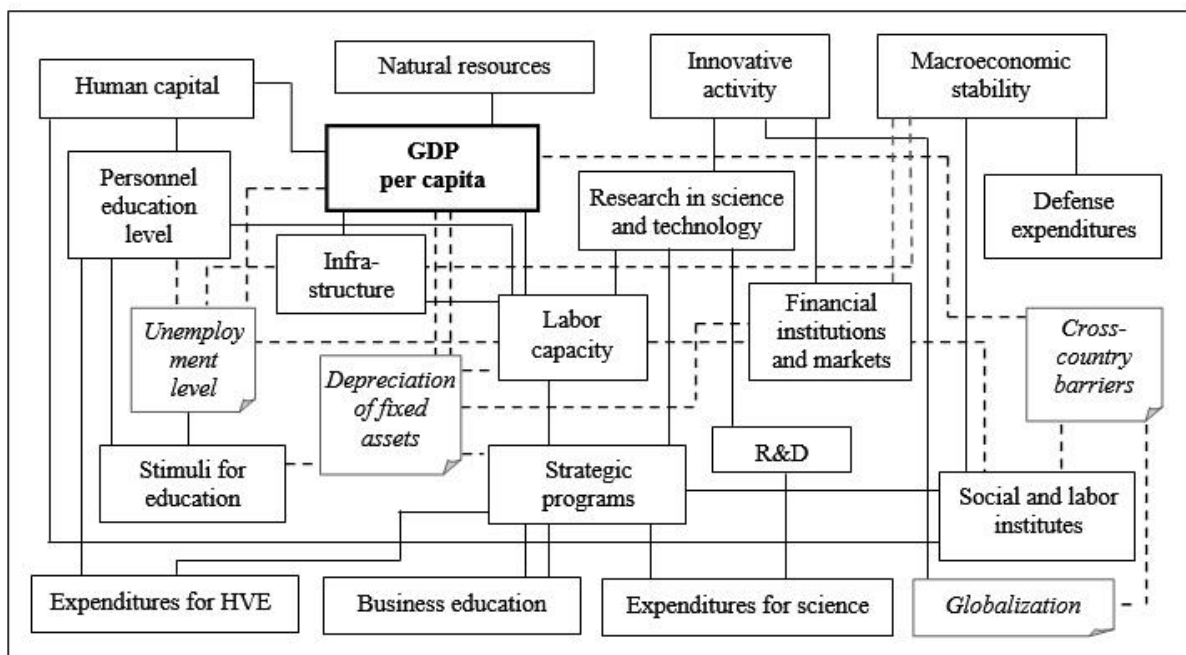


Figure 2: Diagram of the mutual influence of the FCM concepts

This diagram allows emphasizing the main nodes of direct influence on the ‘GDP per capita’ target concept. Three mutually positive ones are: human capital, natural resources, labor productivity. Two mutually negative ones are: depreciation of fixed assets, cross-border barriers for obtaining knowledge and technology.

3.3. Modeling dynamic interaction

In dynamic modeling of the system development, we used GDP per capita with a very high target level (100%) as the target concept. And concepts that can be effectively controlled were chosen as the control parameters: strategic programs, innovative activity, business education,

and expenditures for the higher vocational education system. In the previous study (Melnik, M.S., V.D. Orekhov, O.S. Prichina, pp. 94–101), the dynamic modeling was performed with simultaneous variation of all of the control parameters and selection of the best management program option. Alternatives 63 and 167 turned out to be the best ones out of the 255 non-dominating options considered. The time dynamics of the target and control concepts for option 167 is provided in Figure 3. At the first step, the control pulse is obtained based on the conditional time of the concepts' values, and then a quick change in the control concepts takes place, followed by an increase in GDP per capita, which achieves the target value by Step 10.

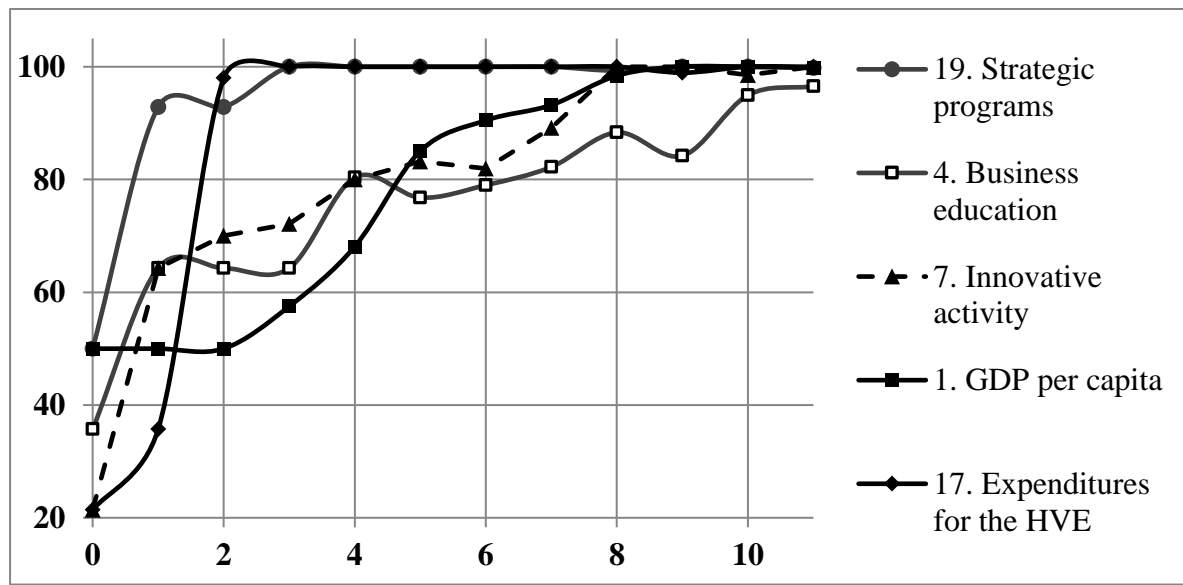


Figure 3. The dynamics of the controlling and target concepts (Alt. 167)

However, the best option is characterized by a very high control pulse, which in real life can be very costly or unfeasible; therefore, we considered other options to manage the socioeconomic process in this study. With this purpose, we considered the system's behavior under the effect of certain control pulses. For example, Figure 4 shows the dynamics of the target factor and a group of concepts, which could be the controlling ones, but in this case only the Innovative Activity concept was increased in pulses from 20% to 50%. It is evident that after the initial pulse the concepts start to grow quickly and then achieve the margin, with innovative activity reaching 87%, business education 70% and the others striving to achieve 100%. The target concept under such a control action reaches 100% by Step 14, instead of Step 9, as it did under a combined influence of factors. We should note that according to the cognitive map (Table 2), innovative activity affects progress in science and technology only, which in turn affects strategic programs. Subsequently, strategic programs influence on the whole set of concepts, including labor productivity, and result in their growth and achievement of the target value.

Figure following on the next page

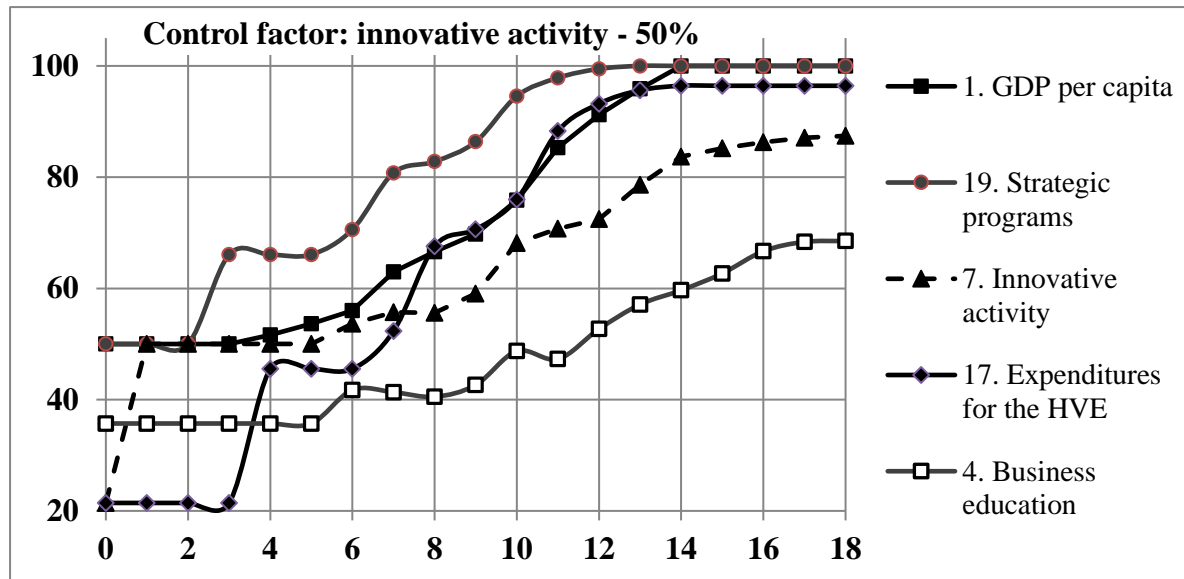


Figure 4: Effect of innovative activity on the system concepts

Figure 5 shows the behavior of the concepts associated with labor productivity, and Figure 6 shows those associated with progress in science and technology and social and labor relations with the same control action.

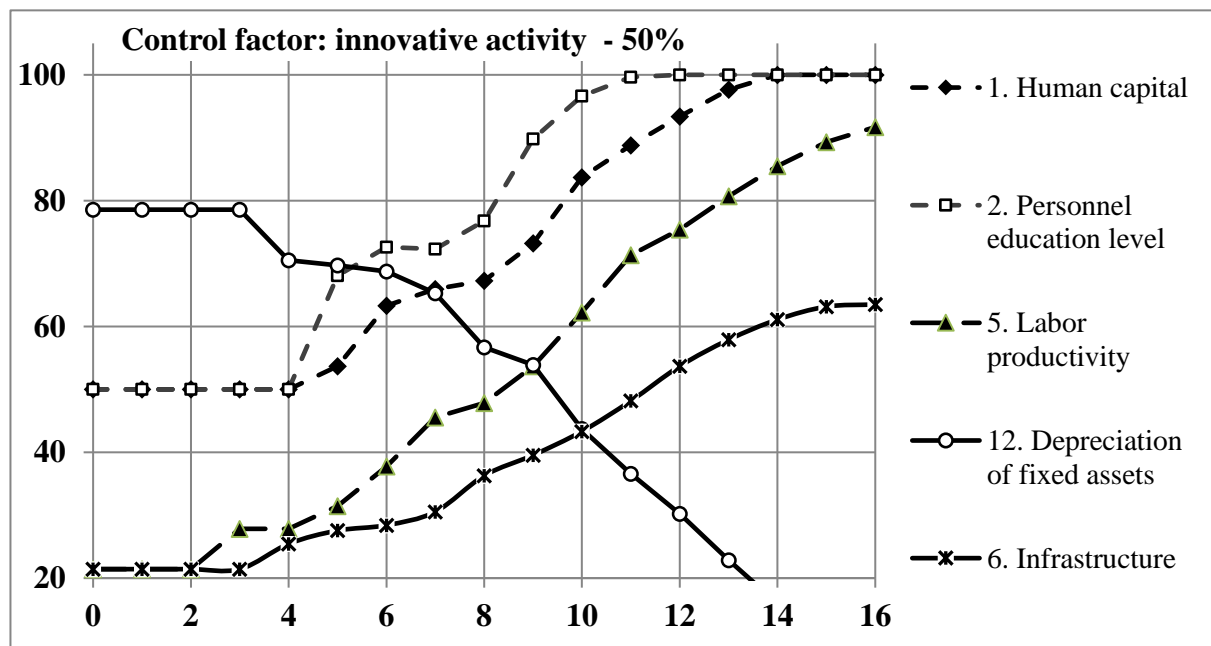


Figure 5: Dynamics of the concepts associated with labor productivity

It is evident that among the factors shown in Figure 5, Labor Productivity responds the most quickly (however, slower than Strategic Programs) to the control action, and is followed by Depreciation of Fixed Assets, Infrastructure, after which Education Level and Human Capital start growing. The dynamics of factors shown in Figure 6 demonstrates that progress in science and technology responds to the control action the most quickly, and the rest start changing from approximately Step 4, responding to the dynamics of strategic programs. It is characteristic that the dynamics of concepts in this case is of intermittent nature, which is due to delays in the control pulse for a number of concepts:

Innovative Activity → Progress in Science and Technology → Strategic Programs → ...

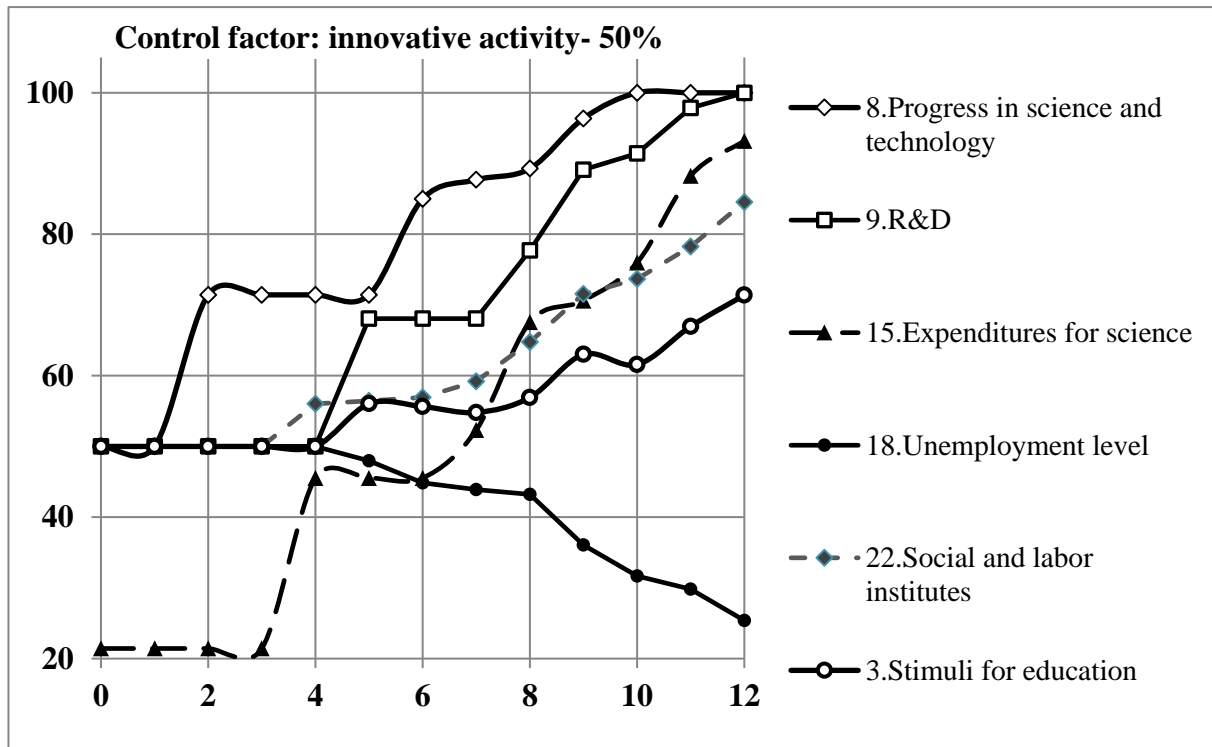


Figure 6: Dynamics of the 'Progress in Science and Technology' and 'Social and Labor Relations' concepts

Figures 7 and 8 show the behavior of the key concepts of the system under the effect of the 'Business Education' control factor, the control action of which consists in the growth from 36% to 50%.

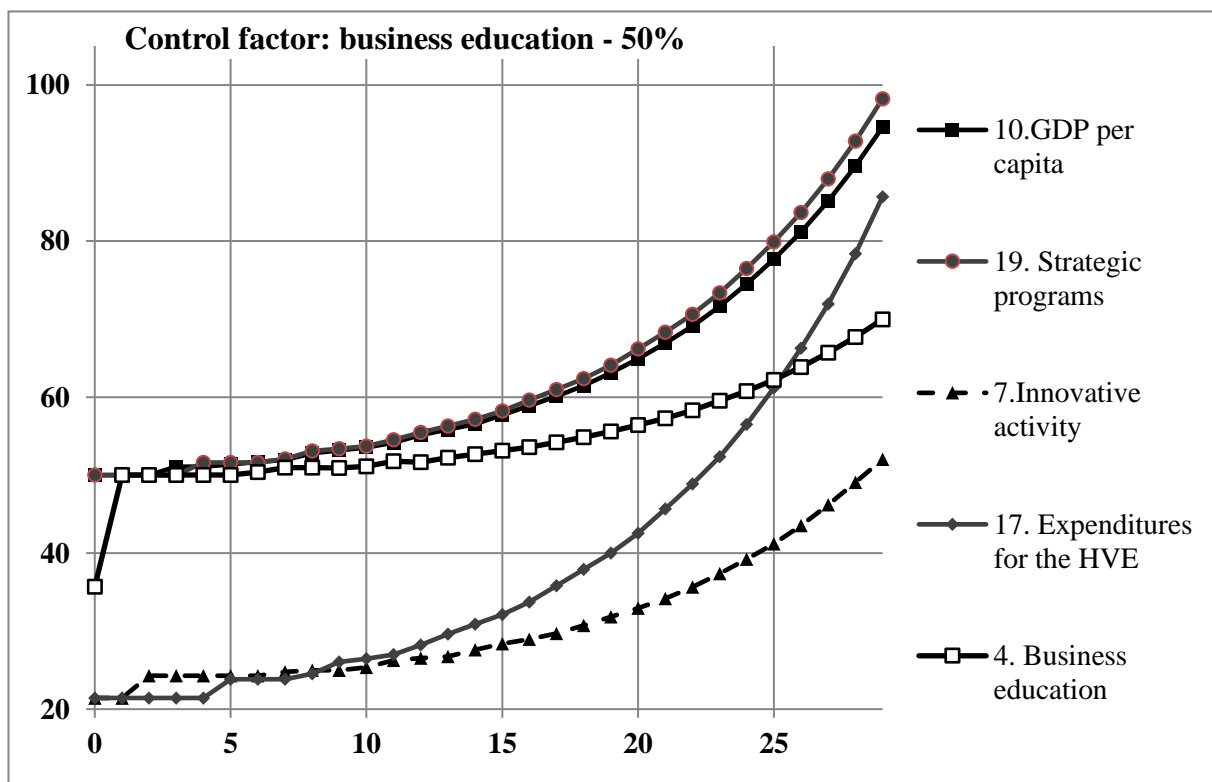


Figure 7: Influence of business education on the key parameters of the system

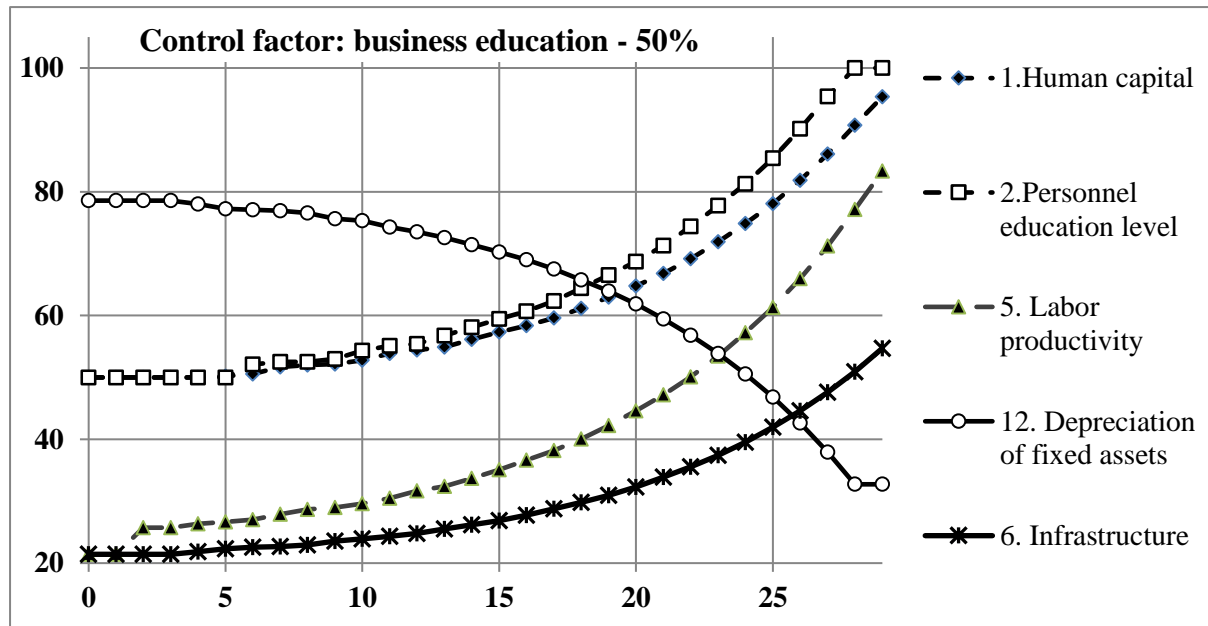


Figure 8: Influence of business education on the 'Labor Productivity' group concepts

It is obvious that the target factor in this case achieves the target value much slower, after Step 30. The system changes much more gradually. Probably, it is due the fact that business education influences labor productivity directly and significantly, and the latter significantly affects the target parameter. Figure 10 shows the effect of the 'Expenditures for the Higher Vocational Education System' control concept on the system dynamics.

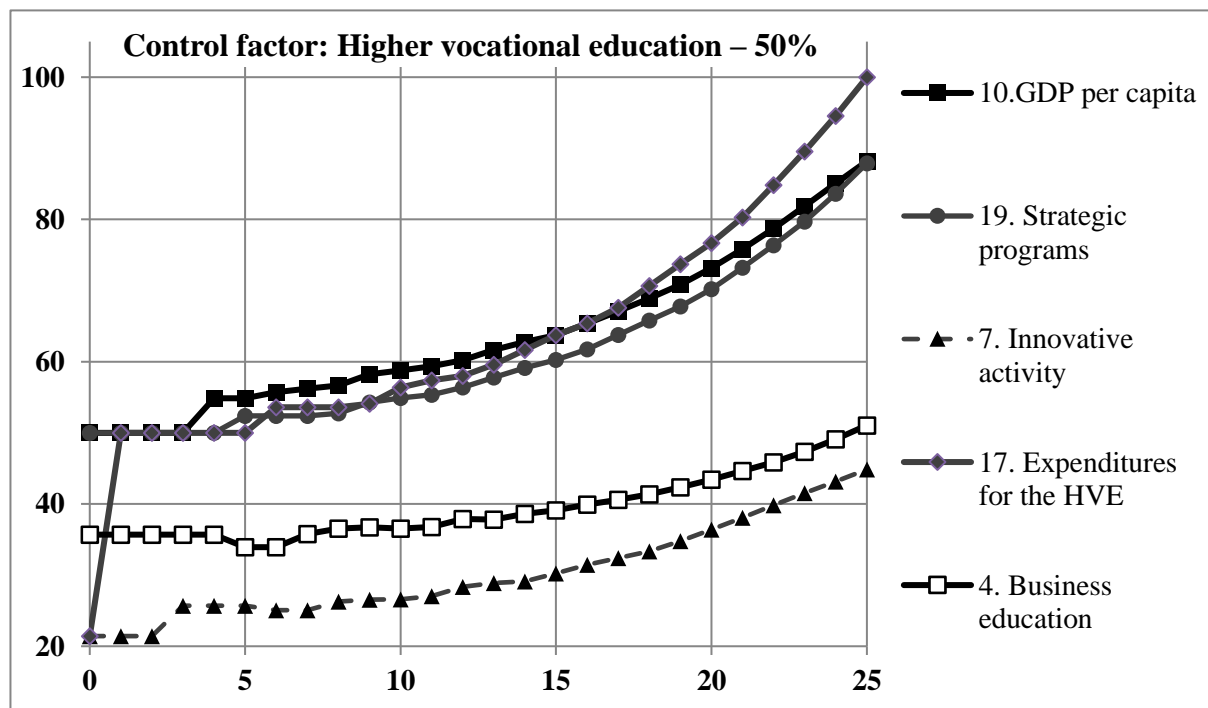


Figure 9: Dynamics of the target factor and the control group

In this case, as is seen, the change takes place slower and the target value is achieved at approximately Step 30. The change process in this case is rather monotonous. At the same time, expenditures for the higher vocational education in this system influence only on the personnel education, which results in the growth of labor productivity, and, subsequently, GDP per capita.

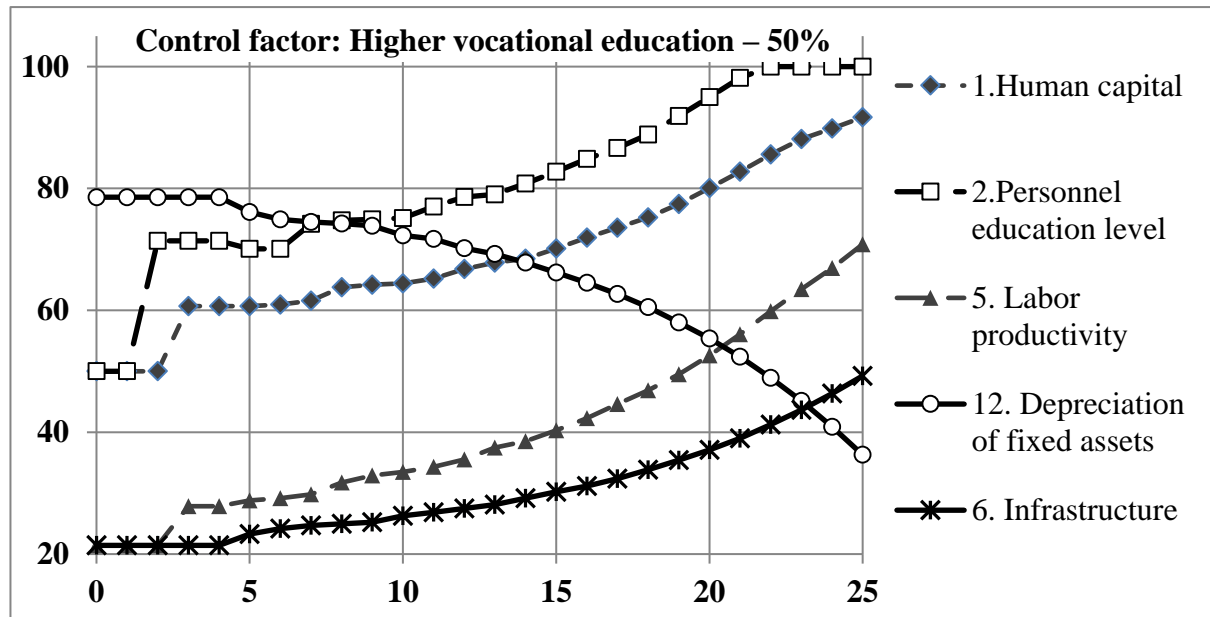


Figure 10: Dynamics of the concepts associated with labor productivity

Figures 11 and 12 show the dynamics of the system under the effect of the ‘Strategic Programs’ control concept.

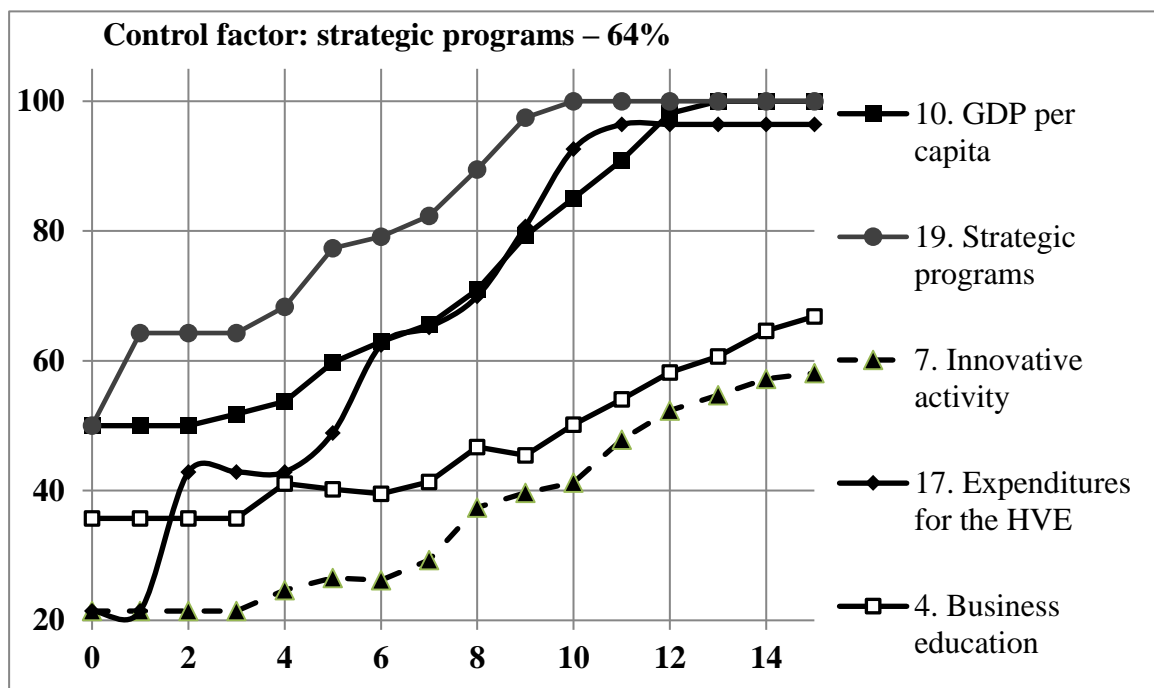


Figure 11: Dynamics of the target factor and the control group

In this case, the target value is achieved at about Step 13, that is at the same rate as under the effect of the ‘Innovative Activity’ control concept, and much faster than under the effect of the control concepts of the education group. It is characteristic that the control action of the ‘Strategic Programs’ concept in this case reaches 64% only (with the initial value of 50%), while it is very high under a combined effect (92%). The influence of the intensity of the ‘Innovative Activity’ control concept is provided in Figure 13. It is evident that a 14% increase in intensity results in a quicker achievement (by 1 or 2 steps) of the target concept, i.e. faster by 10–15% in terms of time.

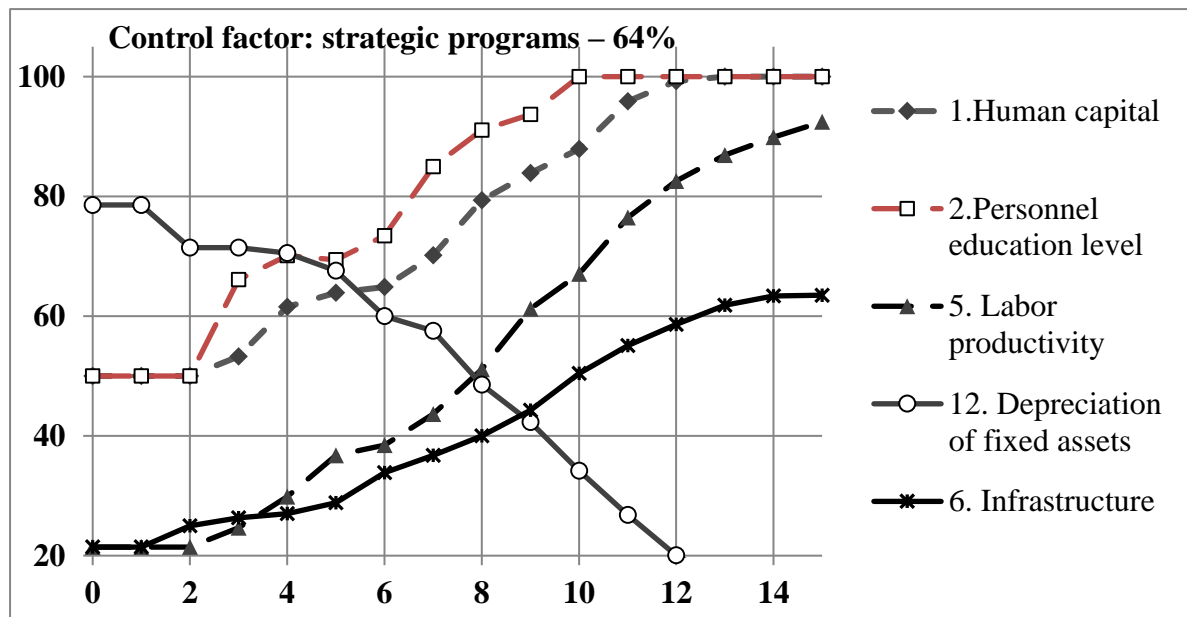


Figure 12: Dynamics of the concepts associated with labor productivity

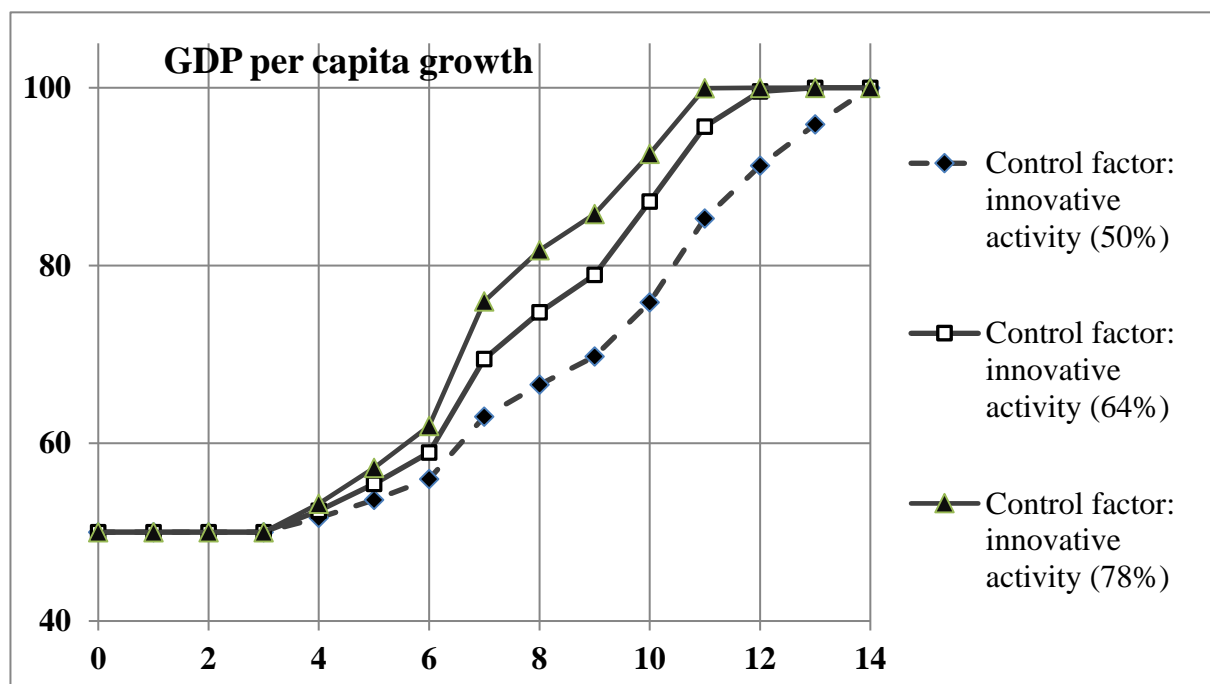


Figure 13: The effect of intensity of the control factor

A comparison of the effect of certain control factors and the combined effect (Alt. 167) is shown in Figure 14. It is evident that the combined control action allows achieving the target factor three steps faster; however, it requires a significantly more intensive control action on the system. In general, the results of the dynamic analysis of the socioeconomic system show that the innovative activity and strategic programs, in their function as the control factors, significantly faster influence the achievement of target level of 100% by the 'GDP per capita' target parameter, compared to expenditures for the higher vocational education system or business education. The target level is achieved the most quickly with a combined effect of the four control factors, but it requires a powerful control action: strategic programs 78%, innovative activity 64%, expenditures for the higher vocational education 36%, and business education 64%.

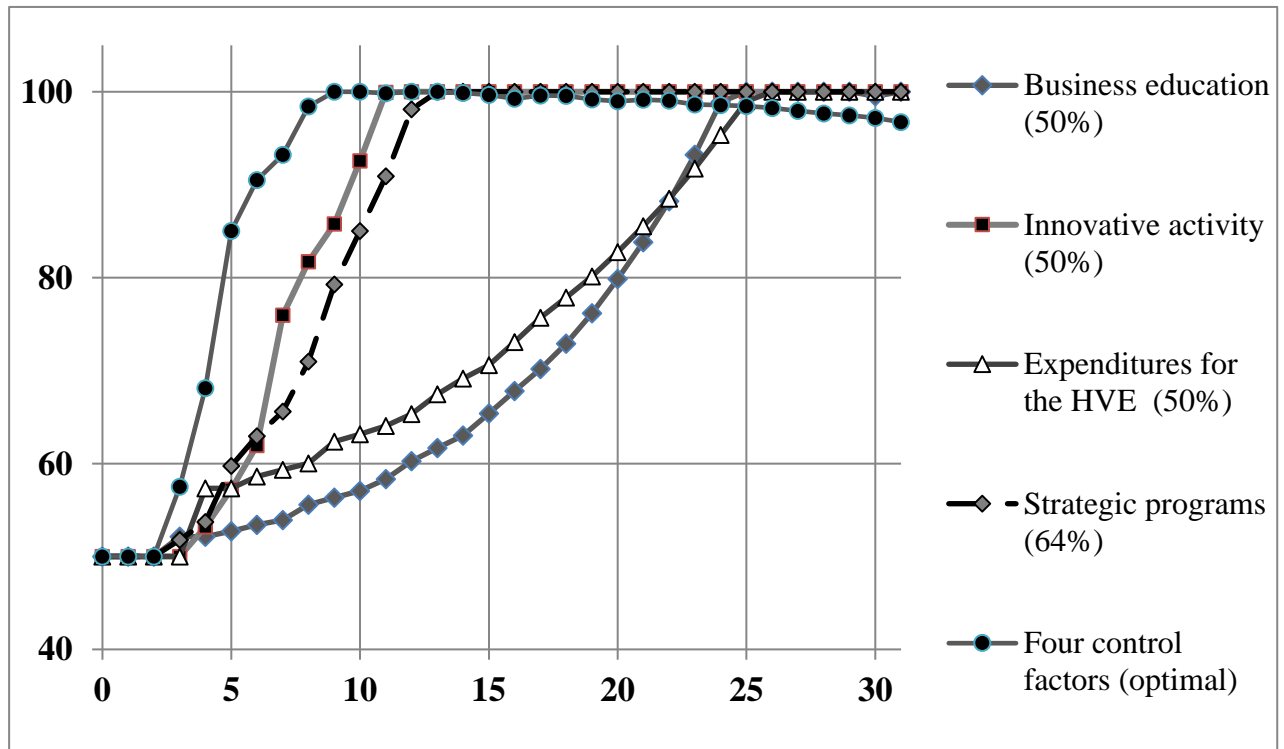


Figure 14: The effect of various control actions on GDP per capita

4. DISCUSSION

The main goal of this study was to investigate the systematic capacity of increasing GDP per capita, though a focus on this parameter does not ensure achieving an efficient development of the socioeconomic system on the national or regional scale currently. It is due to the fact that the most important task for Russia is to increase the efficiency of human capital utilization and labor productivity. However, wider aspects of socioeconomic development should be considered in the future, primarily with a focus on the factors of environment and sustainable use of natural resources. It is suggested to consider the approach focused on inclusive development (Spence M., 2011, 336 p.). However, the system becomes much more sophisticated in this case; therefore, we will have to disregard some concepts that we have considered in this study, as according to the systematic approach, it is impossible to increase both the integrity of the system consideration and its level of detail. To consider the effect of the control factors without taking into account the control actions, it is recommended to use programs that are difficult to implement. Therefore, it is expedient to assess the implementation cost of such projects at the initial stage of investigation.

5. SUMMARY

Using the IGLA decision support system, we determined the dynamic characteristics of the existing established relationships that have a positive effect on the target concept: human capital, natural resources, labor productivity. Among the control factors under consideration, the ones that have the strongest influence on the system are 'Innovative Development' and 'Strategic Programs'. An investigation of the effect of certain control factors on the system enabled us to study the dynamics of a sophisticated, poorly controllable macroeconomic system and reveal the interconnection of the best combination of actors ensuring the control action achievement. With some allowances (at the level of the established objective trend in the economy), we have confirmed that the strategic development program, the key concepts of which are: 'Improvement of Strategic Programs' and 'Intensification of Innovative Activity', is the most efficient one.

LITERATURE:

1. Kosko, B. Fuzzy Cognitive Maps. *International Journal of Man-Machine Studies*, 1986; 1: 65-75.
2. OECD. *Education at a Glance 2017: OECD Indicators*. Paris: OECD Publishing, 2017. <https://doi.org/10.1787/eag-2017-en>.
3. Gorshenin, V.P., Prichina, O.S., Orekhov, V.D., Pechurochkin, A.S., Aliukov, S.V. Cognitive Technologies to Build Models for Operations of Business School. In: *Proceeding of the 29th IBIMA Conference – Education Excellence and Innovation Management through Vision 2020: From Regional Development Sustainability to Global Economic Growth*, 2017. pp. 504-513.
4. Thibeault, I.V., Prichina, O.S., Goreliva, G.V. Cognitive Russian Modeling in the System of Corporate Governance. *Mediterranean Journal of Social Sciences*. 2015; 6(2): 442-452.
5. Saaty, Thomas L. Relative Measurement and its Generalization in Decision Making: Why Pairwise Comparisons are Central in Mathematics for the Measurement of Intangible Factors – The Analytic Hierarchy/Network Process. *RACSAM (Review of the Royal Spanish Academy of Sciences, Series A, Mathematics)*, 2008; 102(2): 251-318.
6. Spence, M. *The Next Convergence: The Future of Economic Growth in a Multispeed World*. New York: Farrar, Straus and Giroux, 2011.
7. *The Global Competitiveness Report 2017-2018*. World Economic Forum. URL: <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>.
8. Kuzminov, I.I., Frumin, I.D. (eds.). *Twelve solutions for the new education: report of the Center for Strategic Research and the Higher School of Economics*. Moscow: Vysshaya shkola ekonomiki, 2018.
9. Koritsky, A.V. *The impact of human capital on economic growth: textbook*. Novosibirsk: NGASU (Sibstrin), 2013.
10. Korostelev, D.A., Lagerev, D.G., Podvesovsky, A.G. Decision support system based on fuzzy cognitive models "IGLA". In: *Proceedings of the Conference in 3 volumes, Vol. 3: Eleventh National Conference on Artificial Intelligence with International Participation KII-2008*. Moscow: LENAND, 2008, 329-336.
11. Kulinich, A.A. Computer systems for modeling cognitive maps: approaches and methods. *Control Sciences*, 2010; 3: 2-16.
12. *The world business organization.2018. ICC Russia International Chamber of Commerce*. URL: <http://www.iccwbo.ru/ob-icc/icc-russia/missiya>.
13. Nesterov, L., Ashirova, G. National wealth and human capital. *Voprosy Ekonomiki*, 2003; 2: 103-110.
14. Melnik, M.S., Pricina, O.S., Orekhov, V.D. Simulation of trends and legislation of labor activities in Russia: cognitive approach. *Economic problems and legal practice*, 2018; 3: 94-101.
15. Podvesovsky, A.G., Lagherov, D.G., Korostelev, D. SSDM "IGLA". Certificate of the Industry Fund of Algorithms and Rosstat Programs No. 50200701348, 2018. URL: <http://iipo.tu-bryansk.ru/quill/developers.html>.
16. *Labor productivity in the Russian Federation*. Social Bulletin, 2017; 9. URL: <http://ac.gov.ru/files/publication/a/13612.pdf>.
17. *Research and Development Expenditure*. United Nations Educational, Scientific, and Cultural Organization (UNESCO). 2018. <https://gtmarket.ru/ratings/research-and-development-expenditure/info>.
18. Rosstat RF. *Russia and the countries members of the European Union 2017*. Moscow, 2017.
19. Sobolev, E.N. *Remuneration of labor in the system of social and labor relations: stereotypes and Russian realities*. Moscow: Institute of Economics, RAS, 2017.

20. Decree of the Russian Federation Government No. 2227-r. Strategy of innovative development of Russia for the period until 2020. 2011.
URL: <http://minsvyaz.ru/common/upload/2227-pril.pdf>.
21. Kokoreva, E.V. (2016) Cyclical Development of Society As a Feature of Technological Evolution, Contemporary Problems of Social Work. Vol. 2. No. 2 (6). P. 26–33. DOI: 10.17922/2412-5466-2016-2-2-26-33.

COMPETENCY APPROACH AS A MODEL BASIS FOR INTRA-ORGANIZATIONAL TRAINING OF PERSONNEL

Valery Bondaletov

Andrey Kirillov

Alexander Melnichuk

Olga Urzha

ABSTRACT

Within the framework of the article, the authors consider the intra-organizational educational environment of professional development and personnel assessment with elements of simulation modeling. The educational process is based on the competency approach and the principles of "learning through the game." Each position in the organization has a professional competency card attached, which includes three parts: a profile of professional knowledge; profile of professional skills; profile of personal qualities. In order to determine the individual indicators for each of the profiles, and to compile the profile of the position, the team of authors conducted a sociological survey among managers and employees of the organization. Per the results of the survey, the graphic profiles of the management positions are: profile of professional skills; profile of personal qualities.

Keywords: *personnel assessment, effective manager, position profile, game modeling, educational environment*

1. INTRODUCTION

Great contribution to the development of gaming technologies in the system of professional training was brought by such domestic scientists as: A.A. Verbitsky [21], V. S. Dudchenko [5,6], J. D. Krasovskii [10], Platov YV [14], E. A. Khrutsky [9]. S. Malcolm [13], A. Tough [20], D. Cofer [3], J. Cross [4] are the names of foreign scientists who made a significant contribution to the development of gaming technologies. A new step in the development of domestic role-playing imitation games occurred in the 80s of the 20th century, with the introduction of personal computers into the educational process. Nowadays, according to the experts in the Russian education system, gaming technologies are concentrated so far only in the area of economics. Some examples of such games are: "Cash flow", "Rat racing", "Monopoly", "Financial roundabout". Some technologies such as "My Energy", "Smart City" are known to be used to increase the literacy of the population in the field of energy saving in Russia[11]. The main advantage of gaming techniques is that the proposed scenarios are not a product of any abstract generalization, but an objective reality [22]. Simulating real communication dependencies that happen in the organizational environment and receiving output data in each scenario, trainees use creative analysis to search for solutions by comparing different scenarios and acting on a strictly defined algorithm, creating a new generalized knowledge or master important professional competences [19]. Despite the indisputable advantage of imitation gaming techniques in comparison with other forms of personnel training, Russian executives do not pay enough attention to the use of e-learning methods and technologies. Problems are primarily related to the complexity of situations and the weakness of their modeling tools. There are also other reasons that are related to the lack of administrative regulations for organizations in the business sector, the lack of professional standards and lack of uniform approaches to personnel assessment.

In this regard, the authors of the article developed the concept of an intra-organizational educational environment for professional development and personnel evaluation based on the game simulation utilization (See Fig. 1).

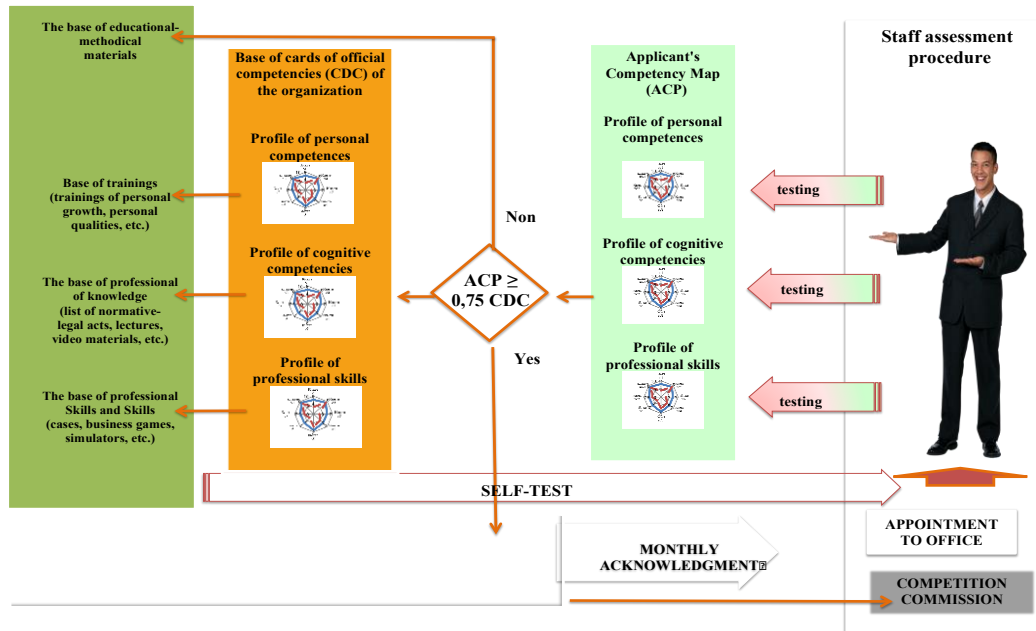


Figure 1: Conceptual model of the intra-organizational educational environment for professional development and evaluation of staff

Interest, innovation, accessibility, democracy, quality, and science are at the base of the educational environment [18]. The environment ensures the variability and continuity of educational programs in accordance with the professional requirements of each trainee. Mastering the progress of basic electronic courses and programs is indicated in the individual training program. Each module of electronic courses contains a set of cases, scripts, business situations, simulators and final variation tests. Each position in the organization has a list of professional requirements. Requirements include three profiles:

- profile of professional knowledge (What should an employee know about this position?);
- Profile of professional skills (What one has to accomplish and what skills to have?);
- Profile of personal qualities (What personal qualities should the employee in certain position have?).

During the certification of personnel, employees are tested for each profile and the level of compliance of employees with the list of professional requirements for each of the profiles is determined. After the profile grades are transferred to a visual graph- model. In addition, the organization develops a database of educational materials. The database development will increase the level of professional competence for each of the profiles. For the professional knowledge profile, the organization develops a knowledge base: a course of electronic lectures, video materials, webinars, etc. For the professional skills profile, a collection of study cases, scripts, business or simulation games is developed. The profile of personal qualities is represented by a set of tests, the completion of which promotes the acquisition of necessary business qualities. In general, the development of test materials and competency lists provides an opportunity to assess the potential of an employee for a promotion and reduces the risk of

nominating (hiring) incompetent employees; reduces training costs; supports sense of fairness and increases motivation [15]. At the same time, as it was already noted, this tool can be used by employees for self-evaluation. And, finally, each profile containing parameters for assessing the performance of the employee, allows organization to initially correctly assign tasks to the newly hired staff and prepare them for work after the training period, immediately adapting the employee to the system of work evaluation of personnel at the organization. In organizational education, it is very important to visualize situations "before" and "after" the application of express teaching methods [16], especially when the object of training is a newly hired employee or an employee applying for a promotion. First, the primary evaluation of the employee's professional competencies is made for each profile. Then, the real profile of the employee is compared with the profile of the professional requirements of the position and changes are assessed. As mentioned earlier, one of the principles of designing a testing system is availability, i.e. the testing system is available to any employee. This principle allows employees not to wait for the certification period, but to independently check and assess their level of professional competence. After testing, the system, depending on the overlap degree of the employee's profiles with competency profile card, automatically assigns the employee in the reserve for the required position, or assigns a training program. Based on the generated table, it is clearly visible in which areas the concrete employee should develop. Objective evaluation of staff competencies is necessary at various stages of professional cycle - during hiring process, during advanced training, during position assignment and during new competencies and skills learning process [12]. In this regards, there is a need to develop both a single indicator of the content for the job requirements profile and the weighted importance profile coefficients for an integrated assessment of the employee.

2. METHODOLOGY

The leading method of research was a survey of mid-level managers. The age and gender configuration of the respondents is represented by the following proportions: 8 women, and 22 men aged 35 to 50 years. They all hold their leadership position for at least 5 years. The research mechanism consisted of several blocks of questions that were aimed to identify skills and personal qualities that an effective manager should have. The profile of professional knowledge, however, was not developed, since the component requires a narrow specialization and depends heavily on the specifics of the industry and organization. At the second stage, using a focus group, the authors of the article attempted to adjust the list of management position indicators by interviewing the lower-level staff at the organization. The study purpose was to determine the list of single indicators for each of the leadership profiles of the management position. The first profile of competencies and its' criteria constitute of competences that characterize the capabilities of employees and their potential that is expressed in the level of certain skills and abilities. The second profile of competencies and its' criteria characterizes employee's achievements at the time of assessment. Achievements as the results of the implementation of their capabilities and development potential in their current positions reflect the professional and personal qualities of the employee. Assessment also reviews the degree of realization of some professional opportunities.

3. RESULT

Each position has a unique list of competencies, reflecting the list of unique requirements for different positions and its' effectiveness. Based on the scientific analysis Agafonov E. [1], Andreeva I. S., Danilov I. P. [2], I. A. Zimnya [23], Kaptilevich T.K. [7], Kudryavtseva E. I. [8], the authors of the article compiled a list of key job competencies for the "leader" category (See Tables 1, 2).

Table 1: List of competencies of professional skills by position

№	Name of competency	Competency characteristics
1.	Personal responsibility	Ability to take responsibility for own actions
2.	External Impact Resistance	Ability to quickly recover after unpleasant situations
3.	Written communication	Ability to write clearly, effectively and professionally
4.	Interpersonal communication skills	Effective communication good interpersonal relations, and mutual understanding with all co-workers
5.	Skills to convince	Persuasion of others to change an opinion, position or behavior
6.	Communication skills	Effective communication with teams
7.	Teamwork skill	Effective and productive team work
8.	Achievement of goals	Ability to identify and prioritize actions leading to the goal achievement
9.	Negotiation Skills	Ability to facilitate the achievement of agreements between two or more parties
10.	Ability to solve problems	Anticipation, analysis, diagnosis and problem solving
11.	Self-organization	Self-control and ability to manage time and prioritize
12.	Conflict resolution	Constructive effective reaction to conflicts and its' resolution
13.	Decision Making Skills	Utilization of effective processes for decision-making
14.	Planning and organization	Utilization of logical, systematic and organized procedures to achieve goals
15.	Staff Development	Promotion and support of professional growth of staff
16.	Ability to understand and appreciate others	The ability to interpret and understand the feelings and attitudes of others
17.	Flexibility	Quick adaptation to changes
18.	Task Execution management	Ability to create and encourage professional motivation of employees

Table following on the next page

Table 2: List of professional competencies of social and personal qualities by position

№	Name of competence	Characteristics of competence
1.	Focus on people	The position requires a constructive approach to people. Most of the time for this position is devoted to listening and understanding variety of people, successfully working with them to achieve mutually beneficial results
2.	Focus on Result	In this position, one need to be persistent and bring the task to its' conclusion
3.	Focus on development	Interest in the growth of the company, not solely, in a personal career. If the leader is highly skilled, his goal is to leave something after himself. Personal power does not entertain him; he does not want to clear out his achievements after a relocation or a promotion.
4.	Responsibility and Discipline	Work requires both personal responsibility and discipline, and the ability to support the rules of internal labor regulations and corporate solidarity
5.	Communicability	The position assumes that the employee has absolute skill set for effective verbal and non-verbal communication and interaction, including situational adaptability.
6.	Optimism and confidence	Work requires optimism and self-confidence. It is required to apply various abilities and skills for task performance.
7.	Initiative	The position assumes the ability to encourage the initiative of employees and encourage staff to express creative ideas, offer an advice or practical approach to the issue.
8.	Independence	Work requires independence in making specific decisions aimed at timely and high-quality task implementation.
9.	Honesty and ethical behavior	This position requires a fair attitude toward others, regardless of personal perceptions or believes
10.	Leadership	Moral and intellectual ability to visualize the future desired state of the organization and assemble a team that can achieve this future.
11.	Resistance to stress.	The ability to quickly change behavior, adapt to changing environment under the influence of stress factors. In other words, to be stress resistant.
12.	Sense of humor	Personal and psychological characteristics of the leader, which manifests itself in the ability to notice the contradictions and characteristics of the environment, people and events from a humorous point of view. The ability to see the positive side, where others think that everything is tragic and very difficult.

A list of key job competencies was proposed to mid-level managers and staff of the organization to determine its' significance. Based on the answers, a hierarchical order of competences was constructed. New structure reflects the skill and abilities profile that are important for a leadership position (see Figure 2) and reflects the professional profile of social and personal qualities by function (see Figure 1).

Figure following on the next page

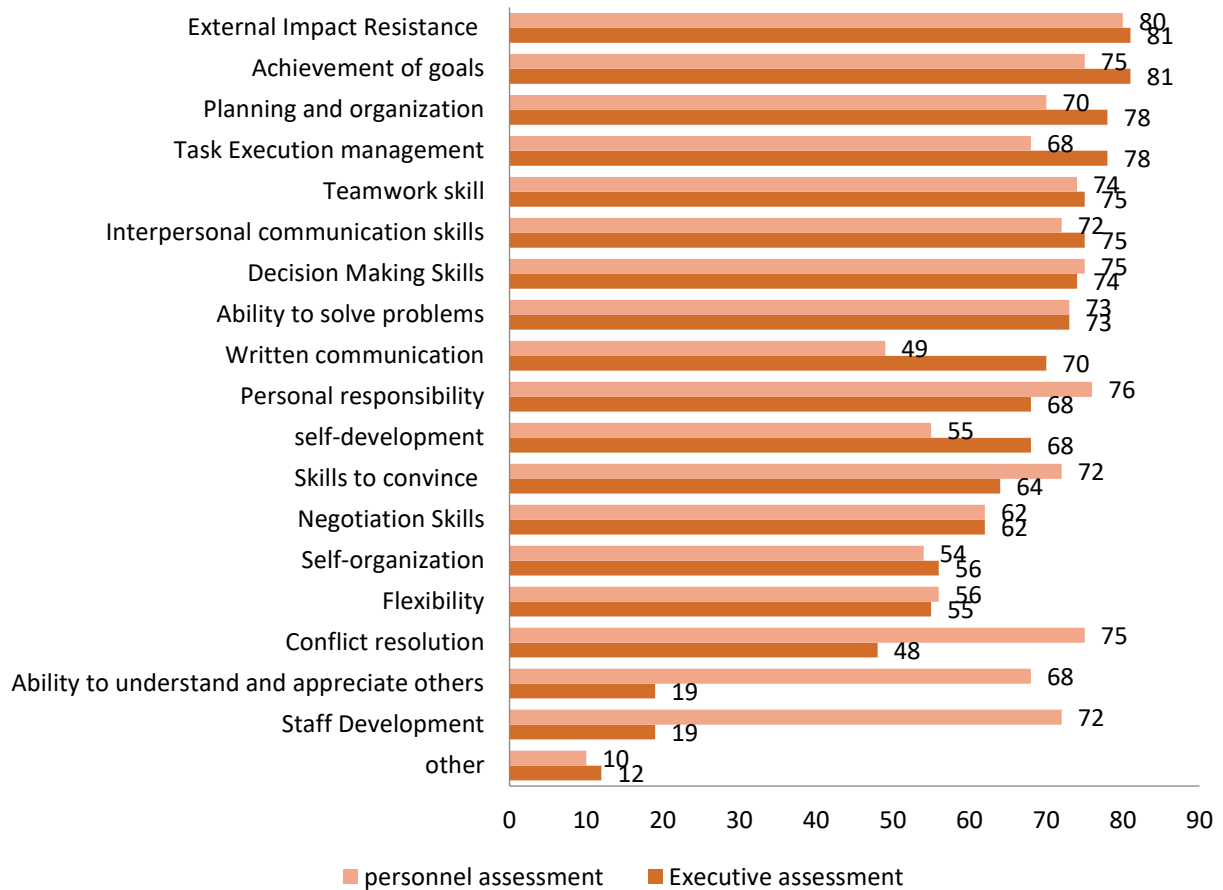


Figure 1: Table of competences of professional skills for leadership position (% of the respondents)

Figure following on the next page

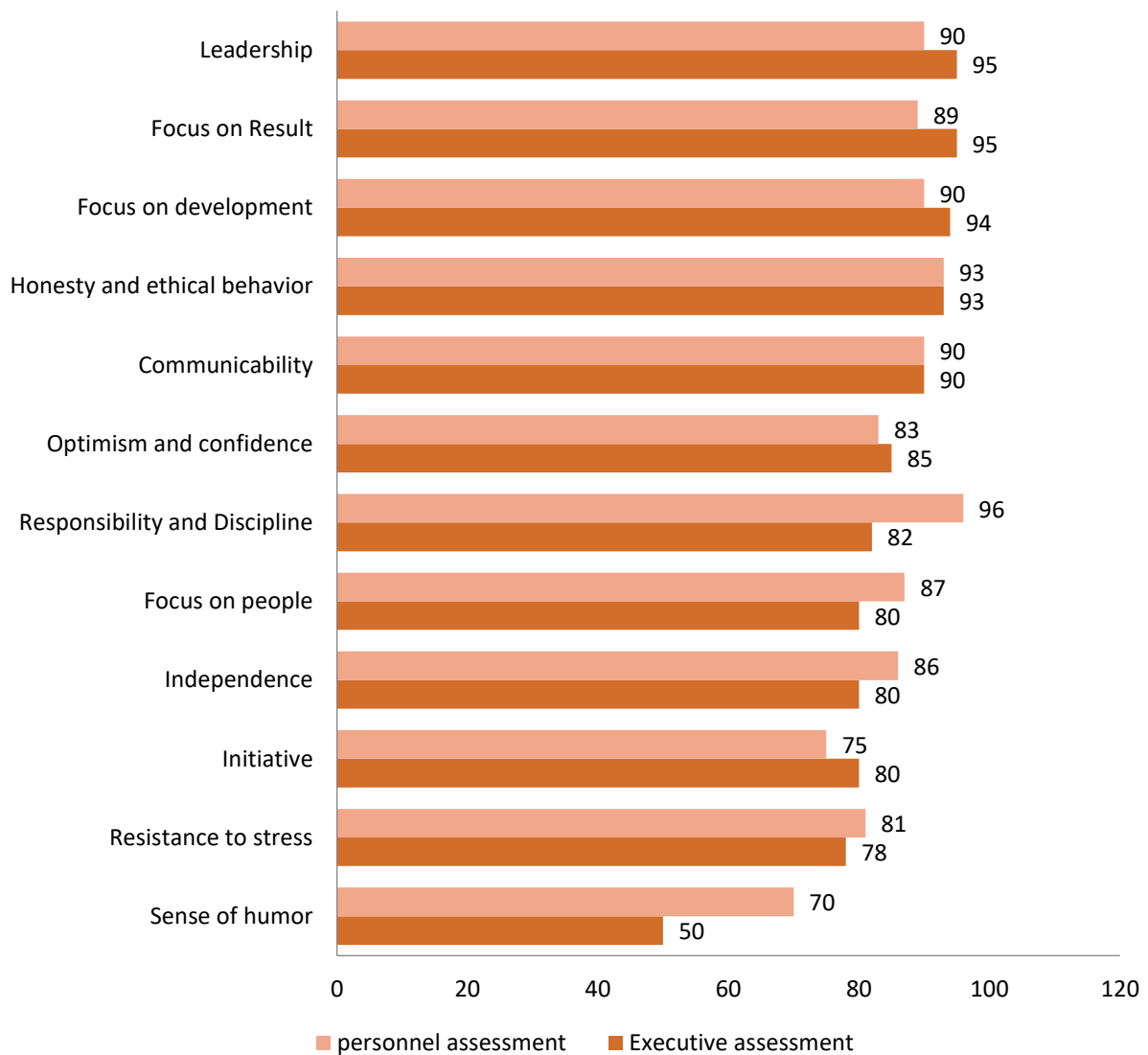


Figure 2: Table of professional competencies of social and personal qualities in the position of "leader" (% of the respondents)

The analysis of diagrams (Fig. 1; 2) shows that managers are more focused on competencies that ensure personal effectiveness (Written communication, Problem solving skills, Decision-making skills, Interpersonal skills, Teamwork) and organizational effectiveness (Task execution management, Planning and organization, Goals achievement, Resilience to external impact). Employees of the organization emphasize the need for certain qualities in a manager (such as goal orientation and resilience to external impact) that contribute to the growth and the effectiveness of the organization and qualities (like written communication, Problem solving skills, Decision making skills, Personal Responsibility, Conflict resolution, Interpersonal skills, Ability to Work in teams, Confidence, Staff Development) that are focused on the interests of whole company. At the second stage of the survey, respondents were asked to determine the significance of single indicators on a scale from 1 to 10. Authors used the following values to determine the importance of competencies for the position:

- 0 - 4.9 - irrelevant for the position
- 5.0 - 6.9 - Secondary significance for the position
- 7.0 - 8.9 - significant for the position
- 9.0 - 10.0 - extremely important for the position.

To build visual models of the profile of professional skills and professional competencies of social and personal qualities, it is necessary to average the significance of the competencies marked by the leaders and staff of the organization.

$$PC = (PC \text{ management evaluation} + PC \text{ staff evaluation}) / 2$$

Based on the results obtained, authors constructed visual models of the profile of the professional skills of an effective leader (see Figure 3) and professional competencies of social and personal qualities (See Figure 4).

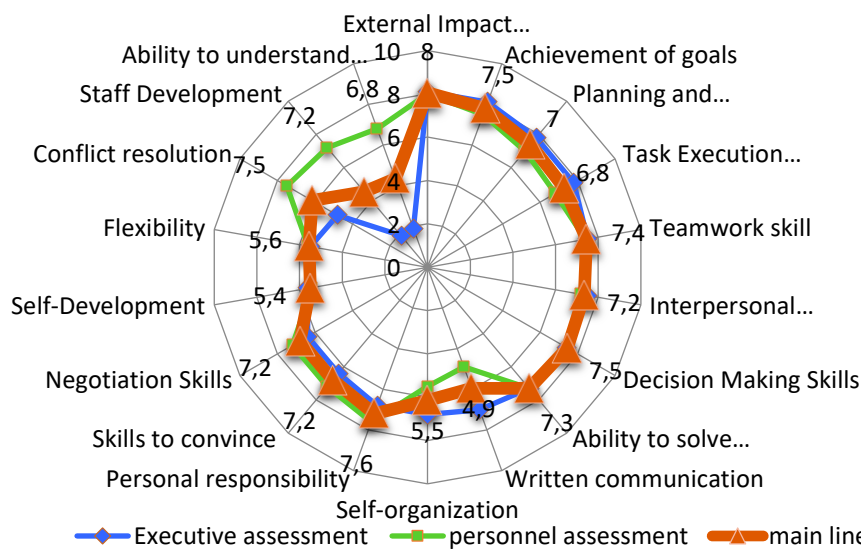


Figure 3: The visual model of professional skills (abilities) for the managerial position

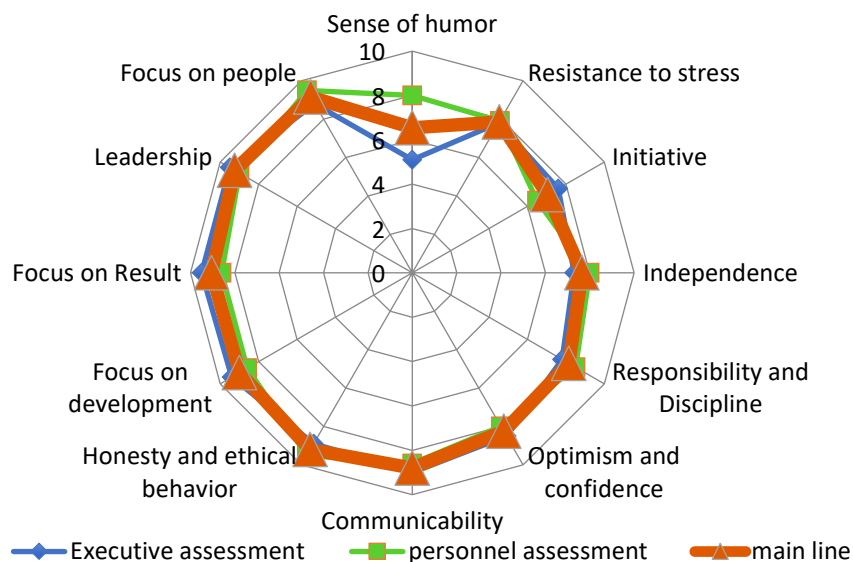


Figure 4: The visual model of professional competencies of social and personal qualities for the managerial position

Evaluation of the constructed employee competencies possesses a special relevance in the process of certification and promotion.

4. CONCLUSION

From the results of the survey, the leaders of organizations are more focused on mastering those correlated competencies that contribute to the personal effectiveness of the manager and the effectiveness of the organization as whole. Employees, on the other hand, are focused on the leader qualities directly related to the development of the team and the ability to maintain a favorable social and psychological climate in the team. In conclusion, team of authors would like to emphasize that when discussing the differences between the assessments of managers and employees, it should be noted that with this sample size, the significance of the differences between both categories of competencies and between groups of respondents is very relative and more detailed research is required to refine the data.

LITERATURE:

1. Agafonova E., 2014. Kompetencii i rol' HR-menedzhera [Competencies and the role of HR-manager] [Text]. // Professional communities on Rabota.ru. URL: <http://pro.rabota.ru/hr/document/view/12109> (дата обращения: 12.09.2018).
2. Andreeva I. S., Danilov I. P., 2014. Kompetentnostnyj podhod k upravleniyu personalom kak konkurentnoe preimushchestvo predpriyatiya [Competence approach to personnel management as a competitive advantage of the enterprise] [Text]. // Vestnik Chuvashskogo universiteta. Vol. 1, pp 218-224.
3. Cofer, D., 2006. Informal workplace learning. Practice Application Brief. U.S. Department of Education: Clearinghouse on Adult, Career, and Vocational Education, 10.
4. Cross, J., 2007. Informal learning: Rediscovering the natural pathways that inspire innovation and performance. John Wiley & Sons, pp. 320.
5. Dudchenko, V.S., 1987. Programma innovacionnoj igry [Innovative game program] [Text]. Yaroslavl, 234 p.
6. Dudchenko, V.S., 1989. Innovacionnye igry [Innovative games] [Text]. Tallin, 105 p.
7. Kaptilovich T. K., 2013. Modern Russian model of competences. [Sovremennaya rossiyskaya model' kompetentsiy] [Text]. // Personnel development management. Vol. 4 (36). pp. 268–277.
8. Kudryavtseva Ye. I., 2011. Competence as a key concept of the actual theory and practice of management [Kompetentsiya kak klyuchevoye ponyatiye aktual'noy teorii i praktiki menedzhmenta] [Text]. // Administrative consulting. Vol 2. pp. 140–148.
9. Khrutsky, E.A., 1991. Organizaciya provedeniya delovyh igr: [The organization of the business games conduction] [Text]. A guide for teachers, Moscow, Higher School, 320 p.
10. Krasovsky Yu.D., 1989. Mir delovoj igry: (Opyt obucheniya hozyajstvennyh rukovoditelej). [World of business game: Teaching experience of economic executives] [Text]. Moscow, Economics, 175 p.
11. Krasovsky Yu.D., Soroko A.V., Shemonchuk D.S., Bondaletov V.V., Baklanov P.A., 2018. Simulation modeling in theory and practice of personnel training (visuagaphic methodology by Iu.D. Krasovskii). International Journal of Pure and Applied Mathematics. Vol. 119. № 7. pp. 905-909.
12. Kirillov A.V., Melnichuk A.V., Bondaletov V.V., Li N.P., Lvova M.A. (2018) Gamification for the motivation of scientific and pedagogical staff. Turkish Online Journal Of Design Art And Communication. Volume 8 Issue SPTMSPCL. DOI: 10.7456/1080SSE/144
13. Malcolm, S., 1950. Informal adult education: A guide for administrators, leaders, and teachers. Association Press, pp. 272.
14. Platov, V.Ya., 1991. Delovye igry: razrabotka, organizaciya i provedenie: Uchebnik [Business games: development, organization and conduct: Textbook] [Text]. Moscow, Profizdat, 156 p.

15. Pozdnyakova, N.F. (2010). Keis-metod v biznes-obrazovanii [The Case Method in Business Education]. *Materialy Afanasevskikh chtenii*, 1(8), 276-282.
16. Ryabova, T.M., 2017. Tehnologii formirovaniya obraza gosudarstvennogo grazhdanskogo sluzhashhego: [Formation Technology of Image of Civil Servant] [Text]. *Social policy and sociology*, Vol.16, 2(121), pp. 155-163.
17. Shalashnikova, V.Yu. & Shimanskaya, I.Yu. (2016) Analysis of Factors and Effectiveness of Heads of Local Administration in Modern Russian Municipalities, *Contemporary Problems of Social Work*. Vol. 2. No. 1 (5). P. 104–111. DOI: 10.17922/2412-5466-2016-2-1-104-111.
18. Soroko A.V., Shemonchuk D. S., Bondaletov V.V., Baklanov P.A., Zvezdina E.A., 2018. Scenario modeling as method of staff training in the organization. *Espacios*. Vol. 39 (21). P. 31
19. Soroko A.V., Shemonchuk D.S., Bondaletov V.V., Baklanov P.A., 2018. Electronic mentoring or E-mentoring as an innovative solution of state employees training. *Ponte*. Vol. 74. № 1. pp. 71-80.
20. Tough, A., 1971. The adult's learning projects. Ontario: Institute for Studies in Education, pp. 207.
21. Verbitsky, A.A., 1991. Aktivnoe obuchenie v vysshej shkole: kontekstnyj podhod: Metod [Active learning in higher school: Context approach] [Text]. *Educational Guidance*, Moscow, Higher School, 207 p.
22. Zhukov, D.O., 2015. An overview of modern information technologies and the Institute of Information Technology - MIREA. *Bulletin of MSTU MIREA*, 9(2), pp. 1-27.
23. Zimnya I. A., 2004. Key competences as the effective-target basis of the competence approach in education: the author's version.. [Klyuchevyye kompetentsii kak rezul'tativno-tselevaya osnova kompetentnostnogo podkhoda v obrazovanii: avtorskaya versiya]. [Text]. M.: Issledovatel'skiy tsentr problem kachestva podgotovki spetsialistov.

DEVELOPMENT SCENARIOS OF SIMULATION CASE-TASK ON THE DISCIPLINE "STRATEGIC MANAGEMENT OF THE STATE AND MUNICIPALITIES" OPOP OF MAGISTRACY: STATE AND MUNICIPAL MANAGEMENT: (MANAGEMENT OF STATE AND MUNICIPAL PROCUREMENT)

Elena Frolova

Olga Rogach

Tatyana Ryabova

Maxim Kozyrev

ABSTRACT

The case-method illustrates its high efficiency for the development of management master competences. The solution of non-standard situations in conditions of uncertainty, stress, time deficit forms the trainee skills they need in their further work. Within the framework of the discipline "Strategic management by state and municipalities", the use of the case-method makes it possible to consider the problem in a complex, to assess the likely influence of the management decision on various aspects of activity, and to carry out an effective exchange of information. The authors developed and proposed scenarios of simulation Case-methods for graduate students of management specialties. In particular, Scenario 1. Evaluate the impact of the external environment chosen by you subject of the Russian Federation through PEST analysis, the methodology of which is given below. PEST-analysis is one of the most widely used methods of macro-environment analysis. Scenario 2. Evaluate the impact of the external and internal environment chosen by the subject of the Russian Federation through SWOT analysis, the methodology of which is given below. Scenario 3. Strategies for the development of tourist attractiveness of municipalities. Scenario 4. Strategies of development of social infrastructure of municipalities. The students were offered with the set of tasks "Social Infrastructure Objects".

Keywords: *case-method, higher education, students, magistracy, strategic management, territorial development*

1. INTRODUCTION

The current trends and the challenges of modern reality, expressed in the change of conceptual representations about the role, the goals and the content of education in the modern world, have led to significant transformations of student needs (Frolova, Rogach, 2017), the centering of research interests around the mechanisms and the principles of the competence approach implementation in the pedagogical process. The competence approach as the basis of modern education standards focuses attention on education result, and not the amount of acquired information, but a person's ability to act in various problem situations is regarded as a result. In modern conditions the institution of education is the key agent for the reproduction of social development social and intellectual capital (Rogach et al., 2017). High society demands to the results of young people training actualize significantly the risks of the pedagogical process, related to the difficulties of theoretical knowledge and practical activity integration. The most important task is to develop the ways to harmonize the requirements in the field of education, employers' requests and, above all, the needs of students (Newton et al., 2009). Within the traditional organization of the educational process, unilateral communication forms are used in

the process of knowledge transfer, the essence of which is the transfer of information and its subsequent reproduction by students. A passive perception of knowledge has insufficient effectiveness, while active teaching methods contribute to better assimilation of information, its identification and realization in professional activity. Case methodology has received high recognition in the education system as a viable and an effective practice for the training of future experts (Jones, 2008; Lengyel, Vernon-Dotson, 2010). Case method contributes to the overcoming of traditional occupation limitations, in which students receive already "known" knowledge in a highly structured format (Jain, 2005). An extremely dynamic labor market requires the constant update of knowledge and the acquisition of new competencies. Accordingly, the knowledge itself does not provide competitiveness in the modern world, the practical skills become the decisive factor. "The public access to information and almost zero cost of its storage and transfer" (Donnelli et al., 2013) updates the importance of analytical skills. It is important to develop heuristics and algorithmic capabilities for students in an increasingly complex environment to understand the problem in a complex, to assess the likely impact of management decisions on various aspects of activity in short, medium and long term (Jain, 2005). Case-method has a number of features that determine its advantages in modern training practices: the predominance of research and analytical procedures; collective development of ideas and information exchange; synergetic effect, the improvement of knowledge quality and quantity; the activation of training needs, the stimulation of cognitive, creative activity, the motivation for success. Per se, the case method is the transition from a traditional model centered on a teacher to interactive education, the central participant of which is a student who plays a leading role in his own learning organization. The advantages of Case method are related to the wide possibilities of multiple and diverse interpretations, which is especially important for the teaching of management disciplines. Case method allows to form the leadership potential of students, developing their abilities as critical and creative thinkers (Greenhalgh, 2007), Modern socio-economic conditions dictate the need to form such qualities of future professionals as mobility, communication skills, initiative, flexibility, the ability to respond quickly to the requests of a dynamically changing environment. Pedagogical practices should correspond to the labor market needs, form the competences of managerial decision development in the situation of uncertainty and diverse challenges. The case-study method deserves consideration as the most adequate pedagogical toolkit reflecting the requests of the external environment (Collier & O'Sullivan, 2012). The studies illustrate that the use of the case method in the teaching of the strategic management course has shaped the students' tolerance to the situation of uncertainty (Banning, 2003). In modern social and economic conditions, the ability to interact with different partners is particularly relevant. Effective business relationships are impossible without practical communication skills. The training of a modern professional is largely determined by the development level of his communication skills. As interpersonal communication concepts become more central to the basic courses of speech communication, the learning by the case method also becomes more important (McAdoo, Nelson, 2009). An effective use of information is a key component of a manager's work. In the business environment burdened with information overload, the issue of MBA programs is how to provide training so that their graduates have the necessary basics in this skill. Business managers use information in the decision-making process, so students need to learn and use effectively the opportunities for an effective information use (Cullen, 2013), to form skills for problem evaluation and solution (Jones, 2008). The use of the case method involves a number of questions for a teacher, first of all, such as a situation selection, the determination of the best strategy to help students to prepare for a discussion, the ways of a discussion intensification, the evaluation of a method efficiency and its capabilities in required competence development (Dowd, 2015). An effective use of the situations in the educational process proposed for analysis requires a considerable preparatory work, the development of a methodological base.

The use of case method in the process of student teaching involves the following factors: the conceptual content of a subject, the pedagogical structure of the class, the cognitive structure of the students, the social structure of the class, and the student feedback relative to their learning experiences in case-based courses (Tillman, 2012).

2. THE PURPOSE AND OBJECTIVES

The authors attempted the problem analysis concerning the possibilities of case method use in the preparation of management masters. The purpose of work – development of scenarios of simulation case-task on the discipline "Strategic management of the state and municipalities" OPOP of magistracy: state and municipal management: (management of state and municipal procurement). Approbation of the scenario case-tasks, in the classroom of correspondence group of students in the field of training "State and municipal management" (master's degree program). 24 students were trained by the case study method. Determination of the advantages and disadvantages of its use in the discipline "Strategic management by state and municipal entities". The process of mastering the academic discipline is aimed at forming the following professional competencies among students:

1. Ability to systematize and summarize information, prepare proposals for improving the system of state and municipal management;
2. Ability to cooperate in the framework of interdisciplinary projects, work in related areas;
3. Ability to use knowledge of methods and theories of humanitarian, social and economic sciences in the implementation of expert and analytical work.

3. SCENARIO 1

Evaluate the impact of the external environment chosen by you subject of the Russian Federation through PEST analysis, the methodology of which is given below. PEST-analysis is one of the most widely used methods of macro-environment analysis. The essence of the PEST analysis lies in the allocation of a limited number of macro-environment factors that have or can have the most significant impact on a particular socio-economic process or organization, determine the nature of this influence (positive, negative), identify trends in the changing factors and determine possible changes in the macro environment in different conditions. Based on the results of the PEST analysis, the strategy of actions is developed and adjusted by influencing its adaptive component or, if necessary, changing the strategy. When conducting a PEST analysis, each of the factors of the indirect environment is considered separately, however, nevertheless, it must be taken into account that all factors of the macro environment are interrelated. Changing some of the factors in the macroenvironment of an organization can lead to a change in all others, which determines the need for a comprehensive study of macro macroenvironment factors. It should be noted that large organizations are more dependent on the macroenvironment than small ones. For convenience in applying the results of PEST analysis, it is necessary to make a list of those factors that are potential bearers of threats and the changes in which can open additional opportunities. This requires an individualization of studies of the application of PEST-analysis in relation to various spheres and organizations. In the literature on management theory, there is no single approach to isolating blocks of PEST analysis. It is logical to assume that their composition is determined by the purposes of the analysis. The standard PEST analysis scheme assumes the presence of four blocks of factors: political, economic, social and technological. Virtually all researchers identify the significance of these factors for the PEST analysis of the investigated object. However, many of them introduce additional blocks of factors into the standard PEST analysis scheme, trying to emphasize the importance of their influence on the described object. For example, often among the main blocks of PEST-analysis, apart from the traditional blocks of legal factors. This category includes legislative and other normative acts that regulate the activities of economic

entities that determine the scope of their activities. Political factors are considered more globally - in terms of the intentions of state authorities regarding the development of society and about the means by which the state intends to implement its policy. Given the decisive role of the state in the formation of the macro environment, as an independent unit of PEST analysis, the state and political environment is singled out. Sometimes socio-cultural factors are included in the list of main blocks of PEST analysis, instead of social factors, which emphasizes the importance not only of social factors proper, but also of the cultural environment of society. In a separate block of PEST-analysis, some researchers identify relations with the local population and define it as a factor of the primary importance of the environment of indirect impact. The significance of certain factors of the macroenvironment is determined on the one hand by the objectives of the analysis of the macroenvironment, on the other hand by the specificity of the object under consideration. Next, each of the blocks of factors affecting the organization should be examined in more detail. At the same time, a standard PEST analysis scheme should be adopted as a basis. The typical structure of PEST analysis blocks includes political, economic, social and technical and technological factors.

Table 1: The typical structure of PEST analysis blocks

Political factors	Economic forces
<ul style="list-style-type: none"> - characteristics of the political system that determine the specific features of political influence; - State participation in various interstate agreements and structures; - the nature of international relations; - political conflicts; - political and legal consciousness; - political and legal culture; - ideological aspects of political influence, etc. 	<ul style="list-style-type: none"> - structure of national production; - Dynamics of gross domestic product; - inflationary processes; - Dynamics of the exchange rate; - the refinancing rate of the Central Bank of the Russian Federation; - dynamics of employment of the able-bodied population; - Effective demand; - economic cycles; - the cost of resources and goods; - Cost structure of the organization; - costs for communication and transportation; - consumer purchasing power and consumption level; - the nature of competition; - Transactional costs, etc.
Social factors	Technical and technological factors
<ul style="list-style-type: none"> - stratification of society; - attitude to work, rest; - style and standard of living; - demographic factors; - religious factors; - socio-cultural aspects of the life of the population; - the state of the health care system, social security and recreational services; - education system; - the state of the system of education and socialization; - the level of crime, etc. 	<ul style="list-style-type: none"> - the level and trends of research and development (including the intensity of the emergence of new inventions); - perfection and cost of technologies, tendencies of their changes (here it is necessary to include material consumption and power consumption of technologies); - the degree to which the technology affects the environment (ecological compatibility), etc.

4. SCENARIO 2

Evaluate the impact of the external and internal environment chosen by the subject of the Russian Federation through SWOT analysis, the methodology of which is given below.

To carry out SWOT-analysis, a matrix is made, in which:

- Strengths are available internal resources, some specific characteristics that can provide additional opportunities. Strength can represent skills, considerable experience, valuable organizational resources, high qualification of personnel, any achievements, etc.
- Weaknesses are missing internal resources, vulnerabilities, lags or lack of something important for functioning or what has not yet been possible in comparison with others and what puts the object of analysis in an unfavorable position. As an example, you can give a bad reputation, lack of funding, low level of skills and motivation of staff, etc. The weak side, depending on the importance, can create conditions for adverse consequences.
- Opportunities are favorable conditions that can be used to obtain any benefits or benefits. In particular, the opportunities include changing the climatic conditions, cutting an innovative leap that allows solving many previously difficult problems, increasing the income level of the population, etc. It should be emphasized once again that the required capabilities for the purposes of SWOT-analysis are not all the existing opportunities, but only those that can be used.
- Threats are dangerous events, the onset of which leads to losses. As an example, the emergence of an increase in the tax burden, the transformation of consumers' tastes and consumer preferences, the decline in fertility, the conflict political situation, the impoverishment of the population, etc., should be cited as an example.

It should be remembered that the specificity of SWOT-analysis is selectivity. Therefore, the matrix of SWOT-analysis should not contain a complete list of all the weak and strong points or opportunities and threats, but only those that relate to the investigated problem situation. It is very important that the same factor under different conditions and for different subjects can be both a threat and an opportunity. For example, for an oil-exporting country, a reduction in its supplies from another state in connection with an internal conflict is an opportunity, since it will lead to an increase in world oil prices. At the same time, for other countries, proximity to the conflict zone threatens to sprawl it. Or, higher prices for oil importing countries will lead to additional costs, which will not affect the welfare of its population. The level of detail depends on the objectives of the SWOT analysis. If the object of study is an organization or a problem situation as a whole, in this case only the largest structural elements can be described. If the problem situation is more local, then it is possible to investigate smaller elements. The principle of choice of SWOT-analysis factors depends entirely on the level of the task. In this regard, the main task of the analyst is to select such factors for research, as well as ways of evaluating these factors that would be most adequate to the problem being solved. An important nuance of the SWOT analysis will be the correct definition of the characteristic of the factor - this is a strong or weak side, an opportunity, or maybe a threat. The most common error is the pattern of the approach when forming the SWOT-analysis matrix without taking into account the specific situation, which is an unacceptable action. Because absolutely any characteristic of the organization or situation can be assessed as favorable or unfavorable. It should be emphasized once again that this method is very universal and this allows it to be applied not only in the sphere of material production, but also in other spheres of social production. As a relatively exaggerated example, it is possible to consider the supervisory state body (the federal service) in order to determine ways to increase the effectiveness of its impact on public relations.

Table following on the next page

Table 2: SWOT analysis

Internal environment		
Параметры оценки	Strengths	Weak sides
1. Valuation Options	High level of qualification of employees	Low interest of employees in the results of their work
2. Material and technical base	High level of supply with necessary equipment of workplaces	About a third of equipment is obsolete
External environment		
Valuation Options	Opportunities	Threats
1. Legislative base of activity	Legislation has all the necessary powers to carry out supervisory activities	There are a number of legal conflicts that impede enforcement
2. Socio-cultural factors	The growth of the legal awareness of the population makes it possible to identify offenses in a larger number	The increase in the number of citizens' appeals increases the burden on employees

The first step of the SWOT-analysis is the assessment of the internal environment of the organization. This stage allows you to identify the strengths and weaknesses of the organization (problem situation). To do this, you should:

1. Define the list of parameters that are subject to evaluation and for which the organization will be evaluated.
2. For each parameter, determine the weak and strong side of the organization.
3. From the whole list, select the significant strengths and weaknesses of the organization and, on the basis of this, form the SWOT-analysis matrix.

The second step of SWOT-analysis is the assessment of the external environment of the organization. This stage allows you to explore the situation outside the organization and identify existing opportunities and threats (notified so armed). Approach to identifying external opportunities and threats to an approach to identifying strengths and weaknesses:

1. Make a list of parameters for assessing the situation.
2. For each parameter, identify the possibility and threat to the organization;
3. From this list choose the most significant opportunities and threats and enter them into the matrix.

When choosing the most significant aspects, it is advisable to limit to 5-10 strong and the same number of weaknesses, so as not to experience difficulties due to the impossibility of qualitative coverage of all parameters in the subsequent analysis. In order to choose the most important from the list of opportunities and threats, each opportunity and threat must be assessed according to two parameters: the probability of occurrence of an event and its consequences. Chances are those events, the offensive of which is most likely, and their consequences will have a significant impact on the situation. These 5-10 opportunities and threats are entered in the appropriate cells of the SWOT analysis matrix.

5. SCENARIO 3

Strategies for the development of tourist attractiveness of municipalities.

5.1. Conditions of the case study

Volokolamsk is a city of regional subordination in the Moscow region of Russia, the administrative center of Volokolamsk district and the city settlement of Volokolamsk. The population for 2018 is 19 824 people. Volokolamsk is Located on the Federal highway "Baltic" 98 km West of Moscow (from Moscow). The historic centre is on the Gorodnya river (a tributary of the Llama), 5 km to the North of the railway station Volokolamsk on the line Moscow — Riga. Landmarks:

- Historical and architectural Museum.
- The Iosifo-Volozkiy monastery.
- Volokolamsk remarkable resurrection Cathedral (the second half of the XV century), the Church of the Nativity of the virgin in the Retribution (1535), Peter and Paul (1694) and intercession (1695), St. Nicholas Cathedral (erected in 1856-1864 as a monument to those who died in the Crimean war).

Threats and risks. In the spring of 2018, the city regularly held mass protests against landfill "Sound". In addition, on the issue to the Administration of the President of Russia, there were more than 9 thousand of requests asking to close this landfill. The situation in the city deteriorated in March 2018, due to the release of landfill gas, many people appealed to the hospital with complaints of poor health. Including it is noted:

- low level of provision of objects of the tourist industry connected with lack of information designation of objects and a condition of roads in the territory of Volokolamsk;
- low level of organization of cultural events by local authorities;
- lack of marketing support for the development of territories, due to the stereotypes among potential tourists, in which Volokolamsk is associated with an adverse environmental situation;
- short-term stay of tourists in the city of Volokolamsk.

The following results of sociological research are obtained. The state of the tourist display objects, as well as the variety of animation programs in the places of rest, are seen by the respondents as "uncompetitive" in comparison with foreign counterparts (67.3%). There is a limited set of services, an unsatisfactory level of organizational support and offered tourist services, such as booking, transfer, meal, accommodation (55.7%). It was found in the course of the study, that cultural, entertainment and excursion programs often do not take into account the age characteristics of tourists (26.6%). A low level of demand is characteristic for the museum expositions of municipalities with low population, often they are characterized by the wear or the absence of tourist display objects (56.8%). At that, the absence of sustainable practices for inter-municipal cooperation between urban and rural citizens does not allow the exchange of resources, the establishment of a tourist flow in sparsely populated areas of the country.

5.2. Task

Based on the conditions of the case study, students are invited to develop a strategy for the development of tourist attractiveness of Volokolamsk.

6. SCENARIO 4

Strategies of development of social infrastructure of municipalities. The students were offered with the set of tasks "Social Infrastructure Objects". Game settings: to plan the placement of social infrastructure facilities on the urban settlement territory. To do this, it is necessary to choose an urban settlement size (50 thousand people, 100 thousand people, 150 thousand

people), to determine its strategic landmarks and territorial development goals. Students were offered to choose and place various social infrastructure objects:

1. Libraries (universal public library, children's library, youth library).
2. Cultural institutions (to determine an institution field of activity independently: museums, art schools, palaces of creativity).
3. Exhibition hall and (or) galleries.
4. Theaters.
5. Parks of culture and recreation.
6. Pharmacies.
7. Hospitals (a hospital, an adult clinic, women's consultation, children's hospital, children's polyclinic).

The evaluation system for a level passage was based on the measuring of social infrastructure object number correspondence to the size of an urban settlement, its functional role, territorial location, budget, current legislation requirements, strategic guidelines for its development. In the course of an assignment performance, students were divided into the groups of 6 people, which allowed to introduce competitive components during case performance and ensured team interaction, the development of communication skills and group discussion skills. Three seminars were assigned for task performance, each lasted for 1 hour and 30 minutes. The use of the case method was supplemented by a number of gaming techniques to stimulate and maintain the educational activity of students. The groups of students have identified identification symbols (a name, an emblem) for themselves that ensure team cohesion and unidirectionality of its actions. In order to measure the educational results and the results of the case, a rating system was introduced, bringing the competition component into the task performance.

7. CONCLUSIONS

The case-method illustrates its high efficiency for the development of management master competences. The solution of non-standard situations in conditions of uncertainty, stress, time deficit forms the trainee skills they need in their further work. Within the framework of the discipline "Strategic management by state and municipalities", the use of the case-method makes it possible to consider the problem in a complex, to assess the likely influence of the management decision on various aspects of activity, and to carry out an effective exchange of information. Theoretical knowledge, obtained as the result of traditional training, is a complex of details that need to be remembered and yet difficult to discuss. At that the practical knowledge developed through interactive activities forms the basis for the ability to act in specific situations (Emilsson et al., 2014). The use of case methods requires a deep methodical study of tasks, the consideration of such factors as discipline goals and objectives, the level of student preparation, time parameters, the complexity and the effectiveness of the case. A particular attention should be paid to the toolkit of the case: the task execution algorithm, the system for individual and group indicator evaluation, and the methods to activate a discussion. It can be assumed that an active teacher's role needs to be strengthened for the students with a weak level of training and motivation level. For such groups, the functions of a teacher can be expanded to overcome detachment and involve students in work, maintaining the ethics of the discussion. However, it is necessary to avoid a teacher's dominant role, the "imposing" of his views on a problem situation solution. The position of a teacher as the conductor of ideas is more effective to develop the conditions for the self-organization of groups.

LITERATURE:

1. Banning K. C. (2003) The Effect of the Case Method on Tolerance for Ambiguity *Journal of Management Education* Vol 27, Issue 5, pp. 556 - 567
<https://doi.org/10.1177/1052562903252652>
2. Collier C.S. & O'Sullivan M. (2012) Case Method in Physical Education Higher Education: A Pedagogy of Change?, *Quest*, 49:2, 198-213, DOI: 10.1080/00336297.1997.10484235
3. Cullen A. (2013) Using the Case Method to Introduce Information Skill Development in the MBA Curriculum, *Journal of Business & Finance Librarianship*, 18:3, 208-232, DOI: 10.1080/08963568.2013.795740
4. Donnelly K., Rizvi S., Barber M. An Avalanche Is Coming. Higher Education and the Revolution Ahead In: *Voprosy obrazovaniya*. 2013 № 3. S. 152–229
5. Dowd J. J. (2015) Case Method Teaching: Suggestions for Practice, *Marketing Education Review*, 2:3, 44-47, DOI: 10.1080/10528008.1992.11488381
6. Emilsson, M., Gellerstedt, M., Skyvell Nilsson, M. et al. Pedagogical challenges in nurse education - a case study focusing on the completion rate in theoretical education at a Swedish University. *Empirical Res Voc Ed Train* (2014) 6: 11.
<https://doi.org/10.1186/s40461-014-0011-3>
7. Frolova E.V., Rogach O.V. Municipal-private partnership in education: infrastructural aspect. *Economic and Social Changes: Facts, Trends, Forecast*, 2017, vol. 10, no. 1, pp. 145-160. DOI: 10.15838/esc/2017.1.49.8
8. Greenhalgh A.M. (2007) Case Method Teaching as Science and Art: A Metaphoric Approach and Curricular Application *Journal of Management Education* Vol 31, Issue 2, pp. 181 - 194 <https://doi.org/10.1177/1052562906291306>
9. Jain A. K. (2005) Management Education and Case Method as a Pedagogy *Vikalpa* Vol 30, Issue 1, pp. 77 - 84 <https://doi.org/10.1177/0256090920050107>
10. Jones K. A. (2008) Making the Case for the Case Method in Graduate Social Work Education, *Journal of Teaching in Social Work*, 23:1-2, 183-200, DOI: 10.1300/J067v23n01_12
11. Jones K. A. (2008) Using Case Method Teaching and Student-Written Cases to Improve Students' Ability to Incorporate Theory into Practice, *Journal of Teaching in the Addictions*, 6:1, 35-47, DOI: 10.1080/15332700802126278
12. Lengyel L., Vernon-Dotson L. (2010) Preparing Special Education Teacher Candidates: Extending Case Method to Practice. *Teacher Education and Special Education* Vol 33, Issue 3, pp. 248 - 256 <https://doi.org/10.1177/0888406409357371>
13. McAdoo J.& Nelson P. (2009) Teaching speech communication via the case method, *Today's Speech*, 23:3, 29-32, DOI: 10.1080/01463377509369187
14. Melnichuk, J.A. (2016) Methodological Bases Gamification, *Contemporary Problems of Social Work*. Vol. 2. No. 4 (8). P. 16–21. DOI: 10.17922/2412-5466-2016-2-4-16-21.
15. Newton JM, Billett S, Jolly B, Cherene M, Ockerby CM: Lost in translation: Barriers to learning in health professional clinical education. *Learn Health Soc Care* 2009, 8(4):315–327. 10.1111/j.1473-6861.2009.00229.x
16. Rogach O. V., Frolova E. V., Ryabova T. M. Academic Competition: Rating Race. *European Journal of Contemporary Education*, 2017, 6(2), pp.297-307 DOI: 10.13187/ejced.2017.2.297
17. Tillman B. A. (2012) Reflections on Case Method Teaching, *Action in Teacher Education*, 17:1, 1-8, DOI: 10.1080/01626620.1995.10463225

ARMENIAN MIGRANT WORKERS IN MOSCOW: WHAT HAS CHANGED FOR THE LAST DECADE?

TatianaYudina

*Russian State Social University, Russia
ioudinatn@mail.ru*

Yuriy Mazaev

*Russian State Social University, Russia
mazaevJUN@rgsu.net*

Tatyana Fomicheva

*Russian State Social University, Russia
fomichevatv@rgsu.net*

ABSTRACT

The article analyzes the problems that migrants from Armenia are facing while working in Moscow metropolis, based on the results of sociological surveys in 2009 and 2017. With the help of comparative analysis, we attempted to answer the following questions: whether the socio-demographic and professional composition of migrants has changed, what is the profile of their employment, what is their satisfaction with the content of labour, their labour mobility and prospects of working in the Moscow metropolis. The study identifies the Armenian migrant workers' opinion on the conditions established by the Moscow government with the implementation of Eurasian Union's statutory documents on free movement and effectiveness. The research also allowed to characterize the changes, connected with Armenian migrant workers' job search and employment, and to point out to the problems, which solution depends on authorities both of Moscow city and of the Eurasian Union.

Keywords: *adaptational search, profiles of employment, migrant workers, labor and professional mobility, satisfaction with the content and conditions of work*

1. INTRODUCTION

On the formation of the Eurasian Economic Union (EAEU), the rights of the citizens of the member States working in Russia (including Moscow region) have been considerably expanded (Perspectives..., 2017; Processes..., 2017). Migrant workers got the opportunity to work under an employment contract, which considerably extends the scope of their possible employment. Among many other preferences one can mention mutual recognition of diplomas practically on all specialties, taxation (Petrov, 2017) and issues on medical insurance (Order..., 2016). This policy towards citizens of the EAEU member States affects the changes in the level of migration flows from these countries to Russia. According to the data of Institute of social and economic problems of population of the Russian Academy of Sciences, in January-April 2017 the number of registered foreign citizens from the EAEU countries in Russia exceeded 2 million people. Approximately one third (27%) of them were citizens of Armenia (Materials..., 2017). On expert forecasts, migration flows to Russia from the EAEU countries are likely to increase (Prospects ..., 2017). Thus, in the Republic of Armenia, there were 37 people applying to the State employment service per vacancy at the end of June 2015, which is the maximum of EAEU member states (in Kyrgyzstan – 10 people, in Kazakhstan – 5, in Belarus – 2) (Commonwealth..., 2016). Studies show that migrants from the EEU countries are primarily attracted by the developed regions, large cities with a high standard of living, but these are also places with already high population density. This causes difficulties in the labour activity of migrants and requires serious adaptation efforts, especially those who came from a small town

or a village (Moscow ..., 2009). In this regard, the goal of our study is to identify the dynamics of labour activity of migrants from Armenia, which is the country of most capacious migration potential.

2. METHODS

The empirical data of the analysis is based on the results of the following sociological surveys: “Migrants from Armenia and Georgia in Moscow” (2009) and “Free movement of labour and labour productivity of migrant workers’ from the member states of Eurasian economic union in Moscow” (2017), conducted on comparable techniques. The data on a social portrait of Armenian migrant workers, profiles of employment, working conditions, perspectives of labour activity was collected with the technique of individual face-to-face standardized interview and it was analyzed using descriptive statistics procedures. Selection of respondents was carried out by using a snowball method from the labour migrants working at the enterprises of the city of Moscow. Three hundred and thirty people took part in the survey. The results of the comparative analysis of the empirical data obtained allow us to draw quite reasonable conclusions at the local level about the content and working conditions of migrants from Armenia.

3. RESULTS

3.1. A social portrait of migrants from the Republic of Armenia working in Moscow

The survey results showed that at about 70% of migrant workers from Armenia working in Moscow region, at the time of the survey conduction, (in 2009 and 2017) belonged to were in the demographic group of active working age from 18 to 33 years and are represented mostly by men. About a quarter of the migrants surveyed were between the ages of 34 and 55. A majority of the interviewed migrant workers (more than 60%) has a high educational status – higher education or vocational school or college. The vast majority of labor migrants are coming to the Moscow region from urban settlements, among them 60 to 70% are from large cities: capitals, cities of Republican and regional subordination. At the same time, it should be noted that in 2017, the percent of migrants from regional (medium) cities and rural settlements (Table 1) increased significantly.

*Table 1: Distribution of migrant workers from Armenia by the type of urban settlement in the country of origin (of all respondents by year, in percentages) ***

Year	The type of urban settlement in the country of origin			
	Capital, regional center	The town of Republican subordination	The town of district subordination	Rural settlement
2009*	39,0	20,5	18,0	3,5
2017	36,8	37,9	10,3	15,0

** The results of authors' surveys*

***19% of the respondents had no place of residence in Armenia at the time of the survey.*

The data of the comparative analysis showed that for almost ten years dominant form of Armenian labor migration has been individual, often circular. People that come to work to Moscow are mostly non-family (single/unmarried) people (55% - 2009; 53% - 2017), or migrants whose families remained at home. Couples and full families make up a small proportion of migrant workers. Practically all migrants that arrived in Moscow are fluent in Russian. Apparently, it is connected with the fact that migrant workers from Armenia studied Russian either in their home country (at school, at college, at the university), or took courses in educational institutions in Russia.

Therefore, we are sure to conclude that 7 out of 10 migrant workers from Armenia are highly educated, familiar with the Russian socio – cultural environment and living conditions in the big city people. Considering the motives that migrant workers from Armenia explain their departure from Armenia, it should be emphasized that the leading ones, along with many latent ones, are “lack of life perspectives” and “low salaries” in the homeland. Preferences in the choice of Moscow for work and residence is stably determined mainly by four factors: great opportunities for work and business, relatively high salaries, support for friends or relatives living in Moscow, a good knowledge of the Russian language.

3.2. The scope of professional activity of Armenian labour migrants’ working in Moscow

Migrant workers’ place of work analysis before moving to Moscow with their place of work in Moscow at the time of the study in 2009 and 2017 showed that, in general, migrants find work in the sphere of economic activity in which they worked at home. Deviations are observed only in the field of agriculture, where more than half of the agricultural migrant workers are not engaged in this type of production activity in the Moscow region, finding job in the other areas of the economy of the Moscow region. A smaller proportion of migrants in Moscow, in relation to employment at home, also work in the sector of industry and in the field of education. On the contrary, in such areas as trade, construction, transport, the percent of working migrants is comparable and even higher than in the structure of employment in their homeland. It is obvious that these imbalances are mainly connected with the peculiarities of the labor market in the Moscow region, on the one hand, and, to some extent, the peculiarities of the labour motivation of migrants on the other hand. The spheres of trade, construction industry and transport dominate in Moscow in terms of Armenian migrant workers employment. It is quite evident that during their labour adaptation migrants are trying to find such a professional sphere within which they will satisfy their needs. Thus, the horizontal labour mobility analysis is quiet interesting in terms of practice. The survey results clearly demonstrate that a significant tendency of Armenian migrant workers’ horizontal mobility is reallocation of labour from production spheres (industry, construction) to the social sphere and service sector. Considering the balance of migrants’ labour mobility from 2009 to 2017, with the permanent structure of the migrants’ labour resources distribution, in general, there is some growth in trade, health care and, oddly enough, in agriculture. Thus, we are likely to assert that in Moscow, the staff composition of the spheres of trade, construction, transport, is evolving not only with specialists from relevant field of activity, but also with the workers of agriculture, industry, education spheres. This fact is relevant both for those migrant workers, that just come for work in Moscow and for changing a profile of employment in the process of professional activity ones (Table 2).

*Table 2: Distribution of the answers to the question: “In what sphere of economic activity you worked in your home country, and in which one you are working now in Moscow?” (Of all respondents by year, in percentages).**

Working at home before coming to Moscow		The sphere of economic activity	Work in Moscow		Mobility balance (%)
2009	2017		2009 год	2017 год	2017- 2009 years
11,0	7,9	The sector of industry	6,9	4,1	-2,8
8,8	18,1	Construction Industry	14,7	13,1	-1,6
11,0	9,8	Transport	9,5	14,8	+5,3
7,7	6,5	Agriculture	0,9	2,5	+1,6
26,4	25,2	Trade	31,9	32,0	+0,1
14,3	5,7	Education	6,9	5,7	-1,2
12,0	6,5	Health care	10,3	11,5	+1,2
8,8	20,3	Other	19,0	16,3	-2,7

** The results of authors' investigations*

3.3. Armenian migrants' satisfaction with work in Moscow

According to the survey results most of respondents (at about 80%) think that their work in Moscow believe that their work in Moscow corresponds to their knowledge, abilities and personal capabilities. More than a third of them think that their level of education is fully corresponds their job as well. Along with the above mentioned fact the percent of the migrant workers that have no doubt in their qualification has increased more than 10% comparing to 2009 (Table 3).

*Table 3: Distribution of the answers to the question: "Do you believe that your job in Moscow corresponds to your level of education?" (Of all respondents by year, in percentages)**

Year	The degree of working in Moscow correspondence to labour migrants' level of education		
	Extremely corresponds	Somewhat corresponds	Extremely doesn't correspond
2009	33,9	40,0	26,1
2017	44,1	40,7	15,2

**the results of authors' surveys*

As a result, more than 90% Armenian migrants working in Moscow somewhat satisfied with their work, 54.2% of them are extremely satisfied. There is also a noticeable positive trend in the indicator of migrant workers' satisfaction with their work that has increased by 21.2% comparing to 2009 (Table 4).

*Table 4: Distribution of the answers to the question: "Are you satisfied with your job in Moscow now?" (of all respondents by year, in percentages) **

Year	The Degree of labor migrants' satisfaction with work in Moscow		
	Extremely satisfied	Somewhat satisfied	Extremely dissatisfied
2009	33,0	58,3	8,7
2017	54,2	44,1	1,7

**The results of the authors' surveys*

Thus, we can draw a conclusion that the Armenian migrant workers' labour adaptation is successful during many years. The parallel analysis of the data showing the migrant workers' horizontal mobility tendencies within Moscow labour market, their job satisfaction suggests that, on the one hand, there is a growing demand for staff and there are vacancies for unskilled workers, especially in the field of trade. On the other hand, there is a decrease in demand in the workers of the production sphere.

4. DISCUSSION

The labour shortage in Moscow metropolis requires its supplement by the means of labour migration from other countries (Presumed ..., 2008; Demographic..., 2017). At the same time, growing migration flows are connected with a number of social problems (Report..., 2016). The analysis and solution of these problems are in the focus of many scientific researches (Smidovich, 2005; Lebedev, 2006; Drobizheva, Harutyunyan, Kyznetsov, 2007; Osadchaya, Yudina, 2009; Migration..., 2010; Zayonchkovskaya, Tyuryukanova, Florinskaya, 2011; Vorobyova, 2011; Yudina, 2015; Topilin, 2016; Florinskaya, Mkrtchyan, 2016; Mukomel, 2017). The interest in them is likely to remain in future. A comparative analysis of the sociological research results, conducted with the participation of the authors, the study of similar investigations, the authors' personal observations and informal conversations with citizens of the Republic of Armenia allow us to conclude that the data obtained at the local level

are quite reliable and reflect objective trends in labour migration from Armenia. At the same time, the authors are aware that the results do not reveal the problems of migrant workers' adaptation to the Moscow labour market. In particular, the phenomenon of migrant workers' dispersion movement in the latent spheres of employment remains unclear. The results of our analysis showed that 16% of respondents in the last five years changed their place of work in Moscow. A significant proportion of respondents (10 per cent) refused to indicate their place of work, probably because of informal or freelance work. By comparing the results of the investigations, conducted in 2009 and 2017, we can state that there is the increase in the number of migrant workers that came from middle-sized towns and rural communities because of decreased proportion of those that came from the capitals and small towns. Typical migrant workers from Armenia in 2009 –2017 are young married men, half of which have higher education or college one. labour migration to Moscow is primarily connected with the life prospects absence in the home country and with the low salary. There is a strong confirmation of the fact that most migrant workers choose trade, construction, utilities and social services as a professional sphere for keeping their production status in relation to employment at home. The outflow of labour from the Republic of Armenia is typical for construction industry, and it is stable in relation to transport and agriculture, there is decreasing number of migrant workers in such spheres as production, health care, education. Specialists in the sphere of industry are not in demand in the Moscow labour market, that makes them look for a place of work in other areas, and, first of all, in the service sector. On the contrary, there is a certain staff inflow to the spheres of transport and agriculture. At the same time, we cannot say that the intensity of Armenian migrant workers' horizontal movements in the labour market of Moscow is high; it means that to some extent, we can say that there is the relative stability of the staff structure. Most respondents, despite the facts of the existing horizontal mobility that does not correlate with the sphere of their work at home, are satisfied with their work in Moscow. However, the change of residence and the need to fit into the Moscow labour market lead to the fact that not always the educational potential of migrants is fully used in labour activity. The current employment of every sixth migrant from Armenia in Moscow does not correspond (according to the respondents) to the level of his or her education.

5. CONCLUSION

Summarizing all of the above, it can be concluded that the observed differentiation of Armenian migrants' employment, the industrial mobility of some of them, the indicators of satisfaction with the content of labour show that the process of Armenian migrant workers' labour adaptation in the Moscow labour market is relatively successful. On characterizing migrants from Armenia, based on personal contact with them, the authors emphasize their personal qualities such as high education, goodwill, adaptability to new conditions, the desire to integrate into the Moscow society, the tendency to engage in serious business. At the same time, the creation of conditions for the effective integration of migrants requires taking into account the needs of migrants themselves related to the goals of their staying in Moscow, which aspects of migration processes cause the greatest difficulty. The reference points can be the surveyed migrant workers' two main life strategies, identified in the research: to stay in Moscow or to go home on having earned. Most of migrant workers already consider Moscow as a place of permanent residence. It is obvious that migrants ready for integration into Moscow society can significantly increase the production and social potential of the city.

LITERATURE:

1. Demographic forecast until 2035 Rosstat. Information received on (date) 27.06.2017. with URL: http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/demography/# (accessed: 27.06.2017).

2. Drobizheva L., Harutyunyan, Yu, Kuznetsov I. Immigrants from the Caucasus in Moscow. Weekly Demo. Information received on (date) 23.05.2017. from URL: <http://subscribe.ru/archive/science.news.demoscopenews/200701/16193829.htm>
3. EEC Report "Barriers, exemptions and restrictions of the Eurasian economic Union", 2016
4. Florinskaya Yu., Mkrtchyan N. Migration in Russia: old trends, new problems / / Monitoring of the economic situation in Russia. Trends and challenges of socio-economic development. No. 19 (37) December 2016. Information received on (date) 20.06.2017. with URL: <http://iep.ru/files/RePEc/gai/monreo/monreo-2016-37-786.pdf>.
5. Lebedev A. Moscow the capital of migrants? // Open electronic newspaper. Forum.msk.ru. 24.19.2006. Information received on (date) 16.06.2017. from URL: <https://forum-msk.org/material/society/15438.html> mmm.
6. Migration and the Demographic crisis in Russia / ed. by Z.A. Zaionchkovskaya and the E.V. Turukanova. M.: MAKSS Press, 2010.
7. Moscow and Migration. POLIT.RU. October 15, 2009. Information received on (date) 22.05.2017. from URL: <http://www.polit.ru/research/2009/10/15/demoscope389.html>
8. Mukomel V.I. Migrants in the Russian labor market: employment, mobility, intensity and remuneration. Federal research sociological center of the Russian Academy of Sciences (f nits RAS), Moscow, Russia. Statistics and Economics V. 14. No. 6. 2017.
9. Order of the Ministry of health of the Russian Federation of 27.10.2016 № 803n "On amendments to the Rules of compulsory health insurance, approved by the order of the Ministry of health and social development of the Russian Federation of 28.02.2011 № 158n, in order to implement the provisions of The Treaty on the Eurasian economic Union, signed in Astana on May 29, 2014".
10. Osadchaya G.I., Yudina T.N. Migration processes and migration policy in Moscow. Moscow, 2009.
11. Petrov A. Migration will be set off. Information received on (date) 21.07.2017. with URL: <https://rg.ru/2017/01/12/trudovye-migranty-iz-kirgizii-poluchat-pensii-za-rabotu-v-rossii.html>.
12. Processes in the area of migration and the prospects for Eurasian integration: experience of the regions. To the meeting of the Integration club under the Chairman of the Federation Council of the Federal Assembly of the Russian Federation on June 20, 2017. Analytical Bulletin No. 19 (676), 2017. Federation Council of the Federal Assembly of the Russian Federation.
13. Prospects of Integration in the labour market and the plans of the NPP for the development of freedom of movement to 2025 Information is retrieved (date of access) down 17.07.2017. from URL: <http://russiancouncil.ru/analytics-and-comments/analytics/svoboda-peremeshcheniya-trudovykh-resursov-v-eaes-k-2025-godu/>
14. Smidovich S. G. Problems of migration regulation in Moscow / Migration processes. Past. Hereby. Future. The collection of materials X and XI of the Moscow-Berlin international seminars. M.: 2005. P.39.
15. The Commonwealth of Independent States in 2015. Statistical compendium / interstate statistical Committee. - Moscow, 2016.
16. The Estimated population of the Russian Federation until 2025. Statistical bulletin. M.: Federal state statistics service, 2008.
17. Topilin A.V. Migration and the Common labor market of the EAEU: challenges and ways of integration. Migration and socio-economic development" № 1. 2016. Information received on (date) 27.07.2017. from URL: <https://creativeconomy.ru/lib/38076> mmm.
18. Vorobyova O.D. Labor Market and migration. Migration barometer in the Russian Federation. A Series of special reports. M.: Fund "New Eurasia", 2011.

19. Yudina T.N. Motivational attitudes of labor migrants from neighboring countries to social and cultural adaptation and integration in Moscow/Social policy and sociology. 2015. Vol. 14. No. 3-1 (109). P. 79-85.
20. Zayonchkovskaya Zh.a., Tyuryukanova E.V., Florinskaya Yu.F. Labor migration: how to move on. Migration barometer in the Russian Federation. A series of special reports. M.: Fund "New Eurasia", 2011.

SOCIOLOGICAL SUPPORT OF PROMOTION OF BRAND TERRITORY

Andrey Patsula

RSSU, Russian Federation

pacula2002@bk.ru

ABSTRACT

The aim of the work is to reveal the mechanism of sociological support for the promotion of the brand of the territory, the content and specificity of social management of brands of geographical locations. In the article key aspects of innovative value of competitive brands of regions are profiled, their classification models and invariant components of the social mechanism of brand territory management are revealed on the example of the Tyumen region. These models and components are based on the strategic principle of polysubjectiveness, ensuring the unity of the main social actors that face the growing need to address the urgent problems of the territory.

Keywords: *brand, competition, concept, mechanism, model, promotion, region, sociological support, territory*

1. INTRODUCTION

The success of brand territory directly affects the provision of a sustainable and attractive image of the region, inviting foreign investments, building up the economic potential, strengthening integration and cooperation ties, broadcasting regional achievements and initiatives [Patsula, Zlotnitsky, 2011, p. 3]. Despite the fact that well-known regions have been positioned as trademarks for many centuries of human history [Anholt, 2004, p. 213], special strategies for positioning territories began to be developed and implemented through multi-level management systems (specified as place branding) after the Second World War. Relatively fast recovery of destroyed cities and rural areas in Western Europe and Japan, their subsequent sustainable development has largely become possible due to effective brand management of the territories. It relied on ethnic, cultural and historical traditions, the energy of local residents, original export marketing products (ideas, goods and services), foreign and domestic investments, immigration flows, tourism, as well as effective partnerships and responsible policies of state, municipal, private and public sectors of the economy. At the beginning of the XXI century, many Russian regions have to solve similar tasks. From the tactic of survival, territories pass to the strategy of effective development.

2. RESEARCH

The growing competition between domestic regions in the interior and foreign markets has generated demand for research on the problems of promoting territories and creating territorial brands. The first results did not take long. In 2002 Krasnodar Region organized an international economic forum "Kuban - Territory of Economic Growth", at which investment agreements worth over \$ 40 million were concluded (in four years the same forum brought the Krasnodar Territory more than 3 billion euros). Strong and convincing evidence of the innovation, strength and success of the Russian place branding is the victory of Sochi in the international competition for the 2014 Winter Olympics, as well as the organization and implementation of the Football World Cup in 2018 in 11 Russian cities. These achievements serve to strengthen the authority of our country on the world stage, positively influence the political and public image of Russia, contributes to the development of physical culture and sports throughout the world. At the end of January 2008, the government approved the "Concept of promoting national and regional brands of goods and services of domestic production", which provides for

the formation and promotion of brands of regions and cities, product groups, individual trademarks and Russia as a whole. In this concept, the brand "Russia" in a metaphorical form acts as a flag on the ship, regional and city brands - as the material from which the ship is built, and the commodity and service brands become passengers who on this ship should conquer international markets. [Pismennaya, Kovalevsky, Baunov, 2008, p. 29]. In this regard, it should be emphasized that, despite the fact that in Russia the surge of scientific and practical interest in the creation and management of brands of territories occurs at the beginning of the XXI century, this modern and promising direction of research is being developed primarily by domestic marketing and management specialists paying high priority rules for the formation of geographical brands, their prevalence and strength. Without detracting from the importance of the problems under consideration, it is important to emphasize that out of the field of view of these experts, there remains such an urgent and important issue as building an invariant social mechanism for brand management in the region aimed at sociological support for the process of its formation, development, promotion and renewal. Thus, the problem has not yet been the subject of a special study in the discursive field of sociology of management. As a result, a contradiction emerged between the social importance of creative activity in development recognizable and distinctive brands of Russian regions and its inadequate sociological support. The resolution of the revealed contradiction is seen in the justification of the sociological approach to the creation of a brand management mechanism in the region related to the connection to the process of building, promoting and developing the brand of the region's inhabitants, representatives of different social groups that form the real structure of the local community. The most important sources of place branding are different groups of factors:

1. Natural and environmental factors: the geographical location of the site, climate, landscape, topography, flora and fauna, the state of environmental pollution.
2. Ethnographic factors: language, mentality, hospitality, folklore, traditions, customs, history, culture.
3. Social factors: the social structure of the country, the level and quality of life of the population, security, citizen participation in public administration, health, education, social security, catering, housing.
4. Infrastructural factors: transport and communication, energy and water supply.
5. Recreational factors: means of accommodation, availability of places for entertainment, recreation, sanatorium treatment, physical culture and sports, trade in local impressions: excursions, attractions, souvenirs, products of artists, handicraftsmen and craftsmen [OMT, 1978].

In this regard, it should be emphasized that the turnover of the world tourism industry is trillions of dollars. Currently, in Western European countries, tourism revenues on average are equal to 5.5% of the gross domestic product. According to expert forecasts, by 2020, compared to 2000, the number of international tourist trips should increase by 2.5 times - from about 700 million to 1.5 billion. Even more significantly will increase the income from tourism - 4.2 times - from 500 billion to 2 trillion dollars. Currently, it accounts for about 12% of world GDP and over 9% of global investment (700 billion dollars a year). The number of employees in this field is more than 190 million people, or more than 8% of the total global employment. For many countries, foreign tourism has become a real source of increased incomes and the growth of the national economy. In some countries, it has become a priority, for example, Cyprus provides 50% of export earnings. The importance of tourism is also growing in the industrialized countries. Thus, in the US, revenues from it are 7.4%, in the UK - 4%, Germany - 2.1%. In Turkey, as a result of the successful implementation of the state program, the share of tourism in total export earnings increased to 35% [Konovalova, 2004, p.3-4]. A distinctive feature of the current market situation is that before our eyes, the brand of the place turns into a goal and

means of competition. If nature or history has not taken care of the uniqueness and attractiveness of the territory, then its inhabitants must find or create them, forming a favorable set of impressions, convincing themselves and the world around in the unique and significant attraction of the region, city, rural area. Otherwise, the territory can count only on a corner in the basement of the global economy, forgetting for all its best and prestigious upper floors. In this regard, it is important to emphasize: neither nature nor history in themselves are 100% guarantees of a successful brand of the place, because the region becomes due to long-term intellectual work on creation and implementation of the market strategy of the territory as a kind of "magnet" attracting domestic and foreign investments. To this strategy we include the following constituent elements:

- production of the idea and concept of regional leadership;
- choice of the leadership segment;
- formation of a leading brand;
- promotion, development and renewal of the leadership brand;
- its relations and cooperation with brands of other regions.

The priority of conceptual constructs is due to the fact that "ideas are the only source of differentiation, which allows using PR, instead of advertising, which the consumer trusts more. The problem is that this is not an easy task "[Hill, Rifkin, 1999]. In 1769, Napoleon Bonaparte (1769 - 1821) was born in Ajaccio, on the island of Corsica, a military leader who changed the course of history, a political strategist whose managerial credo was winged words: "Victory is always worthy of praise, no matter what leads to it - luck or talent " [Napoleon, 2000, p.62]. How rational, with what maximum benefit for themselves, the countrymen of Napoleon managed to dispose of the involvement with his famous name? Centuries later the birthplace of Napoleon, despite its historical appeal, has not turned into a popular center for international excursion tourism, nor to a major port crossroads of the world. An opposite example is the American city of Lake's Crossing, located in the west of Nevada, near the border with California. Residents renamed the city in Reno, in honor of the hero of the civil war of the North and South (1861 - 1865) Jesse L. Reno. But on this they did not stop, persistently continued to seek and create their own brand of space. Residents named Reno the brand of "Biggest Little City in the World" and over time turned it into an empire of gambling. In addition, they built many ski resorts. At the same time, this was not enough for them: the city adopted liberal legislation, allowing without too much delay, very quickly formalize a marriage or divorce. So Reno created another brand - "Divorce Capital of the World". In fact, out of nothing, through the skilful and consistent management of the brand territory, the active inhabitants were able to transform, modify the poor for raw materials geographic location. People have managed to give a global perspective to the economic, social and cultural fate of a city with a population of one hundred thousand, making it a lucrative center for leisure, entertainment and tourism. Thanks to the desire to be ahead and innovative creativity, a new value of the place was formed, a unique value was produced, shared and multiplied by its inhabitants. It is also important to pay attention to the fact that the founding fathers of the city did not follow the easy and questionable way of turning Reno into a standard conglomerate of heavy industry manufacturing enterprises that pollute the environment, worsen the health of the population and disfigure the natural landscape of the territory. In our opinion, alternative examples prove an immutable truth: idealism and calculation are in a figurative, metaphorical sense, two wings of a ship called social management of the region's brand. The heuristic idea, which has become the core and soul of the brand, should reflect the key properties of the product and contain such an offer that no one can refuse. Obtaining benefits and profits from the brand territory should be obvious and universal. This is an idea that gives rise to the trust and mutual interest of different people, a constructive model that organically connects and unites representatives of higher, middle and

lower social groups that form the real structure of the local community. For the brand territory is not enough that it was supported only by the elite or the masses. The brand of the place should be shared by all, to cause pride, self-esteem, to make fame, to bring dividends. This brand is the result of consensus, discussion and compromise. To do this, the brand needs to be one, but at the same time plural, many-sided: each consumer, interacting with the brand of the territory, seeing the common, must grasp something of his own - an individually colored meaning, context, association. This can happen if the brand of the region is the point of intersection, the focus of life issues of the individual, such as education, self-education, work, professional development, career growth, housing acquisition, marriage, child rearing, etc. At the same time, the brand of the place should prompt the person horizons and prospects for solving the above problems. In other words, in the brand of the region, the individual must constantly grasp the range of his actions and opportunities, as well as the likely options and plans for future development. Thus, socially, a successful brand of the territory is the brand of a realizing hope and a dream come true. Supporting the brand of the region from below and from above is a necessary, but not sufficient condition for its success, strength and leadership. Along with the support of local authorities and the population, the most important competitive advantage of the geographical brand is the life metaphor [on brands as metaphors, see, for example: Els, 2003, pp. 17 - 33; Klein, 2005; Lakoff, Johnson, 1980], representing a unique synthesis of the magic of the place, its history and future. Search, detection and promotion of such a metaphor is the key basis of the winning social strategy of the territory. It is also important to emphasize that the real competitive victory of the region's brand is the impossibility of copying it by other territories as an original. If the Rembrandt picture can be artfully copied and even given for the original, then the metaphorically positioned geographic brand can not be falsified in an exclusive way, multiply in the minds and understanding of people. One of the peculiarities of human perception, which is the selectivity of correlating, fixing and preserving metaphors in the memory of individuals, serves as a reliable obstacle to competitive piracy, which is widespread in place branding. A proof of the relevance of the conclusions we formulated is the careful and accurate observation of authoritative experts: "Silicon Valley in California is known throughout the world as the center of the American high-tech industry. At least seventeen places [!!!] tried to cling to her fame, including Silicon Beach (Florida), Silicon Alley (New York), Silicon Bay (Louisiana), Silicon Mountain (Colorado Springs), Silicon Forest (Seattle), Silicon Hills (Austin), Silicon Plateau (Albuquerque) and Silicon Desert (Phoenix). And what of all this silicone [people remembered]? Silicon Valley, of course. Each brand needs its own word, and one can not enter paradise on the hump of someone else's success"[Rice, 2004, p. 179]. In our opinion, it is impossible to create an effective mechanism for brand management in the region, using only the means of marketing and management; for this, it is necessary to include a social mechanism for managing the brand of the territory, the core of which is not a declarative, but a real social policy aimed at recording, harmonizing and realizing the interests of people of all groups and strata of the population. The response of the society to the brand of the territory can be traced and formed on the individual, collective (family members, connected by kinship and (or) informal ties), organizational (groups of individuals united by common goal functions) and institutional (sets of formal rules, informal restrictions and mechanisms for their implementation) levels. Each next level complements and corrects the primary response of the individual to the region's representing brand, because the individual does not exist in an airless space, but lives, engaging in communication and interaction, with both close and completely unfamiliar people. Social communications crystallize the final individual response of a person to the brand of the territory, but at the same time, paradoxically, the individual chooses the final, resulting response himself, in accordance with the prevailing views, habits, traditions, customs, conventions and relations, that is, those informal rules, through the prism of which he perceives, evaluates, approves or criticizes the world around him. Thus, we argue that the distribution and

promotion of the brand of the territory, not based on informal institutional constraints (rules) that have developed and dominate in the local society, is doomed to a predominantly negative individual and collective response. As for the individual's response at the organizational level, from our point of view, ambivalence may appear here: the corporate and individual response of the employee to the region's brand may not coincide if the employee does not or can not (due to various possible reasons) go to a conflict with the administration of the company, participating along with other local enterprises in the creation and promotion of the region's brand. The most important key element that binds different levels of response to the launched brand of territory is the trust of the local population, which is a consequence and reflection of the relevance, targeting, efficiency and effectiveness of social policies conducted in a particular territory. We share the well-founded approach of the Russian sociologist O.I. Shkaratan, who argues reasonably that social policy is inextricably linked with the very type of society, with its socio-cultural system and should be considered as one of its integral characteristics, and not simply as a set of measures for the social protection of the weak [Shkaratan, 2012]. This policy is a kind of "focus" in which the interests of the often conflicting in competition for limited resources of social groups and the existing notions of justice in society and the general societal needs associated with the self-preservation of society and the maintenance of its competitiveness in the world of the global economy and the folding of the system information societies. Social policy in any society is an effort to establish and maintain an unequal position of social groups. The quality of social policy is determined by the achievement of a relative balance of interests of groups, a measure of the consent of the main social forces with the nature of the distribution of society's resources, and, lastly, an extremely important one - with the capabilities for the realization of human potential by the prospective social segments of society, including only emerging groups. A successful social policy is a policy that brings social and economic effects. The economic effect is understood in this case to stimulate the productive behavior of groups of the population that are significant in the economy. The social effect treats the expanded reproduction of the social potential of the population (the building up of human and cultural capital) and the harmonization of relations between social groups. Social management and social policy is realized in different spheres and must include in its orbit the individual, collective, organizational and institutional levels of local societies. In other words, social management and social policy in the region should reach every person, collective, organization, institution. In this context, we are not talking about symbolic social institutions (religion, fashion, art, etc.), but about instrumental social institutions (markets, enterprises, science, education, etc.). For more on instrumental social institutions, see: [Elster, 1989]. Thus, the important imperatives of building a competitive brand of the territory are: the inability to copy an exclusive geographic brand; his metaphorical life; innovativeness; creation and maintenance of the market for oneself; time separation and primacy; rapid growth, development and renewal; identification, expression and realization of consumer values. In this connection, it is important to emphasize that the brand-competition of places and the competitive concepts of regional branding are not the same. In the first case, we are talking about the entrepreneurial practice of competition, which is conducted by territories promoting themselves in the international and national markets as commercial brands. This is a global and local competition for domestic and foreign consumers, tourists, investors, bankers, credit organizations, businesses, businesses, labor, charitable foundations, power structures, the media and communications, scientific, technical, educational, enlightening, cultural, sports programs and projects. In the second case, there is a competition between the ideas of branding places. Its result is the identification and selection of competitive conceptual models of the brands of the territory. The main criterion for selection is a positive reaction, as well as material and moral satisfaction of the voters and consumers of the brand which individual and collective interests, needs and values the region's brand most fully reflects, coordinates, expresses and develops.

From our point of view, there is a correlation between the history of the region, the cultural traditions of the place and the territorial reproduction of archetypes (inherited descendants by the spirit of ancestors who first came to undeveloped lands). Mental prototypes passing from generation to generation are strong cognitive bases for the production, preservation, recognition, transfer and transformation of the distinctive signs of a particular space that have evolved over time and under the influence of the market economy into brands and commercial brands of certain specific regions, cities and rural areas. One of the arguments for the legitimacy of these findings can be the results of work on an innovative project to create a tourist brand of the region, carried out in the second half of 2017 under the auspices of the Department of the Consumer Market and Tourism of the Tyumen Region: the study lasted six months and during its implementation more than 100 experts were interviewed: historians, marketers, specialists of the creative industry, businessmen and representatives of the public. According to expert estimates, Tyumen men and women associate themselves with black gold - an oil region rich in furs. To reflect this in the logo of the tourism brand, designers from Tyumen and Yekaterinburg turned to heraldry - the coat of arms of the Tyumen region. It, in particular, depicts a shield crowned with a golden imperial crown, metaphorically revealing the highest value of people - human talents, abilities, aspirations, knowledge, skills. Golden sable figures symbolize protection from the cold, warmth, prosperity, development of Siberia, the historical past of the region. In the center of the emblem - the sun, which represents the hope for the future, the opportunity and the ability to move forward, indicates a large number of sunny days, despite the harsh climatic and weather conditions of the territory [Kosenchuk, 2017]. It is of fundamental importance that the work on the development of the tourist brand of the Tyumen region has acquired a systemic character and will continue: local enterprises and organizers of mass events will be able to use the official logo of the region in the form of a sable, signed by the registered trademark free of charge, by concluding an agreement with the Agency for Tourism and Promotion of the Tyumen Region [Poltavenko, 2017]. Thus, from the above, in particular, it follows that the strength and leadership of the brands of territories have their origins in original conceptual ideas and theoretical constructions that can be classified for different reasons. The classification of competitive concepts of regional brands developed by us is largely conditional, since these or other concepts have multiple indicative features and are capable of occupying various places in the classification. The construction of this classification is necessary to take into account, generalize and compare the complex diversity of the brand concepts of territories claiming a competitive status in a society in transition and contribute to the achievement of the actual practical goal of brand location social management. By the time criterion, we divide the concepts under consideration into historical, actual and futurological ones.

- Historical concepts accumulate creative energy and originality from the depths of the centuries, are based on the exploitation of mythology, outstanding events of the past, acts of epic heroes and entrenched national traditions.
- Current concepts of regional brands are based on modern realities, reflecting the essential and specific characteristics of the current dynamics of development of the territories.
- Futurological concepts of land brands are based on the practice of long-term planning and implementation of large-scale projects.

According to the spatial criterion, we classify the competitive concepts of the brands of places into medial and lateral.

- Medial concepts reflect the middle / central position of the brand of the place, emphasize its dominant, superior to other territorial brands, value.
- Lateral concepts of brands reproduce the peripheral, remote, located away from the center, locating the terrain.

According to the structural criterion, we divide the concepts of territory brands into metaphors and archetypal ones.

- Metaphorical concepts are associated with the building of geographical brands through the synthesis and comparison of words, the transfer of their meanings and meanings.
- Archetypal concepts originate and appeal to the deep and universal prototypes, patterns of human perception, understanding and explanation of subjects, objects, processes, events, relationships of the material and ideal world.

According to the functional criterion, we distinguish internal / external and integrating / differentiating competitive concepts of regional brands.

- Internal concepts - their production, application and use is designed for a "home" market. In the context under consideration, "home" means a separate country, region, city or rural area where residents are related to each other by a sense of a country (and civil) community through individual and collective attachment to the geographical place of birth and residence. Territorial identity is the root element of the formation and promotion of "home" brands, not targeted at the global audience of voters and brand consumers, but at the national, regional or local audience.
- External concepts of land brands are closely related to internal concepts and are their logical continuation and development.
- Differentiating concepts, on the other hand, are created to emphasize differences, a focused differentiation of regional origin and the functioning of brands. These concepts specify a model range of geographical brands, retain their genetic attachment to a particular territory.
- Integrated brand concepts of places are functionally designed for the organic integration of regional brands (as constituent elements) into the global architecture of the world brand community.

3. CONCLUSION

From our point of view, this or that brand concept can be classified for different indicative reasons. In this regard, we affirm that, for example, such an innovative concept of the brand as "Tyumen - the golden edge" is simultaneously a historical, actual, futuristic, medial, metaphorical, archetypal, internal / external, integrating / differentiating concept and has all the necessary attributes and resources for the formation, development and promotion at the local, regional, federal and international levels. The multifacetedness and multicomponence of the brand concept under consideration testifies to its root power, realism, vitality, competitiveness, global orientation and forward lookingness, as the system of elements of the conceptual concept of the region's brand includes the most important metaphors for Russian culture: "gold" - not tarnishing, plastic, rare, valuable, expensive, noble, pure, eternal, divine; "Edge" is a place, homeland, native land, fatherland. In this concept, the spiritual, historical and civilizational heritage of great Russia is implicit. Its main wealth is people-workers, creators and warriors, protecting, cultivating, beautifying and enriching the land of fathers and ancestors. Along with this, it should be borne in mind that brand management of the territory is a precisely planned process with specific objectives. And, we believe, in this case it is necessary to use all available tools of social management, marketing, management and PR. In our opinion, the invariant component model of the social mechanism of brand management in the region includes a number of consecutive steps:

- development and justification of the brand concept,
- designing a brand architecture,
- carrying out an active social policy in the territory,
- production of corporate products, use of service facilities, trade, advertising and public relations.

One of the significant advantages of this invariant component model of the social mechanism of brand management in the region is that it is built on the strategic principle of polysubjectiveness, ensuring the unity of the main social actors that face the increasing need to address the urgent problems of the territory, the formation of a new type of communication between knowledge (science) and practice (social creativity), power and people, management and execution, words and deeds.

LITERATURE:

1. Patsula A.V., Zlotnitsky E.E. Social Management of Territorial Brands [Text]: a textbook for students on the specialties "Sociology", "Organization Management" and "Marketing". - Moscow: GUU, 2011.
2. Anholt S. Branding Places and Nations // Clifton R., Simmons J., et al. Brands and Branding. Princeton, NJ: Bloomberg Press, 2004.
3. Pismennaya E., Kovalevsky A., Baunov A. Brand concept "Made in Russia" // Russian Newsweek. No. 6 (180). 2008.
4. OMT. Manuel sur l'évaluation des ressources touristiques. Madrid, 1980; Marketing turistico. Madrid: SEE, 1978.
5. Konovalova D.I. The role of tourism as an integral part of the service sector in contemporary international economic relations. Author's abstract. dis. Cand. eq. sciences. MGIMO (U) Ministry of Foreign Affairs of the Russian Federation, 2004.
6. Hill S., Rifkin G. Radical Marketing. New York: Harper Business, 1999.
7. Napoleon Bonaparte. Maxims and Thoughts of the Prisoner of St. Helen (Manuscript found in the papers of Las Caz) / Trans. with fr. S.N. Ischilya. - SPb.: Publishing house "ABC", 2000.
8. Els M. How to Learn to Live Without a Brand (or seven steps to personal and professional release) // New branding / Trans. with English. Ed. S.G. Bozhuk. - SPb.: Publishing House "Neva", 2003.
9. Klein H. NO LOGO. People Against Brands. - Moscow: OOO "Publishing House" Good Book ", 2005.
10. Lakoff G., Johnson M. Metaphors We Live By. Chicago: University of Chicago Press, 1980.
11. Rice E., Rice L. The Flowering of PR and the Decline of Advertising / Trans. with English. T. Kitaayna. - Moscow: OOO "Publishing House AST"; ZAO NPP Ermak, 2004.
12. Shkaratan, O.I. Sociology of Inequality. Theory and Reality [Text] / Nat. Issled. University Higher School of Economics. - Moscow: Izd. home of the Higher School of Economics, 2012.
13. Elster J. The Cement of Society: A Study of Social Order. New York: Cambridge University Press, 1989.
14. Kosenchuk A. Sobol became the main symbol of the tourist brand of the Tyumen region // [Electronic resource]. - Access mode: <https://www.tumen.kp.ru/day/26775/3809018/> / Information received (reference date): 14.09.2018.
15. Poltavenko N. Tourist brand of the Tyumen region will be able to use enterprises // [Electronic resource]. - Access mode: <https://moi-portal.ru/en/516455-turisticheskiy-brend-tyumenskoy-oblasti-smogut-ispolzovat-predpriyatiya/> / Information received (reference date): 14.09.2018.

USAGE OF VARIOUS METRICS FOR CLUSTERING KEY QUERIES IN CONTEXTUAL ADVERTISING

Viktoria Tinyakova

*Russian State Social University (RSSU), Russia
tviktoria@yandex.ru*

Yaroslav Lavrinenko

*Voronezh State Technical University (VSTU), Russia
yaroslav_lav1@bk.ru*

Alexander Blinov

*Russian State Social University (RSSU), Russia
aleblinov@yandex.ru*

ABSTRACT

The aim of the work is the search of effective methods for optimizing contextual advertising based on the clustering of key queries in conditions of limited statistical data. According to statistics, only 5% of all key phrases account for 95% of the whole traffic. The relevance of the research is to use the maximum optimization of contextual advertising taking into account the lack of initial data. In practice, there are a number of approaches based on the method of pooling. However, its usage does not always adequately describe the entire complex of the considered phrase queries and announcements. Therefore, in our work, we propose to abandon the hierarchical structure within pooling and introduce a special metric. The metric will evaluate the similarity of key phrases texts among themselves. In the article, there are given several metrics of similarity, their study on 10,000 phrases of various topics. On the basis of the research, the conclusion is made about the most effective application of the cosine metric, but taking into account the normalization of phrases.

Keywords: *Keyword query clustering, cosine metric, similarity metrics, optimization of contextual advertising, pooling*

1. INTRODUCTION

Nowadays, tools for optimizing conversions in contextual advertising are widely used by both direct advertisers and agencies. The main goal of optimizers is to calculate such rates for keywords that would allow reaching the desired key indexes of *KPI* that are set as an optimization goal. A classic example of such a target setting is *CPA* optimization (*CostPerAction*). In this case, the main goal of the optimizer is to obtain as many conversions (target actions) as possible so that the average cost of this action does not exceed the established target *CPA* limit. There are also optimization strategies such as maximizing the *ROI* (*ReturnofInvestment*), attracting a maximum of conversions for a given budget of advertising campaigns, and so on. Today, the market represents a significant number of systems that process the rates management. Each tool has its own features for the initial configuration, functions, additional options, etc. However, the major effect of optimization is achieved mainly by those customers who have large advertising budgets. All conversion optimizers are in any way based on the data collected for some reference period. The larger the budget of the advertising account, the more statistics needed to calculate the optimal rates can be collected. Obviously, only a very small number of advertising campaigns is suitable for optimizer conditions. For advertisers with small budgets, as well as for newly created advertising campaigns, this type of optimizers can not be initiated. Even if the context advertising optimizer is launched, in any case it has to exist in conditions of a significant lack of accumulated

statistics. The Pareto principle is widely known, which can be formulated as: "20% of efforts give 80% of the result". Based on the statistics in contextual advertising, this principle does take place, but the proportion is slightly different: "5% of key phrases account for 95% of traffic (statistics)." Because conversion optimizers decide on the optimal rate for each key phrase separately, a reasoned decision can only be made on about 5% of the phrases. It should be noted that there are a number of tools for clustering requests that differ from phrases. Clustering keywords is grouping based on the analysis of the return from search engines. This is as follows: there are 2 keys. For example, "polishing the car" and "buying car polishing". The outcome for each of the requests is watched. Usually it is enough to view the first page in order to understand if there are intersections of the URL in the two variants of the search results. If there are at least 4-6, then you can group these requests. Sometimes there appear questions related to the effectiveness of third-party services for clustering. First, services for keyword clustering save time, as compared to grouping semantics manually. For example, a SEO specialist can spend 2-3 days on grouping 700 requests manually, having spent a lot of time and effort. At the same time, the quality of the work performed will not always be higher than via using the tools. There is a high probability that individual keys will be distributed incorrectly. In this case, if all the semantics are drawn through the service, the clustering service performs its work in about an hour, then the specialist will need to check the results. Saving forces and time is obvious. Secondly, it helps to avoid mistakes in promotion. By mistake, you can start promoting commercial and information requests on one page. As a result, in using tools, there are two advantages:

- higher processing speed;
- automatic classification of pages for which promotion is being made.

There are two types of grouping, "Soft" and "Hard". When using the Soft option, we take one main key and bind the rest to it. For example, "buy car polishing" - the main one, and the secondary ones: "buy car polishing in Voronezh", "buy car polishing price". Compare the common URLs in the TOP, if the number of identical URLs is above the threshold, then we add the key to the group. Using the option "Hard", one can combine keys only when the intersection of the URLs of the incoming in the TOP-10 occurs for all requests. The accuracy of the groups is affected by the clustering threshold - this is the least common URL amount for creating a group. The higher the threshold, the more accurate they are. Typically, the threshold for "Soft" is 4 URLs, and for "Hard" – 3 URLs.

1.1. Rush Analytics

The service is a set of automated tools for search analytics and work with semantics, which will be useful for both SEO and PPC professionals. Clustering is one of the main features that are offered for automating routine processes. The ability to import your list of requests, or to start the process of collecting it right there. The breaking of keywords into groups is carried out on the basis of the results from search engines - Google or Yandex - with the ability to specify the region for the latter. Convenience in choosing the type of clustering (Wordstat, Hand markers or Combined), indicating the degree of accuracy and frequency limitations. The fee is charged for each grouped request - from RUR 0.35.

1.2. Serpstat

Serpstat is a multifunctional seo-platform. It is aimed at a deep analysis of key phrases of competitors in search and contextual advertising, monitoring of positions. One of the tools is clustering and text analytics. Unlike other clustering services, Serpstat groups the kernel basing on the number of occurrences of key phrases in the top-30 issue, not the top-10. In this case, the platform distinguishes the intent of key phrases.

In the final report, you can see each metatop from the 30 sites that the tool has processed. Similarly, the hierarchical report structure is implemented, where each group is assigned its own name, and the group complex is generalized under a separate name. This structure prompts which landing pages / categories and filters to create on the site.

1.3. Topvisor

Service for optimizers, which also offers the possibility of clustering the semantic kernel as one of the tools. The cost of grouping is determined for each key, and depends on the tariff used, amounting from RUR 0.3 up to RUR 0.18, which is relatively inexpensive. You can choose a search system and region, and also one of three methods of clustering - Soft, Moderate, Hard. If necessary, the result can be adjusted if you think that this is needed. The Topvisor robot analyzes the output for matching pages by queries, the minimum value of which (the degree of grouping) can be specified independently. The phrases for which no matches were found are placed in the group "Requests without binds".

1.4. SE Ranking

Clustering in SE Ranking works on the same principle of analyzing Yandex and Google outcome in Top-10 for each of the added words. The processing of one thousand keys takes a bit longer than a minute, which saves dozens of hours of specialist work. For Google, you can group on the basis of issued results for different countries and languages, which will certainly appeal to professionals who work on promoting sites for different countries. In addition, there are two interesting options that distinguish the service from competitors and can induce you to use it in your work. This comparison of keywords in a group with each other to eliminate the irrelevant ones, as well as simultaneous frequency checking, which further speeds up the work.

1.5. JustMagic

There are a lot of possibilities for working with semantics, and as for clustering, there are options available, such as:

- simultaneous clustering across multiple thresholds;
- analysis by tops of specific regions in Yandex;
- breakdown by thematic groups.

1.6. MindSerp

MindSerp is a program for the automated analysis of search output for key phrases, which includes a tool such as the "Search Query Clusterer". After creating the project and downloading key phrases, you can specify various settings, such as:

- the depth of clustering (the number of groups and subgroups);
- binds strength (the number of URL crossings);
- how many times you can use the key (1 or more times);
- and also, exclude the main pages.

1.7. KeyAssort

A desktop program that was originally created precisely as a tool for clustering. When grouping queries from CI, the following features are provided:

- choice of clustering type and grouping accuracy, which affects the completeness and quality of the results;
- positions for analysis (Top 5, 10, 20);
- cutting out a number of results from the issuance, for example, Yandex services or main pages;
- use of token queries;

- data collection through Yandex.XML;
- migration of queries (reformatting clusters on the way, basing on links);

The quality of the given tools was verified through testing. The first thing to check in the groups obtained by the clustering of the reference core for these services was whether the service builds too broad groups. Whether the queries from different groups of the reference core hit the same cluster according to the version of the service. In comparison, both of these parameters were used in the form of a ratio - what percentage of phrases from the total number did not fall into their own group. In the end, we analyzed the percentage of errors:

- Topvisor – 4%
- Serpstat – 3%
- Rush Analytics – 8%
- Just Magic – 9%
- Key Collector – 16%
- KeyAssort – 1%
- Semparser – 3%

As a result of the analysis, the least amount of errors was shown by KeyAssort. Current systems of optimization and efficiency increasing of contextual advertising use an approach that involves the division of all key phrases into 3 main groups (figure 1).

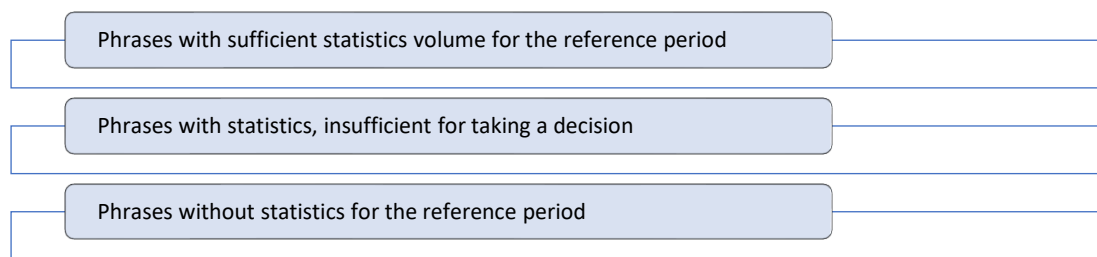


Figure 1: Classification of key phrases on the sufficiency of statistics

The main difficulty arises with the second group. The optimal rate when working with the second group is calculated in two stages:

1. Calculation of the predictable coefficient of the keyword's CR conversion.
2. Calculation of the optimal rate for the calculated CR and established KPI.

Based on the literature reviewed, most authors calculate the conversion rate of CR based on the simplest formula for CPA optimization strategy.

$$CR = \frac{CV}{CL}, \quad (1)$$

CV – conversion volume;

CL – clicks volume.

However, the dependence of the Bid rate depends on the following parameters:

$$Bid = f(CR, KPI, ST), \quad (2)$$

KPI – key figures;

ST – some accumulated statistics.

Note that the conversion rate itself depends on the accumulated ST statistics, but it does not depend on the KPI key figure. As a result, we get:

$$Bid = f(CR(ST), KPI, ST), \quad (3)$$

If we return to the CPA optimization strategy, then we get:

$$Bid = CPA \times CR. \quad (4)$$

As a result, with a small amount of statistics, it is necessary to use different methods:

- setting uniform bets at the advertising campaign level;
- analysis of metrics correlated with CR (eg., failure rate);
- raising rates until phrases begin to collect statistics;
- extension of the reference period;
- application of "pooling" (smart inheritance and averaging statistics).

In the most of the considered systems of optimization of contextual advertising with insufficient volume of statistics, the method of pooling is used. The method of pooling is a "reasonable" increase in statistics for a keyword phrase by borrowing statistics on other phrases. Key phrases are bound in a certain way to the ads they are triggering. The ads in turn are collected into ad groups, which in turn are combined within an advertising campaign. If we need to predict the conversion rate for a keyword whose own statistics are not enough, then we combine the statistics for the keyword and ads, the ad group to which the phrase belongs, the campaign to which the ad group belongs, and so on, until the statistics collected in this way becomes sufficient to decide on the value of the predicted parameter. The simplest pooling formula:

$$CR_{pool} = \frac{CV + 1}{CL + \frac{1}{CR_{up}}}, \quad (5)$$

CR_{pool} - predictable CR of a key phrase;

CV - number of conversions on the key phrase;

CL - number of clicks on the key phrase;

CR_{up} - conversion coefficient value for the next pooling level.

A more perfect formula is patented by Marin Software (patent US PTO 60948670)

$$CR_{pool} = \frac{Fk + CV}{k + CL}, \quad (6)$$

$$k = (F - \sigma_F^2) / \sigma_F^2 - 1, \quad (7)$$

F - the average value of probability of conversion for the next level of pooling;

σ_F^2 - variance (measure of spread) of the probability of conversion of the next level of the pooling.

Obviously, the larger the variance, the smaller the k , which means the less influence the next level of pooling has on predicting the conversion rate. The value σ_F^2 is determined by how close the conversion coefficients are to each other.

As a result, the hierarchical pooling, the most common one, takes into account only the statistics on phrases, leaving aside its structure. Therefore, in our study, we will consider a different approach.

2. METHODS

In the article, we suggest abandoning the hierarchical structure with pooling as a different approach. Instead, we introduce a special metric d (a certain distance measure) that will evaluate the similarity of the texts of key phrases to each other. For a certain phrase XX we select elements from a set of phrases with a sufficient volume of statistics S (we will call it the clustering kernel) so that the distance between the text XX and the selected elements does not exceed some initial specified number δ :

$$CCluster(X, \delta) = \{p \in S : d(X, p) \leq \delta\}. \quad (8)$$

If for the accepted δ the cluster does not have the required volume, then increase δ by the specified step $\delta := \delta + h$, until the cluster has enough statistics to predict the conversion rate of phrase XX . After compiling the cluster, the average value of the conversion within the cluster is $CRup$.

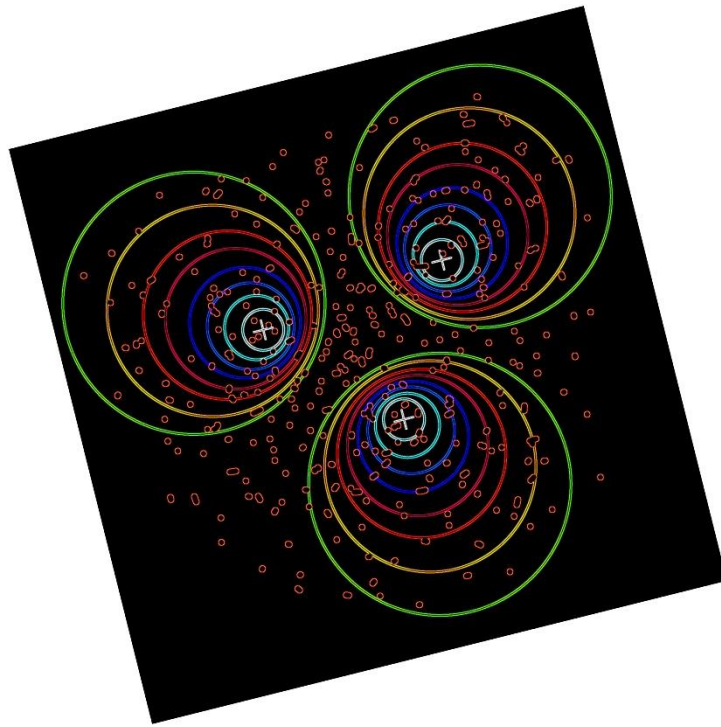


Figure 2: Graphical image of an increase in delta δ with insufficient statistics volume

We now turn to the evaluation of the structure of each cluster. Imagine two options:

Figure following on the next page



Figure 3: Distribution of key phrases with different degrees of variance of the conversion ratio

On the right side, the conversion ratio has a large variance, on the left side a smaller one. If the variance is large, then the algorithm will converge in several stages with an increase in the threshold, which entails a decrease in the accuracy of the forecast. To determine the similarity of two texts or key phrases, we consider the most popular methods. Each of them has its pros and cons.

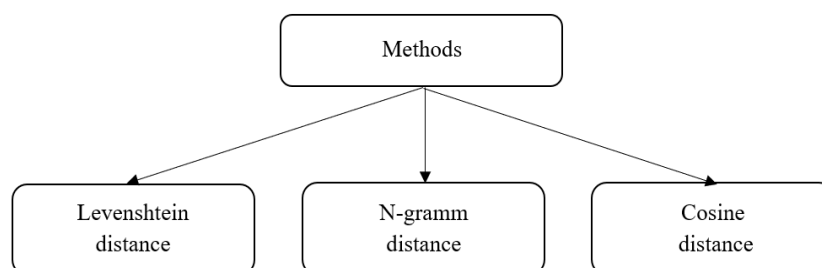


Figure 4: The most popular methods for determining the similarity between key phrases

Let's consider each in more detail.

2.1. The Levenshtein distance

The Levenshtein distance is a certain number of operations for inserting, deleting or replacing one character for another, for converting one line into another. Denote the distance between the rows S_1 and S_2 as $L(S_1, S_2)$. The more the L, the less the similarity of two lines or phrases. For example, one phrase is "kitten" and the other is "sitting". To make the second one, we have to make three substitutions: "k" to "s", "e" to "n" and "n" to "g". Consequently, $L(S_1, S_2) = 3$

The advantages of Levenshtein's method are a weak dependence on the word forms in the text and ease of application. However, the main disadvantage is the dependence on the word order.

2.2. N-gram distance

It is based on the idea of dividing strings into substrings of a certain length N . For example, if $N = 2$, then a partition into bigrams occurs, then for $S_1 = \text{"one keyword"}$ and $S_2 = \text{"two keywords"}$, then S_1 corresponds to a certain set of bigrams: "on", "ne", "ek", "ke", ..., "rd" and S_2 : "tw", "wo", "ok", "ke", ..., "ds". If $N = 3$, then S_1 : "one", "nek", "eke", ..., "ord". S_2 : "two", "wok", "oke", ..., "rds".

One can calculate the N-gram distance by the formula:

$$N_g(N, S_1, S_2) = \frac{2|S_1 \cap S_2|}{|S_1| + |S_2|}, \quad (9)$$

where $|S_1|$ – number of N -gramms in S_1 ,

$|S_2|$ – number of N -gramms in S_2 ,

$|S_1 \cap S_2|$ – number of common N -gramms with S_1 , and S_2 .

In our example, $N_g(2, S_1, S_2) = 0,75$ and $N_g(3, S_1, S_2) = 0,83$

The main advantage is that it is weakly dependent on the word forms in the text. The downside is the coefficient N itself, which is chosen in an unspecified way and has a large impact on the result.

2.3. Cosine distance

The basic idea embedded in this method is that we convert a string of characters into a numeric vector. In the process of comparing two phrases, an estimate is made through the cosine between two numerical vectors. If the angle between the vectors is zero (that is, the vectors coincide), then the cosine is equal to one and vice versa. First, we define the method of mapping a string to a number vector. We convert a text string into a vector of indicators. For example, it has two lines S_1 = „buy plastic windows with a discount“ and S_2 = "buy inexpensive plastic windows for free delivery in Moscow".

Table 1: Input data for the method „Cosine distance“

Words	buy	plastic	inexpensive	windows	discount	with	free	Moscow	in	for	delivery
S_1	1	1	0	1	1	0	0	0	0	1	0
S_2	1	1	1	1	0	1	1	1	1	0	1

In the first line we indicated all the words that occur in both phrases S_1 and S_2 . Lines 2 and 3 are indicators that show: this word occurs in the first or second phrase. We replace the indicators by the vectors A_i and B_i . We compute the cosine:

$$\cos(S_1, S_2) = \frac{\sum_{i=1}^n A_i B_i}{\sqrt{\sum_{i=1}^n A_i^2} \sqrt{\sum_{i=1}^n B_i^2}}. \quad (10)$$

In the above example: $\cos(S_1, S_2) \approx 0,45$. The very distance between S_1 and S_2 , we will calculate:

$$\cos D(S_1, S_2) = 1 - \cos(S_1, S_2). \quad (11)$$

In our example: $\cos D(S_1, S_2) \approx 0,55$

The advantage of cosine distance is that the metric shows good results on sparse data, which are as close to real values as possible.

The main disadvantage is the strong dependence on the forms of the word. For example, if you take two phrases: "buy plastic windows" and "buying a plastic window". Two phrases are quite similar to each other, however, according to our formula, we get $\cos D = 1$. So there is nothing in common between the phrases. This conclusion is not true. The solution of this problem is the preliminary processing of the text through lemmatization, i.e. bringing the wordform to a normal dictionary form. After performing the lemmatization of phrases, we get: "buy plastic window" and "buy a plastic window".

Eventually : $\cos D(S_1, S_2) \approx 0,33$

As a result, cosine distance application is possible only after preliminary processing of the text.

3. RESULTS

To evaluate each tool, each method, the Calltouch integrator database was used. In the process of analysis, the most popular topics were considered:

- real estate;
- cars;
- medicine;
- education;
- IT-technology.

In total, more than 50 thousand phrases were analyzed on the basis of data from more than 1,000 companies. In the table there is the averaged variance data, which was determined using different techniques.

Table 2: Results of the determination of variance by different methods

Pooling method	Classic (based on the structure of the account)	N-gramm distance (N=2)	N-gramm distance (N=3)	Levenshtein metric	Cosine metric (normalization)
Variance	18,4%	10,2%	11,3%	8,75%	5,65%

Phrases were selected in such a way that they were clicked in the last 4 weeks and the conversion satisfied the condition

$$CL \geq \frac{1}{CR_{camp}}. \quad (12)$$

The classical method has the greatest variance, which leads to the least accurate prediction. The rest of the techniques showed similar dynamics, but the most accurate is the cosine metric, though taking into account mandatory normalization.

4. CONCLUSION

The article examined the approach to optimizing contextual advertising in conditions of insufficient initial data. Previously, only those advertising campaigns that had large budgets could effectively use optimization. Therefore, the study presents a different view on optimizing the budget through the clustering of key phrases, which is based on textual similarity. The most popular methods for clustering key phrases are evaluated. Note that the above methods reduce the intracluster variance of the conversion coefficient, which increases the accuracy of the forecasting of conversion by the key phrase. Most importantly, these methods can be used to

effectively optimize key phrases that do not have enough statistics to make a decision on the optimal rate. As a result, these methods can be used to optimize contextual advertising for both large campaigns and for campaigns with a small budget.

LITERATURE:

1. 6 tools for keyword clustering 12.05.2018 from <https://seo-reports.ru/blog/matchast/6-instrumentov-dlya-klasterizatsii-klyuchevyx-slov.html>
2. Lewis, A. (2016). Marketing: Grow Your Business FAST - Online Marketing, Marketing Strategy & Networking (Network Marketing, Copywriting, Wordpress, Blogging, Direct Marketing, Adwords, MLM). CreateSpace Independent Publishing Platform.
3. Nagao M. and Mori. S. (1994) A New Method of N-gram Statistics for Large Number of n and Automatic Extraction of Words and Phrases from Large Text Data of Japanese. In Proceedings of the 15th International Conference on Computational Linguistics (COLING 1994), Kyoto, Japan.
4. Roos, J., (2017) The Legal Marketing Fastlane: Your Roadmap to Generating Real Leads in 72 Hours or Less, Even If You're Small. CreateSpace Independent Publishing Platform.
5. Sidorov G. (2013) Syntactic Dependency Based N-grams in Rule Based Automatic English as Second Language Grammar Correction. International Journal of Computational Linguistics and Applications, Vol. 4, No. 2.
6. Sidorov G., Velasquez F., Stamatakos E., Gelbukh A., and Chanona-Hernández L (2012) Syntactic Dependency-based N-grams as Classification Features. LNAI 7630.
7. Todd, B. and P. Marshall (2017) Ultimate Guide to Google AdWords: How to Access 100 Million People in 10 Minutes (Ultimate Series). Entrepreneur Press
8. Zabaras, J. (2018). Advanced Google AdWords Strategy: The Comprehensive & Data-Driven Practical Guide on Managing & Optimizing AdWords Accounts Profitably. CreateSpace Independent Publishing Platform
9. Alternative methods for clustering key phrases for conversions optimization 23.05.2018 with <https://ppc.world/articles/alternativnye-metody-klasterizatsii-klyuchevyh-fraz-dlya-optimizatsionnoy-konversii/>
10. Geddes B. (2014) Google AdWords. Comprehensive guidance. - M: Mann, Ivanov and Ferber.
11. Zhivenkov K. (2015) Effective advertising in Yandex.Direct. A practical guide for those who want to get the maximum profit from contextual advertising. M: Mann, Ivanov and Ferber,
12. Using different metrics to cluster key queries // Calltouch|Blog 10.05.2018 from <https://blog.calltouch.ru/ispolzovanie-razlichnyh-metrik-dlya-klasterizatsii-klyuchevyh-zaprosov>
13. Using different metrics to cluster key queries 27.05.2018 from <https://habr.com/company/calltouch/blog/337888/>
14. Clustering of queries and semantic kernel in contextual advertising 20.05.2018 from <https://gaikarapetyan.ru/glava-3/>
15. Clustering of the semantic kernel and queries of search engines 05/05/2018 from <https://semantica.in/blog/klasterizatsiya-semanticheskogo-yadra-i-zaprosov-poiskovykh-sistem.html>
16. Lavrynenko Ya., Tinyakova V. (2013). Increase the conversion of websites as a way to reduce the advertising costs of real estate agencies. Saratov.
17. Lavrynenko Ya., Tinyakova V. (2014) The Internet as an advertising channel for promotion of real estate and related services. M.: Finpress
18. Levenshtein V. (1965) Binary Codes with Correction of Fallouts and Symbol Insertions. Probl. transfer of information. M.: High School

19. Comparing the services of automatic keyword clustering for SEO on 05/17/2018 from <https://habr.com/post/354986/>
20. Ash T. (2011) Increase the effectiveness of online advertising. Optimize your landing pages to improve your conversion. - M: Mann, Ivanov and Ferber.

MOTIVATION OF RESEARCHERS AND REASSESSMENT OF MANAGEMENT METHODS: THE CASE OF ONE UNIVERSITY

Alexander Maloletko

*Russian State Social University, Russian Federation
Shadow.economy@gmail.com*

ABSTRACT

The author found some regularities as a result of a comparison of the results of the Hawthorne experiment with the results of the publication activity of a large research team and with personal long-term observations. As in any other industry, there are factors in research practice that affect the increase in labor productivity. The article confirms that there is no direct correlation between the improvement of working conditions and the labor productivity of researchers in the social and human sciences. The article shows that in the change in labor productivity of researchers there is a pending effect. The relationship between researchers in one research team has a great impact on labor productivity. It is noticed that, as in any other industry, ordinary researchers refuse to increase labor productivity, fearing an increase in planned targets and a reduction in the amount of material incentives. At the same time, the researcher's own importance is the most powerful psychological stimulus for increasing the researcher's labor productivity. The most important conclusion is the conclusion that the system of material incentives for researchers should be as simple as possible. This system should not focus the researcher's attention on remuneration, but should only ensure decent and fair remuneration of labor.

Keywords: *motivation, researchers, management methods, labor productivity, researcher productivity*

1. INTRODUCTION

J. Watt did not build his steam engine on state money and did not receive any grants for this. J. Harvigs did not create his loom on a scholarship. All breakthrough technologies were created for private money and for individuals. This created even the coronada guns by Robert Melvill and the Maxim gun. And with science, things have always been different. J. Kepler, for example, was a court mathematician. G. Galileo lived under the protection of the M. Medici. The fact is that in a certain period of development of society, science has become a social elevator. Friedrich II and Catherine II used science in order to turn their second-rate crowns into super crowns of their time. The Emperors and kings brought researchers closer to themselves. Remember F. Voltaire, who was in correspondence with Frederick II, and remember G. Leibniz, who corresponded with the Princess of Hanover. Even I. Newton was the head of the treasury. Many Emperors and kings motivated researchers. An example of the one where there was no motivation of the researchers are the Roman Empire and Spain of the XIX century. We know what happened to them. Today, again, the task is to revise the approaches to motivating the researchers. Previous approaches were effective for the XX century. They do not work now. The author asked some questions: is the monetary motivation necessary for the researcher? If necessary, what should be in the core of this motivation? Do financial incentives distract from research? The author made an attempt to answer these and other questions in this article.

2. LITERATURE REVIEW

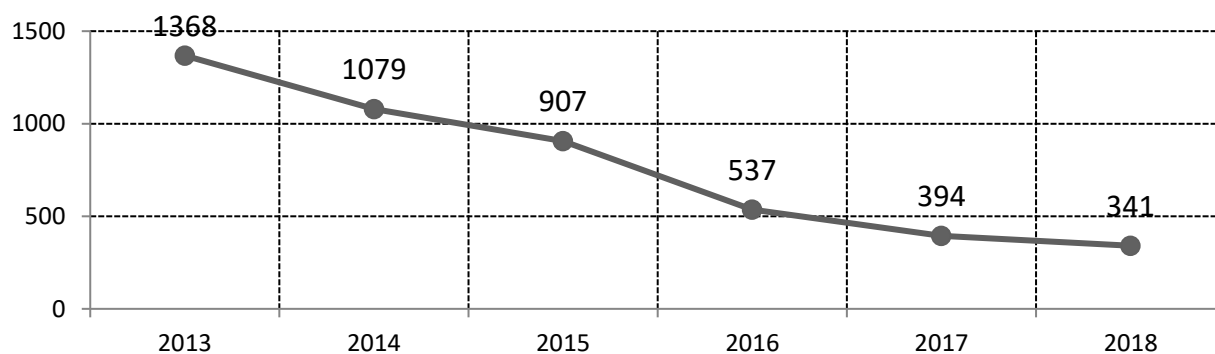
The influence of institutional changes on the working environment of researchers was investigated by the author with M. Vinichenko [1]. Some aspects of the motivation of university leadership are shown in our joint work [2].

The relationship between different types of research staff and the results of R&D companies is shown in the work of C. Cozza, C. Franco & G. Perani [3]. The motives and barriers of German researchers were investigated by K. Blind, J. Pohlisch & A. Zi [4]. The motivation of young research and the connection with their career was investigated by H. Horta [5]. B. Stvilia, S. Wu & D. Lee showed different motivations for researchers of different ages and different statuses [6]. N. Shmatko & G. Volkova studied the internal personal motivation of the researchers [7]. The essential characteristic of research activity investigated by V. Sorikhina & S. Fomina [8, 9]. Some problems of young scientists studied by N. Starostenkov [10]. I. Plakhotnaya showed that systems of motivation are ways of solving of conflicts [11].

3. METHODOLOGY, EMPIRICAL ANALYSIS AND RESULTS

Let me recall the Hawthorne experiment. It was held from 1924 to 1932 at the Western Electric Company's Hawthorne Works (USA). It was almost 8 years. This study was conducted by Professor E. Mayo, F. Rothlisberger & W. Dickson, who were researchers at the Harvard Business School. We are interested in the results of the experiment in Kharton, which could be used to study the motivation of researchers. Therefore, we compared the results of the Hawthorne experiment with the graphs of the effectiveness of a large scientific team and with some author's long-term observations of the publication activity of this collective. So, the first thing that the experimenters did was changing the lighting in the work places. First they increased the lighting in one of the workshops and the productivity increased. They were surprised, but the labor productivity did not go down after that. The productivity did not decrease either in the places where the lighting was reduced, nor in the control group. The experimenters decided that there is no direct causal relationship between working conditions and productivity. Apparently, they decided, there are other factors that affect the increase in labor productivity. Let me give an example from the life of a large group of researchers. Monitoring of this group was carried out at the Russian State Social University for 5 years. It was held from 2014 to 2018. It should be noted that this initially large group has decreased fourfold in five years (Figure 1).

Figure 1: Number of teachers and researchers at the Russian State Social University



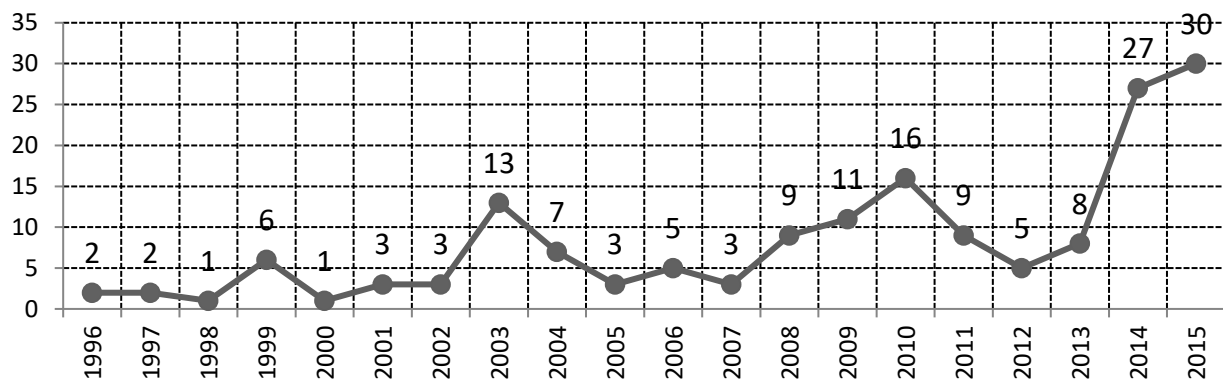
Compiled by the author.

Source: Reports on the scientific activities of the Russian State Social University (2013, 2014, 2015, 2016, 2017). Table - Number of employees of the organization by age group

A vivid example of changes in working conditions of researchers was the massive relocation of departments, faculties, teachers, researchers and students from one location to another. In addition, separate rooms for teachers and researchers were dismantled. Instead of separate classrooms, coworking was created from the calculation of 1 coworking to the location. So, in June 2015, three large coworking were created.

Now look at the graph of the publication activity of researchers. By the date of the launch of the coworking, the number of publications in Scopus was insignificant and did not exceed 30 units per year (Fig. 2).

Figure 2: Number of publications of researchers of the Russian State Social University in Scopus (June, 2015)

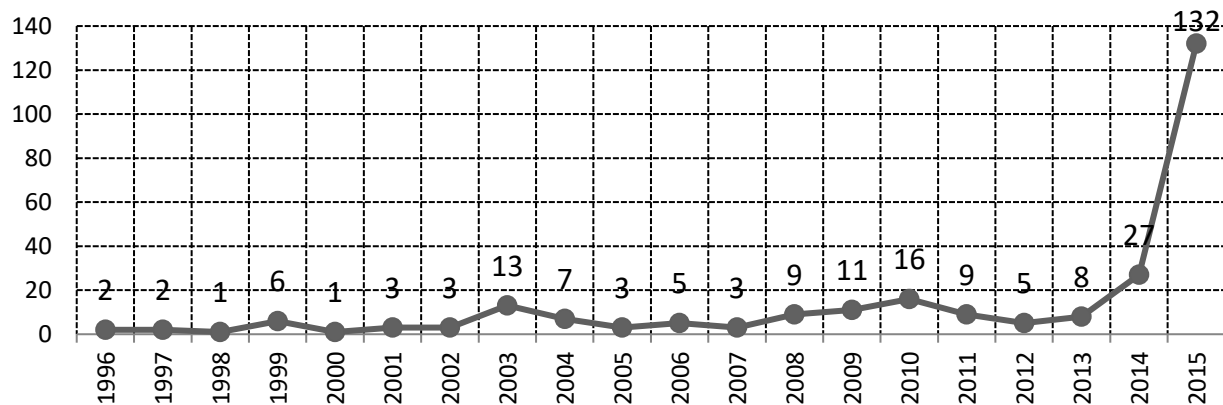


Compiled by the author.

Source: Scopus.URL: <https://www.scopus.com>

A little earlier, in February 2015, it was suggested to stimulate the publication activity in Scopus. The first payments for researchers were made in March and April 2015, and then in June 2015. Taking into account more than a half-year period, which is objectively necessary for indexing in Scopus, by the end of the year the number of publications in Scopus has increased 4-fold (Figure 3).

Figure 2: Number of publications of researchers of the Russian State Social University in Scopus (December, 2015)



Compiled by the author.

Source: Scopus.URL: <https://www.scopus.com>

What conclusion can we make from the above? It seems that the increase in the labor productivity of researchers, as in the Hawthorne experiment, was not affected by how the researchers' workplaces were changed. Other factors worked. The delayed effect worked. We will return to this effect below. The second result, which was obtained in the Hawthorne's experiment. At first the experimenters introduced into the experiment the second breakfast at the company's expense, the pauses, the shortened day and the shortened week, they created a friendly atmosphere, talked to the workers about their family and practiced the "soft style" of the management. This increased labor productivity.

But when all this was abolished, labor productivity did not decrease. Then the experimenters made the following conclusion that labor productivity is not affected by working conditions, but the methods of management and the improvement of relationships are influencing. By the way, the influence of social and psychological factors was most pronounced among young women. In other words, rest breaks, free lunch, shorter workweeks and higher pay for young women were not as important as the lack of direct control. In the same large group of researchers, also in 2015, some elements of the "soft style" of the leadership of researchers were introduced. The Scientific and Technical Council was created, in which leading researchers were included. At the meeting of this council the results of studies were discussed, recommendations were given for the publication of monographs. In a friendly environment, current developments in research activities were discussed. Labor productivity of researchers in this period has increased. In this period, more than 30 monographs of researchers were published. But in 2017 the Scientific and Technical Council was liquidated. He was replaced by a Commission of 7 people, which acquired administrative functions. After this reform, the labor productivity of researchers for some time did not decrease. But over time, it declined. The number of publications of monographs did not exceed a dozen a year. In the third step, the experimenters interviewed more than 20,000 workers and found that the rate of production is determined not by the employee's honesty or physical ability, but by the pressure of the group that established the status of each of its members. In the case of researchers with this status, members of a large research team began to acquire as a result of increasing publication activity and increasing the number of citations. A measurable indicator in this case was the H-index, and then the quartile in which the works of these researchers were published. The fourth step of the Hawthorn experiment was to investigate why the assemblers in the workshops deliberately restricted production rates. In the interview, they admitted that they could do more. Interpreting the results of the responses the following conclusions can be drawn:

- a) the low rate of publication activity of the researcher protects slow researchers and protects them from criticism of their superiors;
- b) if they write too much, then the authorities will cut off the allowances;
- c) the superiors reconcile with the underestimated rate of publication activity, paying attention to those who do not fulfill planned targets.

Could the researchers of this large research team publish more of their work? Apparently, they could. But they, as in the Hawthorne experiment, were limited by the possible reaction of the superiors, aimed at increasing the plans and reducing the allowance. Before our conclusions one should ask one question. Why did the labor productivity in the Hawthorne experiment always increase in the beginning? The authors of the experiment themselves answered this question in this way. First, people were warned about the upcoming experiment. People received a psychological stimulus - they were initially isolated from the general mass. This made them feel their importance. Using the results of the Hawthorne experiment, and relying on our long-term observations, we can also dispel the myth that the individual abilities of the researcher are the most reliable sources of the effectiveness of his work. In the management of the motivation of researchers, a behaviourist approach can also be used. The productivity of the researcher's work depends heavily on social factors. Researchers need cooperation and communication with colleagues. Isolation deprives researchers of motivation. In this regard, the author is grateful to the organizers of the ESD Conference, which for the second year gives the opportunity to communicate with colleagues. But here's another thing. So, take a look at Fig. 4. This is called the "candle mystery". Many are familiar with it. It was invented in 1945 by psychologist K. Duncker. Here's how this experiment works. You are given a candle, a box with buttons and matches. Your task is to attach the candle so that the wax does not drip onto the table.

Figure 4: Riddle of the candle



Source: <http://sweetday.info/zagadka-svechi/>

Some begin to attach the candle with the buttons, others try to melt the tip and glue the candle to the wall. In about 15 minutes, most find a solution. It looks like in Fig. 5.

Figure 5: Solving the riddle of a candle

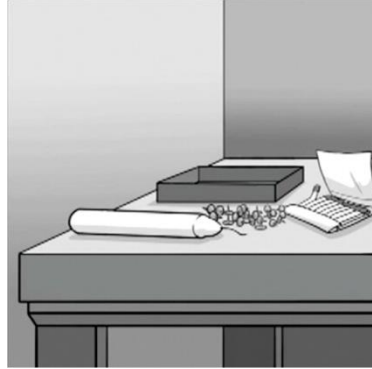


Source: <http://sweetday.info/zagadka-svechi/>

Why we can not go over the barrier of functionality is already pretty much described. You can find it in [12, 13, 14, 15, 16]. S. Glaxberg (Princeton University, USA) went even further. He divided the participants into two groups. To one group, he said that he was recording time, in order to determine how long it took to solve such problems. Another group was offered a reward for the quickest decision and to those who would be among the top 25 percent of the results. Interestingly, the second group took more time to solve the problem. It is also interesting that this result is not a deviation from the norm. The conditional stimulus ‘do it and get it’ works only under certain conditions. But for many types of work, this either does not work, or harms. D. Pink at the TED Global 2009 conference noted that this discovery is one of the most grounded in the social sciences, as well as one of the most neglected [17]. The fact is that the motivation system, typical for the XX century, based on external incentives does not work in the 21st century. Let us explain what we mean. S. Glasberg repeated the experiment with two groups, but the task was presented in a different way (Figure 6).

Figure following on the next page

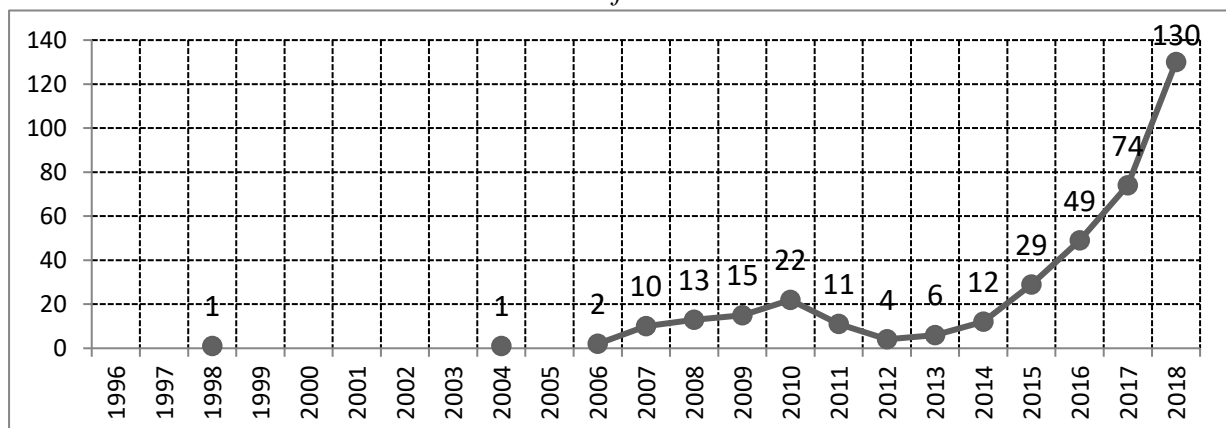
Figure 5: Another setting of the candle riddle.



Source: http://www.lean6sigma.org.ua/2012/07/money_motivation/

In the new formulation of the task, the buttons were scattered on the table. This time the motivated group outstripped the not motivated group. The fact is that the stimulus ‘if ... then’ works where the rules are simple and the solution obviously works very well. But when the decision is not obvious, the promise of reward narrows our focus and limits our capabilities. The same results came from researchers from the universities of MIT, Carnegie-Millon, Chicago, the Federal Reserve Bank. Researchers at the LSE conducted a survey of more than 50 companies that pay for performance, came to the conclusion that material incentives can negatively affect overall performance. Indeed, there is a gap between science and practice. Science knows that material incentives operate in a narrow range. They destroy creativity. The secret of high performance, in fact, in internal stimuli, in the aspirations of the researcher. How can this be achieved? First, at once, remuneration of labor must initially be decent and fair. Fairness is achieved by the number of publications. He who publishes more, he should get more. But the most important conclusion is that the task of motivation should be simplified as much as possible. In the observational research team, we did the same. No points, ratings and recalculations. If you published an article, then immediately received compensation, exceeding the cost of publication. The more complex the calculation of material incentives, the worse the results. And the simpler the calculation, the better the results (Figure 7).

Figure 7: The Number of publications of researchers of the Russian State Social University in the Web of Science



Compiled by the author.

Source: Clarivate Analytics. URL: <https://apps.webofknowledge.com>

Secondly, in the research environment, conditions should be created for independence, development of professionalism and purposefulness.

In favor of this thesis says the positive experience of *Atlassian* and *Google* and the negative experience of *Microsoft*. The system of motivation ROWE even more radical. ROWE - working conditions aimed exclusively at the result.

4. CONCLUSION

As a result of comparing the results of the Hawthorne experiment with the results of the publication activity of a large research team and with personal long-term observations, the author came to the following conclusions:

- First, as in any other industry, there are factors in research practice that affect the increase in labor productivity.
- Secondly, there is no direct correlation between the improvement of working conditions and the productivity of researchers in social and human sciences.
- Thirdly, in the change in the labor productivity of researchers there is a pending effect.
- Fourthly, the relationship between researchers in one research team has a great impact on labor productivity. The "soft style" of leadership helps increase productivity.
- Fifthly, as in any other industry, ordinary researchers refuse to increase labor productivity, fearing an increase in planned targets and a reduction in the amount of material incentives.
- Sixth, the researcher's own importance is the most powerful psychological stimulus for increasing the researcher's labor productivity.
- Seventh, the system of material incentives for researchers should be as simple as possible. This system should not focus the researcher's attention on remuneration, but should only ensure decent and fair remuneration of labor.

LITERATURE:

1. Blind K., Pohlisch J., Zi A. (2018), Publishing, patenting, and standardization: Motives and barriers of scientists, *Research Policy*, Vol. 47, No 7, P. 1185-1197. DOI: 10.1016/j.respol.2018.03.011.
2. Carnevale P., Probst T. (1998) Social values and social conflict in creative problem solving and categorization, *Journal of Personality and Social Psychology*, Vol.74, No 5, P. 1300-1309. DOI: 10.1037/0022-3514.74.5.1300
3. Cozza C., Franco C., Perani G. (2018), R&D Endowments at Home Driving R&D Internationalization: Evidence from the Italian Business R&D Survey, *Technological Forecasting and Social Change*, Vol. 134, P. 277-289. DOI: 10.1016/j.techfore.2018.06.035.
4. Duncker K. (1933). Behaviorismus und Gestaltpsychologie , *Erkenntnis*, Vol. 3. Iss. 1. P. 162—176.
5. Duncker K. (1936). Zur Psychologie des produktiven Denkens. Berlin: Springer.
6. Duncker K. (1939). On pleasure, emotion, and striving, *Philosophy and Phenomenological Research*. Vol. 1 (4). P. 391—430.
7. Duncker K.(1939). Ethical Relativity? An enquiry into the psychology of ethics, *Mind*, Vol. 48 (189). P. 39—57.
8. Horta H. (2018). PhD students' self-perception of skills and career plans while in doctoral programs: are they associated?, *Asia Pacific Education Review*, Vol. 19. No 2, P. 211-228. DOI: 10.1007/s12564-018-9532-y.
9. Pink D. (2009). The puzzle of motivation, *TED Conference*, [Electronic resource] https://www.ted.com/talks/dan_pink_on_motivation.
10. Plakhotnaya, I.V. (2017). The System of Motivation As a Way of Solving Institutional Conflicts, *Contemporary Problems of Social Work*, Vol. 3. No. 2 (10). P. 40–46. DOI: 10.17922/2412-5466-2017-3-2-40-46.

11. Shmatko N., Volkova G. (2017), Service or Devotion? Motivation Patterns of Russian Researchers, *Foresight and STI Governance*, Vol. 11, No 2, P. 54-66. DOI: 10.17323/2500-2597.2017.1.54.66.
12. Sorikhina, V.P. & Fomina, S.N. (2016) The Essential Characteristic of Research Activity of Bachelors on Direction “Organization of Work with Youth” *Contemporary Problems of Social Work*. Vol. 2. No. 1 (5). P. 157–162. DOI: 10.17922/2412-5466-2016-2-1-157-162.
13. Sorikhina, V.P. & Fomina, S.N. (2017) Organization of Research Work of Future Experts in Social Sphere: Problems and Prospects, *Contemporary Problems of Social Work*. Vol. 3. No. 1 (9). P. 111-116. DOI: 10.17922/2412-5466-2017-3-1-111-116.
14. Starostenkov N.V. (2017). On Some Problems of a Young Scientist Formation, *Contemporary Problems of Social Work*, Vol. 3. No. 2 (10). P. 4–6.
15. Stvilia B., Wu S., Lee D. (2018), Researchers' participation in and motivations for engaging with research information management systems, *Plos One*, Vol. 13. No 2, Article e0193459. DOI: 10.1371/journal.pone.0193459.
16. Vinichenko M., Kirillov A., Maloletko A., Frolova E., Vinogradova M.(2018), Motivation of University Senior Staff in the Process of Restructuring Higher Education Institutions, *Croatian Journal of Education-Hrvatski Casopis za Odgoj i Obrazovanje*, Vol. 20, No 1, P. 199-232. DOI: 10.15516/cje.v20i1.2571.
17. Vinichenko M., Kirillov A., Maloletko A., Frolova E., Vinogradova M. (2018), Motivation of University Authorities Aimed at Creating Favorable Learning Environment in the Course of Restructuring Higher Education Institutions, *Eurasia Journal of Mathematics Science and Technology Education*, Vol. 14, No 5, P. 1899-1910. DOI: 10.29333/ejmste/85489

FEATURES OF SURGICAL SUTURE MATERIAL

Iskander Baybekov

*“Republican specialized scientific and practical medical center of surgery named after acad.
V. Vakhidov”, Tashkent, Uzbekistan*

Valery Kartashev

Russian State Social University, Moscow, Russia

Bahrom Ibadov

*“Republican specialized scientific and practical medical center of surgery named after acad.
V. Vakhidov”, Tashkent, Uzbekistan*

ABSTRACT

Goal - To give the comparative analyses of structural peculiarities of various kinds of sutures materials which is use in surgery and other areas of medicine.

Methods and methodology - The methodological basis of the review is the analysis of data of literature, on structural and chemical – physical peculiarities different types of threads as dissolves and not dissolves

Results - The structural peculiarities of the different kinds of sutures materials monofilamental and polifilamental ?synthetic and native were shown.

Conclusion - Comparative characteristic of different types of sutures materials will give to surgeon to choose the threads in practice.

Keywords: sutures materials

1. INTRODUCTION

Use of a large variety of synthetic sutures determined the development of many directions in surgery [1,3,4, 5, 6, 18,20]. The choice of suture material is determined by many factors, such as the number of layers of wound tissues and their tension, the depth of suture material localization, inflammatory tissue changes, their reaction to suture material [5,18]. To date, there are more than 250 names of suture material manufactured by different companies. This indicates, on the one hand, an availability of the broad variety of sutures to choose from, and on the other hand, the dissatisfaction with the quality of the available suture material and the search for more advanced surgical sutures [3-6, 16]. The most complete classification of modern suture materials in the Russian-language literature was proposed by VM Buyanov and others. [4].

2. STRUCTURAL FEATURES DETERMINING THE STRENGTH OF SUTURE MATERIAL

The main properties of the suture material are determined by the structure of sutures, the thickness, the tensile strength, the surface texture, and elasticity. The strength of multifilament sutures depends on the number of filaments incorporated in a suture. However, braided and twisted suture have, in contrast to monofilaments, a rough surface, which contributes to their easier infection and the initiation of inflammatory reactions [14, 18]. By the surface structure, the sutures are divided into smooth and sutures with spikes on the surface (spikes and hooks). The spikes of the surface give the sutures anchor properties, which turns out to be useful in some cases [3,4,14, 15].

While the smooth sutures are held in a certain position in the tissues with the help of tied knots, the sutures with spikes are widely used in reconstructive surgery to avoid the need of tying knots. Thus they are effective in facelifting, helping to improve the results of this cosmetic procedure [5,14]. Both smooth and spiked sutures can be absorbable and non-absorbable. The absorbable sutures, being degradable, lose up to 50% of their density within 60 days; natural absorbable sutures dissolve in the human body within 70 days [3-5, 14]. Synthetic absorbable sutures are degraded by hydrolysis. By contrast, non-absorbable sutures poorly degrade, do not undergo hydrolysis and can be eliminated from the tissue only by physical removal [14, 22].

3. BIOLOGICAL COATINGS OF SURGICAL SUTURE MATERIAL.

Development of local surgical infection is the most frequent surgical complication, which occurs in 5% of all surgical interventions [3,9, 11, 14]. This determines the search for various ways to prevent complications caused by the presence of surgical sutures in the tissues. The development of sutures with antibacterial coating can be considered one of such attempts. One such suture, with triclosan coating - Vicril Plus gained bigger popularity and use [9, 12, 14]. The incidence of wound infections of the sternum and lower legs (with use of veins for coronary artery bypass grafting) comprises 2.4 and 3.5%, respectively; clinical observations have shown that the use of antibiotic-coated sutures in this type of cardiac surgery reduced incidence rate down to almost zero. Similar results were obtained with the use of triclosan-coated sutures in thoracic and other types of surgery [9, 21]. Marked antimicrobial effects for various medical products and, in the first place, for sutures, are also achieved by coating them with nanoparticles of silver. The antimicrobial effects of silver depend on the action of silver on the cell membranes and DNA of microorganisms. The technology of integration of silver nanoparticles into the thickness of threads reduces the need of their application on their surface. Combination of integration of nanoparticles in sutures and coating their surface with silver also seems to be promising [14, 17]. Another direction of increasing the antimicrobial properties of surgical threads, as well as giving them properties that stimulate wound healing, is the use of various drugs for this purpose [11,12, 22,]. Thus, it was shown that sutures with nonsteroidal anti-inflammatory drugs have clinical effectiveness [14, 37]. The spread of stem cell research has also influenced the development of surgical sutures. In this context, the researchers considered the possibility of using suture material to deliver stem cells to various tissues. It is shown that sutures covered with growth factors or stem cells contribute to the concentration of these biological components in the necessary places to ensure the acceleration of regeneration and healing processes. However, the delivery of stem cells with the help of surgical sutures into soft tissues of the body remains somewhat yet unsolved [18, 24]. In recent years, the so-called electronic sutures with integrated ultrathin silicon sensors integrated into the polymer or platinum nanomembranes are being developed. They allow you to monitor and stimulate biological responses of the corresponding wound tissues. Electronic sutures allow to measure the temperature of wound tissues, which can be used to determine the presence of wound and infection; control of pH, exudation, oxygen tension and other parameters in wound allows controlling the processes of wound healing and to exert some influence on these processes [18]. The most effective and promising method of correcting the pathological effects of suture material on surrounding tissues and stimulation of wound repair is the low-intensity laser (LIL) and LED radiation. The latter is quite comparable in effectiveness to LIL. The ease of use and low cost of LED emitting devices makes them a promising method of influencing on the wound process to reduce pathological processes caused by the interaction of suture material with biological tissues and help to accelerate wound healing [2, 7, 8, 23].

3. CONCLUSION

The wide use of a variety of synthetic substances and their compositions with antimicrobial agents, nanoparticles, and other natural and artificial substances in the production of surgical sutures has greatly influenced the progress of surgery. The availability of diverse by the chemical composition sutures and their various forms (monofilament, multifilament, twisted, woven) led to the fact that the assortment of surgical suture material is now approaching 300 types, which also significantly expands the possibilities of medical fields where surgical intervention is used. Multifilament sutures have higher strength than monofilaments, but they cause more pronounced changes in tissues. Laser and LED radiation help to reduce these manifestations.

LITERATURE:

1. Akentyeva TN, Kudryavtseva Yu.A. Aspects of selection and modification of surgical suture material. *Medicine in Kuzbass*, vol. 13, No. 2, 2014. P 3-7
2. Baybekov IM, Karakozov PE, Mardonov D. Interaction of tissues of cutaneous wounds with suture material under the influence of laser and LED radiation / XLIV International scientific and practical conference "Application of lasers in medicine and biology" May 26-28, 2016. Kharkiv. P. 113-114
3. Bontsevich D., N. Surgical suture material. *Problems of health and ecology* №3 (5). 2005.- p. 43-48
4. Buyanov VM. Surgical suture. St. Petersburg, 2001; 112
5. Bychkov IV, Bychkov VI. The choice of suture material in surgical practice at the present stage. *Bulletin of Experimental and Clinical Surgery*. V No. 1, 2012. 219-223.
6. Goncharova V. Ye., Sementeeva M. V., Chukharev A. Ye. Statistical analysis of suture material purchases in large cities of Russia. *Science Time*. - 2015. - No. 4 (16).
7. Korobov A.M. Photo-therapeutic apparatus Korobov series "Barva" / A.M. Korobov, V.A. Korobov, T.A. Lesnaya // Kharkov-2010, P.176.
8. Moskvina S.V. Basics of laser therapy. / S.V. Moskvina, V.A. Builin // -M: -2006.- P. 256
9. Barbolt TA. Chemistry and safety of triclosan, and its use as an antimicrobial coating on Coated VICRYL * Plus Antibacterial Suture (coated polyglactin 910 suture with triclosan). *Surg Infect* 2002; 3: s45-s53.
10. Borahay MA, Oge T, Walsh TM, Patel PR, Rodriguez AM, Kilic GS. Outcomes of robotic sacrocolpopexy using barbed delayed absorbable sutures. *J Minim Invasive Gynecol* 2014; 21: 412-416.
11. Catanzano O, Acierno S, Russo P, Cervasio M, De Caro MDB, Bolognese A, Sammartino G, Califano L, Marenzi G, Calignano A. Melt-spun bioactive sutures containing nanohybrids for local delivery of anti-inflammatory drugs. *Mater Sci Eng C* 2014; 43: 300-309.
12. Chen X, Hou D, Wang L, Zhang Q, Zou J, Sun G. Antibacterial surgical silk sutures using a high-performance slow-release carrier coating system. *ACS Appl Mater Interfaces* 2015; 7: 22394-22403.
13. Chen X, Hou D, Tang X, Wang L. Quantitative physical and handling characteristics of novel antibacterial braided silk suture materials. *J Mech Behav Biomed Mater* 2015; 50: 160-170.
14. Dennis CS, Sethu, S. Nayak, L. Mohan, Y. Morsi, 5 G. Manivasagam Suture materials - Current and emerging trends. *J. of biomedical materials research*. 2016 V. 104A, No. 6 p-1544 -1559
15. Fu YQ, Huang WM, Luo JK, Lu H. Polyurethane shape memory polymers for biomedical applications. In: Yahia LH, editor. *Shape Memory Polymers for Biomedical Applications*. Woodhead Publishing; 2015. p 167-195.

16. Global Sutures Market Research Report; 2015. Available at:
<http://www.micromarketmonitor.com/market-report/sutures-reports-1632640670.html>.
(accessed on August 19, 2015).
17. Kwan KH, Yeung KW, Liu X, Wong KK, Shum HC, Lam YW, Cheng SH, Cheung KM, To MK. Silver nanoparticles alter proteoglycan expression in the promotion of tendon repair. *Nanomedicine* 2014; 10: 1375-1383.
18. Miyagi KPM. How to choose a suture? *Br J Hosp Med* 2015; 76: C46-C48.
19. Obermeier A, Schneider J, Wehner S, Matl FD, Schieker M, von Eisenhart-Rothe R, Stemberger A, Burgkart R. Novel high-performance coatings for anti-microbial surgical sutures using chlorhexidine in the fatty acid. *PLoS One* 2014; 9: 101426 Seitz JM, Durisin M, Goldman J, Drelich JW. Recent advances in biodegradable metals for medical sutures: A critical review. *Adv Healthc Mater* 2015; 4: 1915-1936.
20. Serrano C, Garc_ia-Fern_andez L, Fern_andez-BI_azquez JP, Barbeck M, Ghanaati S, Unger R, Kirkpatrick J, Arzt E, Funk L, Tur_on P. Nanostructured medical sutures with antibacterial properties. *Biomaterials* 2015; 52: 291-300.
21. Shao K, Han B, Gao J, Jiang Z, Liu W, Liang Y. Fabrication and feasibility study of an absorbable diacetyl chitin surgical suture for wound healing. *J Biomed Mater Res B Appl Biomater* 2016; 104: 116-125.
22. Tuner J. *The New Laser Therapy Hand boor Prima book* / J. Tuner, L. Hode // Stockholm, 2010. p.847.
23. Zhang S, Liu X, Wang H, Peng J, Wong KK. Silver nanoparticle-coated suture effectively reduced inflammation and improves mechanical strength at intestinal anastomosis in mice. *J Pediatr Surg* 2014; 49: 606-613.

EFFICIENCY ART-THERAPEUTIC TECHNOLOGIES IN CORRECTION-EDUCATIONAL WORK WITH YOUNGER STUDENTS WITH AUTISM SPECTRUM DISORDER WITH INTELLECTUALITY VIOLATIONS

Alexey Udodov

Russian State Social University, Russia, Moscow

Eckhart Bouchon

*Art gallery «Dreiklang», Hann-Münden, Germany
geling-bouchon@galerie-dreiklang.de*

Ekaterina Dubrovinskaya

Russian State Social University, Russia, Moscow

ABSTRACT

The investigation is dedicated to the possibilities of art therapy as one of the methods for implementing psychological and pedagogical support to persons with disabilities of various ages (primarily childhood) in conditions of inclusive education. The results of approbation of art therapy technologies and its corrective influence in the process of working with children with intellectual and emotional-volitional systems are presented in the investigation. The scientifically grounded methodology of organization and usage of art-therapeutic technologies and methods in the organization of psychological and pedagogical support to persons with limited health possibilities are described.

Keywords: *art therapy, art therapy technologies in the process of working with children with intellectual and emotional-volitional systems, psychological and pedagogical support to persons with disabilities, technology of psychological and pedagogical support for persons with disabilities*

1. INTRODUCTION

Today, we can see that in Russia various psychotherapeutic methods and the technologies have been developed, including those based on the use of art. Many of them are used in the work on the correction of psychophysical development disorders actively, with different degrees of efficiency [1, 2, 6, 8, 9, 11, 17]. Most authors [1, 3, 5, 7, 10, 12, 13, 19, 22] indicate that a significant number of children and adolescents have the defect in autism spectrum disorder (hereinafter — ASD). ASD is a combination of disorders in the cognitive and emotional-volitional systems that have a significant impact on mental development. Most often, under the influence of these factors, states are formed according to the severity of the underdevelopment of intellect, similar to the retarded mental development (hereinafter RMD). Therefore, it requires the organization of a system of special psychological and pedagogical assistance and support, especially taking into consideration the inclusive focus of modern education in the Russian Federation. A significant part of the research on the organization and provision of psychological and pedagogical assistance and correction is made by the works describing the activities of teachers and psychologists with such category of children and adolescents of preschool age [4, 9, 10, 14, 17]. The works include studying children of school age, younger school age and less [3, 8, 11, 15, 16, 22]. The same statement applies to the use of corrective possibilities for art therapy in the school and after-school activities of children with ASD and having RMD [17]. All of the above is a motivation for organizing and conducting an experimental study described in this article [1]. The purpose of the study is development and conduction of a procedure for assessing the effectiveness of an art therapy technology Variabili

for further study of the corrective effect on the violations of the cognitive and emotional-volitional systems of young schoolchildren with health limitations, including those with ASD and having RMD.

2. MATERIALS AND METHODS

The study was conducted on the basis of the State Budgetary Educational Institution of Moscow School No. 1206. The students of the first, second and third grades took part in this investigation. A total of 28 junior schoolchildren were examined with a diagnosis of ASD with a retarded mental development (cerebra organic genesis according to K. Lebedinskaya). Subsequently, all those children took part in 10 lessons of experimental training in the art-therapy technology Variabili. In a series of experiments of a pilot investigation of Variable technology, we try to reveal the potency assignment in the correction of violations of cognitive and emotional-volitional systems of schoolchildren with health limitations. In the course of research to assess the development level of a cognitive system, various standardized methods were used, namely 10 words by A. Luria and graphic dictation by D. Elkonin. Finally, to study the development of the emotional-volitional system the methodology of De Grefe's self-evaluation was used. To study the effectiveness of the art therapy, we chose the Variable technology created by German art therapy authors Ekkahart Buschon and Nina Geling-Buschon. The technology includes painting, wooden sculptures, music therapy, breathing exercises. The main idea is a maximum variability of the result and an absence of wrong options. There are two basic directions: painting and working with wood. For relaxation, elements of music therapy and breathing exercises are used. The technology is used in working with children and adolescents in a difficult life situation and with various developmental disabilities. The art method Variabili has been tested with children from kindergartens, schools and boarding schools both in Russia and in Germany. The method has no age or social group limitations. It can be not just a problem of teens, ordinary and talented children, but also children with developmental disorders [25]. The first stage of the Variable technology is connected with wooden sculptures. Here different species of wood are often used. Participants are invited to create a sculpture with the help of wooden fragments according to the principle of a mosaic moving in space. Wooden fragments can be turned in different directions and combined with each other. It is assumed that the collected sculpture can again be disassembled into fragments and collected again, getting something new, the obstacles to creativity are removed, and there is room for imagination. The second stage of the work is related to breathing exercises that help to achieve the state of relaxation, feel your mental state and to remove the psychological clamps. Here we achieve the state of relaxation. The third stage of the work is carried out in a combination of painting and music. Participants are invited to listen to five versions of music that express different energy states: chaos, sun, moon, love and the universe. While listening to the music, participants are drawing interlaced lines with closed eyes. After that, the result is applied to the paint. Statistical processing of the data obtained during the investigation consisted in determining the reliability of the differences for coupled samples (Wilcoxon t-test).

3. RESULTS OF THE STUDY AND DISCUSSION

Figure following on the next page

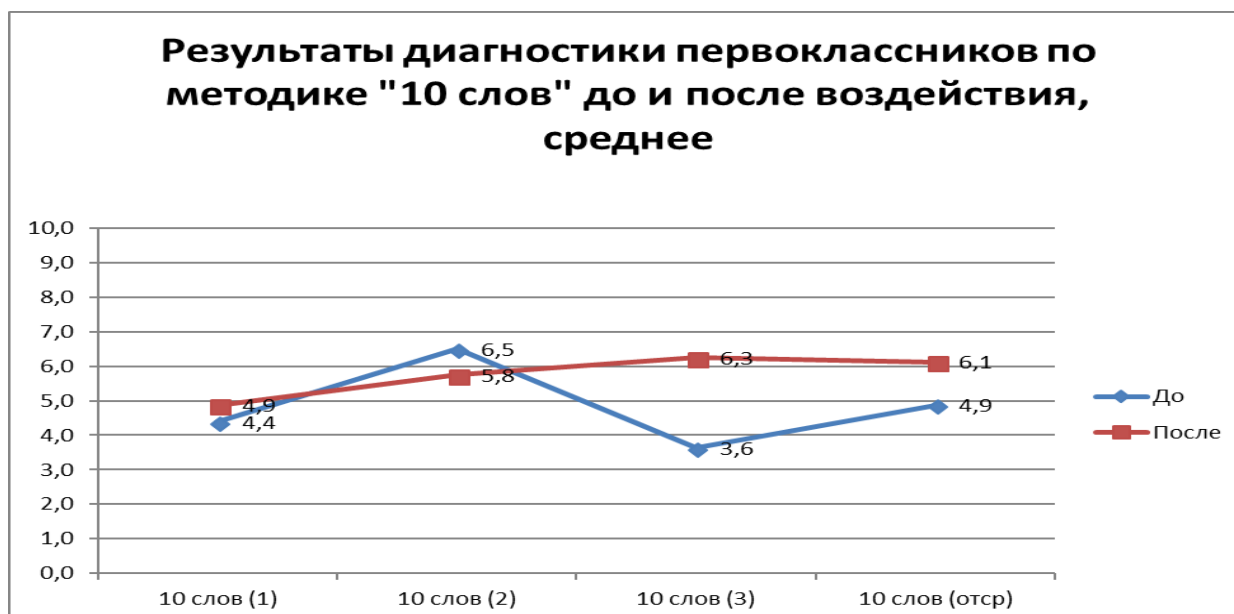
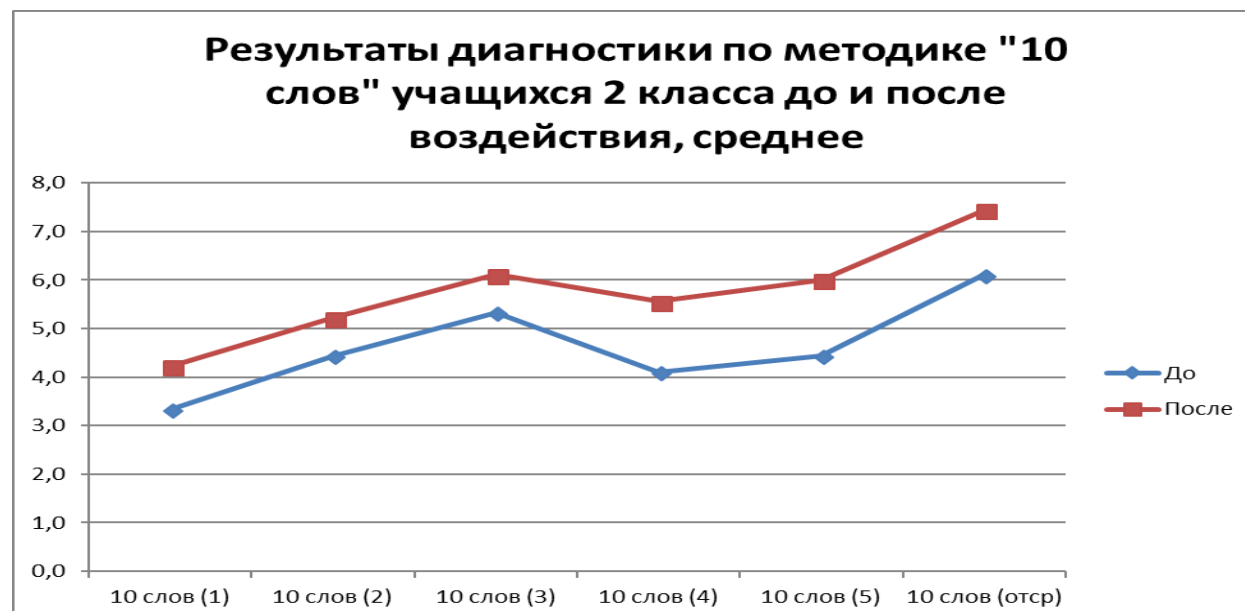


Figure 1: The results of ' diagnosis by first-graders by the method of 10 words before and after exposure, medium

Based on the results of the diagnosis of first-graders pupils with health limitations using the 10 words method after the first repetition, minor changes occurred. After the second repetition, the level of memorization of words before exposure exceeds the 'after' indicators. After the third repetition, the indicators 'after' significantly exceeded the indicators before exposure. After the delayed repetition, the indicators 'after' decreased slightly, and the 'before' indicators increased



but did not exceed the 'after' indicators.

Figure 2: The results of ' diagnosis by a second-grader by the method of 10 words before and after exposure, medium

According to the results of diagnostics using the 10 words method of health limitations with of the second grade at the first repetition we can see that the 'after' memorization level exceeded the 'before' memorization level. At the second repetition, the indicators 'before' and 'after' increased, while 'after' exceeded the indicators 'before'.

At the third repetition, the number of words increased, 'after' exceeded 'before'. After the fourth repetition, the indicators decreased, while 'after' exceeded 'before'. After the fifth repetition, the indicators reached almost the same level as they were after the third repetition, while 'after' again exceeded 'before'. With delayed repetition, both indicators increased significantly, while 'after' exceeded 'before'.

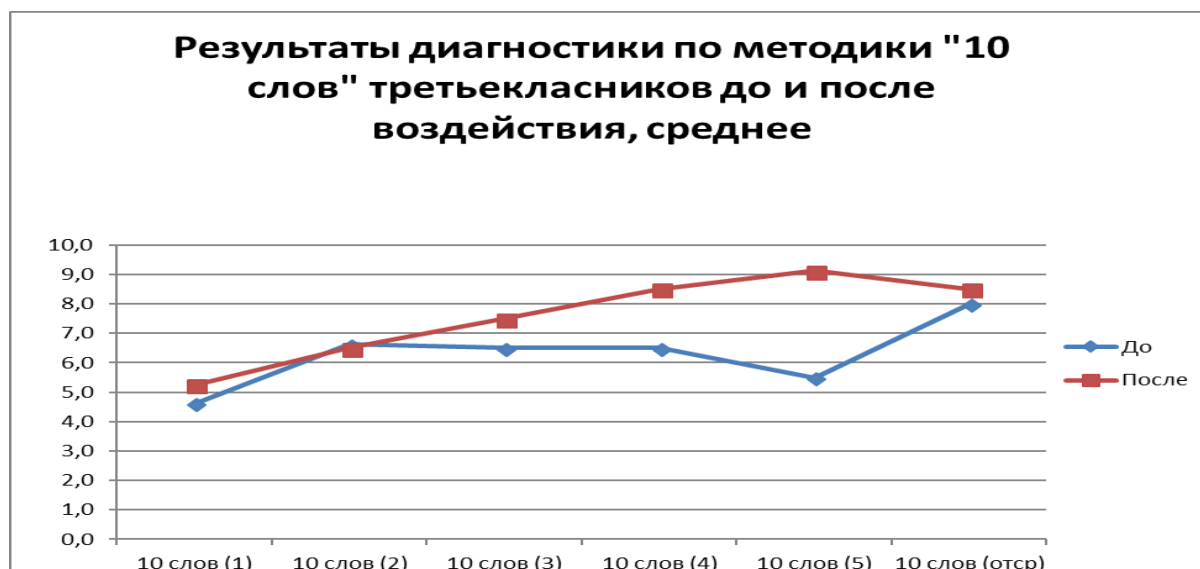


Figure 4: The results of ' diagnosis by a third graderby the method of 10 words before and after exposure, medium

According to the results of diagnostics using the *10 words method* of health limitations with of the third grade at the first repetition we can see the 'after' memory level exceeded the 'before' memorization level. At the second repetition, the indicators 'before' and 'after' increased, while they were on the same level. After the third repetition, 'after' exceeded 'before', while 'before' remained at the same level as at the first repetition. After the fourth repetition, 'before' again remained unchanged, and 'after' it increased. After the fifth repetition, 'before' decreased, while 'after' increased 'before'. With the delayed repetition, the indicator 'before' increased, and the indicator 'after' decreased, but everything still exceeds 'before', but insignificantly.

Table 1: Results of the study of schoolchildren according to De Greife method before and after diagnostics, an average data

Grade	Stage of research	I	Friend	Teacher
1	Before	19,9	9,1	23,4
	After	18,1	16,4	20,3
2	Before	20,4	8,4	23,2
	After	19,1	12,1	23,0
3	Before	20,0	7,3	23,3
	After	20,9	12,9	25,8

- At the 1st grade, when studying schoolchildren according to *De-Greife method*, the average values at the stages 'before' and 'after' the impact:
Parameter 'I': the value of 'before' slightly exceeds the value 'after'. Parameter 'Friend': the value 'before' exposures 'after'. Parameter 'Teacher': the value 'before' exceeds the value 'after'.

- At the 2nd grade, when studying schoolchildren according to *De-Greife method*, the average values at the pre- and post-impact stages are:
Parameter 'I': the value 'before' slightly exceeds the value 'after'. Parameter 'Friend': the value 'before' exposures 'after'. Parameter 'Teacher': the value 'before' is slightly higher than the value 'after'.
- At the 3rd grade, when studying schoolchildren according to *De-Greife method*, the average values at the stages 'before' and 'after' the impact:
Parameter 'I': the value 'before' exceeds the value 'after'. Parameter 'Friend': the value 'before' exposures the value 'after'. Parameter 'Teacher': the value 'before' is slightly higher than the value 'after'.

Data on the method graphic dictation are presented in the Table 2.

Table 2: Results of the study of schoolchildren according to the Graphic dictation method 'before' and 'after' the impact, average score

Grade	Stage of research	graphic dictation 1		graphic dictation 2		graphic dictation 3		graphic dictation 4	
		assessment of resolution	assessment of self-expression	assessment of resolution	assessment of self-expression	assessment of resolution	assessment of self-expression	assessment of resolution	assessment of self-expression
1	Before	3,5	3,6	2,8	3,0	2,0	1,5	0,3	0,3
	After	3,5	3,8	2,9	3,1	2,3	2,5	1,0	1,3
2	Before	2,8	2,9	2,4	2,6	2,0	2,0	0,9	1,1
	After	3,0	3,0	2,6	2,7	2,1	2,7	2,0	2,2
3	Before	3,1	3,3	2,6	2,8	1,6	1,8	1,6	1,8
	After	3,4	3,5	3,0	3,0	1,9	2,0	2,1	2,4

At performance of graphic dictation = the average depends on two parameters - resolution and self-expression. When graphical dictation 1 is performed, the evaluation for resolution at the pre- and post-impact stages is the same. The evaluation for self-expression 'after' is slightly higher than 'before'. When the graphical dictation is 2 takes place, the average score for the post-impact stage is slightly higher than the pre-impact. The assessment for self-expression 'after' impact is slightly higher than the estimation before impact. When the graphical dictation is 3 takes place, the average score for resolution at the 'after' stage exceeds the estimate 'before' the impact. The evaluation for self-expression 'after' impact exceeds the estimate 'before' impact. When performing the graphical dictation 4 is performed, the indicators at the stage 'after' the impact increased, as compared to the previous dictations. The average score for resolution and for self-expression 'after' exposure is significantly higher than the estimate 'before' impact. The results of the study of the 2nd grade students according to the Graphic dictation method 'before' and 'after' the impact. At performance of graphic dictation = the average depends on two parameters - resolution and self-expression. When graphical dictation 1 takes place, the evaluation for resolution at the pre- and post-impact stages is the same.

The evaluation for self-expression 'after' is slightly higher than 'before'. When the graphical dictation 2 takes place, the average score for the post-impact stage is slightly higher than the pre-impact estimate. The assessment for self-expression 'after' impact is slightly higher than the estimate 'before' impact. When the graphical dictation 3 is performed, the average score for resolution at the 'after' stage exceeds the estimate 'before' the impact. The evaluation for self-expression 'after' exceeds the estimate 'before'. When performing the graphic dictation 4, the indicators at the stage 'after' the impact increased, as compared to the previous dictations. The average score for resolution and for self-expression 'after' impact is significantly higher than the estimate 'before'. The results of the study of the 3rd grade students according to the 'Graphic dictation' method before and after the impact. At performance of graphic dictation = the average depends on two parameters - resolution and self-expression. When graphical dictation 1 takes place, the evaluation for resolution at the pre- and post-impact stages is the same. The evaluation for self-expression 'after' is slightly higher than 'before'. When the graphical dictation 2 takes place, the average score for the post-impact stage is slightly higher than the pre-impact estimate. The assessment for self-expression 'after' impact is slightly higher than the estimate 'before'. When the graphical dictation 3 is performed, the average score for resolution at the 'after' stage exceeds the estimate 'before' the impact. The evaluation for self-expression 'after' exceeds the estimate 'before'. When performing the graphic dictation 4, the indicators at the stage 'after' the impact increased, as compared to the previous dictations. The average score for resolution and for self-expression 'after' impact is significantly higher than the estimate 'before'. After the initial processing of the obtained data, we conducted a study of the results of the study using mathematical statistics methods to assess the reliability of the revealed differences by means of the t-criterion of sign rankings for the related Wilcoxon samples. Significant differences were revealed only by the Graphic dictation method by D. Elkonin and by De Greffe method. Data on the method 'Graphic dictation' in Table 3.

Table 3: The results of t-test of symbolic ranks for related samples Wilcoxon about method "the Graphic dictation" by D. B. Elkonin

Grade	Stage of research	graphic dictation 1		graphic dictation 2		graphic dictation 3		graphic dictation 4	
		assessment of resolution	assessment of self-expression	assessment of resolution	assessment of self-expression	assessment of resolution	assessment of self-expression	assessment of resolution	assessment of self-expression
1	Before	3,5	3,6	2,8	3,0	2,0	1,5	0,3	0,3
	After	3,5	3,8	2,9	3,1	2,3	2,5	1,0	1,3
2	Before	2,8	2,9	2,4	2,6	2,0	2,0	0,9	1,1
	After	3,0	3,0	2,6	2,7	2,1	2,7	2,0	2,2
3	Before	3,1	3,3	2,6	2,8	1,6	1,8	1,6	1,8
	After	3,4	3,5	3,0	3,0	1,9	2,0	2,1	2,4

At the 1st grade, graphic dictation at the third stage, the level of resolution according to the 'Assessment of self-performance' indicator showed a significant level of importance of the differences (0,038, at $p \leq 0,05$).

At the fourth stage, the level of implementation for the 'Assessment of resolution' indicator showed a significant level of importance of the differences (0.014, at $p \leq 0.05$). The level of resolution for the indicator 'Assessment of self-performance' showed a significant level of importance of differences (0.011, with $p \leq 0.05$). At the 2nd grade, graphical dictation in the fourth stage of the resolution level for the indicator 'Assessment of resolution' showed a significant level of importance of the differences (0.026, at $p \leq 0.05$). At the fourth stage, the level of resolution for the 'Assessment of self-expression' indicator showed a significant level of importance of the differences (0.041, at $p \leq 0.05$) by the criterion of Wilcoxon's grades. At the 3rd grade, graphical dictation in the fourth stage of the resolution level for the indicator 'Assessment of resolution' showed a significant level of importance of the differences (0.046, at $p \leq 0.05$). The level of implementation for the indicator 'Assessment of self-expression' showed a significant level of importance of the differences (0.025, at $p \leq 0.05$). Data on the method 'De Greffe method' in Table 4.

Table 4: Results of the study of schoolchildren according to De Greffe method before and after diagnostics, an average data

Grade	Stage of research	I	Friend	Teacher
1	Before	19,9	9,1	23,4
	After	18,1	16,4	20,3
2	Before	20,4	8,4	23,2
	After	19,1	12,1	23,0
3	Before	20,0	7,3	23,3
	After	20,9	12,9	25,8

The pupils of the 2nd class showed changes in the self-evaluation indicators for the parameter 'Friend' at the level of significant differences after the experimental work of $p = 0.027$, while $p \leq 0.05$ %. The pupils of grade 3 showed changes in self-evaluation indicators in the parameter 'Friend' at the level of significant differences after the experimental work, $p = 0.028$, at $p \leq 0.05$ %.

4. CONCLUSION

ASD is characterized by impairments of cognitive and emotional-volitional systems, often combined with retarded mental development and requiring a special complex impact. In the course of the study, a procedure for evaluating the effectiveness of *Variabili* art therapy technology was developed and tested. The investigation of corrective work was made on children of primary school age with ASD and a retarded mental development (cerebra organic genesis according to K. Lebedinskaya). In the course of the study it was proved that the use of the technology has such called a corrective effect on the development of cognitive functions (graph-motor skills, which is obvious) and improves the formation of self-esteem. Such methods have a positive effect on the development of the emotional-volitional sphere. Evaluation of the effectiveness of the application of the art therapy technology under study on wider samples of the age and spectrum of an illness will allow making more substantiated and accurate conclusions about the effectiveness of the technology and allow working out a methodology for its application.

LITERATURE:

1. E.Baenskaya Violations of the affective development of the child in the formation of the syndrome of early childhood autism, Defectology. - 2008. - No. 4. - P. 11-19
2. W. Baer Creative therapy - therapy with creativity. - Moscow: "Class", 2013. - 568 p.

3. A.Belyakova Psychological features of fears and anxiety of children with early childhood autism // coll. - Vitebsk, 2017. - P. 441-442.
4. E.Gonta Organization of correctional and developing work with preschool children with early childhood autism, in the conditions of a specialized group of kindergarten // "Special Education". Materials of the IX International Scientific Conference. - St. Petersburg: Leningrad State University. A.Pushkin, 2013. - P. 88-91.
5. S.Greenspan, S. Wider on you with autism. - Moscow: Terevinf, 2013. - 512 p.
6. I.Evtushenko Methodological foundations of musical education of mentally retarded schoolchildren // Fundamental research. -2013. - № 10-13. - P. 2963-2966.
7. E. Zyabkina, N. Shevtsova, I. Shkryabko Features of thinking of children with early childhood autism // Development of modern education: from theory to practice. - Cheboksary, 2017. - P. 95-97.
8. V. Kozyreva Adaptive educational environment as a condition for the formation of communicative skills in children with multiple disorders. // Izvestia of the Southern Federal University. - 2010. - №7. - P. 229-235.
9. V. Kozyreva, O. Orlova Psychological and pedagogical support of children with early childhood autism in the conditions of a children's inclusive education center. articles: Inter branch approaches in the organization of education and training of persons with disabilities. - M., 2014. - P. 93-105.
10. E.Lebed-Velikanova Features of communication of children with early childhood autism // Health for all. 2017. - № 2. - P. 22-25.
11. S. Morozova Autism: corrective work in severe and complicated forms. - M.: Vlados, 2007. - 66 with.
12. O. Nikolskaya Features of mental development of children with autism [Electronic resource] // Almanac of the Institute of Correctional Pedagogy. - 2014. - Almanac № 18. - URL: <http://alldef.ru/en/articles/almanah-18/osobennosti-psihicheskogo-razvitiya-detej-s-146> (reference date: November 20, 2017).
13. O. Nikolskaya, E. Baenskaya, M. Libling Autistic child: Ways of help. - Moscow: Terevinf, 2010. - 288 p.
14. N. Parshutkina Organization of individual psychological and pedagogical support for children of preschool age with early childhood autism // Collection of articles on the materials of the International Scientific and Practical Conference - 53rd Evseevsky readings. - Saransk, 2017. - P. 66-72.
15. V.Rusakova Formation of the subject dictionary in children with early childhood autism // New science: psihologo-pedagogicheskiy podhod. - 2017. - No. 3. - P. 124-126.
16. P. Sanson Psycho-pedagogy and autism: experience working with children and adults. - Moscow: Terevinf, 2006. - 208 p.
17. O. Tokarev The essence of art kinesiological training as a promising area of work with children with early childhood autism // Modern scientific research and development. - 2017. No. - P. 545-547.
18. Emotional disorders in childhood and their correction / V. Lebedinsky, O. Nikolskaya, E.Baensky, M.Libling. - Moscow: University, 1990. - 197 p.
19. N.Yalpaeva, K. Suleymanov Research of psychological and pedagogical features of preschool children with early childhood autism // Integrative tendencies in medicine and education. 2017. - No. 2. - P. 131-135.
20. E. Ayres Problems of development [Child and Sensory Integration. Understanding of Hidden Problems of Development. Moscow, TerevinfPabl., 2009, p. 272.
21. T. Piters Autism: [Autism: From Theoretical Understanding to Pedagogical Influence: a Book for Defectologists]. Moscow, Gumanit. Izd. Tsentr VLADOS Pabl., 2033. p. 240.

22. Francheska Psychological problems of autism [Introduction to the Psychological Theory of Autism]. Moscow, TerevinfPabl., 2006. p. 216.
23. Gallery Dreiklang: [Electronic resource]. Hann. Münden URL: <http://www.galerie-dreiklang.de>. (Date of circulation: June 23, 2018).
24. P.Kislyakov, O.Silaeva, V.Feofanov Psychological indices of social safety of children with disabilities. articles: The European proceedings of social & behavioural sciences International Conference. National Research Tomsk Polytechnic University. Nicosia, 2017. C. 407-413.
25. Kislyakov P.A., Shmeleva E.A., Luneva L.F., Rybakova A.I., Feofanov V.N. (2018). Social and psychological safety of adolescents with intellectual disabilities in special and inclusive schools of Russia. Journal of Clinical and Diagnostic Research, 12(8): 17-20.
26. Kislyakov, P. Silaeva, O., Udodov, A. (2017). Social representations of safety by adolescents having intelligence disorders. RRI 2016 - International conference responsible research and innovation. European Proceedings of Social and Behavioural Sciences, 26: 414-421.
27. Kislyakov, P.A. Risk factors related to antisocial behavior in teenagers with intellectual disabilities. Psychology in Russia-state of the art, 10(2): 215-227.
28. Ivanova, I.A. (2016) Social Rehabilitation: History and Development, Contemporary Problems of Social Work. Vol. 2. No. 2 (6). P. 159–168. DOI: 10.17922/2412-5466-2016-2-2-159-168.

INFORMATION AS AN ELEMENT OF SOCIAL COMMUNICATION PROCESS IN THE LOCAL GOVERNMENT – THE PERSPECTIVE OF SUSTAINABLE DEVELOPMENT

Beata Sadowska

*University of Szczecin, Faculty of Management and Economics of Services, Poland
beata.sadowska@wzieu.pl*

Agnieszka Smalec

*University of Szczecin, Faculty of Management and Economics of Services, Poland
agnieszka.smalec@wzieu.pl*

ABSTRACT

Information in the economic and organisational (managerial) aspects makes resources which reduce the organisation's ignorance about a given phenomenon and determines the decisions made as well as undertaken actions for the purpose of efficient, effective and swift achieving of the aims by the organizational unit. It meets the information needs of the entities. The objective of this Paper is the determination of the role and significance of information as economic benefit and a social control factor. This survey's thesis may be formulated in the following way: „Currently, information makes a key element in the social communication process; is a control factor of the local government bodies' performance which contributes to an effective fulfilment of the tasks to be completed by the organisation”. The purpose of the article was achieved by the subject literature review and the methods of research material processing and interpretation. The empirical part of the work consists of the primary research.

Keywords: *information, local government, public funds sector, social communication, sustainable development*

1. INTRODUCTION

In an economic entity, information makes the basis for the decision making, foundation for building up the knowledge of the persons involved in the process of achieving it and processing. It is information which shapes up the awareness of the situations appearing in an entity and its internal and external environment. Information means interpreted data placed in a significant context. This expression often is understood as data and knowledge. Information makes part of social communication process which at the same time determines the social control of the public funds sector organisational bodies' performance. The objective of this paper is to specify the role and importance of information as economic good and social control factor. The authors emphasize the fact that currently the sustainable development perspective gains importance within which information plays a key role in the social communication process, in the process of organization management and from the point of view of economic aspects (effectiveness and performance). Sustainable development, i.e. the economy which makes use of the resources in more environmentally-friendly and more competitive way is the priority challenge for the contemporary world. This survey's thesis may be formulated in the following way: „Currently, information makes a key element in the social communication process; is a control factor of the local government bodies' performance which contributes to an effective fulfilment of the tasks to be completed by the organisation”.

2. SCIENTIFIC RESEARCH METHODOLOGY

Diverse methods were used for the research process; the empiric knowledge accumulation in the first place, the method of literature studies and the methods of research material processing and interpretation.

Analysis of the literature on social communication and the role of information in this process was the basic source of the respective data. Applying the deduction and induction methods, the authors were aiming at determining the role and importance of information regarded as economic good and social control factor. Description, graphics and tables were used to present the results. Post-graduate students (practical knowledge) were asked to respond to surveys on „Budget Accountancy”, edition I, II & III, implemented by Uniwersytet Szczeciński university, the Faculty of Services Management and Economics. The survey was carried out in May-June 2018, sent to 150 users through e-mails. 120 users responded which made 80% response rate. This research must be regarded as a pilot programme and therefore, the conclusions must be drawn with a great deal of caution. The research results may give a start to an advanced study on information as an element of social communication process in the local government agencies against the perspective of the sustainable development.

3. LOCAL GOVERNMENT AGENCIES – THE ROLE AND FUNCTIONS IN THE PERSPECTIVE OF SUSTAINABLE DEVELOPMENT

Art. 8 of the Law on Public Funds specifies the form and legal grounds for the public fund sector establishment, the basic principle of which is that the public fund sector entities may not operate exclusively in the forms specified in the said Law. The catalogue of such forms is foreclosed and covers budget entities, local government budget entities, execution agencies, budget economy institutions, national special funds, and national or local legal persons.

The local territorial government makes the state public administration subsystem, and as such it is a form of entities and society organization. There are three levels of public local government system within Poland's administration model (Miszczuk, Miszczuk, Żuk, 2007, p. 29–30):

1. The Commune Level which covers the local government on the basic stage in the rural, rural-township and township communes;
2. The District Level which also is of a local nature and covers districts and cities with district system;
3. The Regional Level covering regional government.

The commune level local governments are those which are closest to the local society and, naturally, their operations are subject to direct social control and assessment. The public tasks meant to meet the local community needs include such needs, as:

- the area good order, real estate management, environment and nature protection and water management,
- water pipeline and water supply, sewerage system, utility waste removal, waste disposition,
- local transport system, health protection, social care, public education,
- council housing, culture institutions, local parks and greenery,
- commune promotion, co-operation with local organisations and communities.

The basic function the territorial government units have is the shaping of the sustainable development concept which must be reflected in the activities and processes of the single organisational units operating across the given territory. As paradigms of sustainable development the following should be indicated [Pezzey, Toman, 2002, p. 165–232]:

- sustainable development is a type of socio-economic development (realized by a man for a man, that seeks environmental and socio-economic egalitarianism),
- sustainable development is a process integrating all and any activity of a man brought to three dimensions: economic, environmental and social, and less frequently expanded to spatial and institutional (political) dimensions,
- sustainable development means desired living environment and sensible society which implements the concept of intra- and intergenerational order.

The diversity of factors and determinants of local governments' development contribute to the fact that the specificity of each municipality/city and their functional relations must be considered [Parysek, 2015, p. 27–53]. The final effect of the local community operation will be seen in the stage of its development in the social, economic and environmental aspects. Specific actions must be taken within each of the mentioned areas, as shown in Fig.1.

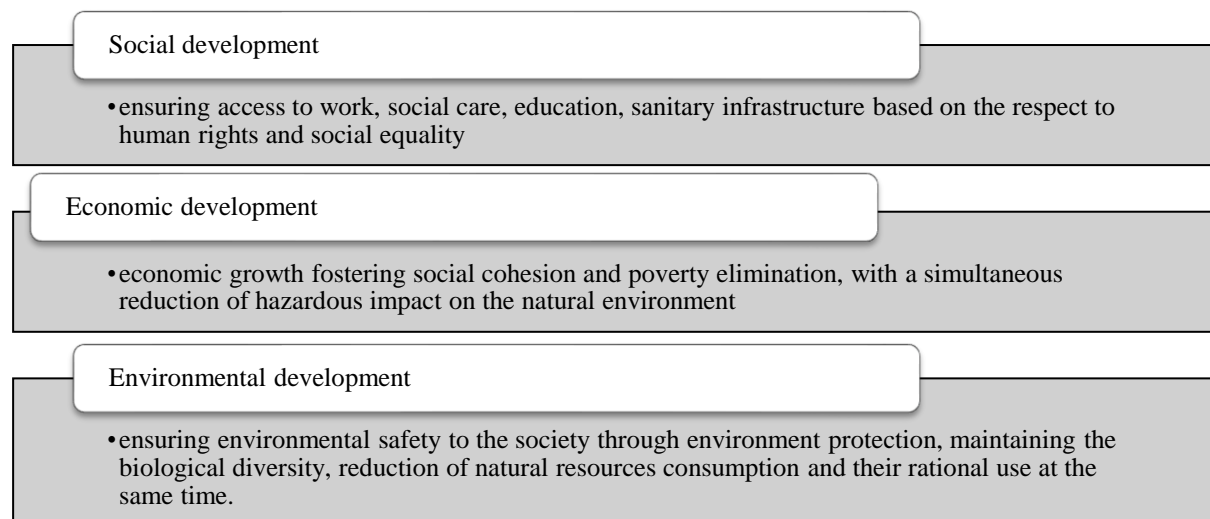


Figure1: Activities aiming at sustainable development (author's own survey based on: Hauff, 1987, p. 46; Kahle, Gurel-Atay, 2014; Ryszawska, 2016, p. 185–194)

Opting for activities for the purpose of sustainable development, the local government do not only create the presence but will have impact on the future through such areas as: transport, production and consumption, energy and natural resources management. The sustainable local transport system aims at secure passenger transportation in safe conditions which do not pose hazard to health or the environment. The sustainable local transport includes such elements as: replacement of fossil fuel operated motors by vehicles operated by different type of fuel. The sustainable production and consumption means such production and usage of goods or services which maximizes production output and the effectiveness of resources and products usage and reduces the consumption of natural resources at the same time hampering the negative impact on the natural environment. The sustainable energy means the method of energy production and management which will ensure a permanent access to its sufficient resources for the current and subsequent generations reducing at the same time the negative effects of its production for the natural environment (including climate change). In order to carry on with the concept of sustainable energy, the activities for the increase in usage of renewable energy sources is necessary and to move from our fossil dependence, i.e. traditional fuels (including earth gas and oil). In the aspect of sustainable development, the local government bodies must care about the citizens' health and a good quality of living, supplying pure energy, both power and heat. This also means a supply of clean water and care about proper sanitation level (hospitals, schools, culture centres). The following motto is supposed to be the igniting spark for the local government bodies: „The performance and effectiveness of the local government bodies is correlated with the sustainable cities and communities”. The operations of the local government bodies call for a proper communication with both business in the given territory and communication between the local government and the society. The aim of communication is to convey, disclose information on economic, social and environmental activities while information generated on a local level seen as an economic benefit necessary to manage and take decisions by the officials contributes to the creation of social control.

4. THE SIGNIFICANCE OF SOCIAL COMMUNICATION IN THE RELATION OF A LOCAL ADMINISTRATION BODY VS. SOCIETY

Every citizen has the right to participate in the local community matters management, therefore they expect reliable information and the right way of communicating with them. Making use of information society techniques, the local government administration is supposed to serve the citizens by making themselves available, through confidentiality, reliability and quality. The local government bodies use varied access channels through which they are able to reach their customers. Owing to right communication standard the satisfaction of the citizens-customers can be managed as it determines the obtaining or recovery of the social trust, improvement of the administration image, makes it possible to notice some matters through the eyes of the citizen-customer or to handle the changeable expectations of the customers. It is, however, important to have in mind that the civil society is not equal to civic society, in other words a community of individuals furnished with civic rights and duties [Bokajło, 2001, p. 36]. Such rights encourage the creation of civic society, yet, the constructive feature is the “collective civic self-awareness” which decides about the feeling of being part of the society and being interested in common objectives and common good [Słodkowska, 2006, p. 71]. The will to arrive at agreements and coordination of all participating bodies make the basis for effective social communication activities. It is worth taking care of the right internal communication within the municipality in order to make the officials appear as competent persons enjoying genuine authority. Communication activities which involve the local community in the preparation and performance of various strategies and action plans are of importance [see: Marciszewska, Studzieniecki, Wanagos, 2017]. It is worth organizing meetings of the local authority representatives with the citizens, employers and representatives of the local social organisations which offer a chance for vocational experience exchange and mutual problems identification and looking for their solutions at the same time. This allows for a greater activity of given groups who frequently become natural spokesmen, and creating leaders among the local communities, who might be of help when it comes to making strategically difficult decisions. It must also be kept in mind that social communication in the times of technologies development should also be able to use such media as social platforms or on-line publications. Owing to interactive communication closer links between the municipality boards and customers can be drawn. The Internet enables a choice of contents the customers would like to learn. Consultations of controversial and socially vulnerable problems are a special case of social communication tasks as it affects the methods of decision making as a result of public debate. This is important, because social problems may not be solved exclusively by the local government administration as it calls for cooperation with other bodies, the local community in the first place. Thanks to correct social communication pattern and the feedback, the citizens-customers will be more satisfied, will express their approval of the administration operations, have more confidence in the officials which will add to the general image of the municipality. Feedback is significant here as the municipality does not operate properly without the activity and involvement of the citizens for the benefit of the community. It is also not possible to develop the “tissue” of civic society without a solid local government that is driven by the idea of rendering help [Kalisiak-Mędelska, 2015, p. 83], who is supposed to build up the citizens’ identity and initiate cooperation, to name but a few. Social communication aimed at the citizens drives at raising their involvement in the regional matters, obtaining support for the undertaken operations, integration, creating the right atmosphere for cooperation, shaping up their personal responsibility for the undertaken activities etc. The European Union [EIPA, 2007, p. 39] introduces many mechanisms which in direct or indirect way affect the local government encouraging them to share their powers. One of the methods to meet the social expectations is the use of participation procedures, specifically those where the local community is the active party reporting difficulties and suggestions for their handling.

Citizens who unite to jointly face problems may influence the level of social dialogue and increase the feeling of responsibility for the consumed funds and the transparency of the decisions. As Charles Taylor wants it, it is the participating democracy based on subsidiarity, dialogue, trust and negotiations which decides about the occurrence of the feeling of the citizens' participation (their organisation) in the public life for common benefit [Blicharz, 2012, p. 22–23]. Social participation is part of modern local government bodies' management where the differences in interest and expectations must be negotiated and agreed rather than imposed in form of administration decisions. Thanks to this more social acceptance can be gained, the trust and optimisation of decisions grows. This may give solid benefits both for the territorial government (mainly the local one) and the citizens (communities). Social participation derives from the concept of governance, which is supposed to cut down the distance between the local government and the inhabitants. The form of social communication and local communities engagement which are very frequently used is the social consultations which may tackle the issues of legal changes, new investments, changes to the public life organization, method of solution of an important problem to the given community. The social consultations is a voluntary tool recommended to be used by the local government bodies. The communes pass resolutions where they specify how such consultations may be arranged. However, it must be emphasised that there also exist compulsory consultations – required by law, such as Law on Municipal Land Use Plan. Social consultations incorporate both information, public opinion poll, and debate. It takes forwarding information, indicating ways of acting, and identifying preferences of different groups. All this must result in reaching an optimum solution for all parties. One of the instruments of social communication which involves people and gets more and more popular is the civic (participatory) budgeting. The participatory budgeting (port. *orçamento participativo*) is a decisive process and one of the democracy forms on the local level at the same time. It is not a single process; it spans years and reoccurs annually. It creates the opportunity for both the inhabitants' direct participation in decisions making for the purpose of public funds management (where and how the money will be spent) and makes them take part in the discussion on budget suggestions where they are involved in all stages of the budgeting procedure. The results of participatory budgeting as opposed to social consultations are binding and the citizens have the guarantee that their will was honoured and their investment suggestions will be funded in the subsequent financial year. Thus, the social communication is a dialogue of the given local government body with their environment; both the internal and the external ones. It is oriented at creation and constant stimulation of interaction between the process participants. The bigger feedback, the more effective communication. The sources of social communication dwell in the need for information. The potentially interested individuals are informed about the offer and encouraged to use it. The users of the offer also inform about their expectations, needs and requirements.

5. INFORMATION AS ECONOMIC GOOD AND A SOCIAL CONTROL DETERMINANT

The sustainable development approach to economy and its organisation according to such principles seems to not only be a need but necessity in our times because, as we know it already, the market itself does not provide any protection to man or the environment. Treating information as an economic good makes a key significance in the processes of economic bodies management and a determinant of social control. Information can be looked at as economic resources, common good, production factor, product, services, commodity, consumer good and economic infrastructure [Oleński, 2003, p. 40]. Using this basic category, the bodies determine their decision making, create social, economic and environmental reality. Currently, information is regarded as intangible resources which make the innovation medium including investment, entities and stakeholders' activities for the benefit of sustainability, thus creating a

tie of social communication. It must be emphasized that a well-informed stakeholder will have an opportunity to get to know the genuine and real image of the territorial government body. In the event of no access to the complete, current information, the image of the operations, results and assessment by the information users of the tasks the said bodies have performed might occur ambivalent. It must be mentioned that owing to the access to information the interested persons run the social control of the local bodies rating operational efficiency, effectiveness and practicality of the completed activities for the benefit of the local communities, natural environment and investors.

Here follow the results of the questionnaire:

1. The question: “which sources of local information do you make use of?” was answered by 60% who search information in BIP (Public Information Bulletin). The websites of organizational units of the local government sector are read by 18% of the respondents, 11% of questioned persons derive information from work while 7% acquire local information at the time of social meetings (cultural events, BBQs). Leaflets and handouts make the worst source of information – 4%.
2. The question: “is the information you need always easy to find?” was answered by 44% who said “no” because the bodies publish only financial information; 5% answered “no” because information other than financial is not published at all; 22% said that the information they need is always accessible as it is published in the BIP website and 21% respondents stated that there is very much information and the right one must carefully be selected. 8% of the questioned answered that information is published as financial statements and it is what they look for.

Figure 1 presents the answers by the information users in terms of meeting their needs.

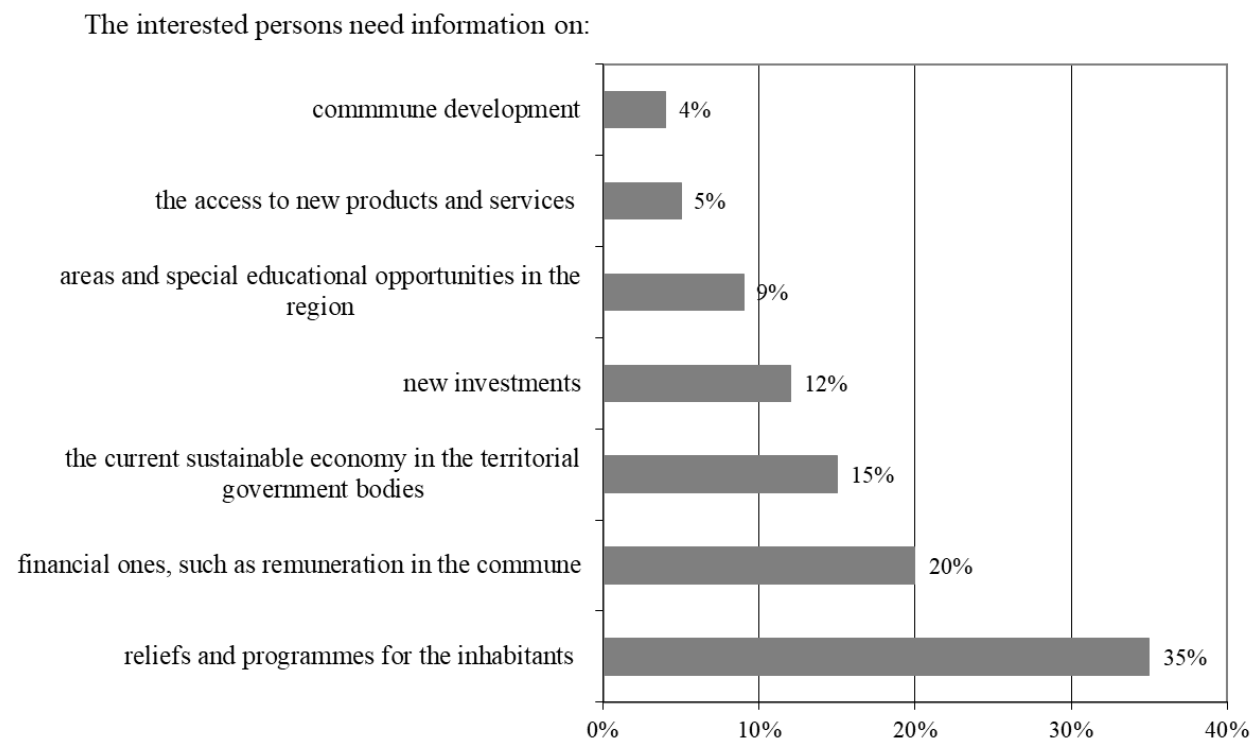


Figure 1: Satisfying the information needs by information users (author's own survey)

The question: “which of the strategic information is vital in your opinion?” was answered by 40% of the surveyed persons – the postgraduate students – who said they were interested in the

commune development strategies plans, while 27% answers underlined that the plans of commune area development are also vital. The information on a long-term commune financial forecast is sought by 18% users while 15% seek information on a long-term investment plan for the commune. The survey also included a question on which bodies are interested in obtaining information and in social communication. 43% of the respondents pointed at the commune inhabitants (43% answers), investors (26% answers), local entrepreneurs (22% answers) and conservationists (9% answers). Table 1 presents other results of the questionnaire.

Table1: Results of other questionnaires ((author's own survey)

No	Question	% answers
1.	What information do you expect?	
a)	on the level of new infrastructure investment expenses	7
b)	on the level of the municipal economy bodies expenses	8
c)	on the tendencies in charges rise and local taxes	18
d)	on the future price rises such as local transport fares, council housing rent, heat supply charge, cradle and kindergarten fees.	21
e)	on the activities for the purpose of sustainability	18
f)	on the commune tourist and leisure infrastructure	3
g)	on social consultations events	10
h)	on the local budget	15
2.	In your opinion, what is the reason for social dissatisfaction resulting from lack of access to information (which equals to non-existing social consultations)?	
a)	too intense housing	5
b)	increase in large buildings constructions	21
c)	Putting up masts for GSM and other	29
d)	excess noise (licences for oppressive businesses)	10
e)	licences for alcohol beverages sale	15
3.	In your opinion, is it necessary to implement effective social communication ?	
a)	yes, communication is desired	18
b)	yes, social communication makes one of vital elements of the social participation	27
c)	yes, but only when the social voice is taken into account when decisions are made by decidents	52
d)	The social communication role makes no essential tie of cooperation on the local market on the local level.	3
4.	Do you evaluate the operations of the local government bodies in terms of effectiveness and efficiency of their performance on the basis of the obtained information?	
a)	yes, very often	22
b)	yes, yet not too often	37
c)	occasionally	6
d)	no, because I do not have access to information	10
e)	no, because I do not use the Internet	25

6. CONCLUSION

As it shows, information makes an important element of social communication. On the other hand, owing to its nature governed by such elements as public tasks and the official role, the local government is a significant depositary of information. Information makes the control factor of the administration bodies' efficiency which contributes to the efficient and successful completion of the organisation's operations. The local government is expected to run such information policy, specifically in terms of sustainability, which will be based on transparency, openness and availability. Only owing to such activities the effective relations between local government bodies and local communities will be able to be built. Communication between those parties must be based on trust and eagerness to cooperate which in turn will create better involvement in the public matters handling. Information policy of local governments must not

be confined to performing the given tasks resulting from regulations providing access to public information but must show activity in terms of building up effective communication founded on reliable information which will engage the local communities, the inhabitants and local entrepreneurs in particular, in the process of decision making concerning local matters. The local government must share the information in such a way that every interested entity gets equal amount of knowledge on the matters they are interested in which in turn will facilitate taking up a discussion on the given subject for the purpose of arriving at a beneficial solution for all parties. Information policy of the territorial government must be an aware, well planned, long-run and systematic action aiming at good communication with the environment thanks to which a wide social support can be gained for the purpose of carrying out strategic development targets, creating links between the communities and local authorities, or creating the right image of the given region, city or commune. What is very important here is the efficient circulation of information and the channels for its accumulation and dissemination among the interested parties in a reliable and essential manner. The implementation of the consultation procedures based on bilateral relations is of special importance where the citizens are able to express their opinions and enter dialogue with the local government bodies. This model of information flow management will make it possible for the citizens to actively participate in the decision making process and will increase the rationality, opinion exchange, efficiency of the decisions and may prevent the occurrence of or escalation of local conflicts.

LITERATURE:

1. Blicharz, J. (2012). *Administracja publiczna i społeczeństwo obywatelskie w państwie prawa*. Wrocław: Prawnicza i Ekonomiczna Biblioteka Cyfrowa.
2. Bokajło, W. (2001). Społeczeństwo obywatelskie: sfera publiczna jako problem teorii demokracji. In W. Bokajło, K. Dziubka (eds.), *Społeczeństwo obywatelskie* (p. 36). Wrocław: Wydawnictwo Uniwersytetu Wrocławskiego.
3. EIPA (2007). *Report on customer insight questionnaire*. Prepared on behalf of the Portuguese Presidency for the IPSG meeting 15–16, November, Lisbona
4. Hauff, V. (ed.) (1987). *Unsere gemeinsame Zukunft – der Brundtland-Bericht der Weltkommission für Umwelt und Entwicklung*. Greven: Eggenkamp Verlag (original title: *World Commission on Environment and Development: Our common future*).
5. Kahle, L.R., Gurel-Atay, E. (2014). *Communicating Sustainability for the Green Economy*. New York: M.E. Sharpe.
6. Kalisiak-Mędelska, M. (2015). *Partycypacja społeczna na poziomie lokalnym jako wymiar decentralizacji administracji publicznej w Polsce*. Łódź: Wydawnictwo Uniwersytetu Łódzkiego.
7. Marciszewska, B., Studzieniecki, T., Wanagos, M. (2017). Tourist Arrivals in Poland and Regional Development – A Case Study of the Pomerania Province. *Economic and Social Development (Book of Proceedings)* (pp. 648–666), 26th International Scientific Conference on Economic and Social Development, Zagreb, Croatia. Retrieved 20.07.2018 from https://www.researchgate.net/profile/Tomasz_Studzieniecki/publication/321717068_TOURIST_ARRIVALS_IN_POLAND_AND_REGIONAL_DEVELOPMENT_-_A_CASE_STUDY_OF_THE_POMERANIA_PROVINCE/links/5a2db61d0f7e9b63e53d3521/TOURIST-ARRIVALS-IN-POLAND-AND-REGIONAL-DEVELOPMENT-A-CASE-STUDY-OF-THE-POMERANIA-PROVINCE.pdf#page=658
8. Miszczuk, A., Miszczuk, M., Żuk, K. [2007]. *Gospodarka samorządu terytorialnego*. Warszawa: Wydawnictwo Naukowe PWN.
9. Oleński, J. (2003). *Ekonomika informacji*. Metody. Warszawa: PWE.
10. Parysek, J.J. (2015). Miasto w ujęciu systemowym. *Ruch Prawniczy, Ekonomiczny i Socjologiczny*, no. 1, 27–53.

11. Pezzey, J.C.V., Toman, M.A. (2002). Progress and Problems in the Economics of Sustainability. In T. Tietenberg, H. Folmer (eds.), *International Yearbook of Environmental and Resource Economics* (pp. 165-232), no. 3. Cheltenham: Edward Elgar.
12. Ryszawska, B. (2016). Sustainability transition needs sustainable finance. *Copernican Journal of Finance & Accounting*, no. 5 (1), p. 185–194.
13. Słodkowska, I. (2006). *Spółeczeństwo obywatelskie na tle historycznego przełomu. Polska 1980–1989*. Warszawa: Instytut Studiów Politycznych PAN.
14. Ustawa o finansach publicznych [the Law on Public Funds] z 27 sierpnia 2009r. Dz.U. no. 157, poz. 1240.

THE CHALLENGES OF SOCIAL INNOVATION IN CORPORATE SOCIAL RESPONSIBILITY: CASE STUDY IN INDONESIA

Rudito Bambang

*School of Business and Management, Institut Teknologi Bandung
brudito@sbm-itb.ac.id*

Famiola Melia

*School of Business and Management, Institut Teknologi Bandung
Melia.famiola@sbm-itb.ac.id*

Anggahegari Prameshwara

*School of Business and Management, Institut Teknologi Bandung
Prameshwara@sbm-itb.ac.id*

ABSTRACT

CSR is one of corporation's manifestations to develop good relationship with their stakeholders, including with the local community in the location of its operation. Nevertheless, some corporation face challenges to create long time and sustainable impact to its target communities. This study aims to explore the challenges of creating social innovation through CSR programs in Indonesia. Conducting as explorative study, this research interviews nine people of CSR representatives from nine companies operating in Indonesian. They are included: 4 multinational, 3 local private and 2 state-owned companies. It is found three main challenges of social innovation in doing CSR in Indonesia: 1) institutional barriers; 2) Social construction in the community; 3) cohesion between the target community and CSR commission.

Keywords: *CSR, social innovation, Indonesia*

1. INTRODUCTION

Corporate Social Responsibility (CSR) had become one of interesting topic debate among scholars and practitioners in the management field. CSR is regarded as a conformity of corporation to develop good relationship to its stakeholders (Barnett, 2007; Berman, Wicks, Kotha, & Jones, 1999; Carroll, 1991; Du, Bhattacharya, & Sen, 2010; Greenwood, 2007) as well as its commitment to engage in sustainable development initiatives (Angeles & Paul, 2009; Brønn & Vidaver-Cohen, 2009). CSR is not just a behavioural model of a corporation, but it is also a communication device of business with their stakeholder to get the legitimation (Rathert, 2016). Positively, the term of CSR emerge as moral and ethical motives to bridge the economic gap between corporation and society (Baskin, 2006b; Herrera, 2015b), particularly or corporation which operate in the location where still many local people who even in poverty line or limitation to get economic assess (Carron, 2006; Chapple & Moon, 2007). The corporation is expected contribute to the local beyond of just a job creation (Young, 2004), but also engage in social initiatives to support and solve other social problems at least in the location they operate. There is much pressure for corporations operating in the underdeveloped and developing country to devote their attention by conducting CSR for activities that are able to improve local well being (Baskin, 2006a; Chapple & Moon, 2005; Chris & Gary, 2008; Vera, 2009). Therefore, a corporation also needs a social innovation capability how their CSR program proposes an innovative and strategic action, then just a philanthropic activity as well as charity. Unfortunately, it is not easy to plan a CSR with social innovation approach promoting sustainable impacts on the targeted community. Corporations often start with the ideas or stop at the initiating stage due to some unanticipated problems in the implementation.

This study intends to explore influential factors affecting the creation of social innovation in CSR programs, particularly for its practices in Indonesia. Social innovation is a strategic effort of value creation to drive sustainable social change into society. As a strategic communication tool of corporation responding toward their stakeholder's expectation, a successful CSR program should be underpinned by social innovation actions to create the long time impacts. To discuss the objectives of this study, this paper outlines as following. The next section, we will discuss the conceptual framework of the topic discussion, following by explaining the methodology approach of this study, research finding and debate and closing with a conclusion.

2. LITERATURE REVIEW

2.1. Corporate Social Responsibility in Indonesia

CSR in Indonesia is mandatory by nature. Indonesia has produced important policies to regulate companies operating in this country, such as work safety, labour right, environmental protection as well as countering bribery and corruption. Recently, the country also promotes CSR as an obligation implementation for corporations, particularly for a corporation which business is work by using natural resources (Waagstein, 2011a). These regulations are expected could guidance companies what should and should not do. Nevertheless, their practices are often facing problematic (Waagstein, 2011b). Problems such as weak law enforcement, high rate of corruption as well as overlapping law are the main problem this country (Famiola, 2016; Waagstein, 2011a). Moreover, some conflict between economic interest and the protection to stakeholders in many areas such as labour right and environmental issues had attracted global activism concern (Waagstein, 2011a). Besides, As in other developing countries, the Indonesian government often give special treatment to corporations, such as tax reducing and less strict environmental standards due to intention to attract foreign investment (Famiola & Adiwoso, 2016). Also, the government always saw failure and absent when the social conflict between the corporation and the local community occur (Famiola & Adiwoso, 2016). However, the intention of implementing CSR among corporations in Indonesia increase significantly (Famiola & Adiwoso, 2016), moreover the trend also attract small business (Famiola, 2016). A study by Famiola and Adiwoso (2016) revealed the increasing interest in CSR is not because of mandatory regulation pressure, but it is more driven to responding to stakeholder expectation. As an illustration, this study found that CSR in Multinational Enterprises (MNEs) operating in Indonesia strongly integrated with the concern of their home headquarters and considered as one of subsidiary's performance indicator. CSR could be one of the strategic tools of subsidiaries to gain more support and legitimate from headquarters. The success story of the subsidiary's CSR is reported as the success story for the entirety of their organisation. Adaptation of the selected CSR programs with the Indonesian context occurs to respond to the demand of local stakeholder, particularly local communities. Therefore, programs related to enhancing community access to education and health facilities and as well as economic development to the marginal society are now attract many company's CSR interests in Indonesia than just philanthropic practices (Famiola & Adiwoso, 2016; Miffazli, 2008; Rudito & Famiola, 2013). Engaging in common issues and local knowledge could be a connecting tool between business and society (Kostova, 1999). In other words, even the CSR in Indonesia is mandatory by nature, but it is voluntarism by practices in which the CSR programs will drive to meet the majority stakeholder's interests.

2.2. Social Innovation and CSR

The term of social innovation in the economic context was introduced initially in 1983 from a book by Jonathan Gershuny: Social Innovation and the division of labour (Harazin & Kósi, 2013). It is adapted from the word of innovation used commonly in the technological base.

Innovation is a given complex definition that could be explained with simple keywords: ‘new ideas that work’. This word usually links to the change, creation and new invention. Therefore social innovation could be defined as innovative activities and services that have a goal to meet a social need that is majority developed through organisations which concern in social issues (Mulgan, Tucker, Ali, & Sanders, 2007). Pol and Ville (2009) stated that the definition of social innovation is also overlapping with other terms such as institutional change, social purposes and public goods. Therefore, the innovation in social innovation implies to an idea of how to create better quality and quantity of life. Furthermore, Huddart (2010) explain that social innovation is a new paradigm to view a complex problem. Social Innovation is not always a new idea, but it can be new ways to find, think and solve a social problem by integrating it with relevant resources so that the problem could be solved effectively. In other words, the term of social innovation is addressed to answer and to solve a problem with a new idea related to social, cultural and economic challenges. As mention early in this paper, CSR as a communication tool of a corporation with their stakeholders. The use of social innovation in CSR has promoted solution how the company citizenship behaviour could provide sustainable impact than just a responsive or charity actions that do not produce a significant improvement in society (Mirvis, Herrera, Googins, & Albareda, 2016). Promote CSR with social innovation approach could improve declining of trust toward the business across the world (Herrera, 2015a). This study stresses the issues of challenging of doing CSR with high social impact through social innovation approach (Mirvis et al., 2016) Mention three main processes to create CSR with social innovation approach: 1) understanding the local condition of the target CSR program. It is mean, a socially innovative CSR should start with an in-depth research to understand the social issues: 2) getting the legal legitimacy of the action both formal from Authority government and informal institution related to the local norm and role; 3) promote a significant program that gives long time impact on improving the targeted community well being in term of social, economic and environmental problems.

3. RESEARCH METHOD

3.1. Data Collection and Reserach Object

This research is using qualitative study approach to examine some CSR programs that focus on empowerment communities in Indonesia. Noteworthy research that aims to explore the organisations, individual that involved in that organisation, as well as the community, could be conducted with deeply explored method (Yin, 2011). With qualitative approach, it provides authors closer opportunity toward the subject-object relations without interfering on the construction of reality (Charmaz, 2012). Several main methods are being employed in this research. The first we do desk research to select the suitable companies to be approached, media reports and other research documents we observe to choose the appropriate companies to find our research objects. We list the company in three categories: 1) subsidiaries of a multinational corporation; 2) large national companies (Indonesian companies) 3) state-owned companies. We have also check their CSR achievements, by considering the result of Indonesian government assessment related corporation performance in social and environmental practices (red PROPER). For Multinational companies, we also recognise their CSR international reputation, such their position in Dow Jones sustainable indexes. We selected nine of them as our primary target companies. It consists of 4 multinational companies, three local private companies and 2 state-owned companies. The nine companies were accepted our invitation. Second, doing in-depth interviews and spoke to key personnel who are assigned to manage CSR in selected companies. The meeting was appointed around 1 hour. We ask our interviewee related to their CSR initiatives as well as they challenge in developing CSR programs, especially for a program that expects give high and sustainable impact to the targeted community.

Table 1: List of Informants

Name of Company	Position of informants	Characteristic of CSR practices
Multinational 1	Corporate Share Value Manager	Enhancing skill capacity of farmers that is integrated in their supply chain
Multinational 2	CSR manager	Empower Farmers
Multinational 3	Sustainable Development Manager	Clean water access to a community in remote areas
Multinational 4	Head Corporate Affair	Sustainable Agriculture and nutrition improvement for children in rural areas
Local private 1	CSR Manager	Empowerment cow farmer
Local private 2	CSR Manager	Empowerment program for Small Farmers and women's empowerment
Local private 3	Chief Marketing Officers	Inspiring and support young people to take part of change to their community
State Owner 1	CSR manager	Women empowerment
State Owner 2	Senior Manager Community Development	Empowering SMEs

The already gathered data were then undergoing a constant comparative checking through an iterative process (Corbin & Strauss, 2008). After the collected data being fully transcribed, the authors did the three process of coding. It is started from open coding where all the data that already been collected were then be processed into similarities of meaning, in this process authors may derive tentative categories. The second process is the axial coding, which also created full information. During this process, authors also re-check several other things deemed necessary, such as reliability and credibility of those that were being uttered by these informants during the data collection. The last process is the selective coding, where when the data is considered is saturated, some of the categories may be regarded as a dimension. Within these processes, authors also check the transferability and dependability to find the perfect fit to understand the whole classes.

4. FINDINGS AND DISCUSSION

4.1. Characteristic of social innovation barriers in Indonesian CSR

This research found three main issues of encouraging social innovations in CSR programs in Indonesia. First is related to the institutional barriers, it is related with the bureaucratic and formal procedure to conduct such CSR programs in Indonesia. Some CSR representatives who interviewed in this study said that getting permission from local authorities is commonly problematic as we quote on below comments:

- “ Our CSR program for empowering particular community is not working for a particular community with some administration boundary. We try to avoid choosing universal issues that do not need a permit from the government, for example helping microenterprise to renew their booth carts, or making soccer school for unlucky children. This CSR does not need a specific permit from authorities. We tend to avoid formal permission due to avoid some bureaucratic procedures” (Multinational 1)
- “ Formal permission commonly become a barrier to start a program to community empowerment in Indonesia, long and leveraging permission requirement is often made us think twice to initiate a particular program. Although we believe it was the need of our stakeholders” (Multinational 2)

- “.... The government officials do not ask the money, but if there is no money we also share for them, the permission takes longer. As a corporation, it is not effective for us; as an organisation, we have to follow the organisation budgeting procedure.”(Multinational 4)

Second is the characteristic of social construction in the location where the CSR program is conducted. Difficulties occur due to the social structure of the target community, such as language barriers, some local wisdom and culture that are need to be considered. Beside National language, in many areas in Indonesia, traditional language are universal, moreover many Indonesian in the rural areas could not speak or and understand Indonesian language (Bahasa). Besides the language barrier, local culture obstacle is also problematic. It makes the program fail to achieve its objectives or at least take a long time get the positive response of the community. Some quotes we note of interview we provide below:

- “Indonesia is a nation with diversity in culture and language, we often find it difficult to explain our program mission to the target community due to the language problem. Many Indonesian are still do not understand the Indonesian language, so we need a translator. It takes time to understand their social construction (Star owner 1).
- “...Language that I think a problematic if we conduct CSR in the remote area. Many people in Indonesian rural could not speak Bahasa (Indonesian language). It is because some of them do not get the education access, so they do not know Bahasa. Our program in Nusa Tenggara got this problem as a very crucial issue”(Multinational 3)
- “ Our CSR concern on community healthcare, one of the program we gave vaccines to the community, but many rejections we got from the villagers due to the cultural belief” (local private 2)

Third, Reciprocity or cohesion between targeted community and the committee. This aspect related to the interpersonal connection between CSR committee and targeted community. This study found that the difficulty of doing social innovation in Indonesia mainly is due to a gap in communication and psychological attachment between the two parties. Even Indonesia is well known as friendly people, but they do not easy to believe in newcomers. Here some issues we get relating:

- “Many people believe that Indonesian people are friendly, but I think they are introvert individuals. Don’t believe all their statement in your first meeting; you need to explore the similar issues frequently.” (Local private 1)
- “ CSR programs that aim to empower a community need time, it is not easy for the community to accept us even the program offers an exactly benefit for them”(Stated owned 2)
- “Difficult but challenging. We often found people who just willing to take part in the program duet o some incentives. They will joint for money not because of the benefit.”(Multinational 3)

4.2. Strategy to Start an CSR with Social Innovation approach

This study also explores some strategic issues of how to work with social innovative CSR. Considering the factors discussed above, the majority of our interviewees provide some strategy to work with social innovative CSR. First, start with an informal approach to the targeted community than start with a formal approach trough authority. Second, to accelerate the adaptation with the local, it better work with the nation-government organisation or other informal institutions that may have worked quite long with the community. At least they have familiar with the local characters and culture. Working with this institution also could accelerate the adaptation process of local people to the program. Third, do the formal permission when the initiated program has started.

- “ We used to send our team to a community to introduce our program and follow the formal procedure. It was useless, so we thought better we collaborate with NGO or local organisation to approach the community.”(Multinational 2)
- “ I suggest doing not do by your team to approach the targeted community. Work with the local organisation will be worth to run the community.”(Local private 1)

The majority of interviewees also success to make an informal approach to the community then focus on finishing the formal permission. Formal permission could be done in link with the other preparation process.

- “ Since the formal permission needs time, better you do exploration study first, do not worry, as long as you do a positive thing, the formal permission will more easy to get since the social permission has been in your hand.”(Local Private 1)
- “ if you start with formal permission, it takes time, so better initiated the project first and get the government permission during the process. (Local private 3)

Four better do an in-depth exploration of the local tradition and culture before introduced the program to the community. Matching the local ways with the value of the delivered program will adapt smoothly.

- “Understanding the local tradition is your first stage to get the trust of local people. So you need to observe this first before introducing your objective to the community.” (Multinational 3)
- “..... Besides understanding their tradition, better to introduce the program to the informal leaders in the location first than direct to the targeted community. Most of the more hear their informal leader talk.”(State owner 1)

5. CONCLUSION

This study combines and promotes specific issues that believe the essential driver of social change in a society: social innovation challenges and CSR. The two-term had attracted much scholar's interest to discuss, but limited study explains the two-term as an essential practice to achieve the sustainable world. Focusing our analysis on exploring the challenges of the business sector involved in practice beyond their constitutional role of creating the job creation and profitability. This study will be a useful insight into how to start a CSR with a social innovative approach, particularly in Indonesia. So, we could expert the positive and sustainable social change could be initiated by existing business.

LITERATURE:

1. Angeles, M., & Paul, C. 2009. Communicating CSR, citizenship and sustainability on the web. *Journal of Communication Management*, 13(2): 157-175.
2. Barnett, M. L. 2007. Stakeholder Influence Capacity And The Variability Of Financial Returns To Corporate Social Responsibility. *Academy of Management Review*, 32(3): 794-816.
3. Baskin, J. 2006a. Corporate Responsibility in Emerging Markets. *Journal of Corporate Citizenship*(24): 29-47.
4. Baskin, J. 2006b. Corporate responsibility in emerging markets. *The Journal of Corporate Citizenship*(24): 29-48.

5. Berman, S. L., Wicks, A. C., Kotha, S., & Jones, T. M. 1999. Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. *Academy of Management Journal*, 42(5): 488-506.
6. Brønn, P. S., & Vidaver-Cohen, D. 2009. Corporate motives for social initiative: Legitimacy, sustainability, or the bottom line? *Journal of Business Ethics*, 87(1): 91-109.
7. Carroll, A. B. 1991. The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, July-August: 39-48.
8. Carron, M. P. 2006. Corporate Social Responsibility in Latin America: Chiquita, Women Banana Workers and Structural Inequalities. *Journal of Corporate Citizenship*: 85-94.
9. Chapple, W., & Moon, J. 2005. Corporate Social Responsibility (CSR) in Asia. *Business & Society*, 44(4): 415-441.
10. Chapple, W., & Moon, J. 2007. CSR agendas for Asia. *Corporate Social Responsibility and Environmental Management*, 14(4): 183-188.
11. Charmaz, K. 2012. The power and potential of grounded theory. *Medical Sociology Online*, 6(3): 2-15.
12. Chris, S., & Gary, M. 2008. Corporate social responsibility in South Africa: emerging trends. *Society and Business Review*, 3(3): 239-255.
13. Corbin, J., & Strauss, A. 2008. Basics of qualitative research: Techniques and procedures for developing grounded theory.
14. Du, S., Bhattacharya, C. B., & Sen, S. 2010. Maximizing Business Returns to Corporate Social Responsibility (CSR): The Role of CSR Communication. *International Journal of Management Reviews*, 12(1): 8-19.
15. Famiola, M., & Adiwoso, S. A. 2016. Corporate social responsibility diffusion by multinational subsidiaries in Indonesia: organisational dynamic and institutional effect. *Social Responsibility Journal*, 12(1): 117-129.
16. Famiola, M., Hartati, S., & Wulansari, A. 2016. CSR in Indonesian SMEs: An Institution and Resource Based Analysis. *The Social Sciences*, 11(31): 7438-7443.
17. Greenwood. 2007. Stakeholder Engagement: Beyond the Myth of Corporate Responsibility. *Journal of Business Ethics*, 74: 315-327.
18. Harazin, P., & Kósi, K. 2013. Social challenges: Social innovation through social responsibility. *Periodica Polytechnica Social and Management Sciences*, 21(1): 27-38.
19. Herrera, M. E. B. 2015a. Creating competitive advantage by institutionalizing corporate. *Journal of Business Research*, 68: 1468–1474.
20. Herrera, M. E. B. 2015b. Creating competitive advantage by institutionalizing corporate social innovation. *Journal of Business Research*, 68(7): 1468-1474.
21. Huddart, S. 2010. patterns, principles, and practices in social innovation. *The philanthropist*, 23(3): 221-234.
22. Kostova, T. 1999. Transfer of strategic organizational practices: A contextual perspective *Academy of Management Review*, 24(2): 308-324.
23. Miffazli, E. 2008. Evaluate corporate social responsibility disclosure at Annual Report Companies in multifarious group of industry members of Jakarta Stock Exchange (JSX), Indonesia. *Social Responsibility Journal*, 4(3): 388-406.
24. Mirvis, P., Herrera, M. E. B., Googins, B., & Albareda, L. 2016. Corporate social innovation: How firms learn to innovate for the greater good. *Journal of Business Research*, 69(11): 5014-5021.
25. Mulgan, G., Tucker, S., Ali, R., & Sanders, B. 2007. Social innovation: what it is, why it matters and how it can be accelerated.
26. Pol, E., & Ville, S. 2009. Social innovation: Buzz word or enduring term? *The Journal of socio-economics*, 38(6): 878-885.

27. Rathert, N. 2016. Strategies of legitimation: MNEs and the adoption of CSR in response to host-country institutions. *Journal of International Business Studies*, 47(7): 858-879.
28. Rudito, B., & Famiola, M. 2013. CSR: Rekayasa Sain.
29. Vera, E. P. 2009. Corporate Social Responsibility in Latin America. *Journal of Corporate Citizenship*, Spring 61-69.
30. Waagstein, P. 2011a. The Mandatory Corporate Social Responsibility in Indonesia: Problems and Implications. *Journal of Business Ethics*, 98(3): 455-466.
31. Waagstein, P. R. 2011b. The mandatory corporate social responsibility in Indonesia: Problems and implications. . *Journal of Business Ethics*, 98(3): 455-466.
32. Yin, R. K. 2011. *Applications of case study research*: Sage.
33. Young, R. 2004. Dilemmas and advances in corporate social responsibility in Brazil. The work of the Ethos Institute. *Natural Resource Forum*, 28: 291-301.

