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Part I: ACTUAL ISSUES IN MODERN PEDAGOGY

REGIONAL DIMENSIONS OF ENTREPRENEURSHIP EDUCATION

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Abstract: Education as a whole and its application in the field of economics are reviewed. Best pedagogical practices in entrepreneurial education in Blagoevgrad and their benefits to small and medium enterprises are demonstrated. It can be assumed that the poor situation in the sector of small and medium enterprises (SMEs) is caused by the insufficiently good organization of the education in entrepreneurship. Moreover, in medium and long-term, the development of the entrepreneurship as a whole leads to the development of big and small businesses. Supporting entrepreneurship is the basis for the overall development of the economy including its competitiveness.

The final result of the education is the professional competence of different kinds and degrees. The basic concepts of entrepreneurial knowledge, skills, attitudes and behaviors shall be taught earlier than at upper-school level. In this sense, the formation of modern economic culture should start quite early based on the evolutionary principle of knowledge. Design and technology classes as part of the technological education are considered. Our research reveals the best pedagogical practice of entrepreneurship in Blagoevgrad as it is taught at the Professional High School of Economics "Ivan Iliev". In higher education entrepreneurship is taught in the region at South-West University "Neofit Rilski". The course "Entrepreneurship" is mandatory in the syllabus of major "Marketing", Faculty of Economics, third year. The aim of this course is to provide students with in-depth knowledge of the theoretical and practical problems of entrepreneurship and explore basic approaches to its implementation in current conditions. Its benefits to the SMEs area are viewed.

Keywords: education, entrepreneurship, small and medium enterprises (SMEs)

INTRODUCTION

The small and medium-sized enterprises (SMEs) are the base of any economy. They provide an important part of the infrastructure that determines the economy's competitiveness. They are a major source of economic growth and job opening. Moreover, SMEs are the most sensitive entities to changes in business environment. They bear the heavy burden of excessive bureaucracy and take advantage of the initiatives for mitigation of administrative regulation at the same time. They are the ones that can put the economy on the trajectory of economic growth. The small, medium and big businesses do not exclude each other, vice versa, they complement and enrich each other and thus, they create a balanced nature of the economy. The distinction between them is determined by the following factors: 1) number of staff and 2) turnover or total balance. The EU policy on SMEs was introduced in 1983, when it adopted the first EC program for enterprises. "Think Small First" is one of the fundamental principles of the EU policy towards SMEs.

One can reasonably assume that the current state of the SMEs sector is undergoing some difficulties due to insufficient organization of entrepreneurship education. Moreover, in medium and long-term, the enterprise's development in general improves the development of small businesses as well as the big ones. Entrepreneurship education maintains a high level of development in most of EU Member States. A wide variety of programs and activities exists throughout Europe. The European Commission is committed to promote entrepreneurship education at all levels, from primary school to high school and further. European SMEs Week is
the campaign to promote entrepreneurship across Europe. This is the time when entrepreneurs can get information about the support available at European, national, regional and local levels. The Pan-European campaign for existing and potential entrepreneurs aims to finding information easier, as well as advice and support of ideas to help them developing their activities. The European SMEs Week is one of the measures, which implements the Law on Small Businesses as well as comprehensive SMEs policy within the EU and its Members. The European Commission is working in partnership with the Members by facilitating the identification and exchange of good practices in many aspects of SMEs policy. This process is rooted in the European Charter for SMEs. In recent years there has been significant convergence in the thinking of the EU Member States in the field of SMEs policy and the implementation of the entrepreneurship policy. A growing number of EU Member states have reported that they have developed measures, inspired by other countries, thus they have benefited from each other strong ideas.

The national policy in favor of the SMEs is an important issue.

Supporting entrepreneurship in Bulgaria is the basis of Bulgarian economy's development and raising its competitiveness. European countries are increasingly aware that economic recovery from the crisis requires the development of entrepreneurship. This new orientation is fixed in key EU documents from 2011 upon nowadays. Entrepreneurship and willingness to take risks should be applauded by political leaders and the media, as well as it should be supported by the administrative authorities. The national strategy in favor of SMEs 2014-2020 states that "Bulgaria should create and maintain an environment, where entrepreneurs can succeed and where the entrepreneurship is rewarded. Bulgaria should take a good care of future entrepreneurs, notably by encouraging the entrepreneurial interest and talent especially among students, youth and women".1

The final result of the training is a professional competence of different kinds and degrees. It is wrong to reserve the entrepreneurial knowledge, skills, attitudes and behaviors only for high schools. Formation of modern economic culture should start earlier based on the evolutionary principle of knowledge.

In Bulgaria the trainings, including economics and entrepreneurship, start from primary education in "Design and Technology" as part of the technological training. It accumulates knowledge in educational content by some extremely dynamic performance trends and tendencies. It includes the basic elements of technical, natural, scientific, social, economic and other types of knowledge divided in blocks that describe the separate stages and trends of the technological culture. The educational activity in the Cultural and Educational Field (CEF) "Domestic science and technology" is designed to build the foundation of literacy and technological competence of students as an essential element of their common culture. Subjects in this area represent a kind of steps to move from the process of building the domestic culture of individuals toward the process of building basic skills for future career development of those individuals. Considering educational requirements for the content of school subjects, we can highlight following features:2

- The school subject "Domestic Science and Home Technology" studied in Grades I-IV, focuses on the initial steps into the diverse world of technologies in the light of the knowledge of everyday activities and resources that are present in the real life of a child. Starting from the First Grade, it introduces appropriate economic concepts as a part of child's life.

- The subject "Home Technology and Economics", studied in Grades V-VI, develops knowledge in the direction of the initial understanding of connections: domestic culture – technologies; economy – technologies; scientific discoveries – technologies. Obviously, here the priority of economic knowledge is highly covered.

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1National strategy to promote the development of small and medium-sized enterprises in 2014-2020, Available at: www.strategy.bg.
The subject "Technology", studied in Grades VII-VIII, builds basic technological competence of students graduating primary school, which orients their career choice in the field of social, economical and industrial technologies. This subject represents the transition between the main stage of general education and the period, where an initial professional training is carried out for a majority of students. By learning "Technology" students can form ideas on their future career or make a specific choice for future trainings in certain professional areas.

Modern discourse of secondary technological education is based on the relations between the administered educational policy within CEF "Domestic Science and Technology" and a set in the "National Program for Development of School Education 2015" strategy for continuing the technological training in high schools. Technological teaching in high schools should be introduced as a logical continuation of the subject teaching in Grade VIII as students take the opportunity to strengthen their economic and technological knowledge, "transfer" skills and upgrade the competencies they have acquired before.

For the majority of students the secondary education takes place in specialized schools. Those places where basic economic knowledge is taught are Professional High Schools of Economics (PHSE). In Blagoevgrad this is PHSE "Ivan Iliev". It was founded in 1949 as a Business School with four classes. There are economic specialties: Banking, Insurance and Social Security, Economics and Management, Business Administration, Operational Accounting, Financial Reporting, E-Commerce and Economic Informatics. Our research shows the best pedagogical practices for teaching entrepreneurship, which are useful for the implementation of entrepreneurship in small and medium enterprises.

The course "Entrepreneurship" is taught in the professional field of Business Management and Administration within an academic year with two classes per week. It provides information on the basics of entrepreneurship, as well as the character of the entrepreneur, i.e. motivation, values and beliefs. Interesting is educational practice of private business Start-Ups and studying their financing and tax policies. The "Education and Practice Center" is a place where students work in a real office within their classes on the subject "Training firm" (TF). The training firm is a model of an enterprise designed for educational purposes. This model allows rebuilding various problematic processes of "real" business activities, thus they become transparent and understandable for students. The training firm is suitable for controlling, testing and advancing the economic knowledge, skills and behavioral patterns in all structural units of a separate enterprise like a departmental assistant-specialist or entrepreneur. In the training firm students can perform all typical trade operations for the economic practice, from supplying through the provision of services up to distribution. Related commercial activities should be performed by the student in accordance with common commercial practice and legal requirements. Students prepare necessary information and documents for the enterprise as they perform them by using modern technology and information resources.

In accordance with the business practice, each training firm is structured in departments. Students go through different departments and they perform specific activities. In such training firms they accumulate knowledge and experience on economy and trade. It brings dynamic in the learning process. Students take the role of managers and employees, some of them show entrepreneurship skills; some teachers take the function of corporate consultants, others company management. Currently there are 36 separate training firms in the field of trade, banking, insurance and travel services. Some of the students represent at international fairs of TF "TF FEST" since 2007.

As for the local higher education, entrepreneurship is taught in South-West University "Neofit Rilski". This subject is mandatory and taught in the specialty "Marketing", Faculty of Economics, third year. The aim of the course is to provide students with in-depth knowledge of theoretical and practical problems of entrepreneurship and to explore basic approaches to its implementation in modern conditions. Going through the curriculum we can observe that

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accent in lectures has been put at the development of the entrepreneurship and the SMEs in Bulgaria, as well as the governmental policy for their support. Conditions of globalization are considered also, i.e. problems, assessing methods and competitive factors. The institutional prerequisites for the development of entrepreneurship and small businesses in the USA and EU-countries are also included in the lecture course. Practical tasks are structured by holding discussions and solving different cases. As a final result, students should acquire basic knowledge and skills on how to organize and manage entrepreneurial businesses, to realize entrepreneurial approaches and strategies. Similar knowledge, albeit in another aspect, students receive in the specialty "Technology and Entrepreneurship" at the Pedagogical Faculty. They cover the subjects "Methodology of Formation Economic Culture in Technological Training" and "Methodology of Entrepreneurial Training" as part of special methodologies. They force future teachers in CEF "Domestic Science and Technologies" to be prepared for continuously changing conditions of the environment, labor, technologies and economy. A new paradigm, expressed in radical socio-economic changes in Bulgarian society, justifies a new concept in education and particularly in Bulgarian technological training. Educational activity in this cultural and educational field is aimed to form technological literacy and competence of students as an essential element of their common culture. Technological literacy is the ability to use, manage, identify and understand different types of technologies, including economic ones. It includes knowledge, skills and their application in real situations. A logical question arises here: Can educators contribute in creating such an economic society, where entrepreneurship can be put on a pedestal and become a major factor in the performance of SMEs? Should both teachers and economists combine efforts in order to prepare more erudite staff? University's specialties, unifying the knowledge from both spheres should be considered as well.

CONCLUSION

The result of education is the knowledge, its transformation into professional competencies and opportunities for its implementation. It is obvious that knowledge must include the corresponding general skills; otherwise it becomes empty verbal knowledge. On another hand, skills should be based on knowledge; they should be conscious and not based on guessing. In this training by deciding a concrete situation, a set of similar situations arises and one can define a common way of their solving, which can be applied under other conditions. Each element of novelty develops thinking, which initiates the relatively stable structure. These processes are needed in entrepreneurship education (Figure 1).

Figure 1: Cycle of knowledge, skills and their application

Source: created by author

The connection between social development and education is obvious. Thus, whole society is interested in updating the educational strategy. Bulgaria needs a new quality training of human resources. The development of professional skills of youth means to ensure their further development. Career decisions are based on consistent and interrelated events. Such decision is very important for each person and contributes its professional realization, especially for people dealing with small and medium enterprises.
REFERENCES


LEVELS OF CLASSIFICATION OF ACTION-ORIENTED GAMES AND GAME-BASED EXERCISES FOR IMPROVEMENT OF PRESCHOOL CHILDREN'S PHYSICAL SKILLS IN PLAYING GAMES WITH SPORTS ELEMENTS

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Abstract: This article deals with the researches investigating the ways of improving senior preschool children's physical skills for games with sport elements. It has been stated, that in such Ukrainian basic laws as "Law of Preschool Education", "Law of Physical Culture and Sports", "Law of Education" and "Basic Component of Preschool Education" the problem of improving preschoolers' physical skills by means of sport games has been highlighted. There has been underlined the importance of games with sport elements in preschoolers' age. It has been identified and described the levels of classification of action-oriented games and game-based exercises for improvement of senior preschool children's physical skills in games with sports elements. The article emphasizes the importance of the individual characteristics of a child and his/her capabilities for the development of physical actions in the process of playing games with sport elements.

Keywords: action-oriented games, game-based exercise, elements of sport games, preschool children

INTRODUCTION

Among the priorities of preschool educational establishments there is a formation of physical, mental, and social health of the younger generation. The important means shaping preschool children's physical health are games with sport elements.

The researches on the theory and methodology of physical education and child development (E. Adashkiavychene, E. Vilchkovskyi, L. Voloshyna, O. Kurok, T. Osokina, E. Stepanenkovka, S. Tsvek et al.) have stated that action-oriented games and game-based exercises with sport elements give a child the possibility to master a variety of quite complex types of actions, to express self-sufficiency, activity and creativity.

The elements of sport games, being properly organized and held, influence favorably children's physical development and ability to work. Activities with ball, shuttlecock, racket, club, hockey stick contribute to the development of children eye, rhythm and coordination. Lessons with elements of sport games develop such children's physical qualities as agility, speed, strength because children in game situations often have to pass the ball or to throw it at a distanced target. A child should be able to jump high, getting the ball or shying it at the target placed high, quickly run to another place on the playground to catch the ball or to counter opponent's ball possession. Games with sport elements contribute to improvement of the ability to catch, hold, return and throw objects, calculate the direction of the throw, adjust strength, develop expressive movements, ability to orient in space [1].

In the opinion of L. Kaluska, Z. Kaluskyi and M. Humeniuk the whole educational process in preschool educational establishment should be built in accordance with the provisions of the basic state documents on education ("Law of Physical Culture and Sports", National Doctrine of Education Development, National Doctrine of Physical Culture and Sports Development, Target Comprehensive Program "Physical Education and Health of the Nation", Law of Education, Law of Preschool Education) [3].

In accordance with Ukrainian Law of "Preschool Education" requirements for the level of preschoolers' development, breeding and skillfulness are determined by the Basic Component of Preschool Education of Ukraine (state educational standard) and implemented through true educational programs [4].
The usage of games with sport elements in the system of physical education of preschool children is provided by such modern educational programs as the program of early childhood development "Sure Start" (B. Zhebrovskyi, 2013), the program of preschool child development "Ukrainian Preschooling" (O. Bilan, 2013), the program of education and training of children from two to seven "Child" (O. Proskura, 2012) and others. These programs outline the main goals of teaching elements of sport games to children and recommend games and game-based exercises appropriate for the development of skills to play badminton, basketball, gorodki, table tennis, hockey and football. The "Sure Start" program instead of playing table tennis offers skittles.

MATERIALS AND METHODS

Analysis and generalization of methodological data, analysis of legal, regulatory documents and development programs, preschool children training and education were used.

RESULTS

The widespread application of action-oriented games and game-based exercises becomes particularly important for effective implementation of the goals of teaching preschoolers' games with sport elements (gorodki, basketball, football, hockey, table tennis, badminton), for the development of children's ability to perform basic physical actions, regarding game techniques. They are becoming more significant today, as six year children go to school, and senior preschool age equals five.

It is worth noting that games play a key role in the lives of children of preschool age and should be used as a leading method of teaching, particularly as an effective method of mastering physical actions. Therefore recognition of the leading role of action-based games in physical education of preschool children is conventional reality of today.

In addition to action-oriented games, preschool didactics places emphasis on game-based exercises. For the first time game-based exercises were singled out from the system of action-oriented games in the research of O. Timofieieva. According to the author, the presence of specific instructions like "Hit the target", "Knock down skittle" is one of the peculiarities that help to distinguish game-based exercises from action-oriented activities. Game-based exercises have certain advantages over action-oriented games. Firstly, unlike action-oriented games, game-based exercises are performed by every child and accomplishment of the instruction does not involve the actions of other children. Secondly, nursery teacher requires the children to develop the target skill performing game-based exercises [2].

The apparent advantage of game-based exercises consists in vivid accentuation of the direct learning goals and the possibility to be applied not only at the stage of consolidation and improvement of physical skills, but also at the stage of learning physical actions.

On the basis sport games elements application, aimed at gradual assimilation of game techniques by preschool children, we have classified the game-based tasks according to the levels of difficulty: adaptive-developing, preparatory-technical and active.

The adaptive-developing level is characterized by the gradation of game-based exercises, which include physical actions of the main movements that are basic for techniques of the games with sport elements, aimed at boosting children's interest in games and exercises with sporting gear, as well as forming of the ability to feel its qualities (balls, rackets, etc.).

At the preparatory-technical level action-oriented games (including folk games) and game-based exercises with sport elements are graded according to the stages of physical actions, related to the techniques of target sport games.

The active level includes a selection of action-oriented and national games for their active application in preschool educational establishments at the stages of consolidation and improvement of physical skills, including basic and appropriate techniques of the games with sport elements.

In the process of teaching children game-based exercises with sport elements, one can create favorable conditions for common actions of all participants, shape the ability to
sacrifice personal interest to the collective one, instill a strive for conscious, honest behavior and desire to help a friend.

**DISCUSSION AND CONCLUSIONS**

Thus, the effective physical actions development in the process of playing games with sport elements can be achieved only on the basis of individual characteristics of a child. While selecting games and exercises, their application according to a child's capacity, we can create favorable conditions for successful mastering of techniques characteristic to games with sport elements, and for the overall development of children with low level of physical fitness or/and certain physical abilities.

**REFERENCES**


KNOWLEDGE LEVEL BEHIND ENVIRONMENTAL CONSCIOUSNESS

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Abstract: Developing environmental consciousness is a key factor of enhancing the benefits of the efforts on sustainable development. The paper draws up the frames of a comprehensive model and investigates an important component: the knowledge level. Truly responsible decisions cannot be expected without stable and balanced basic of factual and ecological knowledge about social and environmental issues. The sample of the investigation includes the results of more than 700 students (from elementary and secondary schools) and adults (university students). The findings are based on a knowledge test. The results show the critical points and areas of the topic that denotes the further education and development challenges.

Keywords: environmental consciousness, environmental knowledge, environmental education, sustainable development

INTRODUCTION

Environmental consciousness can be defined as a behavioral approach of entities, showing higher regard for environmental and natural problems and for solving them (Láng, 1993). In a wider approach environmental consciousness is the indicator of the “quality” of decisions and actions considering the environmental and social values.

Theoretically it is not a difficult challenge to achieve but the realization is more complex. The same can also be concluded about measuring the level of consciousness. A significant difference can be observed between the verbal (enounced) and real (achieved) consciousness. Referring to the interpretation of environmental performance both the impacts and the efforts must be considered. The authors' research activity launched by OTKA PD71685 research "Factors and Measurement of Environmental-Consciousness" aims to understand the process and components of the topic. The paper presents some results on one of the most important component: the knowledge about environmental issues of adults and children.

MATERIALS AND METHODS

Modeling of environmental consciousness comes from marketing needs. Exploring and understanding the driving forces of the topic allows developing advanced sales strategies. The theory of reasoned action (Ajzen-Fishbein, 1980) is a base model that deduces behavior from knowledge and values (norms) through intention to behavior. Other researchers, like Dispoto (1977), Hines et al (1986) or Chan (1998) refine and enhance the concept.

Intention to the behavior is difficult to interpret. Instead of this factor the decision making process can be chosen as a frame of modeling. In addition, due to the universality of global problems and the interrelations between individuals and corporations require a comprehensive approach. Based on this idea the individual and corporate behavior are to evaluate with a common framework model. The comprehensive model divides the main influencing factors into two parts: enablers and modifiers (Berényi, 2014).

Enablers include personality, factual knowledge, ecological knowledge, attitudes and decision making patterns. Modifiers cover situational elements like detection of decision situation and motivation.

Reviewing the decision making process the following can be highlighted (Berényi, 2014):

- Both people and corporations have specified objectives (plans) and specified level of knowledge. There is also an opinion about good and bad, handsome and useful in culture and thinking. These opinions and the actual knowledge may be difficult to change, so these must be handled as enablers.
- Many situational circumstances may influence the decision. Being alone or in a team the behavior may be different. The circumstances can motivate people to decide inconsistently, i.e. differently from the enablers. These factors are modifiers of the intention.

![Comprehensive model of environmental consciousness](image)

**Figure 1: Comprehensive model of environmental consciousness**  
*Source: based on Berényi (2014)*

The empirical research uses a test for measuring the level of knowledge. The content is developed by the learning material of the elementary school curriculum and it covers areas of biology, chemistry and physics, geography, living and health.

About half of the questions should be answered by even a 10 years old child. The level of knowledge is measured compared to the perfect filling and also by an indicator what takes the age (class) into consideration. A control group is involved from higher education student.

The sample contains the results of 7 Hungarian elementary schools (499 people), two secondary schools (191 people) and 54 students of the University of Miskolc. The research is not representative but is suitable for highlighting the core problems and challenges.

**RESULTS**

The results of the survey investigate the knowledge level compared to the requirements of the classes 3-4, 5-6 and 7-8.

The proportion of the correct answers for the test is 78% based on the expected knowledge of a 10 year old child in the total sample. The rate of correct answers in total is 66%. Table 1 and 2 summaries the results that also include the indicator (expected knowledge by the age) which shows the average results compared to the expected level of the respondents. The results are presented in percent, interpreted as the average ratio of correct answers.

**Table 1**

<table>
<thead>
<tr>
<th>Classes</th>
<th>All questions</th>
<th>Physics and Chemistry</th>
<th>Geography</th>
<th>Biology</th>
<th>Living</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>59.1</td>
<td>38.3</td>
<td>73.7</td>
<td>53.2</td>
<td>67.0</td>
</tr>
<tr>
<td>6</td>
<td>59.7</td>
<td>32.2</td>
<td>75.0</td>
<td>59.0</td>
<td>70.6</td>
</tr>
<tr>
<td>7</td>
<td>62.3</td>
<td>47.0</td>
<td>75.1</td>
<td>61.4</td>
<td>64.9</td>
</tr>
<tr>
<td>8</td>
<td>73.3</td>
<td>54.0</td>
<td>86.8</td>
<td>73.9</td>
<td>78.1</td>
</tr>
<tr>
<td>9</td>
<td>57.2</td>
<td>30.1</td>
<td>68.6</td>
<td>66.7</td>
<td>66.5</td>
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<td>10</td>
<td>72.6</td>
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<td>66.2</td>
<td>82.2</td>
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<td>11</td>
<td>86.2</td>
<td>80.7</td>
<td>90.6</td>
<td>91.7</td>
<td>84.8</td>
</tr>
<tr>
<td>Sub-total 5-8 classes</td>
<td><strong>64.2</strong></td>
<td><strong>43.6</strong></td>
<td><strong>78.1</strong></td>
<td><strong>62.6</strong></td>
<td><strong>70.5</strong></td>
</tr>
<tr>
<td>Sub-total 5-11 classes</td>
<td><strong>66.5</strong></td>
<td><strong>46.7</strong></td>
<td><strong>79.4</strong></td>
<td><strong>64.8</strong></td>
<td><strong>73.3</strong></td>
</tr>
<tr>
<td>Control: university students</td>
<td>83.6</td>
<td>71.9</td>
<td>90.4</td>
<td>89.5</td>
<td>85.2</td>
</tr>
</tbody>
</table>

*Source: created by author*
Table 2

<table>
<thead>
<tr>
<th>Classes</th>
<th>Expected by 4. class</th>
<th>Expected by 6. class</th>
<th>Expected by 8. class</th>
<th>Expected by the age</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>72.4</td>
<td>54.9</td>
<td>49.0</td>
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<td>6</td>
<td>76.6</td>
<td>55.1</td>
<td>46.4</td>
<td>67.4</td>
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<td>7</td>
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<td>88.7</td>
<td>83.3</td>
<td>78.7</td>
<td>83.6</td>
</tr>
</tbody>
</table>

Source: created by author

Figure 2 compares the survey results by knowledge areas in some sub-samples. Better results are to observe by increasing age. The best knowledge level was to measure in the sub-sample of secondary schools students. Beside the results of physics and chemistry area, the answers related to living and health is lower than hypothesized.

Figure 2: Knowledge level by areas and age (%)

Source: created by author

DISCUSSION AND CONCLUSIONS

Environmental consciousness can be interpreted as decisions with taking environmental and social problems into consideration. General ecological and factual knowledge let us make our decisions in a conscious way. In order to build up the suitable education it is important to draw up an initial pattern of available elements. The results show the lack of knowledge especially in the sub-samples of elementary school students. Although, they are not present decision makers but further deepening of their knowledge and planting the values of true responsibility is difficult if basic knowledge fails.

The results of the control group demonstrate that the competence of adults is quite weak. Since they make many decisions both on individual level (like shopping, child rearing) and corporate level, the lack of knowledge will lead to unsustainable impacts. Misleading
communication content may become credible for these people or it does not arise to consider social and environmental impacts. Of course, knowledge does not exclusively determine the environmental consciousness. The role of attitudes is similarly dominant. Next to the main conclusion that the level of environmental knowledge is quite poor, statistical analysis of the results with other elements of the survey there is no significant linkage between the factors of knowledge and attitude. It means that they can be developed independently and also highlights further educational challenges.

REFERENCES

LINGVOSIGNS: CAN'T BE CUT WITH A SWORD, BUT COULD BE CUT BY THE TONGUE, INFLEXIBLE IS FLEXED WITH A WORD

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Abstract: XXI century is the century of information technology. In linguistics emerged industries such as ethno-linguistics, cultural linguistics, etc. "Lingvostranovedenie" is exploring the cultural linguistics winged words and idioms, proverbs, which shows that they create an unique image of the people, their mentality, which is learned through the language. The article deals with the problem of cultural linguistics. Also it contains some aspects of cultural and world view forming in a harmonic environment and relationship between culture and language, which forms the national identity of a country.

Keywords: cultural linguistics, ethnic groups, national identity, linguistic games

INTRODUCTION
Through linguistic units we learn the specifics of each ethnic group found in its culture. Any nation retains its culture and national identity precisely in the language.

Language and culture are the phenomena that live in harmony. E. Sepir wrote: "Language can't live outside of culture, it is a collection of thoughts and practical skills characterizing everyday life, and language is closely related with the culture" [1, p. 10].

It is well known that the language has not only a communicative function, but means of understanding the environment and the main instruments for shaping worldviews.

MATERIAL AND METHODS
Cultural linguistics is the science of relationships between culture and language in the course of their operation. Culture is the fruit of the material and spiritual wealth of people.

G. Smagulova, a researcher, wrote in her work "National-cultural aspects of unambiguous phraseological units" that "Spiritual culture is mythology, religion, science, ethics, law, education, knowledge, together with the traditions and life of nations, spiritual things and this is expressed in art, songs, proverbs, idioms and winged words".

G. Olshanskaya noted that language has a special shell that is called lexical shell phraseological system, in this regard it has the greatest potential in lingvo CULTURE Logic, because language precisely fix phraseologism and sulk those figurative expressions, which are associated with cultural and national standards and are subject of ethno-linguistic research.

RESULTS
In this meaning, spiritual things like art, songs, proverbs and sayings, phraseologism, winged words, copyrights maxims are linguistic symbols of the culture of any nation, and are pronounced in selected phraseological units which are signs of spiritual culture, e.g. smash into pieces; rule, command all, and keep all in one hand; not giving time to recover; pounce with abuse; show what is what; grab for altitude, be in quite state about somebody; ruffle, torment, madden; shake out the soul; kill, mortify; greatly frightened, get experience intense fear; take by the throat; send to the hell; curse up hill and down dale; give heat, scold and down dale; bulldoze; give it to somebody; torment, and frazzle; swear hard, publicly accuse; inflict brawl, fight, and scandal; destroy, smash, ruin; subject of harassment; very tired, strongly being quite exhausted; punish [4, pp. 48-196].
These idioms are used to describe a person's character, special emotions associated with anger, annoyance, and indignation subjects. Also there are idioms describing a poigniant, sarcastic person's character: have sharp words; sharp, saucy on language; poignant, caustic language; venomous language; poisonous tongue.

Wise people convey their thoughts figuratively by using idioms and reflecting their life experience. In language there are stable combinations associated with the designation of generosity and greed: i.e. өзі дүнің – covetous; дүніекозуң – curmudgeon; дүніе көзі тоымран пасық – show greed; мәлкөр – taking care of the cattle. An extreme degree is reflected in phraseologisms like сұңқы, сұңқы әдәп таспа бермес which means not to give the broken needle, stingy, greedy; Шықбермес Шұрышы (foklore image of a very greedy person); би сабақ шыңғын Бермен – not giving anything to anyone; кү ушпен ауызғы сұру – cry the blues; кү Бастан қуырдаң алұ – stone pulls and other bast.

The phraseological system in Kazakh language is filled with a lot of speed ку words that are devoted to the analysis of H. Kozhahmetova, Р. Zhaysakov, Sh. Kozhahmetovoy. The "Explanatory Dictionary of the Kazakh language" describes the meaning of such stable combinations, for example: кү және – poor; кү Заман – hard times; кү мекен – barren steppe; кү сүйек – skin and bones, very thin; кү – табан lover to visit neighbors and relatives hoping for a treat; кү мәндай – poor man, unhappy; кү тақым – cunning, sly, slick; кү тілді – joker, wag; кү ауыз, кү тандай, кү зұқ – the sharp-tongued, chatterbox, chatty [4, pp. 122-123; 6, pp. 380-381]. Кү төкен, 1 as a noun means an aquatic bird with a long neck like a beautiful swan (polyphonic sound, handsome, polysound). Кү 2 as an adjective means dry, dead. Кү 3 as an adjective means cunning, sly, slicker, trickster. Кү 4 as a verb means drive, drive away, chase [5, pp. 379-381].

Not everyone understands the meaning of "сұңқы таспа" in a stable combination like "сұңқы әдәп таспа бермес". The word "таспа" Kazakhs call belt webbing of rawhide braiding produced from whip or trimming a saddle. To give beauty and elegance braid scraped from this token was formed a verbal noun "сұңқы", with the meaning of (cheapskate ethnographer) part willow stripped rawhide and tendons.

Thus, the "сұңқы, сұңқы таспа бермес" means the words greedy, avaricious man, a miser who nobody wants nothing to give. "People do not like hunks sparingly in the human soul" Mahmoud told to Kashkari, people have always designated a miserly, greedy person at all times in one word. We draw attention to the statements of thinkers, masterfully describing avarice and greed. "The miser not sated until acquire all the cattle of the earth" (Ahmet Yugnaki), "Do not eat yourself, and will be stingy, gathering cattle, and your life will be bleak" (Mahmoud Kashkari). "Stingy though the nephew of God, he still do not go to heaven" (Alisher Nahua).

Sages passed exactly through the catchwords and informative thoughts avarice and greed. Eloquent speaker, resourceful mind, sharp-tongued, short people can crush stones. If not a stone, then they head trowels describing stinginess. In this regard, we now give examples of the opposite stinginess idioms and proverbs and "progovorki" about generosity, such as: generous on hand, friendly. A good-natured man with pure intentions we call generous. A lot of people are upright, kind, sympathetic, radiant and sincere.

Kazakhs were always hospitable, met each rich, generous "dastarkhan". Each guest is given even feature: guests bring happiness, guests give honor, casual visitors are uninvited guests, uninvited guest are wandering guests. In this regard, there is a saying "құты тұғыға Кесей көү егіз табады" which means: "if welcome comes, it brings sheep twins. Inherent to our ethnic group, an important quality is hospitality and welcome guests with open arms. These statements, which live in people, are the "way" of the nation, and ethnic feature.

"Zhomartтын көлың зәқ бағытлады" means poverty binds generous hands. Indeed, the social situation, the market economy, inflation, and life connects people to "hand" during dusk or before reciting the prayer before sunset there are cases when the uninvited guest appear "әйел" – erge, "еп әрбір қарқындғы" – a smorti wife on her husband, and the husband on the ground. The most precious and shackled like a diamond, "пірлі" of the people are proverbs
and sayings, as "заманың тылғы Bolsa pots shal bop" – "to keep pace with the times, with the era of changed, transformed". For example: Мыңңың тысин bilgenше, біріңің атын біл – to know someone by name, than a thousand people by their faces; Мыңңың тысин bilgenше, біріңің күзметін біл – to know someone ex officio, the face of a thousand; Em – etke, sorpa – Bethke – meat to the fullness and broth to beauty; Ac – aska, Ornan басқа – food to food strife; Атың shyкпаса, jer өрте – if you think that breaking up in obscurity, the unit fire; Атың shyкпаса, zhымбак Shesh – if you think that breaking up in obscurity, solve riddles; ayel – erge, ep – zherge караіды" – The wife looks at her husband, and the husband looks onto the ground; Eating – акімге, акім zерге караіды – people look at akim, akim looks on the ground.

Professor O.A. Sultanyaev wrote in the article "The new proverbs and sayings (the linguistic view)" that new life and new practices bring new proverbs and sayings as a natural phenomenon. Without a doubt, we must respect and approve them. Who will stand the test of new momentum? Will the people support, take root if these "treasures" were used? Or will they disappear, like burning butterfly wings? Such precedent texts used in speeches can lead to what may appear to people who want to "specialize" in this area. None content in speed was used by Ali Yskarbay, Z.S. Omirbek and S. Ekibaev who hoped that the momentum will take root in the language. For example:

1) Akyl аzapқа бастаіды, асу мазаққа бастаіды – the mind will lead to grief, to ridicule and anger.
2) Zhelde тыс zhок, Zherdev кыш кәр – the wind has no color, and has a lot of ground forces.
3) Бәрі – маған, аралың – саран; All for me, the rest for you.
4) Кү араш – жас арашты Annas; Deadwood grandfather of a young tree.
5) Ayel үйде бәқ one түзде көр; wife happiness in the house and misfortune outside the house.
6) Katynynan bezen мужек кәңғүр өле; husband renouncing his wife die in his wanderings.

CONCLUSION
Hold somebody up to mockery (to ridicule); make a laughing-stock of we want to be, guided by the opinion of a scholar that winged words were not artificial, but their use has not become a "specialized" phenomenon.

XXI century is the century of information technology. In linguistics emerged industries such as ethno-linguistics, cultural linguistics, etc. "Lingvostranovedenie" is exploring the cultural linguistics winged words and idioms, proverbs, which shows that they create a unique image of the people, their mentality, which is learned through the language.

REFERENCES
PROCESSUAL APPROACH TO EDUCATIONAL CURRICULUM

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Maria Curie Skłodowska University in Lublin, Poland

Abstract: Approach to the curriculum has features of meta-orientation and is part of a broadly understood vision of the school. In the processual approach, its multi-functional and dynamic nature is perceived. It is noted that the curriculum-document, the teaching process and learning outcomes form a kind of an entirety of interacting factors and that just this entirety creates the curriculum as such, and the ultimate nature of the curriculum depends in equal measure on designers, contractors and the conditions in which it is realized.

Keywords: educational curriculum, education content, education process, processual approach

INTRODUCTION

The educational curriculum is one of the elements of the educational system and it is a strategic element. Basically, no attempt to reform the education system takes place without changes in curricula. As a document it covers above all objectives, material and requirements constituting the content of education. Their clarification and, in principle, the determination of the status of the content and the relationship between them, makes the curriculum become a carrier of a specific cultural code (including regulatory, selecting principles and the ones integrating essential meanings, the forms of implementation and creation of contexts), and a recognized concept of social order (Bernstein, 1990, pp. 28, 281 et al.). It also becomes a tool for the transmission and dissemination of the very same by the fact that the content of education, as one of three constitutive elements of each teaching situation (next to the teacher and students), really affects the learning process (Niemierko, 1999, p. 15). Thanks to the curriculum, top-down (macro-system) decisions of external persons towards the teachers' work system (micro-system) influence the educational practice and changing it. The educational curriculum is therefore, on the one hand, the effect of a certain concept, on the other hand, it is a tool for strengthening it.

As A. Ornstein, F. Hunkins (1998, p. 21) wrote "our approach to curriculum reflects our perceptions, values and knowledge. A curriculum approach reflects a holistic position, or a meta-orientation, encompassing curriculum's foundations (a person's philosophy, view of history, view of psychology and learning theory, and view of social issues), curriculum domains (common, important knowledge within the field, and curricular theory and practice".

MATERIALS AND METHODS

In this study, a specific proposal of approach to the educational curriculum will be presented, in which its normative force is seen as a function of precise correlation between the curriculum and the teaching process and the achieved effects, and in which it is understood as a construct, which is multi-dimensional, functional and dynamic, and thus open and flexible.

PROCESSUAL APPROACH TO THE EDUCATIONAL CURRICULUM

In literature, the concept of processuality in relation to curricula appears when their possible patterns are discussed and it usually means that emphasis is put in them "on learning of thinking processes in general, processes not associated with one particular discipline, but covering all" (ibid, p. 228, 233). Such an assumption, evocative of the educational formalism theory, supported by an argument of favourable effects of the positive transfer, causes the fact that the content of education in the curriculum becomes merely a means of development of cognitive skills (Kupisiewicz, 1994, pp. 72-73).
Processuality understood in this way is, however, not at stake here. In the proposed model the point is to direct attention to and substantiate the fact that the traditionally understanding of curriculum, the teaching process and learning outcomes form a particular entirety of interacting factors and that only this entirety creates the curriculum as such.

![Diagram of the processual (dynamic) model of the curriculum](source: Kusiak, 2010)

**Figure 1: The processual (dynamic) model the curriculum**

The functionally and dynamically described content of education constitutes the axis of the presented model. It is understood here as a "system of taught activities, defined in terms of the goal, material and requirements processed in the form of the curriculum onto students' achievements" (Niemierko, 1999, p. 45).

The first dimension defining the content of education are the goals specifying the intended characteristics of students (Niemierko, 1997, pp. 70-71). Some of them have a superior and priority, while others ancillary and supplementary rank (Denek, Kuźniak, 2001, p. 176). The determination of their hierarchy is the basis for specifying the status of each contents and their structure as a whole, and therefore affects both the design of the curriculum document, as well as the placement of emphases in the learning process and achievement measurement. Another issue is the operationalization of educational goals. While at the time of planning, the goals can (and usually) take the form of declarative and idealistic general expressions, in action they are needed in an operational form. The change of the former into the latter and care for the realisation of the general goals rest on teachers. It depends on them whether the goals of the educational process will indeed be the curriculum objectives.

The teaching material is the second dimension of the content of education. It is defined as a set of information necessary to perform teaching activities. Their selection and structuring is done with regard to the learning objectives so that it is possible to achieve them in the required dimension (Niemierko, 1997, pp. 104-105). Just as not all goals are equally important, so the materials in the curriculum have a varied status. Next to that intended for permanent mastering, complementary and optional material appears in the curriculum. Its role is to create a supportive context for sustainable and operative mastering of the basic material at the required level. Typically, no separate requirements are formulated with respect to this part of the material.

The curriculum requirements create the third dimension of the content. They define the expected achievements of students in such a way that their assessment is possible. This means that we should be able to say about each element of the content to what degree it is required, and about every degree what mastered elements of the content it represents. In the curriculum
document, depending on the intention, the content should create a single-stage or multi-stage scale of curriculum requirements (ibid, pp. 117, 119, 120). The functionally understood content has developmental and varied time in nature (ibid, pp. 68-69, 72-74).

Passing from the planned form through the processed one to the mastered one, it changes from the project theoretically established to implement into the key determinant of the educational process and ultimately into relatively stable, being measured achievements of the student. Therefore, consequently: in the first phase, the content can be identified with diachronically (by specifying the consequences of the content in time) and synchronously (by grouping the content into topics, content complexes and subjects, etc.) arranged set of activities assumed to be performed by students (Kruszewski, 1995, p. 189), in the second phase, in which the actual operationalization of goals takes place with the actual activities performed by them, and in the third phase with relatively permanently mastered intellectual and operational activities (activities co-create cognitive structures and systems of knowledge).

In the proposed approach, it is understood that the scope and depth of the mastered content (as a result) is not the same as the assumed (planned content). In the course of the educational process, the content gains or losses something or the hierarchy of importance of its elements changes (Niemierko, 1997, pp. 72-75). This is possible because, as mentioned, in the curriculum, next to the basic content, there is also a place for the complementary and facultative content, whose analysis depends on the needs of students and the teacher's decision, and besides, in the process of learning it is possible to introduce the content which was not assumed at all in the curriculum document. Another issue is that the ultimate meaning, value and understanding of the content by students depends on which path they have come to mastering it. Because even if mastering of particular information is the expected effect, it matters if it happens through its absorption or its discovery in the course of solving problems.

The separation of the three phases of the educational content allows us to describe also the curriculum in three key moments (Giermakowski, 1998, pp. 26-27). In the first (reflective) phase, the curriculum is one of the possible implementations of the adopted philosophy, that is, a set of convictions and premises connecting the educational curriculum with a more general vision of the school. Political, cultural, economical, psychological, pedagogical or didactical considerations form the basis for practical curricular decisions affecting, in the first place, the selection and structuring of the content, and then the formulation of methodological recommendations (Bernstein, 1990, p. 28 et al; Ornstein, Hunkins, 1998, p. 36). The first form of the curriculum is the curriculum document or the curriculum introductory curriculum.

In the formative stage, it takes the form of the curriculum in action. The previously planned activities are now to become activities performed by students, and not less important than the content itself is the used strategy or method of work. In this phase, the strength of the dependence of the education process on the curriculum and the mutual strength of impact of the process on the curriculum become apparent. In the former case, due to the curricular content, specific educational situations gain shape, more specifically activities of the teacher and students. In the latter case, as long as in the reflective phase the dimension of the content implies strategies and methods recommended in the curriculum, in the formative stage the method determines the student's personal sense of the content transforming it into a subjective achievement (Kruszewski, 1998, p. 13). It should be noted that in the implementation phase the curriculum is also influenced by all these factors, called contextual variables, which affect the process. The teacher's personal characteristics or environmental resources affect the method most, and thus the content and effects.

The summarizing phase of the curriculum focuses on its effects. They are assessed primarily through the prism of students' achievements. Hence, the interest relates to the determination of their correlation with the expected ones, as well as to the recognition of those, whose existence has not been expected or predicted. The adoption of both perspectives allows us to reflect rationally on the reasonableness of the curriculum as a theoretical construct and the curriculum during the formative phase (the curricular practice). In this
approach, the effects are part of the curriculum (they belong to it) because their determination allows us to reveal its strengths and weaknesses prompting us to rebuild or maintain it in its original form, and make decisions about the scope and forms in which it can be implemented (Mizerek, 1997).

CONCLUSION

The presented approach to the curriculum is part of a trend of not currently popular or recognized theoretical considerations. However, this attempt to describe the processual approach to the curriculum was made in accordance with the observation that each “methodical and systematic work on the curriculum is carried out in the theoretical framework” (Ornstein, Hunkins, 1998, p. 216). It creates a kind of a frame or a reference point for further conceptual work and searching for practical solutions.

The proposed method of interpreting the field of the curriculum allows us to see it in, contrary to established schemes, as a dynamic and open part of the education system. It also allows us to note that the curriculum is in fact not only a document, but a rationally and consistently implemented idea, according to which the school and the teacher work with the student and a complex result at which they aim, and its nature depends in equal measures on designers, contractors and conditions in which it is implemented.

This understanding of the curriculum allows us drawing a few conclusions:
- The curriculum is the result of joining two perspectives in practice: what is common and mandatory (macro-systems) and what is contextually justified and practicable (micro-systems);
- The teacher becomes a co-creator of the curriculum, even if he/she is not the author, and uses its extensive teaching package (books, scripts and teaching aids);
- The analysis and evaluation of the curricula has a different character depending on which phase of the curriculum it pertains to;
- The responsibilities of the curriculum constructor concern not only the articulation of goals and selection of material, but they do not end with the publication of the curriculum.

REFERENCES

THE VIENNESE DIPLOMACY AND THE ALBANIAN EDUCATIONAL MOVEMENT DURING THE YEARS 1900-1912

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Abstract: Over the years, the role and contribution of the Austro-Hungarian diplomacy towards the Albanian national cause of XIX-XX century, has been an issue of discussion. In the view of the Albanian communist historiography, this contribution has never been treated objectively and has not been enlightened enough, not only for political reasons but also due to the lack of archival documentary sources. In this context, this paper aims to highlight the contribution that the Viennese diplomacy gave, through its consulates in the Albanian cities, towards the educational and cultural movement in the region of Elbasan, by becoming a significant factor in the progress of the Albanian language writing and learning. It focuses on the teaching of the Albanian language in the end of the XIX century and the first years of the XX century in the ethnic lands which were held under prohibitive conditions and punitive measures by the Ottoman Empire, by constituting the main obstacle to the Albanian language. Archival sources, facts, and evidence are identified through Vienna's official reports of the Austro-Hungarian consuls, that shed light on this issue by providing a comprehensive overview of the comprehensive support received by the educational movement in the region of Elbasan during the XIX-XX century.

Keywords: educational movement, normal schools, Educational Congress of Elbasan

INTRODUCTION

One of the most important issues, which were an additional reason that further led to the exacerbation of the contradictions between the Albanians and the Turkish administration in the Albanian lands at the end of the XIX century, refers to the Albanian language learning and writing. Thus, in all the assemblies and demands of the Albanian national movement, the necessity of learning the Albanian language freely was considered as fundamental. In many cases, the spontaneous armed movement of Albanians, which was directed against the tax burden from the Ottoman power, had demands of such a nature. The activity that aimed to solve such problems is easily noticed in the visible region of Elbasan, where the tendency of the Albanian national movement was in increase. By analyzing the press correspondence of the time, at the end of the XIX century there can be clearly identified the links of Elbasan with Korca, Monastir, Bucharest and Ohrid, from where primer books came illegally through the Albanian traders and got distributed from one town to another. In this time, the city of Monastir had the size of a metropolis and was considered a center of Albanianism. There you could learn and read Albanian⁴. In this period, the Albanian language teaching and learning in all the Albanian towns, including Elbasan was carried individually and illegally, without adequate facilities, and mainly taking place in different people's shops and private houses, usually under very bad conditions. The Albanian patriots who undertook such missions were systematically hounded and persecuted by risking their lives as well.

MATERIALS AND METHODS

It must be said that during the end of the XIX century, in the region of Elbasan, the Albanian language was secretly read and written, and at the same time, a set of different alphabets (local ones) were known and used, such as that of the Anonymity of Elbasan (Papa Totasi) and Dhaskal Todri, who was a teacher at the Greek school of Kala. Among others,

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Dhaskal Todri's alphabet was also used by many Orthodox traders of Elbasan in order to hold accounts\(^5\). Meanwhile, the name of Dhaskal Todri is also mentioned in the publications of some foreign scholars regarding Albania, where he appears under the name "Theodore of Elbasan" who "compiled an Albanian dictionary"\(^6\).

But what we must note is the fact that the intense patriotic activity of the Elbasan patriots did not go unnoticed by the foreign consuls of Monastir, and especially the Austrian ones. In the correspondence that they carried with their superiors, they would not hesitate confirming the expansion of the patriotic activity in terms of teaching and the dissemination of Albanian-language schools in the region of Elbasan. There were numerous estimates of foreign consuls directed to their superiors regarding the efforts made in the region of Elbasan.

Thus, in October 1899, the Austrian consul of Monastir wrote to his superiors that in the places where he traveled, there existed an overwhelming desire for Albanian schools and that the people wanted Albanian teachers. "If there were a teacher", he wrote, "Many villages would open schools on their will, such as Bërzeshta, where even the village mullah wants to teach the Albanian language. Besides this, the teaching equipments are missing". The same situation was noticed by the Austrian consul even in the two Muslim villages, of Polis and Shushica that belonged to the region of Shpat\(^7\). Meanwhile, in the village of Nexhar, the situation was even more favorable. The efforts made there aimed not only to open an Albanian school, but also to negotiate sending some children from Shpat to the Albanian boy school in Korca\(^8\). During the XIX century there could also be noticed the first attempts in using the Albanian language through the translation of church materials, thus creating a religious literature in Albanian\(^9\). The intensity of the educational movement in the region of Elbasan would also be confirmed by the Albanian linguist Gjergj Pekmezi, who, being an envoy of the Vienna Academy of Sciences for study purposes in Elbasan, wrote: "In Elbasan I also managed to gather some texts and materials. They consisted of 20 religious speeches written and held by him; some translations of Byzantine church songs together with their notes; a test of Gega grammar written in the version of Elbasan; a fragment of lexicography; and a piece of translations from the Greek and Latin classics (The Oedipus of Sophocles)"\(^10\).

George Pekmezi further explained that these texts were written "with the Frashëri alphabet", i.e. the Istanbul alphabet, "some other few ones with the Greek alphabet," but some others were also written with the "alphabet of Elbasan" which became known by Hahn and Geitler. The language of Dhimitër Pina, as he said, was "just the Elbasan one", but he also wrote "in the Greek language as it is shown in some short articles on Albania".

It must be said that the Austro-Hungarian consuls were not just recognizers of the existing Albanian educational-cultural reality. The Austro-Hungarian consulates in the Albanian towns such as Monastir or Durrës, constituted one of the main supply sources of Albanian language textbooks. In her piece of study on Albanian nationalism Nathalie Clayer from France would state that: "It was the vice-Austro-Hungarian consul that had often sent school textbooks"\(^11\). There were exactly the Austro-Hungarian consuls, who were able to cross the Turkish customs without being checked and bring within the boundaries of the Ottoman Empire literary materials in Albanian. The discovery of this activity by the Ottoman administration always constituted a real risk for exacerbating the contradictions between the Ottoman Empire and the Vienna diplomacy. The Albanian patriots went secretly to the Austro-Hungarian consulates in Monastir and Durres, from which they were supplied with books and newspapers in Albanian language. The traders of caravans hid such things among

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\(^{6}\) Joseph Swire, *Albania, the rise of a monarchy*, (Tiranë: Dituria, 2005), p. 68.

\(^{7}\) HHSTA/PA, Report of the Austro-Hungarian consul of Monastir, No. 67, October, 26, 1899.

\(^{8}\) HHSTA/PA, No. 76, October, 26, 1889.


\(^{10}\) Mahir Domi, *Data on the educational movement in the region of Elbasan, at the end of the XIX century and the beginning of this century*, (scientific bulletin of Shkodra: 1975), p. 154.

\(^{11}\) HHSTA/PA, Report of the Austro-Hungarian consul Kral, Monastir, 31.03.1900.
other goods that were transported and distributed in those towns where demands were greater. In the Austro-Hungarian consuls' reports, it was noted that the regular Albanian newspaper readers of newspapers such as "Drita", were people coming from the middle-class of Albanian towns. However, the lack of a common alphabet for the writing of the Albanian language was considered as one of the most important problems in the early XX century. For the book printing in Albanian language, there were used different alphabets ranging from the Istanbul one, to that of the Bashkimi Society of Shkodra, or even other special local alphabets that further complicated the educational problems in the Albanian territories. In this context, only in Shkodra alone there were used three kinds of alphabets.

The lack of a unified alphabet was reflected even in the articles published in the press of the time, being considered as a major concern that had to be resolved quickly. In the early XX century, the need of using a common alphabet was regarded as a necessity even by the foreign consuls in Albania. At this time, the issue of a common alphabet was mostly related to the political and religious interests of the Austro-Hungarian monarchy. When this claim was made, we relied on the direct allegations of consul Kral, who appeared to have a good knowledge on two Albanian language dialects and has said: "The unification of the alphabet is a pressing issue for national and linguistic reasons, and it is also necessary from our political point of view, especially from the church policy, because without it, it will be difficult to ensure peace in the Albanian bishopric and a peaceful development of our schools."14

In this perspective, in 1900-1907 from Vienna there would be undertaken several initiatives to serve this purpose, which ended in a bishopric conference in May 1902. The result of such a conference aiming to unify the alphabets in Albanian language writing, was not satisfactorily enough in meeting the Austro-Hungarian interests, because the most convenient alphabet was considered that of the "Agimi" literary society. Meanwhile, the consul Kral would finance Gjergj Fishta's publications that were written in the alphabet of "Bashkimi" society. Such a situation didn't deter the efforts of consul Kral to find a compromise, also with the southern Albanians who mostly used the Frashëri alphabet.

Indeed, the use of multiple alphabets in Albanian language writing of books in Shkodra, not only created problems in terms of the writing of Albanian, but was also regarded as an expression of rivalry between Austro-Hungary and Italy for the dominance of this area. The problem of alphabets' unification was considered very important by the Austro-Hungarian consul, Posfai. In this context, in the frequent reports that he has send to the official Vienna there were noticed efforts that he made in support of the Monastir club to organize a congress there on the issue of alphabet, by stating that: "The calling of a general Congress that I have announced, is postponed several times and is made possible just now. Given that the celebration of Ramadan and Eid is approaching, the Congress will convene on November 1, of the old style."18

By referring to this source, we believe that this refers to the Congress of Monastir. Meanwhile, we understand that consul Posfai was not only informed about the Congress on the issue of an alphabet, but we think that he also played an active role in its organization. The document in question turns out to have been sent in 31 August 1908, before the call on the congress meeting was notified by the Monastir club. According to sources of the time, it is proved that the Monastir club's first invitation about the Congress of Alphabet was made on September 23, 1908. At this time, a significant contribution in the efforts on the Albanian

14 Ibid.
16 Ibid, p. 536.
17 Ibid.
language learning, were made by the Albanian club "Bashkimi" in Elbasan. From the very beginning, the Elbasan club activity was noticed by the Austro-Hungarian consul in Halla, Durrës, who in addition to stating that in no other town of the sanxhak of Durres was any Albanian club created, he declared that: "...except the other lords of Elbasan, of whom Akif Pasha took over the running of the club, there are also other participants from the Mohammedan and Christian elite."\(^{20}\)

It must be said that in this time, it is also considered of great importance the financial aid that the Viennese secret diplomacy provided for the development of the movement in the region of Elbasan and beyond. In the annual report of Normale School in Elbasan (the only high school in the Albanian territories) in 1909-1910 academic years, the construction of a new building for the Normale was considered as an urgent task by the Supervisory Board\(^{21}\).

Such a concern was also reflected in that time, in the pages of the local press in Elbasan. Thus, in the pages of "Tomori" newspaper, we are informed about Dervish Biçaku's initiative since the first year of Normale School opening, to plan a trip within the country and abroad in order to provide the necessary funds to build a new school building\(^{22}\).

By referring to the sources of the time, it can be noticed that the Austro-Hungarian vice-council in Durres was also well informed about the issue. At the meeting that he had with Dervish Biçaku in April 1910, he stated that: "...A plan for this school is already designed. The cost it requires, without the interior furnishings will amount to 2000 Turkish Lira. Dervish Bey intends to begin collecting money in order to provide this amount"\(^{23}\).

\[\text{RESULTS}\]

Meanwhile, in this period there exist also initiatives from the Austro-Hungarian diplomats in Albania, who asked Vienna officially to provide financial support and give the necessary amount of two thousand Lira to Dervish Biçaku, in order to build the new Normale school. But such an action, according to baron Bornemizha, had to be conducted under strict secrecy not only from the Ottoman authorities, but also from Dervish bey Biçaku, by stating that: "Dervish Bey should travel to Vienna and ask 2 up to 3 Albanians living there to make the collection for this purpose. These Albanians should gather the amount of 2.000 liras, or even less, without Dervish Bey's knowledge about their donor"\(^{24}\). Meanwhile, the implementation of such a plan by other Viennese diplomats would not only be considered inappropriate, but could also compromise the Austro-Hungarian policy in Albania\(^{25}\). In the request made by father Jorgji Theodharit (delegate of liberal party in Elbasan) to the Austro-Hungarian consul in Durres in 1908, it was required the opening of an Albanian school in Elbasan with the financial of Austro-Hungary\(^{26}\). Sources of the time give complete information on the financial support given by Austro-Hungarian consuls in 1909 for the purchase of books that were to be used in the primary schools that operated in the town of Elbasan\(^{27}\).

\[\text{CONCLUSION}\]

In this context, we emphasize that the educational movement in the region of Elbasan in the XIX-XX century would get the dimensions of a movement with a nationalist character in support of the cultural emancipation. However, it must be admitted that in this context the role and contribution of the Viennese diplomacy could be visibly noticed. For many reasons, the educational policy of the Vienna diplomacy was present in the region of Elbasan through its direct support, by creating the appropriate premises that would increase the educational and cultural level of the population of this area.


\(^{22}\) Ibid, No. 6, April, 30, 1910, p. 1. Article writen by Simon Shuteriqi.


\(^{24}\) HHST/PA. Letter sent to Vienna by Bornemizha baron, June, 11, 1910.

\(^{25}\) Ibid, letter sent to fon Erental count, Vjena, July 1910.

\(^{26}\) HHSTA/PA, Report of the Austro-Hungarian consul in Durres (Halla) sent to Vjena, 25 October 1908.

\(^{27}\) HHSTA/PA, Report of the Austro-Hungarian consul in Durres, Halla, sent to Vienna in March 1909. It was planned that there were to be transported around 200 coursebooks from Durres to Elbasan, which were to come in parts.
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ISSUES OF FORMING FUTURE FASHION DESIGNERS’ PROFESSIONAL COMPETENCE

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Abstract: The paper accentuates the necessity of increasing future fashion designers’ knowledge level taking into account peculiarities of professional training. The level of basic and practical knowledge, skills and abilities of future fashion designers are defined. Measurement and analysis of indices of initial level of developed professional competence rely on quantitative and qualitative analysis. The results of implementation of the methods for developing professional competence are represented. The dynamics of the levels of future fashion designers’ developed professional competence after the experiment is analyzed. The effectiveness of implementation of the methods for developing professional competence is shown.

Keywords: professional competence, future fashion designers, model of the process of developing professional competence, methods of professional competence formation

INTRODUCTION

Attainments of Ukrainian and foreign design schooling are the basis for training of competent specialists who are capable to accomplish their professional activity adequately and to make effective decisions in unconventional professional situations.

Relying on regulations of the Law of Ukraine "About higher education" (2014) and the conception of general artistic education (2003) we define the improvement of the level of future fashion designers' developed professional competence as a strategic task of higher education establishments.

Common questions of design-education and the problem of developing professional competence of future fashion designers are considered in scientific researches: Z. Bakum (theoretical and methodological principles of studying), V. Prusak (the problem of training of future fashion designers in educational establishments), T. Mala (formation of future fashion designers' professional competence in the establishments of higher education) [1-3].

In the process of training of future fashion designers there is a contradiction between the needs of social practice in competent design specialists and the level of their training essence. The formation of professional competence is an effective way to settle this contradiction.

METHODS AND MATERIALS

Having analyzed the training of future fashion designers it is possible to allege that mastering of a particular professional activity level is necessary for successful implementation of innovations into the practice and its realization under modern conditions. The modeling allows organizing imitation of future professional activity which ensures successful mastering of ways of future specialist's actions and contains the training for future professional activity. This methodology creates conditions under which students are offered to do complex tasks necessary for successful performing of professional activity.

The model of the process of developing future fashion designers' professional competence is defined as a descriptive characteristic which contains demands for knowledge, skills, structure and results of the activity, personal qualities of future specialists, conditions and methods of its formation.

The developed model of forming professional competence of future fashion designers includes five components: objective, notional, procedural, component of valuation and correction and component of result.
The objective component serves as a determining factor of notional elaboration of model components. The main task of this component is to develop future fashion designers' professional competence.

The notional component of the model has different signs which characterize educational process (differentiation, suitability, succession) and contains structure components of future fashion designers' professional competence: 1) professional and notional (basic): general and artistic, special issues; 2) operation and technological (practical): skills and abilities issues; 3) personal and psychological: individual and psychological, professional and personal issues; 4) reflexive and valuation: self-valuation, reflection.

The procedural component of the model includes: the methodology of developing professional competence of future fashion designers; principles of training; stages of professional competence formation; pedagogical conditions of professional competence formation.

The component of valuation and correction provides for determining level of developed professional competence of future fashion designers and contains the system of criteria, indices, levels of developed professional competence. The sign of separate components development and researched competence is the formed criteria.

The component of result provides for higher level of development of future fashion designers' professional competence during training of special disciplines.

The following tasks are singled out for diagnosing the developed components of future fashion designers' professional competence (PC): study of the level of basic and practical knowledge, skills and abilities of future fashion designers; valuation of the level of individual and psychological, professional and personal qualities of future designers; identification of the level of self-valuation and reflection of future fashion designers; measurement of indices of initial and final levels of developed PC.

RESULTS

During pedagogical experiment three main selective aggregates (in general 309 students and 18 lecturers of higher education establishments) were offered. The control group included 152 first-, second-, third- and fourth-year students who acquire specialty "The fashion design". The experimental group contains 157 first-, second-, third- and fourth-year students who acquire the same specialty. The third selective aggregate includes experts (lecturers of prominent special disciplines).

The generalized table of the basic level of future fashion designers' developed PC in the process of special discipline study is introduced in Table 1.

Table 1

<table>
<thead>
<tr>
<th>Level</th>
<th>Quantity of students</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>90</td>
<td>29.13%</td>
</tr>
<tr>
<td>Medium</td>
<td>178</td>
<td>57.61%</td>
</tr>
<tr>
<td>High</td>
<td>41</td>
<td>13.27%</td>
</tr>
<tr>
<td>Total</td>
<td>309</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: authorial research

According to it, the low level of developed PC 29.13% (90 respondents), medium level 57.61% (178 respondents), high level 13.27% (41 respondents).

Thereby, after making the qualitative and quantitative analysis of received data we can assert that established educational system doesn’t provide the chief amount of students with development of PC appropriate level, orient them towards reproductive activity.

The control experiment is carried out for defining the dynamics of developed PC of future fashion designers and substantiating the conclusion of suitability of experimental methodology usage. We chose students with a help of the natural selection method among the students of the 1<sup>st</sup> – 4<sup>th</sup> year of education. They were the contingent of experimental (EG) and control (CG) groups of 309 students in total number.
The identification of basic characteristics of EG and CG was done at the diagnostic stage of the experiment where the level of developed professional competence was defined according to the set of diagnostics.

The results of diagnostics distributed for CG and EG where the indices of PC didn't differ considerably. Generalized results with calculated and weighted factor of the level of future fashion designers' developed PC in CG and EG are introduced in the Table 2.

<table>
<thead>
<tr>
<th>Level/Group</th>
<th>Quantity</th>
<th>Fw</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>CG</td>
<td>46</td>
<td>82</td>
</tr>
<tr>
<td>EG</td>
<td>44</td>
<td>96</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>178</td>
</tr>
</tbody>
</table>

Source: authorial research

It must be mentioned that the methodology of PC formation was used towards experimental group at the stage of formative experiment.

Comparative analysis of results received at the statement stage and final experimental data after formative experiment was done for analyzing the influence of used methodology upon effectiveness of forming future fashion designers' PC. It allowed following the dynamics of the change of level of future fashion designers' developed PC.

The data given in Table 3 were received after the experiment of implementation of the methodology of developing professional competence of future fashion designers (CG, EG are control and experimental groups before experiment, CGn, EGn – after experiment).

![Table 3](image)

<table>
<thead>
<tr>
<th>Level / Group</th>
<th>Quantity of students</th>
<th>Fw</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>CG</td>
<td>46</td>
<td>82</td>
</tr>
<tr>
<td>CG (n)</td>
<td>31</td>
<td>87</td>
</tr>
<tr>
<td>EG</td>
<td>44</td>
<td>96</td>
</tr>
<tr>
<td>EG (n)</td>
<td>11</td>
<td>93</td>
</tr>
</tbody>
</table>

Source: authorial research

It is necessary to compare not only received results of experimental group with control group but also to observe the dynamics of developed professional competence of experimental group before and after experiment. During the experiment factors of time and effectiveness of usage of given methodology in EG in comparison with CG (with lower level of developed professional competence) were taken into consideration.

According to Tables 2-3, the medium level of developed professional competence of future fashion designers rose in the experimental group from 1.828 to 2.268 (0.44 increase). Having compared the results of experimental group (EGn) and control group (CGn) after experiment we stated the fact of increase of average coefficient of professional competence by 0.248 (2.268 – 2.020) in comparison with the beginning of experiment with lower average coefficient – 0.027 (2.358 – 2.013).

The comparison of results of implementation of PC formation methodology in comparative percentage display is given in Table 4.

According to Table 4, there is the greatest dynamics in the decrease of low level of PC formation and increase of high level though the medium level left almost unchanged owing to decrease of low and increase of high levels of future fashion designers' professional competence.
### Table 4

Comparison of results of implementation of PC formation methodology according to the levels of developed professional competence (%)  

<table>
<thead>
<tr>
<th>Group/Level</th>
<th>CGn</th>
<th>EG</th>
<th>EGn</th>
<th>EGn and CGn</th>
<th>EGn and EG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low (1)</td>
<td>20.39</td>
<td>28.03</td>
<td>7.01</td>
<td>65.6% less</td>
<td>75.0% less</td>
</tr>
<tr>
<td>Medium (2)</td>
<td>57.24</td>
<td>61.15</td>
<td>59.24</td>
<td>3.5% more</td>
<td>3.1% less</td>
</tr>
<tr>
<td>High (3)</td>
<td>22.37</td>
<td>10.83</td>
<td>33.76</td>
<td>50.9% more</td>
<td>211.7% more</td>
</tr>
</tbody>
</table>

Source: authorial research

### CONCLUSIONS

By the results of comparison of experimental and control group and the analysis of experimental group dynamics before and after the experiment it’s possible to state the suitability of using experimental methodology of professional competence formation and its high effectiveness. Decrease of low level and increase of high level is the proof of effectiveness of staged methodology implementation.

### REFERENCES


KNOWLEDGE AS A KEY ELEMENT OF THE ORGANIZATIONAL EXCELLENCE'S MODEL IN THE PROCESS OF CHANGE MANAGEMENT

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Abstract: The article investigates the key element of the organizational excellence's model, knowledge management. Article contains description of the process of "knowledge management"; its role and functions are discovered; the knowledge value and its place in the organization's assets structure are defined. The author differentiates the concepts of "data", "knowledge" and "information". Moreover, the analysis of capital investment in intangible assets of enterprises in Ukraine in 2004-2014 has been done. Ways to improve the formal training in organizations are presented that makes possible to use knowledge as a strategic tool to ensure the success and competitive capacity of the organization.

Keywords: knowledge, knowledge management, changes, organizational excellence, information, intellectual capital, tangible and intangible assets, innovation, global innovation index (GII)

INTRODUCTION

Constant changes of the internal environment characterize the present stage of economic development under conditions of globalization, integration and high level of competition of the world market. It makes the functioning of all entities more difficult. Change is the issue that is always actually to the top-management of all business entities. According to American scientists D. Cotter and L. Schlesinger [8], a lot of companies and firms have to take a reasonable reorganization once a year and a full-scale reorganization for each four or five years. Modern business entities are functioning under influence of knowledge economy. Therefore they should decide a complex issue: how to achieve organizational excellence under constant changes, based on the rational use of knowledge?

The famous leader in the practical application of methodologies for improving business processes, ex-president of the American Society for Quality J. Harrington has developed the model of organizational excellence [13, 16]. The author noted that the organizational excellence manifests itself in the synergy of efficient processes, projects, rational changes, as well as knowledge and resources, which are necessary to provide them.

The concept of organizational excellence is aimed at the constant changes in companies, when their attention is focused on the coordinated management by the key components of their activity. Our attention is focused on one of them, the knowledge management. Although the knowledge management (as well as other elements) is not new either in theory or in practice, we should recognize that today there is a problem: modern organizations do not have enough time for processing knowledge as an information, its sorting and selecting those, which has the real value. Therefore, the availability of the necessary knowledge and their skilful using makes the modern organization successful.

MATERIALS AND METHODS

Statements and conclusions of domestic and foreign scientists in the field of knowledge management, results of applied research on this issue, statistical data of the State Statistics Service of Ukraine, data of the World Intellectual Property Organization, as well as research methods, including the dialectical method, methods of problematic and systemic analysis, analytical method and other methods have been used while writing the article.
The concept of "knowledge management" appeared in the mid of 1990s among the large corporations that have experienced the problems of information processing. It became obvious that the weak point is the knowledge selection accumulated by specialists, as they give certain advantages over competitors. Often the information is stored in the company more, than it could be processed. Therefore, business entities are trying to solve this problem its own way, improving the efficiency of knowledge processing. Knowledge is the main resource and the main component of the organizational development; thereby they affect its competitiveness. They are considered as the main resource at both micro- and macro levels. Therefore, the economy of developed countries is the "knowledge economy". Its distinguishing feature is that the increase of knowledge contributes to economic growth. According to World Bank estimates, more than 50% of the GDP of developed countries are based on knowledge [15, p. 74].

To manage knowledge means to manage the processes of creating, processing and use of knowledge within the organization. Effective knowledge management, which is intellectual capital of the company, allows making profit (the product of mental, intellectual work or the product of creative efforts).

The question arises: how to get this profit? It can be made under the condition that it is possible to use accumulated knowledge more effectively. I.e. knowledge management (as well as traditional methods of reengineering) will give the financial result to the company; while costs and production cycle are reduced, financial flow are increased. It should be noted that knowledge always have been important in human life, but their role is increased nowadays.

The influence of traditional factors (land, labor and capital) through the effective use of knowledge is characteristic for the modern economy development. Knowledge management encourages the search for intellectual capital, i.e. information and knowledge that are "collective brain", accumulating scientific and ordinary knowledge of employees, intellectual property and experience, communication and organizational structure, informational networks and image of the company.

Some scientists identify the concept of "knowledge" and "information" that is wrong [5]. Such researchers as B. Kogut and V. Zader have defined information as knowledge that can be transmitted without integrity loss [7]. Thus, these researchers imagine information as a form of knowledge. Moreover, some scientists define the concept of "knowledge" through the concept of "information" and "data". However, in management there are different directions, such as data management, information management and knowledge management; thereby, this identification is inexpedient.

Data is a collection of certain information recorded on a certain medium in a suitable format for permanent storage, transmission and processing. Information (latin "informatio", i.e. information, clarification, explanation) is the result of conversion and data analysis. Distinctive features of the data are a representation of fixed information about events and phenomena that are stored in a certain medium; information comes from the data processing in decision making for specific tasks. Knowledge is the form of results existence and systematizing of the human cognitive activity. Knowledge (explicit and implicit) [2] constitute the intangible assets of the company. Intangible assets are non-monetary assets without physical substance; they are part of non-current assets.

Capital investments analysis in intangible assets of Ukrainian enterprises in 2004-2014 indicates unevenness of their flows. Most of their flows were observed in 2012, 2013, 2014 and 2007. If we will take 2004 as a base, then the amount of capital investment increased by 5000,1 mln UAH or almost in three times (Figure 1).

At the same time, numerous and multi-scale enterprise surveys show, that tangible assets form only visible, quite small part of the enterprises property and their market value [9].

Knowledge is classified by various criteria [2, p. 96]. They can be integrated from different sciences, including management disciplines, humanitarian sciences and informational sciences. In the knowledge management process, management disciplines answer the question: how to create the added value and competitive advantages based on existing organizational knowledge?
The main object of management in this case is an enterprise as an open socio-economic system. Company has a pragmatic interest in knowledge as a strategic resource. Management sciences give the opportunity to create added value and provide competitive advantages. Humanitarian sciences allow finding ways to correct the human behavior as the main subject of knowledge management. Informational sciences are aimed at finding an effective means to work with information. The main object of study and management here is information. I.e. these three elements of knowledge management encourage the formulation and solution of the problems for the studied object. In this case all objects interact with each other.

It is known that knowledge management has two main objectives: 1) efficiency (use of knowledge for productivity growth by increasing speed performance or cost reduction); 2) innovation (creating new products and services, new companies and business processes). By itself, knowledge management in economic revolutionary conditions equates to the new function. Having considered function as an appointment, action, property, as well as semantic, semiotic or valued role of thing, it is possible to classify the knowledge management functions: analytical, distributive, secure, integrative and function to create new knowledge. Properties of listed functions are multifaceted (Table 1).

Intellectual capital as institutionalized knowledge gives the opportunity to obtain a synergistic effect, which company can use. It is the main factor for innovative development in the context of the knowledge economy.

Intellectual capital refers to intangible assets. Both scientists and practitioners distinguish different components of intellectual capital. I. Prosvirina distinguishes human capital, structural capital and customer capital [14]. T. Stewart, L. Edvinsson & E. Brooking describe its four components: organizational, social, human and managerial capital. We share the point of view of Yu. Nikolaeva, who believes that the human, social, managerial, organizational and intellectual capital are interrelated, formed and developed according to the stages of the life cycle of an organization [12].

One of the key challenges for most companies today is to strengthen the global competition for the factors that determine the competitiveness of innovation systems. Observations show that only few companies achieve success in innovations.

To measure the level of innovation in the country, scientists use the Global Innovation Index (GII). It should be noted that a study of Global Innovation Index (GII 2014) has been provided under the auspices of the International business school INSEAD (France) in cooperation with Cornell University (USA) and the World Intellectual Property Organization (WIPO). The main focus of this edition is the role of the human factor in innovations. GII 2014 covers 14 countries that produce 98.3% of world GDP and where 92.9% of the world's population lives [4].

According to the survey, Switzerland, United Kingdom, Sweden, Finland and Netherlands have headed the top five innovative economies.
### Table 1

<table>
<thead>
<tr>
<th>Knowledge management functions</th>
<th>Substantive content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Analytic</td>
<td>- Search for knowledge among the informational flow, i.e. its filtering; - Choice of the effective informational resources; - Analysis of operational methods, experience and skills of staff; - Providing additional value to the available information by identifying, selecting and summarizing</td>
</tr>
<tr>
<td>2. Distributive</td>
<td>- Generalization of knowledge; - Evaluation of their usefulness; - Classification of available knowledge by certain criteria, experience, working practice and skills of staff; - Filling of corporate memory with well-systematized knowledge</td>
</tr>
<tr>
<td>3. Secure</td>
<td>Barriers to the knowledge outflow and information are divided into: - Production processes; - Knowledge about customers; - Financial results; - Accumulated experiences, - Strategic plans and goals, etc</td>
</tr>
<tr>
<td>4. Integrative</td>
<td>- Extracting knowledge from corporate memory through the exchange of knowledge between departments, various levels of management, as well as the exchange of expert knowledge and employees' experience, etc; - Ensuring the knowledge availability in management decisions making, search and generation of ideas, training</td>
</tr>
<tr>
<td>5. Creation of new knowledge</td>
<td>- Monitoring of customers; - Analysis of feedback; - Benchmarking, as well as various studies and experiments and so on</td>
</tr>
</tbody>
</table>

Source: systematized by author according to [2, p. 21]

In comparison with Ukraine let us take two post-Soviet countries as examples: Estonia and Russian Federation. Estonia is a member of the European Union and the Euro zone, Russian Federation is a member of APEC, BRICS, WTO, EAEC, CIS and SCO.

Among the post-Soviet countries that joined the EU after the collapse of the Soviet Union, Estonia has the highest rank 24 (rank 25 in 2013), Latvia 34 (33 in 2013), Lithuania 39 (40 in 2013) [4]. Russia ranked five places after Estonia (24), Latvia (34), Lithuania (39) and Moldova (43), after them Belarus (58), Ukraine (63), Armenia (65) and Georgia (74) followed. Tajikistan closed the rank (137) [4].

Among the BRICS countries (Brazil, Russia, India, China and South Africa) four countries have upgraded ratings. Brazil has risen by three positions and took rank 61; The Russian Federation has risen by thirteen positions and took rank 49, China has raised the result by six positions and took rank 29 and South Africa has risen by five positions and took rank 53. It should be noted that the increase in the ranking of China and Russia is more significant among the BRICS countries; now China's ranking can be compared with the rankings in developed countries. It should be noted that India's ranking fell by ten positions; in 2014 India took rank 76. According to report, the strengths of Russia are related to the quality of human capital (rank 30), business development (43) and development of knowledge and technology (34). Indicators of infrastructure development are at an average level (rank 51). Imperfect institutions (88), low results of creative activity (72) and the internal market development hinder the innovative development (111).

Rating GII 2014 was calculated as the average of two sub indices. Sub index of innovative expenses allows evaluating the elements of the national economy, where innovative activity is embodied; it is divided into five main groups: 1) institutions; 2) human capital and research; 3) infrastructure; 4) the level of the market development and 5) the level of business development. Sub index of innovative results reflects the actual results of such
activities, which are divided into two main groups: 1) results in the field of knowledge and technology and 2) results in the field of creativity [4].

It should be noted that a group of twelve dynamic developing countries with emerging economies, which outstrip the other countries with corresponding income, authors have classified as "new innovators." There are: Moldova, China, Mongolia, Vietnam, India, Jordan, Armenia, Senegal, Malaysia, Thailand, Ukraine and Georgia. Among the countries with low income Kenya, Uganda, Mozambique, Rwanda, Malawi, Gambia and Burkina Faso have outrunning indicators. These countries demonstrate increasing level of innovative results by improving the innovative legislation, skilled workforce with the advanced higher education and more effective innovative infrastructure, deeper integration with the global credit, investment and product markets and high-developed business community. However, progress to these directions is not observed with the same trend among the represented states.

Thus, our study confirms the continuation of global innovative gap. Rankings of the leading 10 and leading 25 countries have changed, but the list of countries is unchanged. Difficult for overcoming gap is persisted due to the fact that countries with less innovative economies do not match the progressive pace in countries with a high ranking despite the fact that they have achieved success. It is explained by the fact that it is difficult to achieve economic growth and to preserve human resources necessary for sustainable innovations.

Ukraine joined the group of countries-innovators. GII Ukraine increased from rank 71 in 2013 to rank 63 in 2014. Main "failures" are points "State of cluster development" and "Joint ventures and strategic alliances". If the cluster creation requires considerable resources, then the reason for the backlog of Ukraine by indicator "Companies offer formal training" is not clear. Here: formal training is official training of its own staff by the company. The share of such companies in Ukraine is 22%, in other countries about 43% [4]. Perhaps the answer is: departments of vocational training at the enterprises must deal with the problem of formal vocational training. If the company wants to achieve success in knowledge management, it should invest in staff about 10% of wage fund, as developed foreign companies do. These funds can be considered as expedient investments. The state has a major role in innovations implementation (including financing). Conducted analysis of financial sources for innovations in Ukraine showed that in 2000-2013 the State budget for the financing of innovations has emitted the most amount of money in 2008 (336.9 million UAH) and lowest in 2000. It should be noted that the share of funds allocated by the State Budget of Ukraine, is considerably less than own enterprises funds and funds of investors [8]. The process of knowledge management requires the active external support. It is government assistance, contacts with higher education institutions, which are engaged in training and rising skills. The system of vocational training of employees in the enterprise requires the active participation of teachers-experts, i.e. the best specialists of enterprise and self-learning. This approach to training involves guaranteed creation, dissemination and use of new knowledge that contributes to the maintenance and development of the company's competitiveness. An important task of the educational division in the enterprise is to train teachers-experts who can effectively organize the educational process and research work in the field of modern knowledge technologies use. Therefore, enterprise preparation to use knowledge management technologies should start with creating of own training division and database of structured information to train professionals. Enterprise's passage to the modern technologies of production and management is impossible without such training center [1, 3, 6].

**CONCLUSION**

Thus, nowadays enterprises can avoid problems if they will use existing knowledge to solve them. They should provide staff with the necessary information and skills that will help to avoid mistakes in their duties' performance. Therefore enterprises must develop a knowledge management system. The main resources for companies' development are the people and the knowledge they possess, intellectual capital and increasing professional competence of staff. The need is increasing for new methods of the enterprise development, based on the integration of
humanitarian and engineering approaches that will yield a synergistic effect of their interaction. This approach is based on the modern achievements of informational technologies, i.e. cognitive technologies of companies' development.

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HARMONIZATION OF SOCIAL AND EDUCATIONAL POLICIES TO HELP ROMAN AND EGYPTIAN CHILDREN'S EDUCATION

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Abstract: Practically, a considerable number of children are denied the right that the constitution guaranties. If anyone has the right of education and compulsory education is set by law, what is the state role to offer its citizens this basic minimal right?

We are trying to analyze, based on this research span, not only the situation in our country, but attempts that are done to minimize this social problem which is still present in which a lot of children from in need families are found in a circle where poverty causes ignorance, and ignorance causes poverty. Based on this research results, we have also tried to find some conclusions which serve as the base for recommendations related to harmonization of educational and social policies in our country.

Keywords: state policies, educational institution, Roman-Egyptian community, central government, local government

INTRODUCTION

The main aim of the article is to analyze the present situation in Elbasan City and to sensitize main, responsible institutions, in all groups of interests and the community related to the need to practically realize harmonization of social policies with educational policies in order to support Roman Egyptian children's education.

Objectives of research are: 1) identifying serious and thorny problems especially in need communities and giving alternatives to find practical solutions of these problems ranking the right options and analyzing pros and cons in applying them; 2) highlighting the importance of cross-institutional cooperation especially in different levels of central and local government.

Methodology: Our research is based in finding conclusions from questionnaires completed by parents, learners and teachers (in schools where dropping out has the highest percentage), interviewing social sector in municipality, interviewing employees and inspectors in DAR (Regional Educational Directory) in Elbasan and members of Roman Egyptian community. A great aid has been in relation to data collected from: 1) Convention of the Rights of Children (CRS); 2) Legislation of economic aid and social services; 3) Objectives' annual report of national strategy for children etc.

MATERIALS AND METHODS

At the end of World War II, in Albania Roman and a small number of Egyptians were characterized by a high level of illiteracy. Their tradition, special way of living, poverty and discrimination were some of the factors which described this situation. In 1930s Hasluck (1938) described their lifestyle and noted that they sometimes "stayed in a city for some months" but they returned again to "tent life". In these conditions, Roman children's education was difficult; on the other hand, educational situation of Egyptian population who were sedentary and more integrated was a little bit different. Stuart Mann (1933) noticed that "most of their children went to school"\(^\text{28}\). Education level of Romans and Egyptians was apparently improved during socialist period as a result of educational policies to integrate them into society. Romans' settling down in stable habitats during 1960s, having full time stable jobs, improving life standards reflected on their high level of education. Research done by UNICEFF (2012)\(^\text{29}\) showed that


\(^{29}\) Unicef, Gjendja e fëmijëve të Shqipërisë, 2012.
illiteracy level of Roman individuals that nowadays are 35-45 years old, which means that going to school during 1973-1983 was reduced by 30.6%. During post-socialist transition, education level of Romans and Egyptians became worse. High level of unemployment, poverty, discrimination and social exclusion resulted in their decreasing level of education. In 2011, based on questionnaire data, 56.55% of Romans and 24.5% of Egyptians were illiterate. 25.3% of Romans and 28.1% of Egyptians have finished primary education; 15.9% of Romans and 40.4% of Egyptians have finished secondary school. A small percentage of Romans (2.4%) and Egyptians (7.1%) have finished high school and university. In absence of education, Roman and Egyptian population find it difficult to be integrated in working trade and its ability compared to majority of population shows the huge gap between them.

**ALBANIAN LEGAL ASPECT**

A. *The Right of Education:* In the Constitution of Albania is determined the principle that everyone has the right to get education (article 57). In Pre-University Law, it is clearly determined the equality of all Albanian citizens of the Republic of Albania to get education on all educational levels excluding their social, national situation, language, sex, religion, race and political views. The law predicts education from 6 to 16 year old children, which is compulsory nine year education. The law clearly determines that parents are obliged to send their children to school, who are involved in educational obligation in state/public institutions or private institutions of compulsory education law number 8387, date 30.07.1998, which is changed in law Nr. 7952, date 21.06.1995, in sanction part it is predicted that parents who do not send their children to school from 6 to 16 years old or when children are absent or drop out the school are punished by a fine because of administrative violation. The fine decision is taken by the mayor based on the proposal from headmaster of the school.

B. *State Obligation:* The state guarantees free of charge teaching environments, teaching, materials and teaching staff for learners in state/public educational institutions.

C. *Local Government Duties:* Local government functions based on the law 8652 date 23.08.2000, changed with the law number 9208 date 18.03.2004. In this law, it is determined local government duties in education aspect. Let us quote: Article 11/3a Common functions (Ministry of Sport and Education and Municipality); Article 5.1j "Looking after educational institutions". Based on the laws of municipality including Directory of Education, Culture, Youth and Religion functions in Education sector. In article 29/1 of The Convention of the Rights of Children are predicted objectives that the children's education should reach where the most important are those objectives, which deal with personality, physical and mental abilities, respecting human rights, for parents, for cultural identity and other cultures, natural environment etc.

**SOCIAL AND EDUCATIONAL POLICIES AND THEIR HARMONIZATION**

*Social policies:* Social assistance network is composed by two programs: 1) financial aid 2) social service programs for vulnerable groups (children, old people, women in need, ethnic groups). Social service programs are financial aid for the poorest families, a sum of money given every month for disable people and compensation price for retired people. Social service program is part of supportive social policies which main function is an economical program in form of cash money. This program is fully funded from state budget and the management and distribution for every family is done by municipalities or communes. This program is based on testing living gadgets. Important issues to discuss:  

1. *Is economical assistance program based on real testing of living gadgets?*
2. *Is the management and distribution of financial aid realized correctly by local governments?*

In choosing applying families and determining the age of economic aid for each family, local government units apply criteria which include condition and family structures, but in some cases local units apply specific criteria, such as:
1. Social situation of the family and health problems,
2. Families with women householders,
3. Families with handicap members

Another issue to discuss is: why families that could not support compulsory education of their children are not given economical aid?

The above issues in form of questions will be extended in a narrower perspective where we will focus in specific conditions of our city.

Educational policies: Education as a main aspect of economic and social development is passing a difficult challenge. Following all educational levels from children garden to university has started to increase after a dropping in previous years. However, there is a huge gap in going to school. These differences are between towns and villages, between villages near the towns and remote villages etc. The most visible differences are those because of economic, social and cultural causes. The average years they have studied are respectively 4 or 5 years in school. The poorest find reasons for school expenses, as a result their children have to work. Education for these children is one of poverty resources, a resource that is like an enclosed circle for these families. Economic and social interchanges are shown in equality and opportunity problems. Dropping out primary education (1.4 of dropping out compulsory education) and children who do not start school probably do not know to read. Illiteracy that ended before 1990s is showing threateningly

Minimal expenses policy has damaged important needs as for example maintaining and training so it has decreased the value of human capital and physical assets. Insufficient financial expenses have caused an increase of familiar expense for education dealing with private tutors, studying abroad which influences inequality of educational opportunities. Increasing number of children who at least go to compulsory education is an important condition to break poverty and increase productivity. However based on SKZHES for levels of poverty and its improvements is not predicted to exterminate until 2015. As a result, poverty is a negative factor to go to compulsory education. On the other hand, our reality involves another fact where competition and other general emergencies could make local authorities not being interested in education in general and especially to vulnerable groups. For these reasons, compulsory education objectives should be fulfilled only by the harmonization of social policies and specific educational programs and law reinforcement.

How do local range and the coordination between local partners function?
Local Government, Regional Educational Directory, civil society, school, community.

Social service function: Part of Elbasan Municipality functions the directory of services and social program which is composed by two sectors:
1) Economic help sector and compensating disabled people
2) Social sector service

Economic help sector based on 6 administrative units for families in need, realizes economic support of these families, a very weak support because it does not fulfill elementary basic needs not considering family requests of these communities to get educated. Children of poor families (in our case Roman and Egyptian communities) profit indirectly from the fund which is applied for economic support or through the help which is given to families as a whole or disabled people schema. In this contest, the issues are:
- Is the support sufficient for those families?
- Are we able to give a total number of how much we spend for children directly or indirectly?

Social service sector functions based on a division of vulnerable groups are:
1) Children, 2) ethic groups, 3) old people 4) disabled people.

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30 Ministria e Mirëqenies sociale dhe Rinisë Legislacioni për ndihmën ekonomike dhe shërbimet shoqërore, f 72-78, 89-91.
32 Konventa mbi të drejtat e fëmijës (CRS), f 5,6.
For every target group exist a group with responsible people, whose job is based on coordination between relevant public institutions and Non Profit Organizations which operate in our town to help target groups based on their needs.

An innovation in this town is the creation of a new office to protect children as a part of social service sector. This office cooperates and coordinates with some other local actors starting with Economic Aid Office, Educational Regional Directory, schools (contact people, psychologists), administrative units (mayors, social administrators), neighborhood polyclinic, the court, police in order to identify vulnerable children. This office which focuses on children cooperates with all these institutions especially Educational Regional Directory, schools, and contact people in schools, teachers, and parents. Learners have shown a lot of problems that influence children's performance at school; these problems are common for our country and especially for our town.

A fact in Elbasan city is (from Educational Regional Directory) that school dropping out in suburbs and remote areas is present (for Roman, Egyptian, or unofficial communities). Dropping out and demographic movement of families have caused that a lot of children have started to live on streets or working illegally, being victims of recruitment. In other cases, especially in marginalized families and communities who are not conscious for children's jobs and its consequences, is urged letting children go abroad believing that there they will create a better future in agreement with their "tutors". This phenomenon is noticed especially on Roman and Egyptian communities. These communities face a very difficult economic and social situation, which is often characterized on a subnormal lifestyle, inconvenient settlement; inconvenient environment for children's rising. Characteristics of these children lifestyles have constantly influenced on children who have not studied correctly; therefore, they could not be integrated in society causing poverty, social problems in form of a circle inherited from one generation to another.

Not having information about family planning these families are extended and have a lot of children who suffer from harsh social problems such as violence, not respecting children's rights, divorces, alcohol abuse, a very young pregnancy (especially Roman community). On the other hand, most of children from marginalized families who have a very low educational, economic and cultural level are victims of different traffics (considering the fact that a lot of Roman children live only with one parent or grandparents). On the other hand, Roman community has an instable lifestyle. Changing the habitat where they live, moving from one school to another causes difficulties to be integrated. As a result, a lot of families do not profit from economical aid because their movement is not registered officially. These problems exist in a lower degree for Egyptian community.

This social and economic situation of these marginalized families is reflected in a wider specter of problems in their children as: unregistered children, children who drop school out, children who work etc.

School role: School is one of the main actors in the harmonization of social policies with educational ones. In some schools of our town, there are contact people (in most of the cases the psychologist or a recommended teacher from directory) who must share information for children's cases who have harsh social and economic problems in Protecting Children Office in municipality where the later creates an action plan to deal with these situations in order to help the families and the children do not drop school out. According to the law, the school is obliged to report parents when the child is absent at school without a possible reason. In this contest, it is noticed that the connection between the school and family is not satisfactory and in most cases school dropping out is always justified by moving from one place to another, which makes dropping out phenomenon uncountable in a real way.

Which are the factors that influence school dropping out?

After interviewing schools' headmasters and Educational Directory, there are some factors:
- A very bad economic-social situation;
- Low results at school;
- Normative conflict family/school;
- Discrimination.

Headmasters of these schools have been interviewed: "Hamit Mullisi", "Xhafer Hakani", "Sul Misiri", "Jeronim de Rada", "Abdyl Myzyri", "Qemal Haxhihasani", "Adem Krasniqi", as well as suburb schools where the target group involves Roman and Egyptian learners. Other headmasters have come from these schools: "Qamil Guranjaku", "Naim Frashëri", "Sulë Harri", known as the best schools. There have been also interviewed employees of Educational regional Directory of Elbasan who provided statistics in relation to learners' school dropping out in the academic school year 2013/2014.

A good resource for understanding the causes was the questionnaires completed by teachers (100), parents (120) learners (150):

Questionnaire for parents:

1) Would you consider your child to drop school out even though it is a good learner?
   *Yes       *No
2) Which has been the best achievement in your life?
   *Education  *Creating the family  *None
3) What is your dream?
   *children's future *well-being   *Emigration

<table>
<thead>
<tr>
<th>120 PARENTS</th>
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<tbody>
<tr>
<td>YES</td>
</tr>
<tr>
<td>43 parents (Roman and Egyptians)</td>
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</table>

For the second question:

<table>
<thead>
<tr>
<th>120 PARENTS</th>
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<tbody>
<tr>
<td>Education</td>
</tr>
<tr>
<td>58 parents</td>
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</table>

For the third question:

<table>
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<th>120 PARENTS</th>
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</thead>
<tbody>
<tr>
<td>Children's future</td>
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<tr>
<td>60 parents</td>
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</table>

Questionnaire for teachers:

1. Which are the causes for low results in learning?
   a) Unable learners?
   b) Parents who are not interested?
   c) Teachers who do not care?
   d) Difficult textbooks?

2. Do social economic conditions influence learners' progress at school?
   a) Yes
   b) No

<table>
<thead>
<tr>
<th>100 TEACHERS</th>
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<tbody>
<tr>
<td>unable learners</td>
</tr>
<tr>
<td>44 teachers</td>
</tr>
</tbody>
</table>

For the second question:
Only 78% of teachers answered Yes.

**Questionnaire for learners:**

1) Why do some of your classmates drop school out?
   a) They do not like school
   b) They work to help the family

2) Have the teachers ever told you some of children's rights?
   a) Yes
   b) No

3) If a stranger would propose you to give money and a lot of good things:
   a) Would you follow him even abroad?
      *Yes  *No
   b) If yes, why?
      *to help the family  *to have fun

For first question:

<table>
<thead>
<tr>
<th>150 LEARNERS</th>
<th>They do not like school</th>
<th>They work to help the family</th>
</tr>
</thead>
<tbody>
<tr>
<td>93 children</td>
<td>57 children</td>
<td></td>
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</tbody>
</table>

For second question:

<table>
<thead>
<tr>
<th>150 LEARNERS</th>
<th>YES</th>
<th>NO</th>
</tr>
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<tbody>
<tr>
<td>87 children</td>
<td>63 children</td>
<td></td>
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For third question, point a:

<table>
<thead>
<tr>
<th>150 LEARNERS</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>64 children</td>
<td>86 children</td>
<td></td>
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</table>

Point b, (for 64 learners that were answered yes):

<table>
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<tr>
<th>64 LEARNERS</th>
<th>To help the family</th>
<th>To have fun</th>
</tr>
</thead>
<tbody>
<tr>
<td>39 children</td>
<td>25 children</td>
<td></td>
</tr>
</tbody>
</table>

**DATA ANALYSIS**

Questions of the survey were intentionally created in this way in order to make it possible to create a general overview to know social-economic phenomena that influence children's education, to see how interested are parents in their children's education and to analyze the causes of low results. Based on interviews and questionnaire results we could draw these conclusions for our schools:

- Teachers accuse learners for low results, calling them as unable;
- Parents' responsibility calling them as neglectful;
- Learners friends' in absence justify saying that they do not like school;
- Parents and teachers saying that social-economic difficulties are a problem for marginalized families children's education.

For cultural groups such as Romans or Egyptians, not only deep poverty but also customs which are inherited from early previous generations, make boys drop school out once they are ready to work to win something; and when girls grow up to puberty, are hoped by their families to get married and lessen feeding mouths of the family. It is also thought that teachers hidden accept the low level performance of these learners, who are an abandonment contingent and out loud they call this fact to others' responsibility.
Normative conflict family-school: School and family are the two most important places of a child's everyday life. In each of them, there develop norms and values from which the child is influenced. Good and bad notions are offered to the child at the same time in both these spaces. However, it may happen that there is a huge gap between the differences of these norms leading to conflict. For example, because of a long tradition of not getting education, school is negatively considered in the family. In cases when parents have never gone to schools or when they have gone but have a very bad recall (discrimination, low results etc). As a result, the school has not been effective for them; it will not be effective for their children. In such case, the child is found in a crossway.

Discrimination: Another problem that partly provokes school dropping out from children of these communities is discrimination that is done to them at school. Discrimination is not declared in laws or declared by the state. It is more a discrimination of everyday life at schools. We often hear words like: idiot, gipsy, even more, some directors deny to register children of these communities in the schools they manage.

In Elbasan, there is a Roman Community center where learners take lessons and other activities. Most of them are satisfied with these lessons and do not go to public/state schools because of discrimination.

Bad social-economic situation: Elbasan is a poor city. Because of transition and factories closure, a lot of parents were unemployed; this was the cause of many social-economic problems. Around 2875 families, in Elbasan based on data from Economic Aid Office, are treated like this.

Normally this poverty is reflected in children's performance at school because poverty creates a lot of other phenomena such as children abuse to work etc; however, this is not a main cause itself because not all poor children in the world are found on the streets. However, a strange fact is that Albanian children (from the above communities) judge "the street" as the best situation they have ever known, compared to other places that the society considers regular ones such as family or school.

Civil society role: In Elbasan city, there are some nonprofit organizations that are focused on children. The services they involve vary from custody near residential centers, daily service in daily centers, support with textbooks and didactic items for children in need, food aid, and free food in schools or micro-credit to generate their incomes.

These organizations help families in need in order the family cooperates to educate children. In this way, the organization have successfully practiced approximately all kinds of taking care forms for vulnerable children and especially combining poor family aid with educational programs. Social sector service is closely related with the services that these organizations offer because actual legislation does not offer spaces and needed access for local government to be a direct support for these families in order to realize compulsory education for these children.

Community role: Community role is an important actor to face educational challenge. A conscious community for education importance of their children would naturally be a positive factor in this aspect. In this context, raising awareness of families such as Roman, Egyptian or any other unofficial community is the duty and responsibility of these actors such as local government, schools, civil society, even coordination of these actors would be a perfect harmonization of educational policies with social ones. Based on our data, we try to submit (according to our opinion) advantages and disadvantages of this harmonization:

Advantages:
- Local government in order to realize the protection of children’s rights takes responsibilities in creating institutions such as The Office to protect children in local area.
- Planning a budget project from social program sector called "social fund" near municipalities to help families in need to provide their children the compulsory education.
- Having a school psychologist and other contact people in schools makes possible to consider problems and avoid school dropping out.
- Giving a second opportunity called "a second chance" has made it possible to educate a lot of children who have never been registered at schools or has dropped out of it.
- Social policies are oriented to support vulnerable part of the society based on the most important needs of in-need groups reducing parasitic families in order to raise the support for families who really need help.
- There are changes in financial resources of social policies. As social policies are impossible from state budget, it is taken into consideration co-financing for example, common projects with NGOs to educate children from families in need.
- Local government units have needed legal spaces to support poor families from local taxes budget setting specific criteria.

Disadvantages:
- Economic aid program is not based on testing living items.
- In specific criteria for local units that apply economic aid support as separate criteria for families whose children continue compulsory education.
- Based on social aid services, local governments must allocate funds for children. But how could this be done if data and problems are missing?
- As a result, expert data are missing to create an efficient budget especially in education field.
- There are a lot of components for a missing budget, but there is also a missing voice that would make it possible in a considerable way that educational need for this category of children is necessary.
- Economic aid is given to children without any condition for example, helping in order to provide children's education.
- Social assistance is not used as an efficient motivation to fulfill qualitative improvement of education for marginalized families.
- The school does not accomplish legal responsibilities for this children contingent:
  a) In accordance of school and Educational Regional Directory
  b) no reporting from school directories about real situation of school dropping out
  c) absence of not knowing the responsibilities on two levels (Educational regional Directory and school directories)
  d) psychologist's role for this category of children is very low
  e) ethnic, cultural or social-economic discrimination is present at schools
  f) the school does not offer cultural activities to manage free time of learners and to create a motivating environment of teacher-learner, learner-learner relationship.
  g) Except negative etiquette, this category of learners does not have the right support from teachers.
  h) Some laws are absent that would make it possible for some social policies in order to harmonize and influence on practical realization of a full education for in need people.

CONCLUSIONS
1) "Education for Everyone" as a principle in some cases has obstacles to be realized which are often difficult to overcome; the main obstacle is considered to be poverty. Although low income level families want education, they hesitate to send their children to schools because of direct cost of education.
2) In our country, different policies to financially help poor families are not practiced, in condition for their children to go to school.
3) Foreign organizations and donations have brought their experience in harmonizing social and educational policies which have brought improving evidence for poor children who go to school.
4) Up to now, it is not created an educational aid form for in need families especially to practically fulfill "Education for Everyone" principle.
Despite improving data for school attending, there are inequalities in educational benefit between families with different incomes.

**RECOMMENDATIONS**

1) It is needed: harmonization of social and educational policies; creating laws and sub laws in which certain social policies would harmonize and influence in support of practical education for in need families.

2) Harmonizing Albanian legislation to fulfill its duties from Convention of Rights of children.

3) Practical "alternated" policies (positive and strict) in social, educational harmonization which means economic aid increase or its decrease for families who are in social aid schema and have children under 16 years old (the age of compulsory education).

4) Cooperation between actors who have in their focus children as central, local, civil society, institutions, denotations etc which would be very important in creating budgets.

5) Creating a specific criterion for the support of economic aid for in need families who have children in compulsory education age (under 16 years old).

6) Correct and wide classification of all main causes who oblige children to drop school out (in a wide range of causes, the main of them is poverty).

7) Organizing continuous trainings for teachers about school dropping out.

8) Organizing preventing sessions in schools because these sessions make it possible for children to know the dangers of the street and working conditions (if these children work) and these sessions influence raising small partnerships between social groups and schools. Each school has its pedagogic project in which, during the school year, are predicted extra-curricular activities (school trips, matches). Unfortunately, these activities are not often realized because of lack of finances.

9) Based on the slogan "Free education for all children" it should be realized a close relationship between families with financial difficulties and school by determining a financial schema aid.

10) The actual situation of no supporting in need families from educational point of view brings the need to take adequate governmental decisions, so to be chosen and applied those policies which have been successful in other places.

11) On central level, the budgets should be separated and detailed for children. These budgets should be created based on the needs and to be specified in children programs, it is needed to be a responsible institution for this budget.

12) Decentralizing process of social services from central government to the local one, needs creating collective data to separate fond according to specific needs.

13) The school has o do a great job to create an attractive and lovely environment for children. The teacher should be the first who should understand its decisive role in children's life. He helps them who are not guilty because coming from a poor family or from a lower cultural level, whose parents are not interested in its performance or learning difficulties.

*Is there harmonization of educational policies with social policies in Albania?*

It cannot be discussed at the moment for real harmonization social policies with educational policies. This fact is stressed out because of creating social policies, politicians are only concentrated in poverty as a problem and do not have a wide vision to link short-term policies with long-term ones by focusing on a wide range of problems and realizing solutions.

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EDUCATIONAL AND REFORMATIONAL EVOLUTION THROUGH 
THE CONNECTION OF PSYCHO-SOCIAL SPECIALIST SERVICE OF SCHOOLS

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Abstract: In this article, through meta-analysis, it is presented educational evolution of school and in our point of view, its reformation in relation to qualitative dimension. Theoretical, contemporary American researches are taken into consideration, which show ideas and visions for changes and reformation of education during 21st century. 

Educational evolution in general and citizen education in particular, is treated since its beginnings when it was named moral and political education, a discipline containing dogma and moralization of dictatorial systems. Curricular education has resulted from the integration of citizenship as a subject with other subjects such as history, geography, literature etc. (Cross-curricular education). 

There is a need to fulfill standards and to integrate European education with exercising educational practices. In our point of view, this could be realized by a close relationship and collaboration with all psych-educative specialists of schools and a multi-disciplinary team. In other words: the psychologist of a school, teacher of citizenship, proctor teacher.

Keywords: curricular education, cross-curricular education, educative-extracurricular activities, psycho-educative service, school psychologist, multi-disciplinary team

RESEARCH QUESTIONS
How has education evolved in general and citizen education in particular? 
Is subject integration realized through cross-curricular education? 
How is extracurricular education realized? 
Should existing practices and psycho-educative activities be integrated in order to realize a wide education? 
Could the education be realized without a qualitative team neglecting the great role of psychological specialist service? 
Is it enough the role of the citizenship teacher only as a teacher only one class a week? 
The article shows recent tendencies of the Ministry of Education and Science nowadays named Ministry of Education and Sport. The opinions and innovative ideas were collected by organizing unstructured interviews done to directors of 9th grade school S. Misiri and high school DH. Todri. Some innovative ideas are: educative class from once a week is done twice a week, sport education is done three times a week and extra-curricular activities are increased.

MATERIALS AND METHODS
This article is realized from mixed methods linking meta-analysis with half structured interviews. Learners, teachers, psychologists and directors of schools were interviewed. Particularly, interviews were done in 9th grade school "Sulë Misiri" and in high school "Dhaskell Todri". Meta-analysis was done by comparing and observing critically Albanian literature especially compulsory and optional curriculum of certain subjects such as citizen education, citizenship, career education and community service. A special role has taken theoretical American researchers which has brought a new vision of education in 21st century.

RESULTS
Evolution of citizen education: The changes after 1990 brought in Albanian society new situations and difficulties. Coming from a completely dictatorial system, Albanian society could not enter democratic path only by chancing political system. This suffered and
isolated society without basic human rights faced a lot of economic difficulties and psycho-social problems for 45 years. The communistic system depersonalized the person, the teacher and the abandoned learner. Educational process itself was described from Marxist-Leninist philosophy and was never realized according to European education parameters.

A very long transition has added psycho-social problems. The new generation education has created a great challenge facing problems which are worrying not only for the society but even for the integration process into the EU.

The most important responsibility and the duty at the same time were in front of the school. It was poor in texts and teaching materials, teachers who had a very low salary, the school and Albanian education in general not only had an obligation but also quickly started to create and practice new platforms to educate a new generation. In front of the school, there were new duties, the general outcome was determined: education of the new generation in order to be decent citizens in a free and democratic society.

Applying new outcomes has faced our school not only with economic difficulties but also with a contingent of learners who are unmotivated to be educated, school dropping out and some teachers resigning from their job. Actually, realizing a qualitative, citizen education needs the evolution of the other following factors.

Consequently, most of schools curricula still have not improved realizing an overall integrated education.

Still some teachers have myopic thoughts about problems of citizen education which generally speaking are considered as a part and duty of citizenship subject and less as a responsibility of other teachers.

In our 9th grade and high school, every subject, included in our educational curriculum, represents a special discipline in science or culture (in other words, integration between subjects is missing). The discipline that was called "Political Moral Education" in the old system nowadays has evolved in Citizen Education which is studied from 1st to 9th class.

In new programs, it is included knowledge from the rights and duties of individual, constitution and laws about the relation of the individual with nature and society, moral rules and attitudes, duties of the individual in a democratic society etc. This subject is only once a week, which might not realize a citizen education to the learner.

Moreover, treating this subject, there are shown weaknesses to the teacher who deal more theoretically than practically during classes. Some teachers use traditional teaching methods in which citizen education knowledge is taught in recipe form, dogmas, and moralization. Their negative tradition has its roots before 1990s where this subject was only a group of Marxist-Leninist philosophical dogmas. A qualitative change has come into citizen education evolution with changes in curricula programs and with the opening of new education faculties as following. In 1990-2000, the "Aleksandër Xhuvani" University began to prepare teachers of Citizen Education. This new branch has prepared teachers as specialists for citizen education, mainly for 8th grade schools. These teachers taught not only Citizen Education but other subjects for these years too.

Nowadays, from the teachers of Citizen Education is needed to add their contribution and to be aware that in their schools the teachers should collaborate with each other to realize in an organized way comprehensive education for learners.

The beginning of democracy found our school without other specialists’ staff for psycho-social problems and citizen education. On these conditions, in 1995-1996 in Tirana University were opened for the first time the new branches such as social worker and profiles such as sociology and psychology. In these education departments, the first specialist was prepared to use theoretical knowledge to educate new generation in a contemporary way. It needed some years that these specialists to be trained even practically in order to give their contribution in a wide education.

In "Aleksandër Xhuvani" University, it was a need to prepare staff that would be the first helpers of psycho-social, educative services for a comprehensive education. Consequently, in the academic years 2004-2005 and 2005-2006 were respectively opened the new branches
of social and psychological workers as a part of education faculty because without future psychologists and social workers, it could not be realized a comprehensive education. Citizen education reformation as a part of education in general is a difficult and dynamic process.

It is realized in three alternative ways: 1) Curricular education; 2) Cross-curricular education; 3) Extracurricular education.

Curricular education, as it is mentioned above, is realized from curriculum, textbook in other words, from the framework of Citizen Education as a subject from 1st to 9th class. In high schools, it is realized from Citizenship discipline and Career Education.

Cross curricular education or among other subjects curriculum is the education which is realized from social subjects integration as history, geography, literature etc. this influences indirectly in a wider education.

Extracurricular education or educative activity is the education that is realized by educative activities and tasks from proctor teachers inside and outside the school. During previous years, this activity has been less organized and controlled. According to the new changes of 2014-2015 from the Ministry of Education and Sport the educative activity class is done twice a year (it used to be once a year).

These three ways have been the only ways because Albania did not have the psychosocial service and its specialists. Nowadays, when psychological service is ten years old, it has continuously indulged the fourth way: education through the role and service of school psychologist.

From the interviews and opinions of teachers and school directors in "Sul Misiri" and "Dhaskal Todri" schools it is stressed out the fact that Citizen Education subject has improved a lot, there are determined standards, are created new programs and textbooks and are published a lot of books for the teachers of this subject.

An observation in high school curriculum: The evolution and reformation of high school curriculum has a great importance. The three years of high school are the years where the young get matured in all fields of life and have to choose for their future career and professional, educational orientation. Obviously, this successful curriculum transmits the interference and purposes that the school psychologist plays every day. These are specified in more details: outcomes, citizen education objectives, life training, community service and career education. One of the main outcomes of curriculum in high school is: improving society through training citizens to be active and to develop democracy. High school aims to teach each student knowledge, abilities and attitudes which make possible not only personal services but social services as well. Some of these outcomes are that each student should be able to:

- Know the rights of other individuals;
- Respect and support these rights;
- To understand social rights of the communities he/she is part of;
- To respect and support these rights (family, school, his/her location and wider);
- To work in groups;
- To be tolerant and make compromises;
- To be open-minded, independent and critical for new ideas;
- To understand cultural diversity;
- To be interested in social changes;
- To have a positive attitude in relation to society improvements;
- To help in social improvements and the communities he/she is part of (family, school, his/her location and wider)
- To act democratically in social interactions.

Citizen Education field: Citizenship is included in compulsory curriculum of high school in social sciences and it is planned to be realized twice a week in 10th grade and once a week in 11th class.

Career Education and Life Training field: Career Education and Life Training field includes two subjects: 1) Career Education and 2) Life Training. Each of these subjects has approximately equal number of classes. They are treated in three terms (1.5 school years).
Life Training program includes three modules: Health Education (18 classes), Safe Behavior (18 classes), First Aid (18 classes).

Optional curriculum includes: Community Service (18 classes) that the student has to do during high school. Community Service of the student is a concrete activity done by students outside school, without financial wage in order to help people in need (ill, drugged, handicap, orphan, poor, unemployed, old people, children etc.).

The outcome of Community Service is to reinforce student's responsibilities as an individual of a community. The general objectives of Community Service are:
- To form students to be volunteers as a part of lifelong learning;
- To form students to look after people in need as a part of lifelong learning;
- To make students aware of the community needs;
- To inform students about social effort care in the community;
- To make students feel available for the community;
- To provide experiences which students need for their everyday life and career.

For a good process of Community Service, there is a commission in the school which includes teachers who are responsible to supervise this service for students. Community service commission is leaded from vice-director or the director of the school.

These community services are very important because they realize the reformation of existing practices of the education in general. However, the above orientations from the Ministry of Education and Sport should be reconsidered in a new perspective. In the above commission that is recommended, it is neglected the existence of the school psychologist who should be the right hand of the teacher who leads Community Service.

Community Service subject models have a lot of things in common with similar services that the school psychologist offers. Some of these modules might be: alcohol and other drugs (12 classes), medicines (6 classes), sexual education (6 classes), AIDS education (6 classes), healthy eating (12 classes).

These social services are similar to psycho-social services that are looked into and offered from the school psychologist or social worker. However, from students' interviews these classes are treated only a bit or in most of the cases they are turned into excursions and not in real projects for students. Teachers who teach this subject cooperate seriously with the psychologists; this service will have a new dimension.

II. Education reform through psycho-social service of the school and its psychologist:
The 21st century is the century of new challenges for education. Citizen education reform as a part of overall education is an important factor to overcome the 21st century challenges. In this century, a great number of children and teenagers are facing up disorders, learning problems and challenges in relation to psycho-emotional, social attitude etc. Nowadays, it is not only the number of the young that have problems, but also problem complexity as well. To face up these disorders in developed world, it is needed an education change and reform especially in its existing practices. The need of change obliges us to look into American experience.

Nowadays, experts of 21st century guide us to the motto: "Te past is not necessary the future in education field" (Reschly and Ysseldyke). This motto guides us the change way for all employees in education. Consequently, in this new century, we should not only use the traditional methods, but we need to transform them into cooperative methods for a contemporary education.

According to psycho-education historian Thomas Fagan, historical, school psychology development is logically divided into two periods:

1. Hybrid period 1889-1969 when it gained the school psychology identity. During this period, education was focused in special education for children with special needs.

2. From 1970 until now are the years when school psychology is formed as a special field with its own identity which has been given a great contribution in overall and special education. At the beginning of education years of Fagan (former president of NASP during 2000s) connected strongly the education with school psychology and oriented it to educational perspective.
The process of education changes and reformation is not completed and qualitative only by fulfilling the reform in curricula and programs, it is not sufficient only by opening new branches. We should change teachers' opinions and ideas of citizen education.

In APU system, nowadays it is offered cross curricular education, as it is mentioned above, which according to the interviews, has revolutionized. Not only the number of learners per class is reduced, but also weekly classes for teachers are reduced and it is added one more class for extracurricular activities. American experience has oriented us into a comprehensive education which is realized from a multidisciplinary team. This team involves teachers of Citizen Education, school psychologist, pedagogic staff, education psychologist, school adviser, social worker, sociologist etc and as its promoter and coordinator the school psychologist.

To reform education, the cooperation could not be realized only by the indoor staff which is crucial but outdoor partners are important for example, the institution of Public Health, mental health, foundations, associations, NGOs etc.

The relation and cooperation of the teacher of citizen education with the school psychologist has had some problems in the last years. Based on a detailed analysis of teachers and psychologists interviews and the Regional Education Directory it is stressed out the fact that the school psychologist and its contribution has been deficit and separated from the teacher of citizen education. The latest and a part of pedagogic staff consider skeptically the role of school psychologist. Even though 10 years have passed from October, 11, 2014, when it was firstly implemented the psycho-social service in the Albanian school; psychologists still feel neglected and without the status and the authority that they deserve. Is it possible to realize an overall education when the professionals don't often reach cooperation or don't become a leader? It is a pity that the skepticism exists not only for the teachers, but even for school directors. In unstructured interviews, different teachers share their opinions and are still directors who lead throughout physical violence without the help of the school psychologist's advice.

**CONCLUSION**

Nowadays, psycho-social service specialists and psychological science is a great and potential field which helps in education process throughout methods and strategies. American experience, which is recommended to realize a contemporary psycho-social education, requires the reformation of nowadays services. Consequently, in the first place there is a need to stop traditional practices in order to fasten and facilitate education realization. This potential is not completely used and the specialist of school psychology must have a crucial, active role as a promoter in their great process of education. To conclude, in this perspective, as a needed condition to realize a contemporary education is to form a multi-disciplinary leaded by the school psychologist, teacher of Citizen Education, teacher of special education who will be promoters in education process.

**RECOMMENDATIONS**

1. To realize the integration and cooperation of the teacher of Citizen Education with the school psychologist, vice-director, pedagogic staff as a member of multi-disciplinary team for a comprehensive education.
2. In order to practically realize the comprehensive education, the teacher of Citizen Education, director, vice-director, psychologist as a promoter and coordinator should support each other.
3. To increase the contribution of the teachers of Citizen Education possibly reducing two classes per week.
4. In days when the school psychologist is absent, the activity should be leaded and monitored by the teacher of Citizen Education together with the coordinator teacher of students' government.
5. In suburb schools which do not have a psychologist, its job could be realized by the teacher of Citizen Education as a volunteer psychologist.
6. To have a special, separated subject in university curricula named "Knowledge about School Psychology Service" (Branch of Citizen Education).
7. To have a separate chapter in the curricula of secondary and high school about comprehensive school and school, psychological service.
8. To increase the attendance and participation of publications for teachers of Citizen Education.
9. To increase NGO-s role as an outer factor for a comprehensive education.
10. In school libraries, except artistic literature, it should have some literature about education.

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Part II: ACTUAL ISSUES OF MACRO- AND MICRO- ECONOMICS

IMPROVING THE EFFICIENCY OF INNOVATIVE AND ECONOMIC DEVELOPMENT OF ENERGY COMPLEX IN MONOCITIES OF KAZAKHSTAN

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Abstract: The main stages of innovative and economic development of mono-cities are discussed in this article. Attention is paid to the development and implementation of innovative strategies of energetic companies in mono-cities. The development strategy of energetic companies in mono-cities, related to the material and technological innovativeness is described here. The object of our research is the mono-city Ekibastuz (Kazakh: Екібастұз) as a special kind of mono-city, which has an important significance for the economic security of the Republic of Kazakhstan. The main task of the modern socio-economic development of Kazakhstan is the country's output to an innovative way and maximal usage of fundamentally new competitive goods. The transition of the economy to an innovative way of development requires intensive innovation activity, especially at the level of industrial enterprises in mono-cities.

Keywords: mono-cities, innovations, energy complex, industrial enterprise, strategy of development

INTRODUCTION

The development of mono-cities has a significant meaning in the economy of Kazakhstan. Currently, there are 27 mono-cities in the Republic of Kazakhstan, where over 1.53 million people live (16.8% of the urban population in the country). 16 cities of those are administrative centers of certain regions. 11 cities are not regional centers, e.g. Stepnogorsk, Tekeli, Serebryansk, Saran, Kurchatov, Shakhtinsk, Karazhal, Lisakovsk, Arkalyk, Aksu and Zhanaozen. Parts of them are cities of regional significance, while other part of them lost the status of regional centers in the result of their merger. The list of mono-cities in Kazakhstan is mainly composed of small towns with a population up to 50 thousand people, except of the four medium-sized cities with a population over 100 thousand people. There are Temirtau, Rudnyi, Zhanaozen and Ekibastuz. In 1990-2000 mono-cities in Kazakhstan faced with significant problems; some of them had extremely negative socio-economic situation due to stopping the main city-forming enterprise. It should be noted that in the case of output reduction of the main city-forming enterprise and downsizing of its staff, the opportunity to find an acceptable job for mono-city residents is lower in comparison with cities with a diversified structure of economy.

A separate group of mono-cities is represented by mono-cities of energy complex, which influence principally on the development of the socio-economic system of the region or country. It includes mono-cities, formed around nuclear and energy power plants. Stopping or significant

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33 Mono-city of energy complex is a special kind of mono-city, characterized by a predominance of state ownership on the production means of city-forming enterprises, which provides the economic security maintenance in the region or country, having a high scientific and technical potential and distinguishing by a relative indifference of development rates from the influence of external economic factors. Distinctive features of mono-cities are: 1) predominant focus on public funding; 2) high requirements to the technical, technological and economic security; 3) significant scientific and technical potential; 4) relatively low compared with other types of mono-cities dependence on the influence of external financial and economic factors due to the high share of budget financing.
reduction of volumes activities of city-forming enterprises in such mono-cities of energy complex can cause significant destructive socio-economic consequences. In such cities reorganization of activity requires special approaches, because for most of them resettlement is impossible since it can cost the liquidation of urban economy. Science-based restructuring of mono-cities in energy sector is impossible without assessing the cost-effectiveness of their developments. Such assessment should be integrated; it should consider relations between productive, financial, investment, innovative and social proportions of mono-cities development in energy complex.

The object of our research is Ekibastuz as the special mono-city, which provides the economic security maintenance. Ekibastuz is located to the south-west from the Pavlodar city. From the north-west region is bordered by the Akmola region, the south-west with the Karaganda region, in the north with Aktogay area, in the south with Bayanaul area and in the north-east with Aksu district of Pavlodar region. By area Ekibastuz has second rank in the region; its share is 15% of the area or 1 887 602 hectares, including 1 768 200 hectares of farmland, 35 thousand hectares of arable land and 25.8 thousand hectares of hayfields. The region includes 26 settlements of rural areas, including 3 townships (Solnechnyi, Tortkuduk and Shiderty), 10 rural districts, 2 villages and 22 inhabited localities. The administrative center is the city of Ekibastuz; distance from the regional center is 132 km.

MATERIALS AND METHODS

Enterprises' development strategy in mono-cities of energy complex, including enterprises related to the material and technological innovativeness, differs by their aggressiveness degree or defensive nature. The aggressiveness degree of innovative strategy is primarily associated with the radicalism degree of developed and implemented innovations. However, the important factors in determining the innovative aggressiveness of the enterprise are: 1) speed of innovative implementation; 2) funding scales of innovative and investment activity and 3) intensity of marketing support for innovations.

Given the fact that the material and technological innovations are inevitably implemented by means of the investment process, it is possible to distinguish the following main types of investment strategies for the development of the enterprise in mono-cities: 1) innovative strategy, which provides technological leadership through the development and implementation of innovations of high radical degree; 2) imitative strategy, which is oriented to the dynamic reproduction of technological leaders' achievements and effective development of free market segments; 3) venture strategy, which is focused on the service's use of firms and departments, involved into the innovative productions.

Accordingly to the methodology of systemic description of innovation in a market economy, enterprises can use the following basic innovative strategies: 1) offensive (development of new products and technologies, acquisition strategy); 2) protective (improvement of products and technologies, reflecting the reaction to the competitive actions and customer needs); 3) mixed strategy. Having looked at types of innovative strategies we can conclude that the offensive strategy is the most risky; it requires specific skills from staff. Compared with other strategy its return is highest. Using the protective strategy involves low risk; it can be used by enterprises that can make a profit in a competitive environment, maintaining margins through lower costs.

To create a scientifically grounded classification of innovations at the enterprise that meets the market trends, it is necessary to define the goal, methods of implementation and the place of innovations application. These criteria contribute to the formation of classification attributes. The goal is ideal mental anticipation of result. The goal directs and regulates human activities. By agreeing to this formulation, target attribute of innovation's classification is determined by the factor of innovations in a certain sector of the economy, at a certain enterprise and dealing with the current or strategic tasks. A well-chosen set of classification attributes allows determining the purpose of innovation. Methods and the place of innovations application are directly depending on the choice of the economic activity and sectors of industry.

The main stages of development and implementation of the enterprise innovative strategy in mono-city of energy complex are presented in Figure 1.
In Kazakhstan there is a need to build a national innovative system based on the single interaction of a strategy and methodology of the investment process implementation, mechanisms and legislative base, as well as organizational service structures. Necessary to ensure the orientation of the motives and factors actions that could stabilize situation in the economy. It is needed a system of governmental measures contributing the innovative activity of enterprises. Perspectives for the formation of the national innovative system of Kazakhstan are connected with technological and structural changes in the industry.

Solving problems can be realized in the following way:
1. Optimization of mono-cities depending on the production capacity of operating stably enterprises.
2. Diversification of the economy and SMEs development to ensure optimal employment structure in mono-cities.
3. Increasing labor mobility in mono-cities and encouraging of voluntary migration to the settlements with high potential for socio-economic development and centers of economic growth.
4. Development of social and engineering infrastructure in mono-cities calculated per optimal quantity of population.

RESULTS

In 2014 the total population in mono-cities was 1.53 million people. Despite the overall population growth in mono-cities for the last ten-year period by 4%, there was a decreasing in population by 11.8% in 11 of them. As a result, a significant decreasing in population is observed in Arkalyk by 33.5%, Karazhal by 19.5%, Abay by 19.3%, Zhanatas by 18.2% and Serebryansk by 16.3%. The main reasons for the migration outflow of the population from mono-cities are high unemployment and self-employment, low incomes of the population and willingness of youth to get an education. Another problem of the migration outflow of labor forces from mono-cities is the population aging. In some cities the share of the population in working age is over 18% (Lisakovsk, Ridder et al). To assess the innovative development of mono-city Ekibastuz, SWOT-analysis has been conducted. Its results are presented in Table 1.

CONCLUSION

The main task of the modern socio-economic development of Kazakhstan is the country's output to an innovative way and maximal usage of fundamentally new competitive goods. The transition of the economy to an innovative way of development requires intensive innovation activity, especially at the level of industrial enterprises in mono-cities. Kazakhstan has sufficient scientific and technical potential. Correctly chosen an innovative development strategy will ensure the country's industrial enterprises in mono-cities by flexibility in the use of resources,
compliance the market requirements and stable innovative development. Therefore, the development of innovative strategy of mono-cities is an important problem in the context of the development priorities of the Republic of Kazakhstan in coming years.

By nature, innovative strategy of development in Kazakhstan takes into account the basic processes at all its enterprises and in the external environment, as well as opportunities for growth of economic potential.

**Table 1**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) political stability;</td>
<td>1) low productivity;</td>
</tr>
<tr>
<td>2) favorable geographical position;</td>
<td>2) weak interaction between science and industry;</td>
</tr>
<tr>
<td>3) availability of hydroelectric power, mineral and raw resources, which can be effectively used by innovative enterprises;</td>
<td>3) poor quality of native science;</td>
</tr>
<tr>
<td>4) high educational level of the population;</td>
<td>4) low level of innovative business activity;</td>
</tr>
<tr>
<td>5) presence of universities, research institutes, scientific and technical staff.</td>
<td>5) technological backwardness of enterprises;</td>
</tr>
<tr>
<td></td>
<td>6) absence of innovative culture;</td>
</tr>
<tr>
<td></td>
<td>7) low competitiveness of industrial goods.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) improving the interaction between industry and science;</td>
<td>1) growing gap between science and industry;</td>
</tr>
<tr>
<td>2) establishment and development of high-tech industries;</td>
<td>2) maintaining and increasing of technological lag with developed countries;</td>
</tr>
<tr>
<td>3) usage of elements of innovative infrastructure;</td>
<td>3) outflow of intellectual resources.</td>
</tr>
<tr>
<td>4) expanding cooperation in attracting investment.</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** created by author

Implementation of the innovative strategy is rooted into strategic management decisions, focused on the constant changes in the environment and within enterprises, connected with the involvement of significant financial resources, extensive use of intellectual potential and continuously evolving technologies. Strategic decisions of enterprise include the choice of location, reconstruction of production capacities, change of the legal form, structure of production and management, forms of organization and remuneration. There are fundamental differences in formulating the objectives of innovation strategy. Some of them are defined as a vector of development, while others as the use of resources on this vector. Developed economies are focused on innovations; they create a system of relations between science, industry and society, where innovations are the basis for the development of industry and society. Both industry and society stimulate innovative activity and determine its directions in science. In other words, joint efforts of the state, industry and scientific environment create the national innovation system.

However, the majority of industrial enterprises in Kazakhstan do not have the necessary experience to select the optimal strategy of innovative development that is one of the reasons for unsatisfactory innovative and economic situation in the country. Absence of interest in developing institutions for the innovative projects can be traced. Strict investment requirements are a lack of liquidity of collateral and low innovativeness, which means that most of innovative projects will not be accepted due to the low cost. Most of the domestic research and development are not focused on the real market requirements and cannot compete with imported high technologies. The order of implementation in production of fabricated scientific developments is absent.

Evaluation of major external factors indicates: 1) lack of funding; 2) lack of energetic resources; 3) low level of innovative activity of domestic enterprises; 4) lack of access to long-term loans with low interest rates.
Evaluation of major internal factors indicates: 1) current "shifting" tendency of direct functions of project initiators to the public bodies; 2) mismatch of supply and demand for product of innovative project; 3) inexperienced top management.

Currently, a small part of scientific research finds the commercial demand. Most of Kazakhstan developers and enterprises are faced with the problem of the lack of special services at the stages of work development and production development that slows down the process of technology adoption.

**REFERENCES**

ESTIMATION OF ECONOMIC SECURITY IN THE CONTEMPORARY ECONOMY

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Larysa Kudelya, PhD-Student,
Lugansk National Agrarian University, Kharkiv, Ukraine

Abstract: This article is based on survey filed material on the evaluation of economic security in modern conditions of managing companies, these indicators characterize and give a complete picture of the financial condition of economic enterprises, determined by assessing the significance of the coefficient of group control system of economic security. It is also based on a questionnaire made of significant characteristic performance evaluation system of economic security and provides a brief analysis of each area of assessment of economic security. Evaluation of economic security management is conducted and analyzed in several areas by a number of indicators that characterize each of the areas of assessment economic security system. Such a set of indicators for influencing areas provide economic security to farms, work effectively and have more profit today and in the future. The submitted material impacts on the scope of economic security and identify relevant indicators to measure the management of economic security.

Keywords: evaluation, valuation, economic security, enterprises, questionnaire, boost factor, importance of the indicator

INTRODUCTION

The subject of the scientific research conducting research science is the economic security estimation of in the contemporary economy. The main task of scientific research is an investigation of the economic security problems and development of proposals for the assessment methods improvement. The issue of managing an economic security company is discovered in the research works of scientists such as: E. Oleinikova, N. Reverchuk, S. Maruschak and others. In the works of scholars such as: S. Ilyashenko, D. Kovalev, V. Plotnikov, M. Crane, T. Polozova, N. Reverchuk [3, 5, 8, 9] assessment of the economic security management company is identified with the analysis of the state of its financial and economic activity and none recommendations for choosing indicators show the status of selected functional economic security components. F. Evdokimov, N. Bilozubenko and G. Shvydanenko [2, 10] do not define the industry in its evaluation of the management features of economic security. T. Klebanova and E. Serhienko [4] share system performance indicators as well as system of enterprises economic security into four blocks: 1) assessment of market factors, 2) block of non-market factors, 3) block of sociopolitical factors evaluation system of economic security and 4) block of power factors influencing economic space. But this works not for single tonal range for analysis of selected functional component evaluation system of enterprise security. S. Dovbnya, I. Nagornaya, V. Ortynsky, I. Kernyskyy and Z. Zhyvko these authors [1, 6, 7] did not sufficiently highlighted the assessment of economic security management at the agricultural enterprises. Due to the lack of theoretical and methodological developments of this problem there is a need for further research to identify indicators evaluation system of farms economic security. In current economic conditions, when the economy is in a global integration processes and increased recurrence of financial crises and uncertainty, the role of effective evaluation of economic security is important. The process of business management defines procedures and actions to ensure its economic security. The main task of management is the effective use of its own resources and capabilities outside the economy of comprehensive counter dangers, threats and risks. Evaluation of economic security is one of the most pressing areas of economic security of the system and thus requires some information and analytical support. Under volatile market conditions, the operation of enterprises, backed by the mood of
the political situation in Ukraine, diagnosis economic security as an important tool to identify opportunity reserves and increase the efficiency of agricultural enterprises. Focusing on local short term, farms neglected certain levels of economic security enterprises because risk incurring huge losses, destroy the competitive advantage, neutralize its potential and consequently, lead to frustration of each enterprise. That is why the topical issue is determination methodology for assessing the level of economic enterprises.

An important requirement to ensure the economic security of enterprises is a reasoned choice of assessment methods and criteria for evaluating the level; a complex methodical approach to assess the level of economic security criteria for a significance factor. Today, almost none research aims at solving tools and approaches to ensure economic security by taking into account the peculiarities of agricultural enterprises. It also leads to the relevance and need for assessing the economic security of enterprises and creating a mechanism of their development in the face of a tough competitive economy.

**MATERIALS AND METHODS**

Under today's unstable market conditions, the successful development and operation of any business entity dependent on a reliable, high quality and soil economic security. The necessity to develop new approaches and methods for economic security evaluation is defined by a large number of enterprises. To analyze and to assess the level of economic security, it is important to define the system of indicators to measure economic security.

An improved method for assessing management system is a comprehensive management review of economic security. This method in based on inequivalent areas assessment of economic security. The assessment significance of the areas is determined by the method of peer review and takes into account the qualitative and quantitative characteristics of each sector. Assessing method of economic security management is intended to diagnose its level. The main features of this method of economic security evaluation contain:

1. Identifying the most important economic security indicators (e.g. software companies using scoring).
2. Evaluating economic security enterprise by determination of functional components.
3. Considering non-equivalent areas of assessment system of economic security.

Evaluation of economic security management is conducted and analyzed in several areas by a number of indicators that characterize each element of economic security assessment system.

The evaluation is conducted by using quantitative and qualitative parameters.

Quantitative characteristics determine the completeness of the use of resources involved in the enterprise, in all areas of assessment such as technical, technological, economical and financial information.

Qualitative characteristics define human and environmental protection. Selection criterion performance evaluation determines the width of their coverage, complexity and industry focus.

Performance evaluation of economic security management areas is calculated in formal way, but using the expert opinions. To systematize the selected parameters for subsystems, it is advisable putting them into different directions (Table 1).

Indicators for evaluation subsystems are calculated based on the results of the expert in expert way. There are a set of indicators calculated and formalized. Sources of calculation methodology of quantitative indicators are in the table.

The main methods of assessment to identified areas are:
1) expert method (survey);
2) monitoring;
3) statistical method;
4) empirical method.

In order to establish the importance of identifying factors, management teams assess economic security experts were invited to a special form.

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Table 1

Performance evaluation system of economic security for enterprises

<table>
<thead>
<tr>
<th>Subsystems</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicators of financial economic subsystems</strong></td>
<td></td>
</tr>
<tr>
<td>1. Level of production profitability</td>
<td></td>
</tr>
<tr>
<td>2. Ratio of financial dependence</td>
<td></td>
</tr>
<tr>
<td>3. Absolute liquidity ratio</td>
<td></td>
</tr>
<tr>
<td>4. Solvency ratio</td>
<td></td>
</tr>
<tr>
<td>5. Concentration ratio of debt</td>
<td></td>
</tr>
<tr>
<td>6. Coefficient of Beaver and Altman</td>
<td></td>
</tr>
<tr>
<td>7. Level of autonomy</td>
<td></td>
</tr>
<tr>
<td>8. Coefficient turnover assets</td>
<td></td>
</tr>
<tr>
<td>9. Profit enterprises</td>
<td></td>
</tr>
<tr>
<td>10. Profitability of own funds</td>
<td></td>
</tr>
<tr>
<td><strong>Indicators of technical and technological subsystem</strong></td>
<td></td>
</tr>
<tr>
<td>1. Efficiency of production processes</td>
<td></td>
</tr>
<tr>
<td>2. Updating ratio of technical and technological base</td>
<td></td>
</tr>
<tr>
<td>3. Ratio of fixed assets</td>
<td></td>
</tr>
<tr>
<td>4. Level of automation and mechanization of agricultural production</td>
<td></td>
</tr>
<tr>
<td>5. Lifetime of equipment at the enterprise</td>
<td></td>
</tr>
<tr>
<td>6. Presence of profitable and/or not profitable production</td>
<td></td>
</tr>
<tr>
<td>7. Adequacy of the company's technical and technological base</td>
<td></td>
</tr>
<tr>
<td>8. Utilization of production capacity</td>
<td></td>
</tr>
<tr>
<td>9. Frequency of injuries at the enterprise</td>
<td></td>
</tr>
<tr>
<td><strong>Indicators staff subsystem</strong></td>
<td></td>
</tr>
<tr>
<td>1. Availability of staff turnover in the company</td>
<td></td>
</tr>
<tr>
<td>2. Level of material and non-material incentives</td>
<td></td>
</tr>
<tr>
<td>3. Educational level of employees</td>
<td></td>
</tr>
<tr>
<td>4. Compliance level of employees</td>
<td></td>
</tr>
<tr>
<td>5. Level of skills and competencies</td>
<td></td>
</tr>
<tr>
<td>6. Level of planning</td>
<td></td>
</tr>
<tr>
<td>7. Level of accounting and controlling</td>
<td></td>
</tr>
<tr>
<td>8. Level of staff training and personnel development programs</td>
<td></td>
</tr>
<tr>
<td><strong>Indicators of environmental subsystem</strong></td>
<td></td>
</tr>
<tr>
<td>1. High-tech level at the enterprise</td>
<td></td>
</tr>
<tr>
<td>2. Efficiency of land use</td>
<td></td>
</tr>
<tr>
<td>3. Production level of environmental agricultural products</td>
<td></td>
</tr>
<tr>
<td>4. Share of own investments for environmental pollution</td>
<td></td>
</tr>
<tr>
<td>5. Level of sustainable use of agricultural land</td>
<td></td>
</tr>
<tr>
<td>6. Level of negative influence at the environment</td>
<td></td>
</tr>
<tr>
<td>7. Level of plowed farmland and crops fraction</td>
<td></td>
</tr>
<tr>
<td><strong>Indicators of informational subsystem</strong></td>
<td></td>
</tr>
<tr>
<td>1. Informational completeness and reliability</td>
<td></td>
</tr>
<tr>
<td>2. Informational security</td>
<td></td>
</tr>
<tr>
<td>3. Informational contradictions</td>
<td></td>
</tr>
<tr>
<td>4. Performance information</td>
<td></td>
</tr>
<tr>
<td>5. Availability of informational sources</td>
<td></td>
</tr>
<tr>
<td>6. Feedback level</td>
<td></td>
</tr>
<tr>
<td>7. Level of informational processing</td>
<td></td>
</tr>
<tr>
<td>8. Uploading frequency 1C: accounting at the enterprise</td>
<td></td>
</tr>
<tr>
<td>9. Level of informational interactions with contact audiences</td>
<td></td>
</tr>
<tr>
<td>10. Level of informational security</td>
<td></td>
</tr>
</tbody>
</table>

Source: created by author

RESULTS

Abovementioned system consists of five assessing subsystems, which are needed to determine the significance of each weight. Survey results are presented in Table 2.
Results of the expert survey to identify areas of assessment factors of significance

<table>
<thead>
<tr>
<th>Experts</th>
<th>Financial and economic</th>
<th>Technical and technological</th>
<th>Staff</th>
<th>Environmental</th>
<th>Informational</th>
<th>∑ scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.30</td>
<td>0.30</td>
<td>0.18</td>
<td>0.10</td>
<td>0.12</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>0.25</td>
<td>0.30</td>
<td>0.25</td>
<td>0.12</td>
<td>0.08</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>0.25</td>
<td>0.25</td>
<td>0.12</td>
<td>0.10</td>
<td>0.28</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>0.30</td>
<td>0.15</td>
<td>0.17</td>
<td>0.20</td>
<td>0.18</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>0.25</td>
<td>0.30</td>
<td>0.15</td>
<td>0.18</td>
<td>0.12</td>
<td>1</td>
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<tr>
<td>6</td>
<td>0.30</td>
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<td>0.15</td>
<td>0.10</td>
<td>0.20</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>0.16</td>
<td>0.25</td>
<td>0.20</td>
<td>0.25</td>
<td>0.14</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>0.33</td>
<td>0.16</td>
<td>0.22</td>
<td>0.18</td>
<td>0.11</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>0.25</td>
<td>0.32</td>
<td>0.19</td>
<td>0.11</td>
<td>0.13</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>0.29</td>
<td>0.33</td>
<td>0.14</td>
<td>0.15</td>
<td>0.09</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>0.15</td>
<td>0.30</td>
<td>0.20</td>
<td>0.19</td>
<td>0.16</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>0.19</td>
<td>0.32</td>
<td>0.16</td>
<td>0.16</td>
<td>0.17</td>
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</tr>
<tr>
<td>13</td>
<td>0.20</td>
<td>0.24</td>
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<td>0.27</td>
<td>0.15</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>0.34</td>
<td>0.29</td>
<td>0.18</td>
<td>0.14</td>
<td>0.05</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>0.28</td>
<td>0.25</td>
<td>0.10</td>
<td>0.19</td>
<td>0.18</td>
<td>1</td>
</tr>
<tr>
<td>∑ scores</td>
<td>3.84</td>
<td>3.92</td>
<td>2.55</td>
<td>2.44</td>
<td>2.24</td>
<td>15</td>
</tr>
<tr>
<td>Average value</td>
<td>0.26</td>
<td>0.27</td>
<td>0.17</td>
<td>0.16</td>
<td>0.14</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: calculated by author

Based on the survey areas under evaluation and performance groups we defined significant factors. The calculations and final implemented generalizations are shown in Table 3.

Odds significance areas of assessment

<table>
<thead>
<tr>
<th>Valuation</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial and economic</td>
<td>0.26</td>
</tr>
<tr>
<td>Technical and technological</td>
<td>0.27</td>
</tr>
<tr>
<td>Staff</td>
<td>0.17</td>
</tr>
<tr>
<td>Environmental</td>
<td>0.16</td>
</tr>
<tr>
<td>Informational</td>
<td>0.14</td>
</tr>
</tbody>
</table>

Source: calculated by author

Based on interviews with experts selected by the criterion of industry experts and agricultural enterprises of different legal forms, we found that the most important evaluation system of economic security is technical and technology assessment, which holds 27% of the total estimated sub-structure evaluation (Figure 1).

Figure 1: Graphic correlation coefficients significance to the proposed areas of assessment of economic security companies

Source: created by authors

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Large share of technical and technological sphere is explained by high-tech techniques used in their activity. Financial and economic assessment also is important in the functioning of the company and holds 26% of the total estimated sub-structure evaluation. Almost equal are staff and environmental evaluation system of economic security, i.e. 17% and 16% respectively. Informational sphere has the lowest level of influence, i.e. 14% of the estimated substructure. Yield, profitability and solvency are identified by 10 experts and specialists, because of their influence to the economic security measurement system. Index of financial dependence and concentration ratio of debt, according to respondents, are not significant because there are less influential in assessment of the economic security management and stability of the financial companies. Some indicators, e.g. profitable and/or non-profitable factory production, changes in legislation, share their own investments into environment pollution, controlling and monitoring system of financial resources use, performance information security and level of accounting and controlling at the enterprise were suggested to assess themselves. Qualitative evaluation of conducted internal or external experts with assigning rating numbers ranging from 0 to 5. The experts have deduced the average of the indicators group within the parameters from 0 up to 5 points. To assess finally the company's economic security we should bring qualitative and quantitative evaluation results to the common units. They are points on a scale from 0 up to 5. The results have transformed into the points, and the experts have deduced the average of each separate group of quantitative indicators within the evaluation from 0 up to 5 points.

DISCUSSION AND CONCLUSIONS

The research results show that evaluation system of economic security is appropriate to use 5 areas. Retrieved 7 indicators, main of them are the most significant for the studied farms are: the profitability of production, the level of profitability, bankruptcy and solvency level of agricultural enterprises, coefficient completeness and accuracy of information on enterprise information security factor and utilization of production facilities.

REFERENCES

INNOVATIVE APPROACH TO THE INDUSTRIAL DEVELOPMENT OF GEORESOURCES IN THE ARCTIC ZONE OF THE SAKHA REPUBLIC (YAKUTIA)³⁴

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Valentina Nikiforova, PhD in Economics, Senior Researcher,

Department of Subsoil Economics,
Scientific-Research Institute of Regional Economy of the North,

Abstract: Problems of development of natural resources in the Arctic are considered in this article. Positive and negative factors of the regional development are highlighted here. Strong competitive factors include opening of the Northern Sea Route; construction the railway passing through the whole territory of the country's north-east; growing national economy's demand in the rich and highly liquid mineral and raw, fuel and energy and biological resources for both domestic market and international market. An innovative approach to solve transport and energy components of the problem is proposed by authors. Innovative perspective of socio-economic development of the Arctic zone of the Sakha Republic (Yakutia) is the possibility to organize the mining production at almost each area of the Arctic Circle.

Keywords: Arctic zone of the Republic of Sakha (Yakutia), georesources, mineral and raw potential, energetic resources, innovative approach

INTRODUCTION

Recent years, state interest in the development of natural resources in the Arctic is increasing; it is caused by the rapid reduction in the potential of mineral and raw as well as energy resources in the traditional areas of their development. Well-known that huge natural and raw material resources are concentrated on the territory of the Arctic zone. Therefore, the Arctic zone of the Sakha Republic (Yakutia), where thirteen municipalities are situated, will have a huge economic-forming value in the short term.

MATERIALS AND METHODS

In our scientific research we used methods of analysis and synthesis, systemic approach and general geographic methods (descriptive, cartographical and comparative geographical). Instrumental, theoretical and methodological basis of the study are scientific works of modern Russian and foreign scientists on the Arctic territories development and statistical materials.

RESULTS

Some spatially separated small industrial enterprises under conditions of undeveloped transport connections have been established in different years in the area on the basis of focal development of valuable natural resources. They had mostly seasonal (aquatic and auto-winter roads). However they went bankrupt unable to deal with emerging economic reforms. The main reasons were: 1) liquidation of centralized procurement/logistics; 2) liberalization of prices and tariffs, which caused hyperinflation and destruction the working capital of enterprises; 3) sharp decline and then a full stop of public investment; 4) continual fall in the price of gold and tin on the world market et al. Strong competitive factors act along with the negative factors in regions of the Arctic zone. In the case of decisively influencing factors, which contribute development, the Arctic zone will determine the dominant role in the socio-economic development of Russia. In our opinion, strong competitive factors include (Figure 1):

³⁴ This article has been submitted under support of the Ministry of Education and Science of the Russian Federation according to the project No. 01201460078.
- opening of the Northern Sea Route (its constant functioning creates favorable conditions for the development of exports and imports to the Sakha Republic (Yakutia), i.e. primarily export of deputy tin, Zyryansk high quality coal, perspective development of other deposits, such as Kyuchyussk golden ore, Verkhoyansk antimony, Tomtor rare metal et al);
- constructing the railway passing through the whole territory of the country's north-east, its initial stage up to Yakutsk is almost finished;
- growing national economy's demand in the rich and highly liquid mineral and raw, fuel and energy and biological resources as for the domestic market as well as for the strengthening the international economic integration.

Deposits of gold, diamonds, tin, antimony, silver, rare metals and other minerals, which are perspective for the creation of the huge mineral and raw complexes, targeted for both domestic and international markets have been discovered almost everywhere on the territory of the Arctic zone of the Sakha Republic (Yakutia) (Table 1).

Formation of the energy infrastructure on the basis of the development of local energy resources is an important stage in the creation of base for sustainable economic development in the Arctic. Also important is the strengthening of relations and mutually beneficial integration between the different energetic sectors, which are situated on its territory to work on the structural improvement and development of the energy industry. As high-priority measures, we can consider such strategic areas:
- construction of new energy-generating facilities that provide increasing of energy potential of the Arctic zone by capacity from 2 up to 40 MW in the settlements of the most perspective in economic terms municipalities;
- organization of energy- and resource-saving system formed from non-traditional renewable energy sources, including solar generation facilities and wind power installations; DES-cogeneration technology, which provides the simultaneous production of electricity and heat; seasonal micro- and mini-hydropower plants to replace diesel power plants in the summer; CHP with low power operating on local coal etc;
Table 1
Mineral and raw potential of the Arctic zone of the Sakha Republic (Yakutia)

<table>
<thead>
<tr>
<th>Minerals</th>
<th>Deposit</th>
<th>Reserve</th>
<th>Subsoil user</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placer diamonds</td>
<td>Ebelyah, Mayat, Kurung-Yuriakh, Morgoror, Istok, Holomolooh, Molodo, 11.05 mln carats</td>
<td>OJSC &quot;Almazy Anabara&quot;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Motorchuna, Kuonamka et al</td>
<td>OJSC &quot;Nizhne-Lenskoye&quot;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>OJSC &quot;AK ALROSA&quot;</td>
<td></td>
</tr>
<tr>
<td>Gold†</td>
<td>Ore: Kuychus, Sentachan (gold-antimony), Vyun, Kysylga, Sorenovaniye</td>
<td>206.9 tons</td>
<td>OJSC &quot;Yakut Mining Company&quot;</td>
</tr>
<tr>
<td></td>
<td>Placer: Chugas, Kemyus, Kylgas, Khorsun, Uraty, Derbeke and others</td>
<td>34.8 tons</td>
<td>JSC &quot;Jansky Mining Company&quot;</td>
</tr>
<tr>
<td></td>
<td>Additional: Ilene Tas</td>
<td>1.7 tons</td>
<td>JSC &quot;Zoloto Verkhoyanye&quot;</td>
</tr>
<tr>
<td>Tin</td>
<td>Indigenous: Churpunnia, Odinokoye, Deputatskoye, Dyahtardahskoe, Kester, Ulakhan-Egelyahskoe, Ege-Khaya, Burgachan, Alya-Khaya, Ilene Tas</td>
<td>589400 tons</td>
<td>LLC &quot;Sakhaoiolo&quot;</td>
</tr>
<tr>
<td></td>
<td>Placer: North Jansky, South Jansky, Upper Indigirskogo placer areas</td>
<td>286650 tons</td>
<td>Unallocated fund</td>
</tr>
<tr>
<td>Rare metals‡</td>
<td>Tomtor</td>
<td>Niobium 79031 tons</td>
<td>LLC &quot;ThreeArcMining&quot; (branch of LLC &quot;Rostechnologii&quot;)</td>
</tr>
<tr>
<td>Plumbum</td>
<td>Forecast</td>
<td>1450000 tons</td>
<td>LLC &quot;Prognoz-Serebro&quot;</td>
</tr>
<tr>
<td>Zink</td>
<td>Forecast</td>
<td>350000 tons</td>
<td>LLC &quot;Prognoz-Serebro&quot;</td>
</tr>
<tr>
<td>Tungsten‡</td>
<td>Ilene Tas</td>
<td>62000 tons</td>
<td>Unallocated fund</td>
</tr>
<tr>
<td>Cooper‡</td>
<td>Ilene Tas</td>
<td>22000 tons</td>
<td>Unallocated fund</td>
</tr>
<tr>
<td>Antimony‡</td>
<td>Sentachan</td>
<td>89580 tons</td>
<td>OJSC &quot;Zvezda&quot;</td>
</tr>
<tr>
<td>Silver‡</td>
<td>Forecast</td>
<td>44000 tons</td>
<td>LLC &quot;Prognoz-Serebro&quot;</td>
</tr>
<tr>
<td>Source: summarized by authors according to † [7], ‡ [3], § [5], ¶ [4]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- reducing the area of the local energy supply through the construction of power lines connecting the autonomous sources of electricity that will allow to withdraw from exploitation the dozens of diesel power plants and reduce many-thousand consumption of diesel.

As a mechanism for the involvement of investment it is advisable to consider the option of accumulating funds under the State Program of the Russian Federation "Socio-economic development of the Far East and the Baikal region up to 2015", as the Arctic objects are included in the list of its projects. In the long-term development of intersystem connections will allow realizing the girdle process throughout the Arctic zone that will raise the reliability of power supply. In our opinion, to create a local energetic base it is economically and organizationally advisable to use coal and hydrocarbon resources of the Arctic zone: Krasnorechensk, Elikchansk and Tyugyah-Yuryakh coal deposits, South Tigyansk oil deposit and Moma-Zyryansk oil and gas area, that should be regarded as the implementation phase one of the innovative directions of the energy complex development of the Sakha Republic (Yakutia) in the nearest future (Table 2). Besides there is the real possibility of building the oil refinery plant by the project capacity of 150-200 thousand tons per year based on the South Tigyansk oil deposit, which will completely cover the current demand in the motor fuel and diesel of the Arctic electroenergetics. Fuel oil, which is gotten in the processing could replace more expensive diesel used for heating settlements [1].

Table 2
Reserves of coal resources of the Arctic zone of the Sakha Republic (Yakutia)

<table>
<thead>
<tr>
<th>Coal basins</th>
<th>Deposits</th>
<th>Reserves of categories (A + B + C1 + C2)</th>
<th>Subsoil user</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zryansk coal basin</td>
<td>Tikhonsk, Erosion, Haranga, Nadezhdinsk, Buor-Kemyusk, Krasnorechensk, Sibik-2</td>
<td>209.9 mln tons, 8.6 mlnr tons (P1 + P2 + P3)</td>
<td>JSC &quot;Moma Chokh&quot;, State Enterprise &quot;Razrez Zyryansk&quot;, Unallocated fund</td>
</tr>
<tr>
<td>Lena coal basin</td>
<td>South Tigon, Buolkalakh, Taymylyrsk, Chai-Tumusk</td>
<td>341.9 mln tons</td>
<td>Unallocated fund</td>
</tr>
<tr>
<td>Out of the basins</td>
<td>Uyandinsk, Kularsk, Soginsk</td>
<td>5.6 mln tons</td>
<td>Unallocated fund</td>
</tr>
</tbody>
</table>

Source: summarized by authors according to [5]
Also noteworthy is the presence of huge stocks of renewable energy resources. E.g. the hydropower potential of the Morkoka River, Olenek, Anabar, Yana, Indigirka and Kolyma is over 8565 thousand KW [6]. Hydrogeological conditions of these rivers ensure the possibility of construction of 18 small hydro power plants. Well-known, in the area of the Arctic Ocean it is possible to produce up to 2 mln kWh of electricity per year on 1 sq. km area with the help of wind-power plants. Reserves of potential wind energy are 15.6 billion KWh per year in the territory of the Arctic zone [2]. Consequently, there is need to focus maximally on the local energy resources: deposits and basins of high-quality coking coals and coals, oil and natural gas, hydropower and wind energy. Moreover, the underground coal gasification can take place.

Innovative perspective of socio-economic development of the Arctic zone of the Sakha Republic (Yakutia) is the possibility to organize the mining production at almost each area of the Arctic Circle. To achieve this goal it is necessary to solve a number of geological, economic and environmental challenges, as well as energetic and transport problems (Figure 2).

**Figure 2: The model of innovative development of the Arctic zone of the Sakha Republic (Yakutia)**

*Source: created by authors*

**CONCLUSION**

Thus, the abovementioned allows to concluded that the Arctic region has favorable and compelling preconditions to create own base of georesources, which are capable in the future to be the basis of the formation and development of a large industrial complex of the Arctic that will be integrated effectively into economies of the Asia-Pacific and European countries.

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NATIONAL ECONOMIC DEVELOPMENT MODELS OF ARCTIC TERRITORIES OF WORLD'S COUNTRIES

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Abstract: The article includes a data of the comparative analysis of the American, Canadian, European and Russian development models of the Arctic economy in the world's Arctic. The specific features of economic development of the Arctic territories of United States (Alaska), Canada, Russia, Iceland, Greenland, Norway, Sweden and Finland are presented. The comparative evaluations of national models of Arctic economies of these countries according to the triangular index of wealth, developed by scientists at Tufts University (USA) are analyzed. Authors suggested using the method of analysis of the socio-economic development by the meridian subareas of the Russian Arctic for a more objective assessment of the economy of the Arctic zone of the Russian Federation due to a large extension of its territory from the west to the east. On its basis it is identified a significant socio-economic backwardness of the Arctic subzone of northeast the Russian Federation, especially the Chukotka Autonomous District and the Republic of Sakha (Yakutia).

Keywords: Arctic, model of economic development, comparative analysis, triangular index of wealth, Arctic zone of Russian Federation, Yakutia, North

INTRODUCTION

Last years, leading countries pay much attention to the problems of the Arctic development in the world economy and politics. The accent is put to the need for a deeper study of the use the unique natural resources, especially hydrocarbon, as well as the growing influence of the Arctic zone to the climate change on our planet. Arctic territories of all countries are the objects of research, which showed that over the last decade of intensive formation and development of the Arctic economy as an independent branch of the national economies of the USA, Russia, Canada, Denmark, Iceland, Sweden and Finland, which have developed the distinctive types (models) of socio-economic development occurred. Models of Arctic economy are considered in the research of scientists from many countries. Special attention to them is confirmed by increasing a number of researches in this area, e.g. the Arctic Institute of North America under the University of Calgary (Canada), Tufts University (USA), as well as a number of joint research projects of the Arctic countries.

MATERIALS AND METHODS

To achieve the formalized objectives, we applied methods of analysis and synthesis, systemic approach, mathematical modeling, multivariate statistical analysis, as well as general geographic methods (descriptive, cartographical and comparative geographical) and others. Instrumental, theoretical and methodological basis of the study are scientific works of modern Russian and foreign scientists on the Arctic territories development and statistical materials. At the first stage of our research were examined natural and resource characteristics of the studied countries and regions of the Arctic zone of Russia, held the collection of statistical

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ANALYSIS OF THE DEVELOPMENT MODELS OF THE ARCTIC ECONOMY

Eight countries in the world have Arctic territory: USA, Canada, Greenland, Russia, Iceland, Norway, Sweden and Finland. The first five of these including their sea equatorials have extensive Arctic spaces, which are characterized by harsh natural conditions. The climate of the north of Norway, Sweden and Finland under the influence of the warm Gulfstream is less severe. All Arctic areas have different natural resources, which has become well-known in recent decades.

It is well-known that humanity began to explore the Arctic about a hundred years ago. Recognized pioneer its development is Russia. It has been developed four different models of the Arctic economy: American, Canadian, Russian and European, which are studied in detail and described by A.N. Pilyasov [1, pp. 502-515]. These models of Arctic economy have both common and special features. Common features include: 1) harsh environmental conditions; 2) accommodation indigenous small populations, engaged in traditional sectors of the northern economy; 3) presence of a unique natural and resource potential, whose exploitation forms the rental income; 4) permanent military presence in these territories et al.

The models of Arctic economy differ: by the state system (decentralized, centralized, unitary); by ownership of natural resources and land (diversified by owners under the resource management; formally delineating property rights under the cooperative federal-regional resource management; jointly administered by the federal center and regions under the federal resource management; national); by economic coordination (market; state; state interagency; limited state, state-market) et al.

The advanced model of the Arctic economy is the American (Alaskan) regional rental model of limited type. It is characterized by the most decentralized, least nationalization and more competitive rental economy. Regional authorities of Alaska have maximum powers in the ownership and management of natural resources. Under the primary initialization, Alaska was granted special federal land grant with the right to use it free and rent (25% of rent according to the Alaskan Constitution comes in a specially created Permanent Trust Fund).

As the researchers note, "... under the federalization, protection of the rights of indigenous populations comes through the institutions of agreements and contracts of different types and formats, including issues on Aboriginal rights to lands of their traditionally inhabited, compensation for the usage of their territories, formation of special structures of the national corporations/communities with the rights of land ownership, priorities of traditional livelihoods of indigenous populations" [1, pp. 505-506].

Arctic zone of the Russian Federation has an area about 9 million sq. m. km, where more than 2.5 million people live, accounting for less than 2% of the population and about 40% of the population in the Arctic zone. The share of the Arctic zone includes for 12-15% of GDP and about 25% of Russian exports. The Russian model of the Arctic economy is the most centralized and nationalized, large-scaled by the territory, population and created tangible assets. This is model of the regional transfer and rental economy, mainly based on the national natural and land resources managed by the federal government. A distinctive feature of the Russian model of the Arctic economy is to ensure guarantees of security and stability of the economy and livelihoods of the population living in the region at the federal level, which are achieved with the participation of regional and municipal authorities. For this purpose were used the mechanisms of centralized creation of Arctic natural rent, its federal budget reallocation, as well as various life support systems, including the organization of delivery of material resources ("northern delivery"), use of wage supplements ("northern coefficients"), implementation of preferential tariffs and prices and other special economic and social measures. The advantage of the Russian model of the Arctic economy is the strong governmental policy aimed at the revival and development of
small indigenous populations of the north of the Russian Federation, their traditional sectors of employment, national culture and sustainable livelihood.

Models of the Arctic economy were formed for nearly a century. However, over the last two decades major changes have been done in the Arctic as a result of the end of the Cold War, emergence of favorable conditions in global markets, Arctic active international cooperation for the scientific study of climate change and development of natural resources in the Arctic zone of the world. According to scientists, the result of such changes in the Arctic is a "growing phenomenon of natural, social and economic uncertainty, which becomes a natural state of Arctic zone and now determines the actions and behavior of the main subjects of its exploration and development" [2, p. 64].

EVALUATION OF THE NATIONAL MODELS OF ECONOMIC DEVELOPMENT

For general quantitative and qualitative assessment of development models of Arctic populations scientists at Tufts University (Boston, USA) developed a triangular index of wealth for the Arctic countries, consisting of three units: resource, infrastructure and block "Society". Each block of integral index is described by means of 15 indicators.

Resource block includes 15 indicators: 5 of them characterize the state of renewable resources in the Arctic (marine fish resources, drinking water, renewable energy resources et al); 4 of them characterize the state of non-renewable resources (oil, gas, coal and mineral raw materials); 6 of them describe the state of the environment (land area, area of marine equator, species of fauna endangered, share of environmental land, share territory with permafrost etc.).

Infrastructural block includes 15 indicators: 6 of them characterize the state of infrastructure (all-weather airports and seaports, length of pipelines and roads, number of Arctic icebreakers and drilling rigs, etc.); 4 of them describe the state of information systems (telecommunications, Internet, radio, number of research stations); 5 of them characterize the state of managerial systems (number of environmental agreements, self-determination of indigenous peoples, corruption index).

Block "Society" includes 15 indicators: 4 of them characterize the population (number of population, share of the indigenous population, unemployment rate, governmental subsidies per capita); 5 of them describe the education and healthcare (life expectancy, literacy rate, number of hospital beds, share of school-age children); 6 of them describe the economic characteristics of the territory (GRP and GRP growth rates, income per capita in purchasing power parity, investments, percentage of GRP, international trade, Arctic tourism).

45 incoming indicators grouped by three sides of the triangular index of wealth, after normalization procedures allow to determine both the rank and the total score of the Arctic countries’ wealth [2, pp. 65-68].

The eighth rank among the all Polar Regions means maximal wealth. The first rank reflects minimal level of wealth among the Group of Eight (Table 1) [2, p. 67]. In terms of resource wealth Russia takes maximal eighth rank. By the level of development of infrastructure and social services Russia takes second rank, i.e. it is lagging. But thanks to the vast of natural resources Russia is ranked fourth in the overall ranking and has 162 points or 4 middle places.

Table 1

<table>
<thead>
<tr>
<th>Country</th>
<th>Resources</th>
<th>Society</th>
<th>Infrastructure</th>
<th>Total rank (assessment)</th>
<th>Total rank</th>
<th>Points</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Russia</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>4 (162)</td>
<td>4</td>
<td>162</td>
<td>4</td>
</tr>
<tr>
<td>2. Canada</td>
<td>7</td>
<td>3</td>
<td>4</td>
<td>3 (158)</td>
<td>3</td>
<td>158</td>
<td>5</td>
</tr>
<tr>
<td>3. USA</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>6 (163)</td>
<td>4</td>
<td>163</td>
<td>3</td>
</tr>
<tr>
<td>4. Norway</td>
<td>5</td>
<td>8</td>
<td>3</td>
<td>8 (178)</td>
<td>8</td>
<td>178</td>
<td>1</td>
</tr>
<tr>
<td>5. Greenland</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>2 (150)</td>
<td>2</td>
<td>150</td>
<td>6</td>
</tr>
<tr>
<td>6. Iceland</td>
<td>3</td>
<td>2</td>
<td>7</td>
<td>1 (149)</td>
<td>1</td>
<td>149</td>
<td>7</td>
</tr>
<tr>
<td>7. Sweden</td>
<td>2</td>
<td>6</td>
<td>8</td>
<td>7 (169)</td>
<td>7</td>
<td>169</td>
<td>2</td>
</tr>
<tr>
<td>8. Finland</td>
<td>1</td>
<td>4</td>
<td>7</td>
<td>5 (162)</td>
<td>5</td>
<td>162</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: calculated by authors according to [2, p. 67]
Upon all three blocks of triangular index of wealth Norway has high indicators and the overall rank 8, the highest number of points on total assessment 178 and the first place among the eight Arctic countries. Sweden and Finland are characterized as a poor by natural resources, but they are very developed in terms of the infrastructure and social services. Therefore, they are at the forefront also. Iceland has a well-developed social institutions, but poor "Resources" and "Infrastructure", i.e. it is characterized by unbalanced distribution of wealth inside the triangle. Arctic Nordic countries (Norway, Sweden and Finland) have more developed social conditions and infrastructure. Canada and Alaska (USA), whose conditions are similar to harsh environmental conditions of Russia, they could provide a satisfactory level of infrastructure development. Analyzing the indicators that form the integral triangular index of wealth of the Arctic countries, authors found out direct dependence on the level of innovative development of the Polar Regions. For example, the leader in general "triangular" ranking of wealth is Norway, who is also the innovative leader of the global Arctic; its strategy has a clear innovation oriented nature [7, p. 68]. It should be noted that the data of comparative analysis of the Arctic economy models and ratings of all eight Arctic countries demonstrate their socio-economic development until 2010 without calculating regional differences in countries, which are very important for Canada and Russia.

RESULTS AND DISCUSSIONS

Analyzing the current socio-economic situation in the Arctic zone of Russian Federation, let us point out the following aspects:

Firstly, in Russia over the last 5 years the State Arctic policy is significantly activated. Important strategic documents were developed and adopted: 1) Basics of the State Policy of the Russian Federation in the Arctic for the period up to 2020 and further perspective [3]; 2) Development strategy of the Arctic zone of the Russian Federation and national security for the period up to 2020 [4]; 3) Governmental Program for Socio-economic development of the Arctic zone of the Russian Federation for the period up to 2020 [5] and others. There is no doubt that with the implementation of the Strategy and Program of Socio-economic development, the Arctic zone of the Russian Federation gradually will eliminate its backlog on qualitative indicators, including GDP per capita and disposable income, financial potential, degree of innovativeness of the social and economic development.

Secondly, a significant difference in the levels of socio-economic development of so-called subzones of Russian Arctic continues until now [6, 7]. Extensive and extended from west to east Arctic zone of Russia is divided into the three meridian economic and geographic subzones: European, Asian-Siberian and Asian-North-East. They differ are not only by natural and climatic conditions, but also the level of socio-economic development, significant differences to achieve the indicators that form the triangular index of wealth. Murmansk region is more developed in the European part of the Arctic zone, which is fully part of the European subzone. Murmansk region has an area of 144.9 sq. km and a population of 780.5 thousand people, including more than 1600 representatives of the indigenous Sami. More than 60 major fields of various minerals have been discovered in her bowels. Rich deposits of oil and gas are on the shelf of the Barents Sea, including the world's largest Stockman gas condensate field. Murmansk region is characterized by advanced multi-structural industry, including mining of copper-nickel and iron ore, apatite, color and black metallurgy, mechanical engineering and shipbuilding, energy and fishing industry. Strong infrastructure of auto-, railway, air and sea transport has been established and functioning effectively in the Murmansk region. Seaport of Murmansk is the largest in the Arctic basin, located on the Northern Sea Route. Social sphere of economy is significantly developed. The average index of housing supply per capita of at the end of 2013 was 24.5 sq. m total area. The most important is to reach a high level of accomplishment of the housing stock: plumbing equipment 98.2%, sewerage 98.1%, heating 98.6%, and hot water 97.8% [8]. In our opinion, Murmansk region can be estimated as the appropriate to the model of Arctic economy of Norway by an integrated socio-economic development.

Yamal-Nenets Autonomous District has a quite highly developed economy in the Asian part of the Arctic zone. It is the largest oil and gas center of the country. Norilsk has the
high level of development because of the largest mining and metallurgical complex of world importance. The rest of the Asian part of the Arctic by the level and quality of socio-economic status is significantly poorer. Undoubtedly, the Arctic subzone North-East of the Russian Federation, including the Arctic and the northern municipalities of the Republic of Sakha (Yakutia) and Chukotka Autonomous District should be included to the lagging areas. Quite low level of economic development, extremely poor transport and energy infrastructure, low quality of life in this subzone are fixed [6, 9]. The main results of the comparative analysis of models of economic development of the Arctic territories were discussed at the International scientific and practical conference "The Arctic: prospects for sustainable development", held on November, 26-29, 2014 in Yakutsk [10], where delegates from the five Arctic countries (Russia, Sweden, Norway, Finland, USA) were attended. In the section "Arctic model of sustainable development: a new perspective" were discussed issues of sustainable development of the Arctic territories, construction of modern models of territorial development, use of financial mechanisms to support production in the Arctic. Conference participants have marked in the discussion the incomplete zoning Arctic of Russia.

CONCLUSION

Comparative analysis and evaluation of national models of economic development of the Arctic territories of the world allows concluding:

First, they differ in the objective and subjective reasons; their general similarity is a way of developing the unique natural resources and development of rental resource-based economy;

Secondly, intensive and effective development of productive forces and creation of favorable living conditions for the population are possible in a way of innovative growth of the economy and society;

Thirdly, further progressive and comprehensive development of the Arctic economy could be successful based on the scientific, technical and economic cooperation of all Arctic countries.

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ROADBLOCK OF INTELLECTUAL PROPERTY PROTECTION IN UKRAINE: AN ECONOMIC POINT

Liubov Fedulova, Doctor in Economics, Professor, Management Department, Kyiv National Trade and Economic University, Ukraine

Abstract: The article describes the trends of the intellectual property protection process in Ukraine. The author defined the problems causing the lack of scientific and technological results protection. Recommendations toward the development of a state policy of intellectual property management should be a component of the national innovation system. To realize the potential of intellectual property management is possible only through the establishment of a functioning national innovation system, which will facilitate the reproduction of the full innovation process with an adequate mechanism of system management.

Keywords: intellectual property, inventive activity, patents, innovation policy

INTRODUCTION

Strengthening the process of commercialization of knowledge in recent decades has been the result of creating and strengthening the global regulation of intellectual property (IP), development of its individual institutions as an integral part of innovation policy in the developed countries. Regarding to the provisions of the classical theory of intellectual capital (Brooking, 1996) [1], modern research reveals that the effectiveness of this policy depends on the ability of public authorities to properly and timely to choose the mechanisms for its implementation taking into account the increasing role of knowledge, innovation and creativity in society [2-5].

The legislative systems of IP protection act as the most important strategic framework of the national innovation system (NIS). Hence it appears that, countries with low levels of intellectual property protection may not attract significant amounts of investment and flows of technological knowledge as intellectual property owners have no incentive to enter into licensing agreements on transfer of rights on objects of intellectual property.

The urgent need for effective protection and enforcement of IP for Ukraine is connected with the elected government policy of developing the integration of market relations, social orientation of the economy and innovation for sustainable development, which should be based primarily on the intensification of its own intellectual potential.

MATERIALS AND METHODS

On the basis of system approach the author analyzed the process of intellectual property protection in Ukraine. Using methods of statistical analysis of official statistics [6] and the synthesis of expert assessments [7], defined characteristic tendencies and problems of intellectual property protection.

RESULTS

Ukraine is constantly made significant efforts to develop a legal base in the field of protection of intellectual property rights, which is consistent with generally accepted at the international level approaches to provide such protection, i.e. with the requirements of the Agreement on trade-related aspects of intellectual property rights, agreement of the World Trade Organization (WTO). On the initiative of the European Commission (EC), the UN established an ongoing dialogue between Ukraine and the EU regarding the protection of intellectual property rights.

However, at this time the law does not address issues of protection of many objects of IP law, including trade secrets, trade names, databases, animal breeds and so on. And it also
does not implement the responsibility for the submission of applications for inventions in foreign countries without prior submission of such applications in Ukraine. The lack of economic incentives (tax, credit, insurance) block the creation and commercialization of IP law with the purpose of formation the IP market. E.g. the law does not determine the minimum rate of remuneration to inventors, authors for the use of objects of industrial property rights; mechanisms of state support for the patenting of domestic patents in foreign countries are not implemented, which are created at the budget cost; there is no method of determining the amount of damages caused by the violation of the rights of industrial property objects. Evaluation methods of the piracy level on the use of various IP objects are not implemented. An open database of decisions of the Appeals chamber of the State service of intellectual property is not created, contrary to the requirements laid down by special laws in IP field.

Accordingly, situation with the level of copyright protection in Ukraine for 2012-2013 has considerably worsened; there is unlicensed software use by businesses and government agencies. Thus, the level of pirated software use in Ukraine in 2013 was 84% (average for the world is 40%), and commercial value of unlicensed software installed on personal computers was $647 million. Expert data show that ignoring IP value of Ukrainian industrial enterprises is practically reduced by 50-80%. The share of intangible assets (IA) in the cost of production does not re-exceed 0.5-1.5%, which is 10-15 times lower compared to developed countries. Thus, of the 40 investigated enterprises of Lvov region 17 companies' intangible assets were equal to zero, and for OJSC "Lvov bus plant" was 0.05% of the value of non-current funds [7].

In recent years there has been a steady decrease in the use of IP objects rights, which is directly connected with a low inventive activity in sectors of the national economy, the reduction of scientific staff and a low rate of scientific-technical works. Thus, according to statistical data, the percentage used to the total number of received security documents has decreased from 79.2% in 1995 to 18.3% in 2012. However, in 2013 there was a tendency of growth in the number of submitted applications comparing with 1995 almost 4 times and received titles for the same period of almost 16 times on the objects of industrial property State intellectual property service [6].

The share of applications from foreign applicants in recent years has remained almost the same in 2013 amounted to 47.3% of the total number of applications (compared to 49.8% in 2012). Applicants from USA (26.5%), Germany (16.3%), Switzerland (9.8%), France (6.6%), Russian Federation (5.2%), Japan (3.9%) were the most active among foreign applicants in 2013; other low rates of obtaining patents present Ukrainian citizens and organizations of applications in foreign countries testify to the patent insecurity products exported from Ukraine, and leads to substantial risks of such exports.

Considering the activity of domestic applicants-legal entities, it should be noted that the most active were the enterprises and organizations of education and science. In the last three years they have filed annually about 90% of the total number of applications for inventions and utility models. While the share of applications from industrial enterprises in 2013 not reached 5%. It should be noted that the primacy in this process is education with more than 60% (Table 1), indicating its IP, which needs effective public policy to realize. Among these educational institutions (number of applications for inventions and utility models in 2009-2013) we can indicate National University of Food Technologies, National Medical University named after A.A. Bogomolets, National University of Life and Environmental Sciences of Ukraine, National Technical University of Ukraine "Kyiv Polytechnic Institute". The first place belongs to the National University of Life and Environmental Sciences of Ukraine, which received the largest number of patents for inventions and useful models for 2009-2013.

During 2006-2013, the greatest inventive activity was observed in the classes of the International Patent Classification (IPC) by number of applications and received patents for inventions (although a trend towards decrease) in class A61 (medical or veterinary science; hygiene), i.e. in 2006 filings to 12.3%, in 2013 to 11.3%; in 2006 obtained patents to 16.3%, in 2013 to 13.3%. The largest share in the number of applications and resulting documents amounted to a subclass AK (medicines for medical, dental or hygiene purposes).
Table 1
Priorities for the allocation of applications for inventions and utility models by types of economic activity (national applicants-legal entities) 2005-2013

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>7274</td>
<td>7381</td>
<td>8242</td>
<td>7582</td>
<td>7025</td>
<td>8141</td>
<td>8139</td>
<td>7858</td>
<td>7564</td>
</tr>
<tr>
<td>Education</td>
<td>3999</td>
<td>4123</td>
<td>4940</td>
<td>4399</td>
<td>4561</td>
<td>5320</td>
<td>5549</td>
<td>5159</td>
<td>5040</td>
</tr>
<tr>
<td>% to the total number</td>
<td>55.0</td>
<td>55.9</td>
<td>59.9</td>
<td>58.0</td>
<td>64.9</td>
<td>65.3</td>
<td>68.2</td>
<td>65.7</td>
<td>66.6</td>
</tr>
<tr>
<td>Research and development</td>
<td>2086</td>
<td>1960</td>
<td>2129</td>
<td>1947</td>
<td>1718</td>
<td>1990</td>
<td>1721</td>
<td>1778</td>
<td>1717</td>
</tr>
<tr>
<td>% to the total number</td>
<td>28.7</td>
<td>26.6</td>
<td>25.8</td>
<td>25.7</td>
<td>24.5</td>
<td>24.4</td>
<td>21.1</td>
<td>22.6</td>
<td>22.7</td>
</tr>
<tr>
<td>Manufacture of machinery and equipment</td>
<td>212</td>
<td>227</td>
<td>201</td>
<td>217</td>
<td>82</td>
<td>112</td>
<td>118</td>
<td>118</td>
<td>104</td>
</tr>
<tr>
<td>% to the total number</td>
<td>2.9</td>
<td>3.1</td>
<td>2.4</td>
<td>2.9</td>
<td>1.2</td>
<td>1.4</td>
<td>1.4</td>
<td>1.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Metallurgy and production of finished metal products</td>
<td>208</td>
<td>197</td>
<td>182</td>
<td>155</td>
<td>84</td>
<td>84</td>
<td>97</td>
<td>102</td>
<td>95</td>
</tr>
<tr>
<td>% to the total number</td>
<td>2.9</td>
<td>2.7</td>
<td>2.2</td>
<td>2.0</td>
<td>1.2</td>
<td>1.0</td>
<td>1.2</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>126</td>
<td>102</td>
<td>88</td>
<td>95</td>
<td>67</td>
<td>62</td>
<td>85</td>
<td>103</td>
<td>73</td>
</tr>
<tr>
<td>% to the total number</td>
<td>1.7</td>
<td>1.4</td>
<td>1.1</td>
<td>1.3</td>
<td>1.0</td>
<td>0.8</td>
<td>1.0</td>
<td>1.3</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Source: created by author according to [6]

As the results of the analysis, it should be noted that in recent years in industry, agriculture, hunting, forestry, construction and other sectors of economic activity indicators of inventive activity are virtually zero, indicating the absence of perspectives to organize the production of competitive products in domestic enterprises.

Analyst firm IDC has estimated the losses of the state budget of Ukraine from illegal import main categories of it products in 2013, approximately 233 million USA. This figure includes non-payment of value added tax by importers only 3 product categories (laptops, tablets, smart phones). However, it doesn’t count for loss state to VAT refund "inexistent" importers, underpaid income tax and so on. If we consider other categories of it products imported to Ukraine (technique for printing, servers, data storage systems, monitors, network equipment and so on), then the total amount of the unpaid VAT reaches more than 300 million USA [7].

In general, we can identify the following issues that have already become a trend, the formation of the IP management system in Ukraine: 1) presence of unilateral approach to solve problems through the legal protection of IP, i.e. formation of a massive block of legal areas in contrast to the economic approach; 2) problem of the strategic priorities choice for the formation of the intellectual property management system taking into account global trends and challenges in the external environment; 3) problem of scientific and technological developments commercialization and selection of effective means for IP capitalization; 4) absence of a mechanism of the rental relations formation in the IP application sphere.

The reason for the low competitiveness of Ukrainian products is both reducing the number of scientific and technical works, as well as irrational use of available scientific and technical potential due to the lack of effective innovative policy. Historically, intangible assets (intellectual property) in Ukraine is practically not taken into account neither in the cost of production that is produced (0.5-1.5%, which is 10-15 times less than in developed countries), nor in the carrying value of the company.

All abovementioned problems cause the low rating of Ukraine according to the results of The International Property Right Index 2014 [8]. It took the 113th position (between Georgia and Pakistan). The level of property rights protection index of Ukraine though improved by 0.2 points, but was only 4.2 out of 10 points. Last year the positive dynamics of the Ukrainian
index was made possible by the property registration progress, access to credit, IP protection rights and combating copyright infringement. But our state has to put more effort to reach both the global average (6.0) and regional (5.2) indicators.

The main problems in the IP organization and functioning their system of protection in Ukraine are: 1) lack of long-term IP development strategy in Ukraine; 2) inadequate coordination among governmental bodies; 3) low efficiency of IP protection rights; 4) lack of modern management and technical support of technologies in IP protection departments; 5) underdevelopment of the providing services system in IP protection, which is connected with the general condition of the infrastructure of this activity, especially in the regions; 6) lack of public funds for the deployment of the reliable IP protection systems; 7) underdevelopment of non-state regulation forms in the country; 8) disadvantages of valuation, accounting and statistics of IP.

DISCUSSION AND CONCLUSIONS

Recommendations for improving the efficiency of IP use for the development of the new economy in Ukraine is based on the recognition of an unfavorable social climate through the low level of moral and material recognition of creative activity, as well as the need for innovative overcome the inertia of society, which is characterized by a low level of innovative activity of business entities. To realize the potential of IP management is possible only through the establishment of the national innovation system functioning, which will facilitate the reproduction of full innovation process with an adequate management mechanism.

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RISKS OF RUSSIAN BANKING SYSTEM

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Abstract: Reduction or lack of economic growth in many countries leads to increased risks in the banking sector. The situation in Russia is also determined by the existing internal problems in its sectors and industries. Dominant problems are: poor banking sector development, as well as the low level of availability to the banking services for legal entities. Banking sector is not fulfilling the investor role in the financing and development of the economy. A high percentage of loans do not allow producers to expand production. All mentioned increases risks in the banking sector of national economy. The article considers the market risk in the banking sector of the Russian economy, which is associated with the crisis in global financial markets (especially in the EU and the USA). In work the reasons of credit risks in the Russian banks, which are caused generally by borrower non-payments for the obligations are defined.

Keywords: current situation in Russian banking sector, banking hazards, features of banking in Russia, hazards reduction in banking

INTRODUCTION

World Bank reports after 2008 world economy remains unstable in "Global Economic Prospects" [5]. Countries with the high rates of income keep the trend to the trivial growth of some economic figures. Developing countries should therefore become the basic driving force that helps to come to the end of global crisis. Nevertheless their economic growth has also decelerated: since 2008 the lowest rates of economic growth for the last decades were founding the South-East Asia. Besides, economies of these countries continue to host the hazards that can contribute to intensify the crisis events.

According to the World Bank experts, major threat for the world national economy lead to the sharp funding deceleration in China and interruption of raw materials and petroleum supply provider central supplier of which for Europe is still Russia.

Existing economic position in Russia is caused by domestic difficulties in most of economic sectors and fields [6, 7]. According to the rate of the world financial centers, Russia stands at the 72nd position in 2014 (in 2012 Russia took 32nd position among 69 counties) and is falling. The Government does not consider increasing on-budget expenditures to stimulate business and solvent demand, while the Central Bank of Russia did anything to initiate lending citizens. As majority of the international economists think practical absence of funding and crediting of business (Russia gains 53rd position), legal indeterminacy of the financing questions
(59th position according the WEF), weak banking sector development and fluctuation of the financial and credit policy, as the whole financial system (41st position) are the basic essential problems. Such situation demonstrate the stagnation of the real sector as the base of economic evaluation, price growth on the goods and services in consequence of the demand and supply correlation instability [4, 10]. In comparison with the EU countries the prices rise more than 2 times. The price figures have unusually gone up after taking measures on putting an embargo on good supply from Europe. This position in aggregate of the exchange rate growth has a strong effect on banking sector. There is lack of bankroll on the credit direction, investing etc.

All of abovementioned increases the number of hazards in banking sector of economy. Almost all of banking operations connected with economic subjects funding are followed by hazards and considered to be one of the susceptibilities in yields receiving. The principal types of hazards, certainly are connected with the crediting. In this connection the main goal of the bank management is keeping the banking efficiency along with hazard decreasing.

It should also be noted that forming hazards in Russian banking system are diversifiable and can be characterized by a high level in comparison with the portfolio of the same banking institutions hazards functioning in the developed countries. Firstly, it is due to instability of Russian economy. Secondly, it is due to the banking system imperfection. Thirdly, it is due to the principally aggressive mentality of the banking top-management.

Market risk in banking sector of Russian economy in most cases is related with the existing crisis situation on the world financial platforms (especially in the USA and the EU countries). First of all, it is concerned such lending agencies, which are occupied in purchase and sale of the securities or possess the high share of the fund in their portfolios. At the peak period of the crisis held at the end of 2008 and in 2011 among the 200 biggest banks nearly 20% formed their portfolio with consideration of 30% of the assets placement in securities that are the least venture investments. Moreover, shares at the unit weight of such investments don't overshoot 20% of their assets. Overwhelming majority used the practice of forming the portfolios by credit assets. Such operations are rather risky in case of unformed legal framework and deficiency of adjusted institutions. This way, last year's tend to non-performing loans growth. In our opinion, offered changes in Federal Statute "On credit history" will allow only cataloguing the information about the clients, somehow improve the quality of the direct hazards assessment and practically do not influence the investment resources formation and business development problems.

Everyone knows that credit hazards in Russian banking system are connected basically with the debtors' neglecting of their liabilities. In order to assess debtors' hazards Russian banking structures mainly use accounting and financial reporting of the enterprises as the informational source (engulfing the data on the first cost of the product output); organizational structure and list of the staff members; maps of flow; agreements and contracts; financial and production plans of the company, helps of physical persons incomes. However, some of such debtors with the aim to obtain the credit take the corrupted information which doesn't correspond to the reality. It leads banks, which lend out money to the additional hazards. Credit hazards in most of the major banks make up the 40% of the assets. This way, in 2013 even banks stayed at the first ten of the rate had the essential credit hazards more than 30% assets. To quit this situation and to accomplish the Russian Central Bank demands, the banks quickly increased their assets to reduce the quotient of non-performing loans in their volume. On October, 1, 2013, their growth amounted to almost 49% (in comparison with 2012). This indicator is based on the Rate of Inflation in 7-10% seems rather critical in banking [1]. According to the Banking Regulation Department of the Russian Central Bank, unsecured bank borrowing composed more than 50% of the volume of landing in 2013-2014.

To increase business profitability and to optimize costs, many banks have closed their branches and reduced staff up to 20%. On our mind, so-called "getting hook on credit needle" has the most negative consequences on business state and environment. Rising of product cost, appearing collateral assignment, finding the opportunity to withdrawal the property for debts from competitive companies, which is only a part of malpractice of redistribution of
property rights on productive factors and killing of various levels of business structures. Balance liquidity risk is bound by Russian Central Bank normative acts less than 50%. In fact, current liquidity comes to 90% in 2012. It should be pointed, that banking system suffers from lack of "long" money and high dependence on interbank credit that leads to the rising risk of their activity. Furthermore, the regulations offence threatens withdrawal of the Russian Central Bank license. Consideration of the credit and other hazards, incompetent or deficient hazards, management can contribute to the fund rise in Russian Central Bank, decreasing of the credit institution profit, reduction of the business profitability and other unfavorable consequences. Besides, these cannot deprive the credit organization of the right to run banking. Therefore, non-observance mandatory standards have more serious and deplorable consequences. The Central Bank makes the everyday loyalty revision. Each credit organization in Russia is obliged to offer the Russian Central Bank all of the set statements (up to the 12:00 after the accounting day), including that one referring mandatory standards observant (form 135) [1, 7].

Increasing the quotient of the problem loans in the banking assets is the consequence of the credit portfolio quality deterioration. Boost the number of the prolongation for the large credit transaction and the growth of the overdue debt on loans given to the small and middle business occur even now. Nowadays each third loan is unpaid. Moreover, banking sector feels the lack of qualitative debtors of individuals; it is the reason of bank withdrawal to the more risky segments. It is expected that the quotient of the high-risked consumer loans in common portfolio 2014 will increase in comparison with 2013 from 15-15.5 to 16.5%. According to the Russian Central Bank, the quotient of the credit payments in the debtors' income in 2013 passed 30%. This way, hazards growth at the banking sector even more increase the cost borrowing and at the same time decrease the demand for aggregate cash and that, finally, lead to stagnation in the real sectors of the economy.

Economic sanctions are directed against of certain Russian companies and their payment transactions into the Visa and MasterCard systems. It is important factor of the intensifying the stagnation in banking sector in 2014. The previous is more likely to give the impetus to create domestic card transactions infrastructure and develop the national system of payment cards.

Investors' uncertainty in the future has intensified the capital outflow. According to the balance of payments in Russia in the first quarter of 2014 the net export capital of the real sector of the economy and banks in Russia amounted to the 50.6 billion dollars that almost twice more than analogous period in 2013, when the "capital flight" accounted to the 27.5 billion dollars.

CONCLUSIONS

Summarizing results of our research, following directions are allowed to use in order to diversify business bank hazards:
- The use of the principle of weighting the risks;
- The account of external hazards (branch, regional, country);
- Systematic monitoring of the financial condition for the bank customers, their paying capacity, borrowing power;
- Hazards diversification and use the lending policy with possibility to reduce riskiness for existing customer deposits;
- The use of different credit recovery form with collateral and others.

The usage of abovementioned hazard management measures allows banks in a certain extent to be protected from unexpected loss danger. Establishing the bank credit report will allow getting the supplementary information on the credit agencies and defensing the financial intermediary sector against additional hazards to make the credit resources easier to access.

This way, using the application of various types of information, bank institutions can assess and control emerging hazards depending on final goal, take the management decisions with the minimum risks and determine the scheme of further development.
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MARKETING INNOVATIONS IN TOURISM INDUSTRY

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Abstract: There is a transition to the innovative type of economic development around the world. In the context of globalization, this process has different forms which vary depending on activities. The article deals with the formation and development of innovative strategies for tourism companies in the era of globalization. Sources of innovation in tourism and specific factors influencing development and introduction of a new tourist product are identified. Main types of marketing innovation strategies are outlined. Basic principles that reflect general patterns of innovation for travel agencies are systematized.

Keywords: tourist marketing, innovation, innovation infrastructure, innovations market, tourism consumers, periodical marketing concepts

INTRODUCTION

Globalization has enormous impact on the tourism industry by high foreign markets access, transportation systems development, modern technologies and new ways of information dissemination. A significant increase in the number of tourists, business travelers, international students, scientists participating in international conferences, symposia, congresses is reflected in the tourism sector work and requires the introduction of appropriate innovations.

MATERIALS AND METHODS

The study of a travel company innovative strategy formation in the era of globalization was carried out within the dialectical materialist approach using structural-functional analysis, economic analysis and general scientific methods (systems analysis, complex analysis, differentiation and integration). The study used the results of studies of P. Doyle, C. Gronroos, F. Kotler, N. Pervova, M. Porter, E. Rogers, L. Yakovleva et al.

RESULTS

Tourism marketing has its own specifics. It is a complex of certain functions performed by the tourism company to expand the market for its tourism product and services. Tourism marketing is a tourist organizations sphere of activity to develop new, more effective types of tourism and excursion services, as well as to market them in order to obtain profit by improving the quality of tourism products and considering global tourism market processes.

Tourism marketing has three main objectives: 1) traditional market preservation; 2) new market development and 3) reducing the impact of seasonality.

There is a conditional division into four seasons of the tourism business:
- "peak" season (mostly summer, vacations and holidays);
- "high" season (this includes "velvet" season, spring tours);
- "low" season (winter and autumn vacations);
- "dead" season (the rest of the winter).

The main objective of tourism marketing gets closer to the consumer by exactly those new innovations (goods, services, ideas, technologies, etc.) which are capable at least partially revive "dead" season.
Tourism innovation sphere should have a special innovative infrastructure (national parks, cultural, entertainment and leisure centers, modern hotels, country clubs, roads, transportation, etc.).

Innovation process as the process of introducing new products to the tourist market is characterized by: 1) numerous and originally uncertain ways of achieving goals; 2) high risk; 3) inability of detailed planning; 4) prognostic estimates orientation; 5) the need to overcome the resistance of the existing relations and interests of the innovation process participants.

Due to the increasing market competition most travel companies offer customers a comprehensive service, i.e. specific set of scheduled services. These services include: comfortable accommodation; well-organized leisure and entertainment; various food; different sports; variable by form and content excursions; affordable and convenient transportation.

Tourism, as an any other industry, has its own specific factors influencing the development and implementation of a new tourist product: static factors (climatic, cultural, geographical and historical); dynamic factors (political, socio-demographic, economic, financial, logistical).

Analysis of the tourism market infrastructure development factors permits to identify the periodical marketing concepts approach presented in Table 1.

Table 1

<table>
<thead>
<tr>
<th>Period</th>
<th>Concept</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950s</td>
<td>Production (commodity) orientation</td>
<td>Emphasis on the company efficiency improvement</td>
</tr>
<tr>
<td>1960s</td>
<td>Financing and organizational restructuration orientation</td>
<td>Emphasis on the quality of goods and provided services improvement</td>
</tr>
<tr>
<td>1970s-1980s</td>
<td>Market orientation. Customer focus</td>
<td>Emphasis on flexibility in the company activities increase</td>
</tr>
<tr>
<td>1980s-1990s</td>
<td>Marketing orientation. Orientation to the relationship</td>
<td>The emphasis on innovations, focus on the innovative products that meet the society and environment requirements</td>
</tr>
<tr>
<td>Modern stage</td>
<td></td>
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</tr>
</tbody>
</table>

Source: adapted by authors according to [6, 12]

N. Pervova believes that after the efficiency, quality and flexibility eras, the innovation era which is especially important for the tourism industry comes [6].

There is a special innovations market, which is a part of the tourism market. Innovations market is developing under conditions of uncertainty which arises from the innovation process nature and its development should be considered in connection with the development of tourism entrepreneurship. Innovations market is related with innovation offer and demand, price scales, innovations demand coverage, etc. The effect of the innovations implementation is evident not only in the economic, but also in the social sphere, where social needs are better satisfied by increasing revenues and living standards are improving, and in the cultural sphere [12].

Marketing aspects by sources of innovations identifying and their diffusion rate are associated with studies of external and internal organization environment. In the external environment of organization there are two types of sources: 1) changes in the organizational macro environment; 2) changes in the organizational micro environment. Changes in the macro environment are changes in political, economic, scientific, technical, social, environmental and legal factors. Thus, the visa-free regime attracts a large number of new visitors.

The next important direction of finding innovative features is competitors’ innovative activities. However, if this activity is dynamic, effective and strictly classified the company runs the risk of being among lagging imitators. Innovations and competition have a close relationship and interdependence. Michael Porter defines innovations as means of creating competitive forces, Peter Doyle and Everett Rogers define the innovation as strategic weapon of competition [1; 9; 10]. According to M. Sharko "competition is objectively necessary and
essential element of market relations and the mode of existence of capital. The essence are forms and methods of competition are undergoing continuous changes, the essence of which is the process of globalization, exacerbation of market relations and business efficiency” [10].

Very important sources of innovative ideas are the consumers of the tourist product. N. Pervova identified three ways of using this source: monitoring tourists' needs, revealing the hidden or the formation of new ones; thorough analysis of tourists' types; organization of the customer feedback [7].

However, in our opinion, it is also necessary to analyze the customer's emotional experience which can help in solving various problems of travel companies [8].

With regard to the monitoring needs of tourists, the identification of latent or the formation of new demands, changing needs may be associated with beliefs and past experiences of consumers, changes in perception, fashion, values, etc. Consumer innovations are those arising from the consumer [1; 4; 12].

At the same time, researchers can move forward – to the future and back – in the past. Predicting the future is made on the evaluation of the present, it allows taking the next step in changing the product. Return to the past makes possible to use the old in a new way. So now again it is very popular to hold balls dedicated to certain events. It is believed that the Odessa ball is a new format for the ball with the old traditions. In addition, a winter Russian ball called "War and Peace" is held in London annually.

Detection of latent needs informs marketers about how to modify the product by adding a new property or changing existing characteristics. One of the possible directions of such product improvement is the addition of functionality to those actions which fulfill consumers in product operation and maintenance.

Rigorous analysis of tourists' types, careful study of the product use features of each group of users can provide information on how to modify and create a products range with some distinctive features.

The organization of the customer feedback allows usage of tourists as a generator of ideas as they have product experience and they may have ideas for improvements. Experts note that 67% of the innovations are made with the participation of consumers. No wonder many companies ask customers to fill out the appropriate forms after tourist trips.

Experience economy focused on feelings or emotional user experience has recently become widespread. This marketing concept was clearly formulated by Ph. Kotler: "Engage customers in defining and co-creating unique value" [4]. Customer experience becomes the basis for the organizational activities and the integral part of the company's relationship with its customers. This idea allowed classification of the following modern marketing approaches: 1) approach associated with the formation of customer loyalty; 2) approach associated with the differentiation of products and services; 3) approach associated with the management of the customer experience.

O. Nikonova and L. Aliakberova [5] offer following models as innovative approach to customer service: handling complaints and recovery service. "Handling complaints" model provides resolving the customer's problem after a particular complaint but this process does not draw a lesson, causing the same problems to occur again and again. Model of "service recovery" is characteristic of client-oriented organizations in which the customer call is an occasion to raise his satisfaction, as well as to introduce changes in the processes of the company to avoid a repetition of the situation. When forming the customer experience management model such goals as customer retention, the formation of their loyalty, service quality improvement and differentiation in customer service should be taken into account.

Customer retention (duration of relations) and loyalty (budget share, recommendations) are the results of appropriate marketing activities.

Good service is easier to achieve if the flaw remediation procedures externally and internally would have been improved, allowing employees on the first line to focus on opportunities to add value, not to fix any current problems. Differentiation in customer service would become real if the methodology taking into account the views of customers to make the
necessary changes in the firm has been developed. Customer intelligence should be integrated into all data sources to form a coherent picture of customer needs. Tendency to accumulate knowledge about customers and the pursuit of innovative quality of their service should be inherent to any company.

Since enterprise revenues are generated by customers, it is necessary to take into account the so-called "voice or opinion of the client". Modern customer takes features and benefits, product quality and positive image of the company for granted. What does he really expect? He expects that services, communications and enterprise excite his feelings, touch his soul. Customer expects services that would characterize him positively and "fit" into his lifestyle. The ability of a travel company to meet these customers' expectations determines its success in the global marketplace.

Collection and interpretation of customer experience data become a valuable resource and, if quantify the value of these relationships, the tourist agency will be equipped with the necessary knowledge and motivation to regulate behavior with clients to achieve success. Therefore, it is important to consider customers intelligence and lifecycle indicators. One of the biggest problems of most customers is the need for self-expression, self-assertion, i.e. everyone wants to be significant [9].

When creating brand it is essential to take into account the desire of consumers to express their emotions, to be significant in the eyes of others. Brand makes strong impression on others, it gives them emotions.

Consuming brands buyer shows that he shares emotions and experiences that transmits this brand. In other words, you need to create brands that become part of consumers' lifestyle and help them to assert themselves in the eyes of others. Customers' commitment and creativity will allow implementing innovations to achieve collective success that will form the block "improvement and innovation". In the internal environment of tourism companies there are two types of sources of innovation: 1) changes in the internal environment; 2) resolving company's problems and deficiencies.

Changes in the company's internal environment not only provide innovative idea but also an opportunity to initiate the innovation process and are determined by the intensity of marketing efforts. There are two types of changes in the internal environment of tourism companies: 1) evolutionary changes such as moral and physical aging of equipment, product or service, acquisition of experience by the firm personal and 2) situational changes – new circumstances, some of which can be predicted in advance to be prepared to use them, some are sudden and unexpected. Marketer is forced to respond to unexpected situations and, if possible, to seize an opportunity for innovation.

There are several basic types of marketing innovation strategies as follows:

- Attacking (typical for companies working on the business competition principles);
- Defensive (aims to keep the company's competitive position of the on existing markets; its main function is to strengthen the relation "costs – result" in the innovative process);
- Simulation (using firms with strong market and technology position. In this case, the main consumer properties innovations put on the market by other companies are copied);
- Niche strategy (adapt to the narrow segments of the broader market (niche) by the specialized production of new or upgraded products with unique characteristics).

Two components are clearly revealed in the "niche" strategy: differentiation product accent and need to focus maximum effort on a narrow segment of the market).

In addition to abovementioned strategies, there are a number of choices a strategic position on the basis of various models of innovation development.

Considering the issues of the concept of innovation management formation in the tourism business in the era of globalization it is necessary to solve the problem of identifying promising targets and key objectives of innovation management strategies in tourism business. To determine them it is necessary to follow the basic principles that reflect the general laws for travel business. These principles in today's globalized world should include (Table 2):
### Table 2

**Principles for the implementation of innovative strategies in the tourism business**

<table>
<thead>
<tr>
<th>Principles</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. International competitiveness</td>
<td>In a globalized economy to provide strategic capabilities of its activities travel companies should focus on the global level of tourist services</td>
</tr>
<tr>
<td>2. New tasks</td>
<td>In the context of accelerating industrial production cycles strategic management system in tourism business should provide a solution to a new qualitative problems rather than mechanical repetition of traditional services at later stages of development</td>
</tr>
<tr>
<td>3. Systematic approach and tasks complexity</td>
<td>Innovation management systems design in tourism should be based on systematic analysis of objects of innovation and investment processes in managing them. This implies the need to define the objectives and performance criteria of management system, to analyze the structure of the management process, to reveal the full range of issues that must be addressed in order to best meet the established goals and criteria. At the same time innovation management processes are interrelated and therefore cannot be reduced to a set of specific tasks</td>
</tr>
<tr>
<td>4. Reengineering</td>
<td>Continuous development of a travel company as a system should be envisaged. Basic idea of its construction, structure and specific solutions of management system should allow easily to resolve problems arising in from providing a range of services, as a result of connecting new activities, expansion and modernization of existing services, supplying them with information</td>
</tr>
<tr>
<td>5. Integrity and actualization of knowledge base</td>
<td>Information on the supply and demand of tourist services needed to address the totality of the tasks of innovation management should be accumulated and constantly updated</td>
</tr>
<tr>
<td>6. Matching bandwidth links in the system</td>
<td>Speed of providing services in the various parts of a travel company should be coordinated in order to avoid &quot;bottlenecks&quot;: overload of different components of the system or significant outages that lead to inefficient functioning</td>
</tr>
<tr>
<td>7. Rational combination of unification and exclusive services</td>
<td>Developing a system of innovation management should strive to ensure that the proposed solution is suitable for a wider range of tasks of the company. It is necessary in each case to determine a reasonable degree of unification in which the desire for wide-reaching control does not lead to a significant complication of standard solutions retaining exclusivity of services</td>
</tr>
<tr>
<td>8. Synergy</td>
<td>Amount of properties (potential, energy, qualities) of organization is greater than &quot;arithmetic&quot; amount of the properties of each of the individual elements. At the same time a property of the element refers to the parameters characterizing it, their interdependence, changes over the time</td>
</tr>
</tbody>
</table>

*Source: adapted from [3]*

1) international competitiveness; 2) new tasks; 3) systemic approach and complex tasks; 4) reengineering; 5) integrity and actualization of knowledge base; 6) matching bandwidth links in the system; 7) rational combination of unification and exclusive services; 8) synergy.

Marketing mechanism of consumers’ ideas management can be represented as a closed cycle which is started by the consumers’ idea, continued by their selection for use in practice and bringing profit for travel agency. Authors of good ideas should be motivated to initiate new proposals. However, one should take into account the peculiarities of consumers’ perception and the advantages and risks associated with product development, acquisition and consumption. "Product-Market" modified model enabling the innovations risk assessment can be used to implement innovative strategies for tourism management (Figure 1).

We propose the following main resource components that require specialized methods of innovative development: innovative infrastructure creation; innovative development of transport infrastructure; innovations in the development of accommodations, utilities and tourist complexes; innovations in the field of information technology in the provision of
services; innovative development of tourism education; innovations in the field of culture (providing a new level of cultural services, expanding the variety of cultural objects by creating innovative structures); innovative development of tourist complexes construction and architecture; environmental innovations, environmental protection; innovative development of sport and physical culture in tourism; innovations in the administration (formation and development of a culture of communication, planning, thinking, tourism innovation management).

<table>
<thead>
<tr>
<th>New product</th>
<th>Medium risk / Insignificant development</th>
<th>High risk / Moderate development</th>
<th>Very high risk / Rapid development</th>
</tr>
</thead>
<tbody>
<tr>
<td>New product associated with the existing one</td>
<td>Low risk / Insignificant development</td>
<td>Low risk / Significant development</td>
<td>High risk / Moderate development</td>
</tr>
<tr>
<td>Existing product</td>
<td>No risk / No development</td>
<td>Low risk / Insignificant development</td>
<td>Medium risk / Insignificant development</td>
</tr>
<tr>
<td>Product Market</td>
<td>Existing market</td>
<td>New market related with the existing one</td>
<td>New market</td>
</tr>
</tbody>
</table>

Figure 1: "Product-Market" modified model

Source: created according to [11]

DISCUSSION AND CONCLUSIONS

The problem of the development of innovative tourism products (services) is quite relevant in the current environment. In our opinion, it is necessary to allocate the priority of consumer innovation development and to develop a method for their formation and stimulating customers. The challenge of innovative management strategies developing in tourism business in the era of globalization requires further investigation in view of modern Ukrainian and world economic conditions.

REFERENCES

THE PECULIARITIES OF IMPOSING INCOME TAX ON BANKS IN UKRAINE

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Abstract: In this article the peculiarities of imposition income tax on banks are researched, the tax load on the banking sector in Ukraine is considered, banking taxation in the post crisis conditions of Ukrainian economy is analyzed, the necessity of strengthening the role of banks in budget formation and the directions of improving income tax on banks in Ukraine. The reduction of the bank tax burden may provide the investment activation and increase the business activity of economic entities, which in turn can contribute to the growth in tax revenues. Current conditions of uncertainty where domestic banks work, largely induce further improvement of tax burden of their activity. It determines the prospects for further researches.

Keywords: bank activity, bank taxation, income tax, the object of taxation, tax rate

INTRODUCTION

The functioning of the effective tax system, that would be characterized by high competitiveness and contributed to a positive image of the country, is characterized by high levels of integration and globalization. Taxes are a powerful lever of influence on the scale and pace of economic development, intensification of entrepreneurship, improving the well-being of the population. The stability of the economic development depends on income of financial resources of banks. The scientific researches concerning the taxation on banking activities are significant, but little attention is paid to the problems of imposing income tax on banks. Due to this, the imposing income tax profits on banks remains improper researched, and that determined the choice of the topic of the article.

The taxation of banks in Ukraine is made on a common basis and principles that is because of the absence of separate legislative acts that would regulate the issue. This is a big disadvantage, since that does not allow considering the peculiarities of bank activities and to provide the sufficient contribution of banking system to the economic growth.

Many works of the researchers are devoted to the study of the specificity of the imposing income tax system of bank activity. A significant contribution to the development of these issues made our scientists T. Yefymenko, L. Klyusko, I. Nosachova, N. Pashkurova, Yu. Pavlenko, Ya. Pidsonna, S. Reverchuk, G. Starostenko and others. At the same time, the problem aspects of imposing income tax on banks remain undefined.

MATERIALS AND METHODS

The aim of this article is to define the peculiarities of the income tax of banks, as well as to justify the ways of its improvement in Ukraine.

To achieve this, we highlighted a number of tasks: 1) to clarify the nature and meaning of income tax of banks; 2) to identify the causes of decreasing amount of payment of income tax of banks; 3) to identify directions of improvement of imposing income tax on banks in Ukraine.

The object of the research is the banks activity in Ukraine. The subject of the research is the peculiarities and patterns of income tax on banks in Ukraine.

RESULTS

Income tax has a special place in regulation of bank activity. Income tax is the largest in terms of the structure of tax payments made by banks, and is the second important tax that forms budget.
Income tax is a direct tax that is paid by banking institutions of their income from the banking services they offer. In the banking sector generated about 1.6% of world GDP, its assets amount to nearly 100 trillion USD [1].

Objects of income tax is income from Ukraine and abroad, which is determined by reducing the amount of income of accounting period on costs of goods, works, services and other expenses of accounting period. The calculation of imposing on banking institutions has its own specifics, due to the peculiarities of the bank activity. Moreover, in practice, the income tax actually does not charged with actual financial result of the bank but of certain conditional index, which is calculated by the method specified by the Tax Code of Ukraine.

According to Article 133 section III of the Ukraine's Tax Code, income tax rate is unified and gradually its size is reduced: from April, 1, 2011 was 23%; from January, 1, 2012 up to 21%; from January, 1, 2013 up to 19%. If the increase in tax rates took place, banks would either stop their activity or went in shadow and vice versa. Basic income tax rate decreased gradually over three years. It is provided by the Law of Ukraine from December, 19, 2013 No. 317 "On Amendments to the Tax Code of Ukraine regarding individual tax rates" [6].

In 2014, the income tax rate was 18%, in 2015 (according to the project should be 17%), but due to the adoption of amendments to the Tax Code of Ukraine, rate of income tax remained at the same level 18%. The rate of the income tax of banks does not differ from the tax rate on profits of entrepreneurs [5].

The maintaining the income tax of banks at the proper level is an important task.

Let us analyze income tax banks for the period of the years 2010-2013 (Table 1). During this period, the total amount paid by Ukrainian banks income tax decreased by 40%. It should be noted that the last 2 years there have been positive trends in bank activities in Ukraine. According to results of 2013, their net profit was 1.4 billion UAH. In 2013 the income of banks amounted to 168.9 billion UAH and the expenses to 150.4 billion UAH. Compared to the last year, we should note the faster growth of expenses over the income of banks and general reduction of nearly 3.5 billion UAH net profit of the system connected with increased competition in the financial sector. However, in contrast to the negative results of 2009-2011 (the loss for three years is 59.2 billion UAH); we should note the fact of the profitability of bank activity in Ukraine for two years running. The total amount of the loss that is demonstrated by unprofitable banks in 2013 was 5.61096 billion UAH (3469.8 million UAH in 2012).

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Indicators value, mln UAH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>Bank Income</td>
<td>142 995</td>
</tr>
<tr>
<td>Bank Costs</td>
<td>181 445</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>-37 799</td>
</tr>
<tr>
<td>Paid tax</td>
<td>651</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>-38 450</td>
</tr>
</tbody>
</table>

Source: created according to [11]

According to the press service of the State Fiscal Service of Ukraine in 2012, the taxes and charges paid by banks to the consolidated budget is 3 billion 983 million 48.3 thousand UAH, including income tax 1 billion 212 million 634.6 thousand UAH. Compared to 2011 the total payment of taxes and banks fees decreased by 1.36 times, including the payment of income tax decreased by 2.7 times; including income tax collected one and a half times more than last year 809.8 million UAH [3].

At the modern stage, there is a tendency to decrease in revenues from the banks profit, thus, in the 2010-2013 the payment of tax decreased by 41.78% that negatively affects the economy in terms of the state budget. The reason is the reduction of income as the tax base, which led to the reduction of the amount of the paid taxes. The pace of the income growth is
much higher than the pace of increase of banking cost, as bank revenues for January, 01, 2013 raises in 1.2 times; it is 150 billion UAH. We should pay attention to the quantitative change in banking costs that for the analyzed period decreased by 19.78%. The explanation for this is the change the norms of obligatory reserve within their structure. A distinctive feature is achievement by Ukrainian banks activities in 2013.

The tax burden on income tax of domestic banks distributed unevenly. Thus, the greatest burden falls on the banks with average assets. It indicates the presence of regressive tax system elements. It should be noted that banking institutions besides the income tax pay land tax, value added tax, single social contribution tax for the first registration of the vehicle, which significantly increase the tax burden on banks. Thus, the tax burden on banks is not sufficient enough to perform the fiscal functions and is too high for stimulating bank activities in Ukraine.

The main reasons for the decrease in income tax on banks were the following:
- Economic and financial crisis (since the second half of 2008 and 2010), which is resulted in significant losses in the banking system of Ukraine;
- The Law of Ukraine, that ordered commercial banks to form the insurance reserves and attributed it to gross expenditures;
- Bank evasion from tax through the schemes of minimization profit;
- Distortions in the tax system of Ukraine.

Banking institutions make loans to the real economy sector on conditions of very high interest rates. This situation prevents the intensive development of the national economy; therefore, it requires governmental intervention [4, p. 80]. It is unreasonable to force banks to lower interest rates on loans; however, it is possible to use economic methods, including tax incentives, including the reduction of income tax banks.

**DISCUSSION AND CONCLUSIONS**

The banking tax system needs to be improved. The tax burden on banks in the country should be reduced. Due to the excessive burden of tax payments of domestic banks leads to the recession of economic activity and shadow profits. The reduction of the tax burden of banks may provide the investment activation and increase the business activity of economic entities, which in turn can contribute to the tax revenues growth. Current conditions of uncertainty where domestic banks work, largely induce further improvement of tax burden of their activity. This determines the perspectives for further researches.

**REFERENCES**

RUSSIAN AND OECD LOCAL TAXATION

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Abstract: Own tax revenue sources for the local budgets are one of the most important conditions for developing of the local self-governing. The issue on the local taxes' structure is debatable. It is solved in different way in developed and developing countries, in federal and unitary states. Conducted by authors analysis of tax revenues sources for local budgets in federal states of the Organization for Economic Cooperation and Development (OECD) proves that their structure mostly corresponds with the basic local taxation theoretic notions. Russian reforms in taxation in terms of municipal revenue formation are based primarily on the experience of the OECD countries. However, as the great part of Russian population has low income it prevents to use the developed countries local taxation experience in a larger scale.

Keywords: local taxes, tax base, tax plenipotentiary power, local budgets

INTRODUCTION

Development of local governing is able to provide a powerful multiplier effect in both the socio-economic and in socio-political spheres of public life that is confirmed by the experience of developed countries. Empowerment of local authorities in the implementation of their functions depends on the availability of a sufficient number of its own tax revenue sources into the local budgets that determines the interest of theorists and practitioners on the local taxation's issues.

MATERIALS AND METHODS

Scientific papers dedicated to the distribution of the tax plenipotentiary powers in federal states and fiscal federalism were used to summarize the theoretical principles of local taxation.


THEORETICAL ASPECTS OF LOCAL TAXATION

Since the nineteenth century, the study of local finance's problems is associated with the development of theoretical concepts on local taxes. It is possible to distinguish two approaches attributing taxes to the local ones: economic and legal. According to the economic interpretation, local taxes are those, which form revenues of local budgets. Legal interpretation suggests that local authorities have the rights of decision making on the establishment of a local tax in the certain territory and the rights to determine its basic elements. The notion of "local taxes in the absolute sense" ("completely local taxes") entered by Richard Bird, is close to the legal interpretation of the "local taxes" notion. According to Richard Bird on local taxes, local authorities have the rights to: 1) decision making on their implementation; 2) determining the tax base and setting the tax rate; 3) administrating and collection of income from these taxes, including them in their income [1, pp. 6-7].

Obviously, the local taxes' structure within the abovementioned approaches will vary considerably, depending primarily on the plenipotentiary powers of local authorities. Richard Bird puts accent to the tax administration issues in allocating them to the "local" category. He points out that local tax should be those that can be administered successfully at the local
Only some of the abovementioned features are valid for many taxes. Consequently, according to Richard Bird, they cannot be considered as a truly local.

Over the last two centuries, researchers identify "the principle of the public services' benefits" as an important principle for determining local taxes. Most of modern researchers share this approach. E.g. Richard Musgrave believes that property taxes, as well as fees received as benefits from public services should be levied at the local level [5]. According to William Oats, imposing tax that does not match the benefits of public services especially in the mobile tax base should be avoided at the local level [6, p. 1125].

The mobility of the tax base increases with globalization. Long term securing of tax powers for concrete state or local authorities in the rapidly changing socio-economic conditions leads to the infringement of the fiscal interests of individual entities. As Charles McClure notes, tax powers distribution is a "moving target" and requires regular review and adjustments [3, p. 360].

THE STRUCTURE OF LOCAL BUDGETS' TAX REVENUES OF THE OECD UNITARY AND FEDERAL STATES

Analysis of the various tax revenues' sources of local budgets in OECD countries allowed revealing differences in the local financial sector of unitary and federal states (Table 1).

<table>
<thead>
<tr>
<th>Local taxes in OECD countries in 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicators</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Federal states</td>
</tr>
<tr>
<td>Unitary states</td>
</tr>
<tr>
<td>Average share of local taxes* in the local budget revenues, %</td>
</tr>
<tr>
<td>Unitary states</td>
</tr>
<tr>
<td>Average share of local taxes* in the total tax revenues, %</td>
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<tr>
<td>Unitary states</td>
</tr>
</tbody>
</table>

Note: * here local taxes include those ones, which are determined by local authorities for the tax rate and/or base
Source: composed by authors according to the data of ninth federal and twenty-third unitary states (excluding Greece and U.S.); OECD Fiscal Decentralization Database, Taxing power of sub-central governments, 2008; OECD Revenue Statistics Database

The largest revenue in local budgets (39%) in 2008 came from the income taxes in the unitary OECD states. Revenues from property taxes accounted 38% (theoretically they are considered as the most appropriate for municipalities). However, about 20% of the revenues of local budgets were formed by means of indirect taxes (theoretically they are instruments of the central authorities). Thereby, the practice of local finance formation in unitary OECD countries mostly contradicts with theoretical developments. Tax revenues of local budgets of OECD federal states are mostly formed (for 50%) by means of revenues from property taxes. The share of revenue from income taxes (25%) and indirect taxes (12%) is significant, although it is much less than in unitary OECD states.

If we will limit our analysis by consideration of taxes, where local authorities have rights to set tax rates and/or tax base (i.e. local taxes), then the share of local taxes in unitary OECD countries in their total amount on average is much higher than in federal states (9.1% vs. 5.5%). Local additions to income taxes affect significantly this ratio. Lesser share of local taxes in tax revenues of federal states compared to unitary states is explained by the existence of regional taxes in federal states. Higher tax revenues in unitary states are ensured by means of broad tax powers of local authorities concerning to the income taxes and indirect taxes. For instance, in Sweden, Japan, Iceland, Denmark and Finland local supplements to income taxes are 35%,
28%, 26%, 25% and 21% of tax revenues respectively. Higher share of local taxes compared to unitary states characterizes federal states that ensure the priority of property tax revenues to the local budgets (48% vs. 30%). Comparison of the data for 2011 and 1995 demonstrates the growth in the share of local taxes in total tax revenues by an average of 2 percent points in the unitary states and 0.5 percent points in the federal states.

THE EVOLUTION OF LOCAL TAXATION IN THE RUSSIAN FEDERATION

The trend has been reversed for fifteen last years in the Russian Federation. Local tax revenues declined from 3.9% in 1995 to 1.7% in 2011 (from the reviewed OECD federal states, the minimum of local taxes has been fixed only in Mexico (1.4%); in the highly centralized Australia this value was 3.4%).

The formation of local financial economy of Russia in 1990s occurred on the background of the municipalities' revenue formation priority by means of local taxes. The list of local taxes included both taxes randomly taken from the foreign practice and taxes from the USSR tax system of 1920s; most of them have brought small income.

Tax powers of local authorities were maximally dilated in 1994-1997; they had the rights to set up any taxes on their territory. The tax system of that time is extremely confusing and difficult to analyze; even to make a simple list of taxes of that time is difficult.

Maximum tax autonomy of local authorities in the mid of 1990s did not reflect growth of the local budget revenues. Local taxes provided only 10-15% of local budget revenues, up to 6% of the total state tax revenues and about 25% of all tax revenues in local budgets [2].

Income from turnover taxes prevailed at the local level. Revenues from taxes according to the decisions of regional and federal authorities amounted for more than half of municipal tax revenues. Tax reform of the late 1990s led to the Tax Code adoption; however, with its apparent overall positive influence to the Russian tax system it reduced the tax powers of local authorities.

Canceling in 2001 the tax on the housing maintenance and socio-cultural sphere (which has guaranteed more than 80% of revenues from local taxes) led to the tax revenues reduction of local budgets. Thus, local taxes in 2001-2005 have formed 4% of municipal revenues and less than 1% of total tax revenues in the budgets of different levels. Municipal revenues regulation by federal and regional authorities since 2005 is going on mostly through gratuitous transfers upon minimal tax autonomy of local authorities. The share of total tax revenues is less than 30% of local budget revenues. The most part of the local budget revenues is provided due to the tax on personal income and land tax. Significant is the share of the single tax on imputed income (Table 2).

Low fiscal value of the tax on personal property is explained by three factors: 1) calculation of the tax base for the inventory value, which is different from the real, 2) low tax rate and 3) a large set of privileges.

<table>
<thead>
<tr>
<th>Tax revenues in the income of the consolidated local budget of the Russian Federation in 2009-2013, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes</strong></td>
</tr>
<tr>
<td>Land tax</td>
</tr>
<tr>
<td>Tax on personal property</td>
</tr>
<tr>
<td>Single tax on imputed income</td>
</tr>
<tr>
<td>Tax on personal income</td>
</tr>
<tr>
<td>Corporate income tax</td>
</tr>
<tr>
<td>Tax when applying the simplified taxation system</td>
</tr>
<tr>
<td>Transport tax</td>
</tr>
<tr>
<td>Corporate property tax</td>
</tr>
</tbody>
</table>

Source: summarized by authors according to Reporting of the Federal Treasury of the Russian Federation on the implementation of local budgets in 2009-2013
Positive feature of the existing system of local taxes is its stability in economic recession times in 2008-2009. Tax revenues of local budgets in that period were the most stable among other revenues at all budget system levels. However, it justifies the low importance of local taxes and the formation of more than 60% of the local revenues by gratuitous transfers from higher budgets. Today different variants are offered to increase the tax revenues of local budgets, e.g. returning to the mandatory enrollment of revenues part on corporate profits tax and increasing the transferred share of the income tax of individuals.

Income tax is actively used at the federal level as a management tool to regulate the state economic development. Its base is mobile, unevenly distributed across the country's territory and significantly reduced during the economic downturn. These circumstances indicate that there is no need to fasten the corporate income tax for local budgets throughout the state.

Tax on personal income corresponds with economic criteria of tax revenues distribution to local budgets. The main problem of the Russian model of income taxation is the income thereon transfers at the employer's registration place, not at the employees' residence. Thereby, increasing of the mandatory share of tax on personal income exacerbates conflict of interests with the regional authorities and may cost the lowering of other taxes' share, which are transferred to local budgets by the authorities of the Russian Federation.

Increasing the share of own tax revenues in the medium term is associated with the increasing of the tax base of the personal property tax. Article No. 32 of the Tax Code is valid from 2015. It regulates the tax collection on personal property. According to this article, the tax calculation should be provided upon the cadastral (approximated to the market) value of the property (tax calculation based on the inventory value of the property is possible up to 2020 according to the local authorities decision).

CONCLUSION

Striving of Russian federal authorities to raise significance of the personal property tax corresponds to the practice of local income formation in the federal OECD countries. However, the possibility of local budgets formation in Russian Federation mainly due to property taxes is doubtful because of low level of income of the population.

REFERENCES

ASSESSMENT METHOD OF FINANCIAL MANAGEMENT EFFECTIVENESS AT THE ENTERPRISE

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Abstract: Integrated assessment method of the financial management effectiveness at the enterprise based on the theory of economic systems with the use of dynamic indicators system to measure the effectiveness of purposeful activity in the dynamics is proposed in our article. Dynamic system of variables, which is a criterion of the financial management effectiveness at the enterprise, is developed. Integrated assessment of the financial management effectiveness at the enterprises of Belarus for 2009-2013 is given on the basis of developed performance criteria.

Keywords: finance of enterprises, dynamic system of indicators, financial management effectiveness, management efficiency criterion, integrated assessment of effectiveness

INTRODUCTION

Financial management is implemented at different levels of government. In turn, management implementation requires the efficiency estimation. Therefore the authors of Financial Management theory (V. Kovalev, J. Ferrar, R. Fitzgerald, E. Svetlova et al) offer to assess the financial management effectiveness at the enterprise at both the micro- and macro-level on the basis of profit and profitability, i.e. indicators, which characterize the financial state of enterprises. However, firstly, their use has a static nature; secondly, it makes impossible the integrated assessment of the financial management effectiveness at the enterprise. Therefore there is a need to develop performance criteria, which allow to neutralize these disadvantages and primarily to provide an integrated assessment of the financial management effectiveness at the enterprises.

MATERIALS AND METHODS

To provide an integrated assessment of the financial management effectiveness at the enterprise, we propose to use the basic tenets of the economic systems theory [1].

According to the system approach, organizational structure can be represented as three blocks (Figure 1): 1) incoming finances, which ensure the supply of the necessary resources (labor and working capital); 2) intermediate finances, which ensure the conversion of incoming resources into results (research expenditures and development, investment in fixed assets); 3) outcoming finances, which reflect the achievement of organizational goals (net profit, sales profit, gross added value, sales revenue).

The procedure of constructing the efficiency criterion according to the abovementioned approach can be presented as an algorithm: 1) definition of the system functions; 2) definition of an indicators set that reflect the efficiency of functional performance; 3) order consolidation of indicators; 4) evaluation of the activity effectiveness with the help of rank statistics based on the measurement of the indicators dynamics. The abovementioned approach gives the possibility to measure the successfulness of the system movement to the expected results.

RESULTS

Representation of the economic system structure as a set of incoming, intermediate and outcoming zones (Figure 1) allows creating a list of indicators that characterize the occurring processes in each of them. From selected set of indicators we can eliminate those, which are calculated as derivatives, e.g. productivity, profitability et al.
The resulting list of indicators is the basis for the construction of criterion the financial management efficiency of enterprise. The order indicators securing is performed in a sequence that ensures the functional implementation and achievement of its objectives. This procedure is called dynamic system of efficiency indicators or performance criteria. Securing the order parameters of the dynamic system changes, which reflect the functions of considered economic system, is made on the following considerations. Let us suppose to assess the status and development of the economic system it is necessary to calculate a finite number of primary indicators. The values of these indicators are determined at the beginning of the planning period, and then the desired values of these parameters are evaluated at the end of the period. Example for three indicators ($P_1$, $P_2$, $P_3$) is shown in Figure 2.

Designations are used in Figure 2: $T_0$ is time for determination of the primary indicators / or the start of analyzed period; $T_n$ is time for indicators evaluation / or the end of analyzed period; $T_1$, $T_2$, ..., $T_n$ are time intervals to evaluate the current effectiveness of activity at $i$-moments; $P_1^0$, $P_2^0$, ..., $P_3^0$ are indicators characterizing the economic activity in the start of analyzed period; $P_1^n$, $P_2^n$, ..., $P_3^n$ are desired indicators of activity at the end of analyzed period.

Figure 2 shows that the economic system will be developed efficiently if the values of the indicators will be increased faster for $P_1$ and slower for $P_3$.

It is possible to build the etalon range, where increments of the selected indicators values should increase. The closer is the real order of increments of the values of the indicators to the etalon; the higher is the economic system efficiency. Selecting and securing the expected order of selected indicators ascending is made in a specific sequence, depending on the importance of indicators to achieve the planned result.
Efficiency criterion (dynamic system of efficiency indicators) is an etalon range, where indicators dynamics should be expressed into the ratio of the increments value of the current year to the increments of the previous year. The difference (overlap degree) between the etalon and real order of values acceleration of indicators characterizes performance.

The calculation of the integral effectiveness index \( P \) is based on the comparison of etalon and real order the indicators values change by the formula (1), where \( k_\lambda \) is Spearman coefficient of rank correlation (by deviation) (formula 2); \( k_i \) is Kendall coefficient of rank correlation (by inversion) (formula 4-5); \( Y_s \) is the difference between the actual rank ordering and indicator place \( s \); \( s \) is the indicator place in the increment ordering; \( n \) is the number of indicators included in the etalon dynamic system; \( X_s(X_p) \) is the rank of indicator in the actual ordering; \( m_s \) is the number of inversions for the indicator \( s \) \((p)\); \( a_p \) is a function, which indicate placement of the parameter in the inversion concerning the indicator \( s \), if it is, then \( a_p = 1 \), and if not, then \( a_p = 0 \); \( p \) is place of current indicators compared with the considered indicators.

\[
P = \frac{(1 + k_\lambda)(1 + k_i)}{4} \tag{1}
\]

\[
k_\lambda = 1 - \frac{6 \sum_{s=1}^{n} Y_s^2}{n(n^2 - 1)}, \tag{2}
\]

\[
Y_s = s - X_s, \ s = 1, 2, \ldots, n, \tag{3}
\]

\[
k_i = 1 - \frac{4 \sum_{s=1}^{n} m_s}{n(n - 1)}, \tag{4}
\]

\[
m_s = \sum_{p} a_p, \quad a_p = \begin{cases} 1, & X_s > X_p, \\ 0, & X_s < X_p. \end{cases} \tag{5}
\]

The value of the integral effectiveness index \( P \) varies in the range from 0 to 1. The value of the integral effectiveness index will be equal 1 in the case of equality of the real and etalon growth rates of the increasing indicators order. Integrated efficiency indicator is equal 0 in case of the opposite order for the real and etalon values of indicators.

According to abovementioned efficiency principles let us construct a criterion for the financial management effectiveness at the enterprise in the Republic of Belarus (Table 1).

**Table 1**

<table>
<thead>
<tr>
<th>Etalon rank</th>
<th>Indicator</th>
<th>Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Net income</td>
<td>Outcoming</td>
</tr>
<tr>
<td>2</td>
<td>Profit from sales of products, goods, works and services</td>
<td>Outcoming</td>
</tr>
<tr>
<td>3</td>
<td>Gross value added</td>
<td>Outcoming</td>
</tr>
<tr>
<td>4</td>
<td>Income from sales of products, goods, works and services</td>
<td>Outcoming</td>
</tr>
<tr>
<td>5</td>
<td>Gross domestic expenditure on research and development</td>
<td>Intermediate</td>
</tr>
<tr>
<td>6</td>
<td>Investments in machinery, equipment and vehicles</td>
<td>Intermediate</td>
</tr>
<tr>
<td>7</td>
<td>Investment in construction and installation works</td>
<td>Intermediate</td>
</tr>
<tr>
<td>8</td>
<td>Labor costs</td>
<td>Incoming</td>
</tr>
<tr>
<td>9</td>
<td>Material expenditures</td>
<td>Incoming</td>
</tr>
</tbody>
</table>

Source: created by authors

Fixation of the proposed etalon rank for indicators of effectiveness criterion and securing a certain dynamics will characterize following economic phenomena: 1) creation goods with high added value and consequently, increasing of financial resources in the financial system
at both the level of enterprises and households and at the state level; 2) outrunning of labor productivity growth over the wages growth; 3) increasing the profitability of activities; 4) reducing the material consumption et al. In turn, these economic results will contribute to the optimization of composition, structure and dynamics of enterprises and their sources; will ensure their more effective use.

To evaluate the financial management effectiveness at the enterprises according to developed criteria it is necessary:

1. Tabulate the absolute values of indicators for several periods $n$, which are included into criterion (Table 2).

### Table 2

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Values, billion RUB</th>
<th>Etalon rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit from sales of products, goods, works and services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross value added</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from sales of products, goods, works and services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross domestic expenditure on research and development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in machinery, equipment and vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in construction and installation works</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Material expenditures</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10815</td>
<td>13607</td>
<td>39671</td>
<td>70926</td>
<td>40850</td>
</tr>
<tr>
<td>2</td>
<td>16648</td>
<td>20052</td>
<td>67582</td>
<td>110341</td>
<td>83658</td>
</tr>
<tr>
<td>3</td>
<td>118138</td>
<td>143607</td>
<td>260962</td>
<td>463032</td>
<td>684302</td>
</tr>
<tr>
<td>4</td>
<td>284670</td>
<td>334820</td>
<td>652820</td>
<td>1152406</td>
<td>1271162</td>
</tr>
<tr>
<td>5</td>
<td>2009</td>
<td>4461</td>
<td>21</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>6</td>
<td>16991</td>
<td>21275</td>
<td>44672</td>
<td>63601</td>
<td>77202</td>
</tr>
<tr>
<td>7</td>
<td>26386</td>
<td>34105</td>
<td>53993</td>
<td>90841</td>
<td>132372</td>
</tr>
<tr>
<td>8</td>
<td>27402</td>
<td>31752</td>
<td>47847</td>
<td>92253</td>
<td>127467</td>
</tr>
<tr>
<td>9</td>
<td>111875</td>
<td>141220</td>
<td>271930</td>
<td>471424</td>
<td>461363</td>
</tr>
</tbody>
</table>

Source: created by authors according to [2]
Table 3

Rates of indicators growth of financial management efficiency criterion at the enterprises

<table>
<thead>
<tr>
<th>Regulatory rank of indicators movement</th>
<th>Ration of the subsequent index growth to the previous index growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rate of increase</td>
</tr>
<tr>
<td>1</td>
<td>2.317</td>
</tr>
<tr>
<td>2</td>
<td>2.798</td>
</tr>
<tr>
<td>3</td>
<td>1.495</td>
</tr>
<tr>
<td>4</td>
<td>1.658</td>
</tr>
<tr>
<td>5</td>
<td>1.412</td>
</tr>
<tr>
<td>6</td>
<td>1.677</td>
</tr>
<tr>
<td>7</td>
<td>1.225</td>
</tr>
<tr>
<td>8</td>
<td>1.300</td>
</tr>
<tr>
<td>9</td>
<td>1.525</td>
</tr>
</tbody>
</table>

Source: calculated by authors

RESULTS

Let us show results graphically in Figure 3. According to the developed criteria, financial management effectiveness at the enterprises in 2010-2014 had different dynamics. Integral index of financial management efficiency at the enterprises has reached the highest value (0.59) in the first period including 2009-2011. In 2010-2012 a sharp decrease to 0.07 and in 2011-2013 a slight increase to 0.10 are observed.

![Figure 3: Dynamics of $k_\Delta$, $k_i$ and $P$](source: created by authors)

DISCUSSION AND CONCLUSIONS

Thus, developed method of integrated assessment of the financial management efficiency at the enterprises on the basis of the economic systems theory with the use of dynamic scorecard allows measuring the dynamics of purposeful activity's effectiveness. It can also be used to evaluate financial management effectiveness of the enterprises at both the macro-level and at the micro-level.

To improve the efficiency of financial management at the enterprises, state activity in the framework of financial policy should be aimed at the formation of the economic order, which provides coordinated changes in the structure of production and consumption. It allows
creating a competitive product with high customer value. Using the tools of tax, budget, monetary, credit and other types of financial policies, it is necessary to create conditions for the profits reinvestment, increasing funding costs for research and development, investment in fixed assets, reduction of material consumption, etc. In turn, results of the enterprise's economic activity should contribute increasing the production and sales volumes to raise profits with the maximum use of operating leverage effect. It should ensure sustainable growth of employees' wages, whose growth rate should be slower than growth rate of labor productivity. It should contribute the total cost reduction by providing a faster production rate.

REFERENCES


Abstract: Customer relationship management is a widely known and used concept in the world literature; however, in Lithuania businessmen often use it in different meanings, perceive as an abstraction or generally have little knowledge about. The article distinguishes the main advantages of customer relationship management programs, which are the following: the ability to contact clients more easily and not to forget none of them, to segment customers and offer the best option for each segment, it is easier to identify loyal customers and apply loyalty programs, to collect data about the partners in the system, this makes the work easier when employees change, to identify company’s problems faster, because the system collects customers' inquiries, complaints or other comments. The article analyses the Lithuanian statistics data that help to identify the prevalence of business relationship management programs in Lithuanian companies.

Keywords: company's competitiveness, business relationships with customers, customer relationship management (CRM), CRM in business

INTRODUCTION

Business communication management education has attracted particular attention in business; it has become widely used in the areas of management and strategy. With the growth of global interest, the accents of business communication management concept have undergone significant changes. A few years ago the concept only covered a few tactical and operational measures; however, eventually it has become a true management philosophy in many companies and now includes many well-established and strategically interdependent measures. This is undoubtedly a positive phenomenon since it has helped many companies to achieve better economic results.

The article analyzes the company's business relationship with customer management problems. Various studies show that a majority of decisions to change the supplier is not related to its supplied goods.

The object of the article includes the maintenance of the relationships with customers in a company and the Customer Relationship Management systems.

The aim of this article is to reveal the conception customer relationship management systems and evaluate their offered possibilities for Lithuanian companies and institutions.

MATERIALS AND METHODS

From the very beginning of this concept's development, the management of business relationship has been considered as one of the most important features of modern marketing. In the narrow understanding, the customer relationship management is understood as the software-based collection and management of information about customers. It is important to mention that often CRM is incorrectly understood only as a technology, in other words, the software. A much better is the definition provided by Ph. Kotler, et al (2003): customer relations management is the establishment of high customer's value and satisfaction, in pursuance of customer relationship development and retention. This includes all aspects of customers' acquisition, retention and the increase of their number. In this case, the software becomes a suitable but not the not the most important tool in the implementation of business relationship management. P. Grenberg (2009) states that the customer relationship management is a philosophy and a business strategy based on information technologies, business rules,
sequences of actions, processes and social characteristics, designed to attract the customer for a collaboration dialogue in order to ensure mutual benefits in a safe and clear business environment.

According to D. Lambert (2010), customer relationship management process is divided into two parts: the strategic process, where the management establishes and strategically manages the process, and the operational process, where the realization occurs. There can be distinguished customer relationship management (CRM), supplier relationship management (SRM), supply chain management (SCM), product lifecycle management (PLM) and enterprise resource planning (ERP) programs. Targeted and effective business relationship management process can determine the competitive advantage of the organization.

Enterprise resource planning (ERP) programs unite all organization's data and its management processes. Enterprise management system includes all basic functions of organization's activities. These programs are designed to optimize the operational processes and information flows and integrate them in order to create a united information base of work with the company's resources (people, materials, finance and equipment) (Gaiziunas, 2008).

Supplier relationship management has a large number of scenarios and only a few technical components covering the entire process from purchase to account payment. Flexible supply procedures and observation functions ensure that the level of expenses is observed and controlled (Missbach et al, 2013). According to J. McIntosh and J. Selter (2011) supplier relationship management programs provide three key benefits: 1) improved performance of the suppliers; 2) facilitates risk assessment; 3) ensure valuable relationship with suppliers.

Supply chain management (SCM) programs are an important matter among business organizations. Supply chain management programs include forecasting, resource allocation, production planning, the management of flows and processes, the management or resources, delivery to the customer; after-sales service (Cope III et al, 2009).

Product lifecycle management (PLM) programs include the product development, the supervision of introduction, quality assurance, the treatment of hazardous material and the areas of work hygiene, safety and environment protection. These programs help to reduce product's launch time, increase sales, improve product's quality, reduce the amount of resources and quickly identify potential sales (Missbach et al, 2013).

Business relationship management is a multi-functional organizational process, the main objective of which is to develop, maintain and improve long-term relationship with clients. According to Y. Wang and H. Feng (2012) CRM possibilities are reflected in Figure 1:

![Figure 1: CRM possibilities](Source: created according to Y. Wang and H. Feng (2012))

There are many different CRM programs, the aim of which is to help companies manage customer relationship more effectively. J. O'Brien and M. Marakas (2009) distinguish three areas, where CRM systems help to maintain relationship between business and its customers: 1) attraction of new customers by using extensive customer contact management capabilities; 2) service "enhancement", when a higher quality service is offered to clients after having analyzed and used the information collected in the CRM system; 3) customer retention,
CRM system enables the business to identify loyal customers in the development of strategic marketing and to adapt the loyalty program for each segment.

RESULTS

CRM is a complex system which enables to evaluate and maximize the economic value of each company’s customer and to apply effective methods to promote the loyalty for most valuable customers (Kirvaitis, 2001).

The data of the Statistics Department of the Republic of Lithuania (2012) show that in Lithuania entrepreneurs are familiar with CRM and other business management systems, however, they do not allocate sufficient funds and time for the implementation of the systems (Table 1).

<table>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic exchange of information on supply chain management</td>
<td>27.7</td>
<td>26.7</td>
<td>33.3</td>
<td>27.8</td>
<td>37.3</td>
</tr>
<tr>
<td>Automatic exchange of information in the sale/purchase process</td>
<td>21.2</td>
<td>22.5</td>
<td>24.0</td>
<td>23.6</td>
<td>27.5</td>
</tr>
<tr>
<td>Automatic electronic exchange of information between enterprises</td>
<td>50.9</td>
<td>49.6</td>
<td>63.2</td>
<td>69.8</td>
<td>60.8</td>
</tr>
<tr>
<td>Enterprise resource planning (ERP)</td>
<td>5.0</td>
<td>5.8</td>
<td>11.5</td>
<td>12.6</td>
<td>23.1</td>
</tr>
<tr>
<td><strong>Customer relationship management (CRM)</strong></td>
<td><strong>9.9</strong></td>
<td><strong>12.6</strong></td>
<td><strong>15.3</strong></td>
<td><strong>16.8</strong></td>
<td><strong>17.7</strong></td>
</tr>
<tr>
<td>Safe digital signature</td>
<td>24.7</td>
<td>23.9</td>
<td>68.9</td>
<td>72.4</td>
<td>72.0</td>
</tr>
</tbody>
</table>

Source: created by author according to the data of the Statistics Department of the Republic of Lithuania

The comparison of the use of ERP and CRM systems in business shows that the implementation of CRM systems in enterprises is slightly growing every year (doubled within 5 years), meanwhile the popularity of the ERP systems is growing rapidly, i.e. increased 5 times within 5 years (Figure 2).

![Figure 2: ERP and CRM systems used for Business Trend Analysis, %](image)

Source: created by author according to the data of the Statistics Department of the Republic of Lithuania

A number of various business processes take place in large companies. Their transfer to CRM would undoubtedly result in an easier management of business processes; however, the risk is that each additional function will make the system more complex. Unfortunately, the more complex the system, the harder it is to perform simple actions, the greater the risk that the staff will reject the system and will not want to work with it (Kvietkauskaite, 2006). This is illustrated by the data presented in Figure 3.

The analysis of the data clearly shows that companies pay greater attention to web browsers and office software, rather than the installation of the Resource Planning and Customer Relationship Management programs. In this context, it is interesting to compare the use of CRM systems in Lithuanian business companies and institutions. After having performed the analysis of the data, the conclusion was drawn that the implementation of CRM systems in Lithuanian institutions is not popular at all, and it has even decreased over the last few years (Figure 4).
Lithuanian institutions pay much more attention to the Document Management and Web Content Management systems. These data clearly demonstrate that the work of Lithuanian institutions is focused only on document processing, rather than on the improvement of the service quality.

Some entrepreneurs draw attention to the fact that the use of CRM systems results in less attention to the personal customer service. However, S. Dickie (2012) emphasizes, that the use of CRM systems allows the managers to access the customer online and to broadcast videos, which may present the company or introduce new offers. Recently, the consumers’ desire to choose is constantly increasing. The contemporary consumer knows what he wants and seeks for benefit; therefore the breakup of connections between the consumer and the manufacturer may result in the irreparable damage to the company. This is how new marketing channels trends emerge in the world, i.e. the laconic of channel formation and the replacement of conventional marketing channels by electronic marketing channels (Banyte, Gudonaviciene and Grube, 2011).

CONCLUSION

To conclude, it can be said that the use of CRM systems can simplify the sales and marketing processes, increase sales efficiency, improve customer service, identify loyal customers and ensure their retention, expand market share, enhance the company's competitiveness, and all these listed options will definitely result in the increase of profits.

The analysis of scientific literature has shown that the management of business relations is a marketing strategy of modern business, and the companies that use this management seek
to create, maintain and strengthen the positive relations between the company and its customers. The CRM concept includes not only the technological part by means software, but also a customer-oriented philosophy, the strategy of actions, the ability to perform the actions needed for this strategy, the course of relationship between the client and the company. The statistical analysis of the data demonstrates that, within the last five years (2008-2012), Lithuanian companies paid more attention to ERP systems, rather than to the CRM systems. Such difference can be explained by the fact that the use of the CRM program buys off and provides benefit much later than the ERP system.

The comparison of the implementation of CRM systems in Lithuanian enterprises and institutions shows that the institutions actually neglect these programs and, between 2010 and 2012, the installation of these programs decreased by 0.5 percent, respectively from 3.8 percent to 3.3 percent. It was found out that the Lithuanian institutions focus on Web Content Management systems (75.5 percent of institutions were using these systems in 2012) and Document Management Systems (72.3 percent of institutions were using these systems in 2012). These data clearly demonstrate that the work of Lithuanian institutions is focused only on document processing, rather than on the improvement of the service quality.

REFERENCES
SOCIAL CAPITAL AS AN ENVIRONMENT OF ECONOMIC DEVELOPMENT

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Abstract: Social capital has been studied in its relation to the institutional system and society as a social infrastructure of society. Attention is drawn to the geographical characteristics of the country, the level of ethno-linguistic fractionalization of society as well as cultural and historical factors, which are important conditions for the establishment and functioning of a market institutional environment. Russia is very different from European countries in geography, population distribution and heterogeneity of infrastructure, including institutional. The purpose of this paper is to analyze the relationship of social cohesion, institutions and economic growth using econometric modeling techniques. As a result of the analysis using econometric modeling a significant relationship between institutional macro-environment; its quality and factors such as ethno-linguistic fractionalization and geography determines the macro-level of institutional was shown. Influence the quality of the institutional environment for economic growth allows us to consider social capital as a factor of production and as a resource, as part of the national wealth.

Keywords: social capital, institutional environment, ethno-linguistic fractionalization of society

INTRODUCTION

Social capital is an important factor of social development and the integration of society in modern conditions. Investment in social capital is a prerequisite for the proper functioning of the economy and determines the quality and rates of socio-economic progress. The purpose of this paper is to analyze the relationship of social cohesion, institutions and economic growth using econometric modeling techniques.

Object of study is the institutional environment as the basis of social capital linking the various social groups in a single society through a system of relations between them. Subject of research are social capital as a system of institutions where the economy and society operate.

One of the first definitions of social capital describes it as a resource to be used for the social development of children, resulting in the accumulation of them human capital. Later, in the mid-80s the attention of economists was paid to the importance of social capital for the effective operation of the economic system. Social capital has been regarded as the organizational capital of the company (Asheim, Weitzman, 2001), as embodied the value of the organizational structure of the economy. F. Fukuyama (Fukuyama, 1995) and other economists (for example, Hall, Jones, 1996, 1999) have paid attention to social capital as a multilevel phenomenon, unlike its human capital. Greater emphasis was placed on the term "social". The definition of social capital as a number of characteristics of social life (as a social interaction to achieve common goals) was very extensive among researchers (Coleman 1988, 1994). Definition of social capital as a phenomenon that occurs and accumulated in the family, dominated in the works of Russian economists (Sucharev, 2008). Social capital is seen mainly as an addition or condition of existence and human capital accumulation. As a consequence there is a lack of methodology for assessing social capital. Finally, according to the World Bank methodological recommendations (on the measurement of national wealth),
Social capital is all intangible wealth of society, except for human capital (World Bank, 2006). Thus, social capital is a necessary condition for the proper functioning of the economy. This definition has changed "status" of social capital by moving it from the level of capital that households use and accumulate at the macroeconomic level, the capital, which is essential for the economy as a whole.

**MATERIALS AND METHODS**

Social capital is considered as the institutional environment for the functioning of society and the economy. Social capital is a measure of adaptation society to market conditions and therefore it is mandatory and significant economic factor. In other words, social capital is a system of institutions and institutional environment where the economy and society operate. The institutional environment is the basis of social capital linking the various social groups in a single society through a system of relations between them. We emphasize that it is impossible to give a definition of social capital as it is the capital, without specifying the immanent characteristic of capital – the economic effect of this type of capital. Thus, the macroeconomic effects of the use of social capital can be expressed as a change in macroeconomic indicators such as GDP, GNI, employment, economic growth, and others.

It is a proven fact that institutions affect economic growth; therefore institutions, as well as physical and human capital, can be regarded as a productive factor. Costs and economic returns are inherent to this factor as well as all other. Thus, there is every reason to call the institutional system of a type of intangible capital. From this standpoint the institutional system is social capital. To measure the quality of the institutional environment, we can 1) identify the list of institutions that provide law enforcement and 2) to identify the main indicators of the level of protection of law enforcement. These institutions typically include the following: judicial independence, government effectiveness, depth of financial markets and others.

Researches of institutional quality show, that the macro institutional environment is one of the fundamental factors of economic growth, one of the geographic characteristics of a country, and the level of ethno-linguistic fragmentation of society. In our view, geographical characteristics, the level of ethno-linguistic fragmentation of society, as well as cultural and historical factors are the conditions for the creation and functioning of a market institutional environment. They can either promote or retard the development of market institutions and should therefore be included in the concept of social capital as well.

The impact of geographical factors on economic growth is mediated by institutions, i.e., the benefits of a successful geographic location for economic growth may not be realized due to the low quality of the institutional environment. Study of features of the institutional environment in Russia and the impact of the environment on economic growth is quite active, but the study of the influence of geographical features of our country in its economic development is not enough. Geographical factors of social capital form ethno-linguistic diversity of the society in Russia, complex geographically and ethnically country. The authors offer the following list of indicators showing various aspects of geographical factors (*Table 1*).

<table>
<thead>
<tr>
<th>Designation</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\theta_1$</td>
<td>development intensity of transport infrastructure</td>
</tr>
<tr>
<td>$\theta_2$</td>
<td>the distance between the centers of ethnic formations</td>
</tr>
<tr>
<td>$\theta_3$</td>
<td>the level of regional identity of the population (indigenous / migrant)</td>
</tr>
<tr>
<td>$\theta_4$</td>
<td>the ratio of the length of the border with the market and non-market countries</td>
</tr>
<tr>
<td>$\theta_5$</td>
<td>ethnic formations distance from the political/economic center of the country</td>
</tr>
<tr>
<td>$\theta_6$</td>
<td>remoteness of the regional centers of political/economic center of the country</td>
</tr>
</tbody>
</table>

| measurement purpose | estimate possibility of a unified market space in the study area |

*Source: created by authors*
As an open economy has the ability to simulate the institutional environment of the country's neighbor, partner in trade relations, then the length of the border with the market economy countries affects the formation of institutions in the country. This simulation is realized by adopting legal acts to develop foreign trade relations with its neighbors. Although the ethno-linguistic fragmentation is presented as a factor in the social environment in economic models, but only one index – Index of coincidence – is measured. New indicator ethno-linguistic fragmentation proposed in Table 2 can extend the evaluation tools for ethno-linguistic fragmentation of society.

Table 2

<table>
<thead>
<tr>
<th>Designation</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>$e_1$</td>
<td>religious differences within ethnic formation</td>
</tr>
<tr>
<td>$e_2$</td>
<td>admissibility of market relations for the predominant religion in the territory</td>
</tr>
<tr>
<td>$e_3$</td>
<td>share of the population, related to the predominant religion in the territory</td>
</tr>
<tr>
<td>$e_4$</td>
<td>ethnic homogeneity</td>
</tr>
<tr>
<td>$e_5$</td>
<td>migration rates in ethnic education</td>
</tr>
<tr>
<td>$e_6$</td>
<td>level of readiness for migration of ethnic education</td>
</tr>
<tr>
<td>$e_7$</td>
<td>coefficient of linguistic and religious unity of ethnic formation</td>
</tr>
</tbody>
</table>

Source: created by authors

In this study we are interested in the level of ethno-linguistic fragmentation of society as a feature of society's willingness to participate in the process of economic globalization. Ethnic, religious differences can be a significant barrier to the creation of a unified "game rules" in the economy. These differences may not have consequences for the countries in which the market institutional environment has been created, but can significantly hinder the establishment and functioning of market institutions in countries that have just started to implement market-based institutional reforms.

National mentality as a system of traditions and moral values is shaped by historical events that occurred in the area. Historical events form the national character, which, in turn, determines the speed of propagation and rooting degree of market institutions in the ethnic formations and the national economy.

We offer a measure of cultural and historical features of the social capital of the nation with the following extended list of indicators presented in Table 3.

Table 3

<table>
<thead>
<tr>
<th>Designations</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\Psi_1$</td>
<td>acceptable level of gender inequality</td>
</tr>
<tr>
<td>$\Psi_2$</td>
<td>the trend in the permissible level of gender inequality</td>
</tr>
<tr>
<td>$\Psi_3$</td>
<td>levels of social inequality that community sees as a valid</td>
</tr>
<tr>
<td>$\Psi_4$</td>
<td>the trend in acceptable level of social inequality (direction and rate of change)</td>
</tr>
<tr>
<td>$\Psi_5$</td>
<td>share of legislative and other acts aimed at reducing social inequalities</td>
</tr>
<tr>
<td>$\Psi_6$</td>
<td>the existence of national historical experience in the areas of: private enterprise, market legislation, ensure individual freedom, market expansion, cultural assimilation, participation in international economic alliances and agreements</td>
</tr>
<tr>
<td>$\Psi_7$</td>
<td>direction of market expansion (outside, inside), change the direction of economic expansion throughout the history of ethno-formation</td>
</tr>
<tr>
<td>$\Psi_8$</td>
<td>way to create market institutions that try out this ethno formation historically (natural/artificial)</td>
</tr>
</tbody>
</table>

Source: created by authors
RESULTS

Now presenting the results of the econometric analysis carried out to test the hypothesis about the influence of geographical and ethno-linguistic factors on the quality of the institutional environment. The econometric models are constructed according to a sample of European countries. The relationship between ethno-linguistic fragmentation and one of the most important political institutions such as the "rule of law" in society is represented in model (1).

The following data for several countries suggest the influence of ethno-linguistic fragmentation on the quality of institutions. Empirical data and analytical results are shown in charts (Figure 1). In the present econometric model quality of the institutional environment summarized by index of the "rule of law", and ethno-linguistic fragmentation summarized by probability that two random individual is not in the same ethno-linguistic group, where \(\text{LAW}\) is the index of the rule of law; \(\text{EF}\) is ethno-linguistic fragmentation (fractionalization); \(t\)-statistics = \(-14.36\); \(F = 206\) at a significance level = 0.001; \(R^2 = 0.51\). It shows statistically significant relation (1):

\[
\text{LAW} = -0.0003\text{EF}^2 + 0.0048\text{EF} + 0.5228
\]  

(1)

![Ethno-linguistic fragmentation and the rule of law](image1)

**Figure 1:** Models of ethno-linguistic fragmentation influence on institutional characteristics of "rule of law"

*Source: created by authors*

Consider the impact of social inequality on the institutional characteristics – the index of "rule of law" (Figure 2). The best approximation is polynomial of second degree.

![Index of social inequality and the rule of law](image2)

**Figure 2:** Model of impact of social inequality on the institutional characteristics and the rule of law

*Source: created by authors*
Both models show a high level of performance effects factionalization society on the most important market institutions, even higher than the impact of social inequality.

Ethno-linguistic fragmentation has historical and geographical reasons. Ethno-linguistic fragmentation factor may have a significant adverse effect on the functioning of institutions, especially in Russia because of its large territory, linguistic and religious differences. High levels of corruption testify this. This confirms our thesis that the institutional environment is not only mediates the influence of geography on economic growth, but it is the result of geographical features in a certain sense. Thus, the lack of development of market institutions in Russia has objective reasons both historical and natural. The strong influence of social fragmentation on the stability of institutions and the level of corruption suggests that cultural and religious norms and values are common, united. The lower the fragmentation of society, the fewer barriers form a single highly effective institutional environment. "Countries with a strong sense of national identity are ceteris paribus more developed and stable national institutions and, therefore, better prospects for economic growth"(Larson et al, 2000). Thus, ethno-linguistic fragmentation is a factor in the quality of institutions. In addition, a high level of social cohesion contributes to the stability of the institutional system and has a positive effect on economic growth.

To measure the level of social cohesion, we can offer the following indicators: confidence in the government, the level of income inequality, discrimination, community values, depth linguistic differences; differentiation in access to resources and services. Is usually data sources are in institutional research surveys, scientific results, statistical surveys and other.

**DISCUSSION AND CONCLUSIONS**

Thus, social capital is a measure of adaptation society to market conditions and therefore, it is mandatory and significant economic factor. In other words, social capital is a system of institutions and institutional environment where the economy and society operate. The institutional environment is the basis of social capital linking the various social groups in a single society through a system of relations between them.

Social capital is a measure of adaptation society to market conditions and therefore it is mandatory and significant economic factor. In other words, social capital is a system of institutions and institutional environment, where the economy and society operate. The institutional environment is the basis of social capital linking the various social groups in a single society through a system of relations between them.

Researches of institutional quality show, that the macro institutional environment is one of the fundamental factors of economic growth as well as some of the geographic characteristics of countries and the level of ethno-linguistic fragmentation of society. In our view, geographical characteristics, the level of ethno-linguistic fragmentation of society, as well as cultural and historical factors are the conditions for the creation and functioning of a market institutional environment. They can either promote or retard the development of market institutions and should therefore be included in the concept of social capital as well.

In this study, we are interested in the level of ethno-linguistic fragmentation of society as a feature of society's willingness to participate in the process of economic globalization. Ethnic, religious differences can be a significant barrier to the creation of a unified "game rules" in the economy. These differences may not have consequences for the countries in which the market institutional environment has been created, but can significantly hinder the establishment and functioning of market institutions in countries that have just started to implement market-based institutional reforms.

In this paper we test the hypothesis about the influence of geographical and ethno-linguistic factors on the quality of the institutional environment. The econometric models are constructed according to a sample of European countries. Ethno-linguistic fragmentation has historical and geographical reasons. Ethno-linguistic fragmentation factor may have a significant adverse effect on the functioning of institutions, especially in Russia because of its large territory, linguistic and religious differences. High levels of corruption testify this. This
confirms our thesis that the institutional environment is not only mediates the influence of geography on economic growth, but it is the result of geographical features in a certain sense. Thus, the lack of development of market institutions in Russia has objective reasons both historical and natural. The main difficulty in the formation of the institutional environment, an adequate market economy consists of overcoming these reasons.

REFERENCES
EVALUATION OF THE COMPETITIVE ENVIRONMENT DEVELOPMENT AS A STAGE OF ASSESSING THE COMPETITIVENESS OF BAKERY ENTERPRISES

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Abstract: Methodological issues of evaluation of the competitive environment development are considered in the article. Major coefficients that are used in evaluation of the competitive environment development author grouped into two categories: indicators of market monopolization and indicators of competition intensity between enterprises. The direction of each indicator influence on the degree of market monopolization and competition intensity is justified. Also author conducts the evaluation of the competitive environment development in the regional Ukrainian bakery market (at the example of Odessa region). On the basis of the obtained results author describes the current level of the competitive environment development in the regional Ukrainian bakery market. Also author identifies causes of the current position of the researched category.

Keywords: evaluation, competitive environment development, monopolization, bakery industry

INTRODUCTION

Currently Ukraine is increasingly involved in the European integration processes. This contributes the innovative development and modernization of the economy and, ultimately, the building of developed democratic state. At the same time, the problem of Ukraine's participation in the integration process as a country with a competitive economy arises. However, the competitiveness of a number of Ukrainian enterprises in the European markets is in doubt. On the other hand, foreign enterprises that enter into the Ukrainian market are more HT-advanced. In such conditions research issues of the enterprises competitiveness including its evaluation are relevant exceedingly. Importance of the competitiveness problems led to the large number of researches. A lot of world known authors of modern theories contribute to research current issues of the enterprises competitiveness: M. Porter, I. Ansoff, J. Robinson, F. Kotler et al. National Ukrainian researchers also devote considerable attention to the competitiveness matters. As O. Yefremenko noted [1] in the last decade Ukrainian scientists have made more than 200 doctoral dissertations on the competitiveness issues. Scientific interest is caused by different aspects of the competitiveness researching, "its components, particularly in the different sectors of economy and on different types of enterprises ... assessment methods, analysis, improvement, and so on" [1, p. 13]. However, a significant share of researches focuses on the analysis of internal factors and reserves for increasing the enterprises competitiveness. A lot less attention is paid to the enterprises external factors and especially to the influence of the competitive environment of the enterprise and the intensity of competition. At the same time currently the practice of studying by the enterprises the trends of competitive positioning themselves exists in most countries with developed market economies. The task of this study is the countering the destructive influence of monopolies and improving the competitive environment. This fact causes the purpose of our research which is the evaluation of the competitive environment development degree.

MATERIALS AND METHODS

Different methods are used in evaluating the enterprises competitiveness. The following methods are among them: graphics, matrix, and table method based on the effective

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36 Exchange PhD-Student of the doctoral study program.
competition theory, taxonomy, the principal component analysis and others. Previously we have researched characteristics, advantages and disadvantages of these methods [2]. Also we proposed to evaluate a number of factors for diagnosing of enterprises competitiveness: market share; market share growth; the degree of development of a competitive environment (the intensity of competition); the profitability of production; return on assets; the growth rate of gross profit; the growth rate of cost of sales; long-term investments; the rate of renewal of fixed assets; liquidity ratio, solvency ratio. The choice of these factors was caused by the specifics of the industry (bakery industry) and the availability of data. Evaluation of the competitive environment development degree poses the greatest difficulty in this list of factors because it requires the use of a single methodology for its evaluation.

Procedure for evaluating of the intensity of competition was generalized by G. Azoev [3] and N. Zaitseva [4] approved this procedure by developing the evaluation scale for a certain industry. We will improve this methodology for evaluation of competitive environment development degree in Ukrainian bakery market (e.g. Odessa region) by complementing the list of indicators and grouping them into certain groups.

RESULTS

A number of indicators are used in assessing the intensity of competition in the practice of management: concentration ratio, Herfindahl–Hirschman Index, coefficient of entropy, Gini coefficient and others. A number of indicators (for example, concentration ratio, Herfindahl–Hirschman Index, Rosenbluth Index) show the level of monopolization of the market and are inversely proportional to the development of a competitive environment. Others (Index of variations in market shares and intensity of competition on the basis of growth rate of sales) characterize the severity of competition. We recommend considering two groups of indicators in evaluation of competitive environment development degree (Table 1).

Evaluation of the competitive environment development degree will carry out in Ukrainian bakery market (in example of Odessa region) according to data of major enterprises (with a market share more than 0.5%). The main of them are "Odesskiy Karavay Ltd", "Belgorod-Dnestrovskaya Palyanitsya Ltd", "Kotovskiy Khlebozavod Ltd", "Novoe Delo Ltd", "Shiryaevskiy Khlebozavad Ltd" and others. In evaluating the intensity of competition, it is important to take into account the availability of data and such features of industry as: 1) in evaluating were used data on market shares of companies in the total volume of sales of the regional market; 2) market shares of major enterprises were calculated in the official volume of sales. It is important to understand that negative trend of the investigated market is a substantial proportion of the "shadow" market. According to A.N. Vasilchenko this share is about 60% [5].

Results of the evaluation of monopolization and the intensity of competition in Ukrainian bakery market on example of Odessa region are summarized in Table 2.

Thus, the following trends were found as a result of evaluation. The estimated coefficients show that the investigated market concentration remains high throughout the analyzed period. However, the market has moved from the group of "highly concentrated market" to the group of "quite concentrated market" since 2012. At the same time dynamics of the concentration during the period indicates a slowdown in the reduction of monopolization in 2013 (–45,10) compared with 2012 (–451,66). Concentration ratio CR indicates that the market is monopolized, and is characterized by signs of dominance of one of the largest enterprise throughout the study period. A continuing trend of monopolization on investigated market, also demonstrates the Rosenbluth Index (Ir).

The results of the next phase of evaluation (measurement of the intensity of competition) confirm the monopolization of the market. Permanent reduction ICv suggests reducing the degree of uniformity between the enterprises and the vector changes in the direction of market concentration. In turn, the growth rate of sales in 2012, and in 2013 shows a decline in the need for tough competition between enterprises in the sector under the influence of demand growth.

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Table 1

<table>
<thead>
<tr>
<th>Indicators of competitive environment development</th>
<th>Calculated formula</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicators of market monopolization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concentration ratio (CRₙ)</td>
<td>( CRₙ = \frac{SVₙ}{SV} )</td>
<td>shows the total market share of ( n )-number of the largest enterprises</td>
</tr>
<tr>
<td>( SVₙ ) is sales volume of the ( n )-th enterprise; ( SV ) is total sales volume</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Herfindahl-Hirschman Index (HHI)</td>
<td>( HHI = \sum_{i=1}^{n} S_i^2 )</td>
<td>if ( HHI &lt; 1000 ) then market is low concentrated; if ( 1000 &lt; HHI &lt; 2000 ) then market is quite concentrated; if ( 2000 &lt; HHI &lt; 10 \ 000 ) then market is high concentrated</td>
</tr>
<tr>
<td>( S_i^2 ) is market share of ( i )-th enterprise on the market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rosenbluth Index (Ir)</td>
<td>( Ir = \frac{1}{2} \sum (i \cdot S_i) - 1 )</td>
<td>also enables to take into account the rank of the company depending on the size of its share; if ( Ir = 1 ) then the market is completely monopolized</td>
</tr>
<tr>
<td>si is market share of ( i )-th enterprise on the market</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Indicators of competition intensity**

| Intensity of competition on the basis of variations in market shares (ICᵥ) | \( ICᵥ = 1 - \frac{1}{\sqrt{n}} \sum (S_i - S_{av})^2 \) | The intensity of competition is higher when \( ICᵥ \) is lower. In other words, the intensity of competition is caused by the absence of significant variations in market share from competitors |
| Sᵥ is average value of \( S_i \); \( n \) is number of enterprises |
| Intensity of competition on the basis of growth rate of sales (ICgs) | \( IC_{gs} = \frac{140 - T}{70} \) | It is considered that annual growth of sales has critical ambit: max 140%, min 70%. \( IC_{gs} \) is higher when \( T \) is lower, respectively competition is more intense. Conversely, rapid growth in demand makes competition less intense (\( IC_{gs} \rightarrow 0 \)) |
| \( T \) is annual growth of sales |
| Integral coefficient of intensity of competition (IC) | \( IC = \sqrt{ICᵥ \times IC_{gs}} \) | \( IC \) shows the component generalization of the intensity of competition |

Source: created by author

Table 2

<table>
<thead>
<tr>
<th>Indicators of competition environment development in Ukrainian bakery industry (in example of Odessa region)*</th>
<th>Value</th>
<th>Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicators of market monopolization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR₃**</td>
<td>[55-60]</td>
<td>[50-55]</td>
</tr>
<tr>
<td>CR₅**</td>
<td>[60-65]</td>
<td>[55-60]</td>
</tr>
<tr>
<td>HHI</td>
<td>2410,45</td>
<td>1958,79</td>
</tr>
<tr>
<td>Ir</td>
<td>0.6312</td>
<td>0.6624</td>
</tr>
<tr>
<td><strong>Indicators of competition intensity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICᵥ</td>
<td>0.3025</td>
<td>0.2993</td>
</tr>
<tr>
<td>ICₚ</td>
<td>0.6023</td>
<td>0.5730</td>
</tr>
<tr>
<td>IC</td>
<td>0.4268</td>
<td>0.4141</td>
</tr>
</tbody>
</table>

Note: * calculated in the official volume of sales (excluding the «shadow» market); ** given a data ambit due of commercial secret.
Source: created by author according to database: https://ruslana.bvdep.com

**DISCUSSION AND CONCLUSION**

Thus, the applied methodology allows evaluating the competitive environment development degree in two stages: estimation of monopolization of the market and the intensity of competition. The methodology allows to identify the specific factors that influence both the degree of monopolization of the market (in the case of a high concentration...
of enterprises in the market), and the factors affecting the intensity of competition otherwise. Applying the methodology in evaluating the competitive environment development degree in Ukrainian bakery market (e.g. Odessa region) indicates the predominance of monopolistic tendencies. This is also evidenced by the permanent reduction of the intensity of competition integral indicator. Subject of our further research will be the investigation the competitiveness of enterprises of baking according to the degree of the competitive environment.

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SOCIAL PARTNERSHIP AS NATIONAL PRIORITY
IN SOCIAL AND ECONOMIC DEVELOPMENT OF RUSSIA

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Abstract: The article shows that the effective decision of the problem of social partnership power and business in Russia is one of the national priorities. This problem is actually and in the scientific plan and the attention of the scientists representing different areas of knowledge resulting in different treatments of nature and essence of the concept of social partnership draws. That is why; it is given a clear definition of conceptual apparatus of social partnership, based on three-level model of cooperation power, business and a society. The classification of definitions is based on economic and legal relations, institution and social-political essence of social partnership.

Keywords: Social partnership, national priority, economic interest, labor attitudes, the social responsibility, the social capital, social investments, business, authority, society

INTRODUCTION

Growth of social orientation of business becomes characteristic feature of development of economy of a number of the countries of the world. Competitiveness of the companies, regions and countries is defined by a priority role of the factors lying on the side of quality. Therefore the achievement of price advantage becomes more and more complicated. Intensity of introduction of technological and organizational and economic innovations depends on the saved-up and constantly increased human, intellectual capital. Giving special importance to the social capital that is high-quality growth of labor and motivation of workers, introduces the amendments in process of business socialization. Shifts towards gradual realization of social functions in the enterprise environment are caused by a variety of reasons. First of all, means of the state budget are insufficient for maintenance of growing level of social guarantees, more active participation of business is objectively necessary in social investment. Secondly, passivity of business in the solution of social problems is accompanied by an increase in the extent of state-funded facilities, the sources of which are the mostly paid in business taxes. Thirdly, in modern conditions influence of large business structures on economic development of the states is amplifies. Therefore, they become their full-fledged partners in time of forming domestic social and economic policy.

MATERIALS AND METHODS

Trends described above are typical for the Russian socio-economic reality. Therefore, an effective solution of the problem of social partnership between business and government is one of the national priorities today. This problem is actual and in the scientific plan and draws attention of the researchers representing different areas of knowledge that, obviously, leads to different treatments of the nature and essence of the concept of social partnership.

Offered in domestic publications, scientific approaches to the definition of social partnership are based on a three-level model (Table 1). According to the given model it is lawful to allocate the treatments based on: to the economic and organizational and legal characteristic of the labor relations; institutional and socio-political approaches.

Theoretical registration of idea of partnership began within "the social theory of distribution" which was actively and in detail developed in works of classics of the economic theory. They justified the need for the direct involvement of the state in regulating social and class relations in the field of distribution, and the fact itself, derived from the study of this tight economical problem to socially significant level [1].
The concept of social partnership is initially considered in the labor relations. A number of authors define social partnership as form of cooperation in the social and labor relations. V. Orehov, K. Baldin and N. Gaponenko present social partnership from a position of coordination of interests of the employer and employees on the basis of collective and contractual labor relations regulation. They point to objectively existing interdependence and interaction of participants of economic activity (employers, workers and the state, their representatives) in the course of work for the purpose of achievement of common goals on the basis of a compromise on actual problems of economic and socio-political life of society within contracts and agreements [2].

In separate publications the social partnership is considered as the relation between social groups, the classes having not only the common corporate interests, but also various, and significantly different social and economic interests who define as a result essence of the social and labor relations between these social groups. From this it follows that the social partnership is a mutually beneficial interaction between these social groups, interaction in which each of the parties is objectively interested. Being special type of regulation of the social and labor relations in labor market, the social partnership aims achievements of social consensus on the basis of historically caused compromise of economic interests of hired workers and employers. It is possible to say that in reality the social partnership acts as an alternative to any dictatorship of a class or the personality and is a civilized method of the solution of the social conflicts at various levels [3].

The multistage system of social partnership provides a combination of macro and microeconomic levels of cooperation. In this case, it is advisable to take into account all levels of partnership: all that can be solved at the bottom is not made up, but everything that made the top under delegated below the rights recognized in the lower levels. At the same time, the agreements concluded at levels of the enterprises, branches, regions, in turn, are considered at the conclusion of general agreements [4].
Social partnership inherently associated with the contract, the agreement between the partners, mutual concessions partner, contrary to social conciliation, that is permanent, the principal assignments of one class to another, violation of the interests of one class due to the prevalence of the interests of another [5].

M. Vinokurova and N. Gorelova define social partnership as the basic characteristic of system of the labor relations, consisting in their not confrontational interaction on the basis of respect of legitimate rights and economic interests of the parties and turning on the mechanism of resolution of conflicts between the parties of the labor relations. The basis of social partnership is the right to personal development, the prohibition of discrimination, the right to create a variety of associations, guarantees of private property. It assumes existence of legislative base, formation of infrastructure of negotiation process [6]. Authors fairly assign an important part to economic interests of the parties; however the question of what has to be the mechanism of their coordination remains open.

In Russian scientific literature the social partnership is offered as the form of the social and labor relations representing such type and system of the relations between employers and workers at whom within the social world coordination of their major social and labor interests is provided [7]. Taking into account subject structure and interaction of participants the social partnership is treated in the form of system of relationship between workers, employers, public authorities, the local governments, providing coordination of interests of workers and employers concerning regulation of the social and labor relations.

In the literature devoted to economy of work, the social partnership appears as a way of ensuring optimum balance of the main interests of various social groups, first of all, to hire workers and employers. These interests are not the same at its core, as each of their speakers on his appointment and a well-defined social role, without which modern society is based on market principles, cannot exist.

In market economy it is expedient to carry to the main elements of process of social partnership:
- agreement between partners at the highest (national) level of the mechanism of distribution of the income and social and economic policy as a whole, including development of the main criteria and indicators of social justice, measures for protection of interests of subjects of the labor relations;
- negotiation nature of process of settlement of the contradictions and disagreements arising between the parties;
- the existence of mechanisms and institutions that serve the interests of the social partners agreed on various levels;
- participation of hired workers in management of the enterprises;
- decrease in level and mitigation of sharpness of the social conflicts (in the form of strikes and lock-outs) by means of application of formal methods by parties.

RESULTS

The content of process of social partnership assumes adjustment by a negotiation way of relations between his subjects. In particular, in, carry to them workers, diverse professional and social groups, layers, employers, businessmen and the state thus the fundamental moment of this process fairly is considered coordination of their interests on the basis of collective and contractual regulation of the labor relations. The concept of social partnership in Russia became actually after transition of economy to a market basis and separation of business from the state. Now a lot of things are made in order that mechanisms of social partnership started working. So, for example, the Section II of the Labor Codex of the Russian Federation is devoted to social partnership in the sphere of work.

Taking into account the views of researchers, based on conceptual treatment of social partnership in social and labor aspect, the last according to the author of article, represents the system of the civilized relations providing coordination and protection of interests of workers, employers, businessmen of various social groups, layers, their public associations, public
authorities, local government on the basis of contracts, agreements, achievements of consensus in the most important directions of social and economic and political development.

In a number of works definition of the content of social partnership is carried out from a position of institutional approach. Indeed, it should be understood as special social institute on the basis of which a certain type of the social relations aimed at the development of consensus and positive result in the course of interaction of social subjects – partners of this interaction is realized. In the most general sense the term the social partnership characterizes all range of social interactions between the social subjects, which purpose is the achievement of a consent and mutual refusal of an antagonism and confrontation. These are the relations of continuous coordination of daily practical activities having the main objective the solution of the general tasks. In narrow sense the speech can go about special type of the relations in the sphere of employment of the population which are under construction on the basis of agreements between representatives of workers and employers with the participation of the state. The part of scientists includes social partnership in structure of elements of social responsibility of the company. So, for example, in opinion of D. Sturov social partnership government and business organizations aimed at improving the quality of life and solving urgent social problems only if it is a partnership in the context of a socially responsible business model. In other source it is claimed that through social partnership social responsibility of business is carried out. The similar point of view contains in work according to which the social partnership and the power are indispensable conditions of social responsibility of the companies. As today business is interested in dynamic development legally to consider that its relationship with the state passes from "social responsibility" to "social partnership".

DISCUSSION AND CONCLUSIONS

Thus, the social partnership represents cooperation, a form of limited interaction of various subjects of the social relations. Therefore normal functioning of economy requires effective interaction of the power and business that can occur in line with partnership at solutions of existing social problems.

The basis of social partnership between business and government acts to develop common objectives based on the goals of private and individual. The participants of the interaction should be equal.

To enter into partnership the subject interested in them needs to convince another that the offered interaction will allow solving their mutual problems and, moreover, that without such interaction these problems or can't be solved at all, or are resolved with big expenses of resources (financial, material, temporary and others), i.e. is less effective.

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ENTREPRENEURIAL WAY OF THINKING
AND ITS DEVELOPMENT CHALLENGES IN GEORGIA

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Abstract: The research goal is to study problems of entrepreneurial thinking in Georgia on the modern stage and to find ways to solve them. The low level of entrepreneurial education and thinking are the main reasons of problems of development, competitive business and entrepreneurship in Georgia. The EU promotes the development of entrepreneurial thinking and spirit by the stimulation of supply of entrepreneurial ideas and supporting new knowledge and technology, which in the end helps raising the entrepreneurial thinking. The development of entrepreneurial thinking by the solving fragmented tasks, without systematization of entrepreneurial education, cannot provide effective results. This includes logical development of the thinking and perfection between all the levels of education as basic, professional, high and Life Long Learning. Rising of entrepreneurial study qualification and culture in Georgia needs the interference in the education system and implementation of entrepreneurial education initiatives in. The research suggests the list of recommendations for the raising of entrepreneurial thinking and education in Georgia.

Keywords: entrepreneurship, education, policy, entrepreneurial thinking

INTRODUCTION

At present Georgian Economy faces new challenges, among which one of the topical is economic development and increase in employment. Theoretical research and practical experience prove that the development of entrepreneurship is the main solution to these problems. Propensity to entrepreneurship and entrepreneurial activities are different across countries. Generally, entrepreneurship and economic growth require that the need for economic education be generated. This goal can be achieved by means of effective educational and entrepreneurship development policies. The goal of the research is to study entrepreneurship education problems in Georgia and reveal solutions.

Research objectives include: discussion of features of entrepreneurship in transitional period Georgia, based on which we will define the policy instruments for transferring entrepreneurial way of thinking; in addition, study of the policy problems of transferring entrepreneurial way of thinking in Georgia; make recommendations on how to ensure entrepreneurship education and way of thinking relying on the experience of EU.

MATERIALS AND METHODS

During the research we rely on analysis, growth diagnostics and comparative, historical, statistical, empirical research methods. In order to make complex investigation we use the research outcomes of Georgian and foreign scientists, reports prepared by governmental and non-governmental, national and international organizations and statistical data.

The theoretical and empirical research on entrepreneurship and economic growth [2; 9; 10; 11] confirmed that the development of entrepreneurship depends on individual entrepreneurs, as well as on business and economic environment.

While studying entrepreneurship issues in transition economies Aidis [12] distinguished three supportive elements of entrepreneurship development: environment, government and the entrepreneur. Among these the decisive role is attached to the government because formation of new market economic environment depends on it.

DISCUSSION AND RESULTS

In Georgia as in many other countries transition to the new economic system required that the principles of entrepreneurship development be worked out and implemented, such as:
improvement of competition, freedom of choice in entrepreneurship, effective mechanisms of labor motivation, creation of the flexible mechanisms for matching public and private interests, determination of the regulatory role of government, etc. [5, p. 45].

In 2001 Georgia's State Statistics Department studied the adverse factors affecting entrepreneurship. The first rate factors were: tax system imperfections, corruption in government structures; the second rate factors were: inability of government to protect local entrepreneurs' interests, unemployment of the significant part of the economically active population; third rate factors were: energy crisis, over-interference of governing bodies in business, unreliable banking system.

In Georgia development of entrepreneurship was hindered underdevelopment of entrepreneurship education, absence of entrepreneurship culture which led to low quality of management and administration. Inefficient institutional reforms; imperfect entrepreneurship legislation, low degree of internationalization of functional levels of business; low tax culture and social responsibility, etc.

The UN Report [1, p. 103] about SWOT-analysis of small and medium sized businesses in Georgia clearly demonstrates weaknesses and threats of entrepreneurship and business sector development. They include: low efficiency of business education and consulting/information service; poor accessibility of financial resources, lack of support for starting businesses; limited business experience and SME supportive institutions; limited budget resources; pressure from criminal and corruption; instability of energy supply; large share of low quality products in the market, which reduce the effectiveness of support, etc.

In 2013 the social and economic development strategy draft project [7] worked out the government of Georgia declares that growth diagnostics method revealed critical problems which impede economic development of the country. They involve low competitiveness of private sector, insufficiently developed human capital and limited access to financial resources.

This methodology has already been used twice in Georgia and different conclusions have been drawn. Georgian government carried out research in 2011 and identified weak human capital and underdeveloped road infrastructure as the main impeding factors.

In 2012 an independent research was carried out which revealed that poor protection of property rights represents the main impediment to economic growth.

Conclusions of both researches were meaningful for the periods when they were undertaken. At the same time, both pointed at the main shortcomings of Georgia's economy, which constrained investments and, consequently, the economic growth.

At the current stage qualified information about the adverse factors affecting economic growth and entrepreneurship can be obtained from 2013-2014 Global Competitiveness Report by the World Economic Forum [8, p. 193]. According to the report, which evaluates business climate and competitiveness aspects of entrepreneurship Georgia's rank improved by almost twenty steps during the last two years and it shifted up to the position 72. The position within the sub-indices of the main requirements is also improved, which comprises institutions, infrastructure, macroeconomic stability, healthcare and primary education. However, the innovation and development sub-index, involving business development and innovation, shows deterioration.

In 2013-2014 from 114 components Georgia hold comparative advantage in 30. Among them the highest score (from 5.45 to 7) was attached to healthcare and primary education (5.75 points). Among the comparative advantage components the crucial role is played by: informal taxes and bribes, support for investments activities, state budget balance, public debt, overall tax burden, number of procedures to start business, time required to start business, elimination of trade barriers, complexity of customs procedures, practice of hiring and firing, firing expenditures, legal rights index, Internet speed, etc. Thus, comparative advantage components confirm that initial conditions in the economic environment for entrepreneurship and starting a business appear to be positive. By categorizing these problems it becomes obvious that the development of competitive business and entrepreneurship activities are impeded by low level of entrepreneurship education and way of thinking.
According to the above mentioned Report, the main problems of doing business by the ranking are access to finance, then unskilled labor force, poor work ethics, political instability, limited nature of innovations, etc.

Entrepreneurship and entrepreneurial way of thinking is relevant to all types of activities which have the ultimate goal of:
- Identifying and evaluating those opportunities, which yield gains;
- Identifying and evaluating uncertainties and risks related to these opportunities;
- Making rational allocation of the own or acquired resources;
- Protecting returns on invested resources gained in quantitative (and value terms).

In 2000 Mark Grant and Mac Millan formulated several characteristics of entrepreneurial way of thinking. They are: 1) willingness and determination to search for new opportunities; 2) disciplined actions taken in order to seize these opportunities; 3) making the best possible choice; 4) focus on fulfillment; 5) engage other people in this process [1, p. 84].

In the EU the support for entrepreneurial way of thinking is carried on the basis of two main approaches: the first implies stimulation of entrepreneurial way of thinking, attitudes and idea generation, what finds its manifestation in improved entrepreneurial way of thinking. The second implies support for the development of new knowledge and technologies. Promotion of the businesses held by individuals with entrepreneurial way of thinking can be achieved through such policy which aims at the development of entrepreneurship culture and skills.

Implementation of the European approach towards entrepreneurship education needs systematization of inter-relationships and promotion of research activities; sharing European experience in the field of entrepreneurship education; adoption of new teaching methods and learning materials in entrepreneurship courses; creation of the grounds for sustainable cooperation; creation of the grounds for action plan for future cooperation; intensification of the academic ties and transnational relationships, etc.

The basic policy instruments for the transfer of entrepreneurial way of thinking can be referred to actions taken for: 1) improvement of entrepreneurship education; 2) popularization of entrepreneurship; 3) development of small and medium-sized entrepreneurship.

It is noteworthy in 2014 that by the Order of the Georgia's Minister of Economy and Sustainable Development the statute of the "Entrepreneurship Development Agency" was approved, which determines the functions of the Agency to support for small, medium and starting businesses. The main goal of the Agency will be improvement of small and medium-sized entrepreneurs' skills, access to finance, funding starting businesses and intensification of the entrepreneurs' export potential. One of the functions of the Agency is to provide trainings and consulting to starting entrepreneurs [6].

Except for the above-mentioned, education programs in business administration and management are offered at Georgia's higher educational institutions. However, none of them offer "entrepreneurship" module. A lot of activities are directed at the development of entrepreneurial culture and way of thinking, but they cannot bring effective results by fragmentary measures, without systematized entrepreneurship education. The latter implies logical development and improvement of thinking skills at each step of education – general, professional, higher and lifelong learning.

CONCLUSION

Thus at the current stage studying the European experience [3; 4; 13; 14; 15; 16; 17; 18] in order to upgrade entrepreneurship education the state should resolve the following concrete tasks:
1. Develop governmental strategy to support the entrepreneurship education and declare it as one of the priorities of the state policy.
2. Develop national strategies of entrepreneurship and implement them at every step of education.
3. Take adequate actions at public, regional and local administration levels.
4. Form coordinating groups at the state level consisting of civil organizations, businesses, educational institutions, students and representatives of other organizations.
5. Promote teacher and student mobility among countries, higher educational institutions and private sectors in order to enhance the development of entrepreneurship education.
6. Promote entrepreneurship education projects within the programs supported by the European funds.
7. Finance and support for the educational activities which contribute to the improvement of entrepreneurship education.
8. Work out and implement flexible financial, fiscal, tax incentives for entrepreneur agents in order to build contacts with Universities.
9. Implement practice-based learning in entrepreneurship education by engaging students into certain entrepreneurship projects.
10. Organize information actions at schools and public areas for the popularization of entrepreneurship.
11. Engage entrepreneurs into educational programs; stimulate close relationships of students with companies and entrepreneurs.
12. Implement adequate programs for self-employment and starting enterprises, etc.

After the entrepreneurship activity optimization, the state can expand entrepreneurship by means of entrepreneurship development measures, subsidizing, entrepreneurship risk reduction, entrepreneurship potential growth, and support for innovation adoption, entrepreneurship popularization and use of other supportive tools.

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Abstract: Projects are unavoidable in today business thinking. Although important, factual knowledge of the topic of a project is not enough for achieving the awaited success. Managing projects is both art and science that allows the proper coordination of the tasks and the goals. Managing projects covers all activities about emerging problems in their complexity. Moreover, management attention cannot be limited to individual projects; a corporation may have a portfolio of several projects what requires coordination between the projects and even the corporate interest. The paper summarizes the relations between corporate level, projects and portfolios. There are the qualitative evaluation possibilities highlighted for supporting the coordination challenges.

Keywords: project management, portfolio management, project complexity, project evaluation

INTRODUCTION

A project is a time limited effort for creating individual products, services or other outputs. A project is a complex set of tasks which is unrepeatable, resource consuming and risky. Of course, a project is never for its own, it is subordinated to corporate or even social goals. (Görög 2003, PMI 2013, Berényi 2013). Running parallel or cascading projects within the same corporation is a simplified interpretation of project portfolios. The difference between project management and portfolio management can be shown by a metaphor: project management ensures the smooth landing of the airplane at the end of the journey; the responsibility of portfolio management is the choosing of the right airport for landing (Darits 2010).

Project management is a management activity initiated by corporate strategy in order to perform individual and complex tasks (Görög 2003). Project management includes the application of knowledge, skills, tools and techniques to project activities to meet the project requirements. Project portfolio management can also be interpreted as a special application or part of project management (PMI 2013). A portfolio refers to a collection of projects (or programs) and needs additional efforts that are grouped together to facilitate effective management of the work to meet strategic business objectives (PMI 2013).

The projects of a portfolio may not necessarily be professionally interdependent or directly related to each other. Portfolio management means the systematic process of selecting, supporting and managing the company's collection of projects, including the professional viewpoints and enforcement of financial expectations.

The original meaning of portfolio extends only to the company's investments, but in a wider approach the projects, programs, processes, resource allocation, planning, organising and directing methods are also included (Turner, 2008). The financial approach about the portfolio of assets involves the selection of securities. A combination of assets or securities is called a portfolio. The traditional theory of portfolio postulates that selection of assets should be based on lowest risk, as measured by its standard deviation from the mean of expected returns. The modern theory of portfolio emphasizes the need for maximization of returns through a combination of securities, whose total variability is lower.

MATERIALS AND METHODS

The framework of our research activity links the corporate and project management areas (Figure 1).
Key factor of evaluation a project is the conformity to the corporate headway defined by strategies what seeks for competitive advantages, improves the market position and designates the necessary allocation of resources. Strategy can be briefly defined as the way of realizing the corporate objectives. It means the active or passive adjustment of operation to the changing environment. For the whole company the strategy should harmonize or restructure the corporate portfolio in the mirror of business objectives. The relations between portfolio management, strategic management and project management can be clearly defined. It can be concluded that the strategic management defines the goals and direction for portfolio management through strategic plans (Arrow 1). Portfolio management is responsible for selecting the proper projects. Launched projects are under control and supervision of project management (Arrow 2). Of course, a two-step feedback must be included in order to enable necessary interventions. Effects on resources are managed by portfolio management and the process also reacts on strategic management (Arrows 3 and 4). Changes in strategy may bring modification in portfolio management which in turn react on the selection criteria of the portfolio. The results will influence the project management practices and the implementation of the projects (Arrows 5 and 6). The project portfolio can be successful only if it includes only favourable projects for the company. It must be considered that stop or pause of a priority project can unlock resources and allow strategic management to start new projects and highlight other priorities. Modification of strategy and portfolio can be initiated either by differences and internal feedback or by the changes in macro- and micro-environment. Fast reaction to changes has a key impact for corporate competitiveness. It may affect the content of strategy and portfolio and as a result the lifecycle of the project as well. The diverging Arrow 7 represents feedback after the implementation of projects what is necessary for judging its success that includes: 1) cost, time and quality (output) achieved; 2) conformity to corporate strategy; 3) impact on the satisfaction of external and internal stakeholders.

RESULTS

Based on the framework concept above, comparing the characteristics of projects and portfolios is a practical initial point of establishing a comprehensive evaluation method. The paper highlights some critical issues.

Portfolio management is on selecting the right projects, prioritizing the work, and providing the needed resources. Project management develops and implements the plans (PMI 2013). These are complementary to each other (Table 1).

Improving the processes of single projects may have tangible benefits, but a consistent project management model will only be complete when the processes of project portfolio management are also included (Berényi 2013). Similarly to the logic of managing share/bond portfolios, a systematic approach is required for project portfolio management in selecting, monitoring and supervision. Portfolio management maintains a balance between the limited corporate resources and the strategic objectives (Verzuh, 2012).
### Table 1

**Comparing projects and portfolios**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Projects</th>
<th>Portfolios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>Projects have defined objectives. Scope is progressively elaborated throughout the project life cycle</td>
<td>Portfolios have an organizational scope (that changes with the strategic objectives of the organization)</td>
</tr>
<tr>
<td>Change</td>
<td>Project managers expect change and implement processes to keep change managed and controlled</td>
<td>Portfolio managers continuously monitor changes</td>
</tr>
<tr>
<td>Planning</td>
<td>Project managers progressively elaborate high-level information into detailed plans throughout the project life cycle</td>
<td>Portfolio managers create and maintain necessary processes and communication relative to the aggregate portfolio</td>
</tr>
<tr>
<td>Management</td>
<td>Project managers manage the project team to meet the project objectives</td>
<td>Portfolio managers may manage or coordinate portfolio or project staff</td>
</tr>
<tr>
<td>Success</td>
<td>Success is measured by product and project quality, timeliness, budget compliance, and degree of customer satisfaction</td>
<td>Success is measured in terms, investment performance and benefit realization</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Project managers monitor and control the work of producing the products, services, or results that the project was undertaken to produce</td>
<td>Portfolio managers monitor strategic changes and aggregate resource allocation, performance results, and risk of the portfolio</td>
</tr>
</tbody>
</table>

*Source: PMI (2013a)*

Based on the fact that project and portfolios are subordinated to a higher interest, it shall be harmonized with the owner's (corporate) strategy. The followings summarize the relations between relevant aspects and management areas. Strategic objectives are usually achieved by projects. Deák (2003) and Pálvölgyi (2011) state that the strategy cannot be realized if the wrong projects are launched. It can be concluded the strategic management defines the goals and direction for portfolio management through strategic plans. Portfolio management selects the projects and makes decision on launching projects.

Feedback and intervention are facilitated by continuous monitoring and control. Effective resources usage is managed by portfolio management and the process also affects the strategic management. Changes in strategy lead to modifications in portfolio selection. The results are observed in project management and in the implementation of the projects. Modification of the strategy and/or the portfolio can be initiated either due to differences and internal feedback or by changes in the macro- and micro-environment.

Ex-post evaluation of projects and portfolios may support strategic management through the processes of my research framework (*Figure 1*). However, financial assessment is obvious even in ex-post situations, the experiences point out that this approach is insufficient. Subsequent cleverness is less valuable than preventing the harmful effects of bad decisions in project selection or implementation. Preliminary evaluation can be emphasized even if the accuracy and the possibilities of quantification are lower. The role of soft factors is not less than the direct profit indicators.

**DISCUSSION AND CONCLUSIONS**

Building up and sustaining a proper and profitable project portfolio of a corporation requires the systematic and regular evaluation. There are many aspects beyond profitability. The Navigating Complexity book of PMI (2014) is a practical guide for project managers. It includes a questionnaire with 48 decisive questions for self-evaluation and also suggested scenarios and actions to the negative responses. It is possible to suggest some more viewpoints as follows. Of course, in case of a project the satisfactory answers are expected in the initial phase of the project.

The following questions must be asked before starting any projects:
- Can the project requirements in outcome and quality, time, budget and recourse limits be clearly defined? Are these realistic?
- Are stakeholders identified?
- Has the project a manageable number of components, assemblies and interconnected parts?
- Are there open communication, collaboration and trust among the members of the project team, among the project manager and the project team or the stakeholders?
- Has the project the right people, with necessary skills and competencies?
- Is the project manager the right person for the project, has he got skills to lead the team?
- Does the project have the support from the organization?
- Is there an effective portfolio management process to facilitate strategic alignment?
- Are the deviations to the plan monitored? Are necessary actions taken and effective monitored?

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MAIN DIRECTIONS OF ECONOMIC DIVERSIFICATION IN THE INNOVATIVE DEVELOPMENT STRATEGY

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Abstract: Theoretical bases and main directions of economic diversification are considered in our article in the context of innovative structural changes associated with innovation investments. It characterizes both internal opportunities for new investments and trends in the global market development. Based on this study the main reason of diversification has been identified; it is associated with the need to improve the economic efficiency and security in the long-term. Contours of optimal forms of the diversification as the industrial clusters in the regions are shown. Supporting mechanisms for certain production sectors are proposed that allow implementing the innovative development of the country, taking into account the peculiarities of the economic situation in Azerbaijan.

Keywords: diversification, investment, market, state, competition, innovations, institutional environment

INTRODUCTION

Modern economy, which is justified by integration into the global space and transition to the sustainable innovative development, involves the study of economic growth factors, which are corresponding with long-term national economic interests and reflecting global trends. Issues on the structural economy diversification as a component of developing strategy are considered as a well-studied in modern economics. However, there is a need for detailed analysis of a diversification of Azerbaijan's economy amid the global economic crisis and the decline in energy prices.

MATERIALS AND METHODS

The complexity of the Azerbaijan's economy diversification is explained by originally traditional specialization of production, i.e. in an effect of historically conditioned development (path-dependency), and hence, the necessity to rely on the oil sector to contribute the capital inflow into the country. Underestimation of the territorial and economic zoning principles and potential diversification in the early post-Soviet transition to the market economy has been reflected in the single-industry of the national economy. A lot of production areas with high potential to fill the domestic market and with the export opportunities gradually lost perspectives and has been suppresses by oil sector. Finance and credit, social, political, legal and other risks affect negatively the process of economy diversification. In 2008-2015, world economic crisis has become a significant limiting factor. In these circumstances, rich with the natural resources countries were forced to reconsider the priorities for further development under conditions, when global prices for mineral resources declined significantly (at the beginning of 2015 oil prices fell almost twice).

Diversified economy is much better adapted to crises and cyclical swings, because variety of economic activity increases the number of economic entities, product lines and creates opportunities for exports, as well as reduces the risk of losing competitiveness. But the diversification of the national economy not in favor of the oil sector development makes actual the active governmental intervention to manage economic processes.

From a theoretical point of view, scientists have long started to look for the possibility of applying elements of neoclassical and neo-Keynesian theory to create anti-crisis policy and finding opportunities for development, where the ultimate idea is to move to a modern economic society through several stages. The theory of the transition to the "self-sustaining growth" of Walt Rostow has influenced the formation of modern economic development concepts. In this
theory much attention is paid to the thesis of doubling the share of productive investment in national income. To achieve automatic self-sustaining growth, it is necessary, first, fast increase in the share of productive investment (from 5% to 10%) in the national income; secondly, rapid development of one or more industrial sectors. According to Walt Rostow, the emergence of a new institutional structure should ensure the dissemination of the initial growth impulse for the whole economic system by mobilizing capital from inner sources, reinvestment of profits [4].

Another theory for the study of economic growth models is the concept of "big push", which considers the primary industrialization problems. It is interesting for transition countries. However, unsystematic approach to assessing the factors of investment activity (investment sources and ways of their use) has led to the long-term trends in inflation growth. Therefore over time, the accelerator theory has been applied instead of the multiplier theory. The effect of the multiplier theory is: there are sustainable connections between investment, consumption and national income, i.e. investment expenses turns into a primary income, which in turn again as a part of the costs turn into the income that determines the increase in employment and production volume. Accelerator in modern economic theory is the ratio of investment growth to their caused factor that primarily refers to consumer demand.

RESULTS

Investments are divided into autonomous and induced from the point of their influence to the economic growth. As a rule, they are considered separately. Autonomous investments (funded by the state budget and foreign investments, which form a new capital regardless of the interest rate or the level of national income) give an initial impulse to the economic growth and cause a multiplier effect. Induced investment form the new capital by increasing the level of consumer expenditures and lead to further economic growth. I.e. sustainable development through the economic diversification by help of investments is the reason and the economic growth is consequence. It should be noted that the detailed development of the economic system diversification should include such basic approaches as diversification of the economy in the form of horizontal and vertical diversification, as well as finding effective forms of their combination.

In the current conditions of growing global economic competition, diversification involves solving of macroeconomic challenges in manufacturing industries development and progressive changes in technology, services and foreign trade. It is important to increase the investments directed to the most perspective areas of domestic production. The result should be the development of complex groups of leading industries, able to realize multiplier effect of innovations and production of competitive products. Thus, the scope expansion of market interaction is achieved by means of reproduction (servicing) dominant industries, logistics and regional agglomerations that speeds up the overall pace of economic development and minimizes risks caused by volatility in global markets. At the same time it should be noted that the high expenditures of new industries reduce the return on capital. Therefore simultaneous use of horizontal (improving business conditions, creation a favorable business climate and strengthening market institutions) and vertical diversification measures (active governmental regulation of the economy and financial incentives for individual industries) gives better results.

On the one hand, institutional support of diversification according to scenarios of socio-economic development implies economic growth due to increased investments in innovative sectors of the economy, high-tech manufacturing industry projects, and, on the other hand, in times of financial resources' lack they should balanced by monetary methods. Target orientation of economic diversification in many industrialized countries is equal; however forms and methods of its implementation differ. It is believed that the absence of specific law increases the maneuvering possibility in the regulation of diversification. However, programming of economic diversification is a prerequisite for success in the transitive economic diversification. Institutional reforms, selective industrial policy, creation of new industrial zones and infrastructure are essential tools for diversification.
Essential aspect of diversification policy is the choice of new areas of productive specialization. It was established low-income countries are specialized in a narrow production. Vice versa, high-income countries per capita are more diversified. Economic diversification of high-income countries occurs both in the frame of balance between the extractive and manufacturing industries, as well as within the structure of the product range within industries [1, p. 72]. Moreover, scientific studies show: the higher income per capita, the more export is diversified according to different sectors and nomenclature within industries [2, p. 594]. However, inverse connection between the economic diversification and incomes exists for both their volume and stable duration. For example, dependence on energy resources provides rapid revenue growth, but it cannot be eternal and guaranteed. Fluctuations in the oil and gas prices at the world markets occur out of reasons emerging in countries of their producing. Diversification takes off such dependence and makes income more reliable.

Economic diversification is significant for the country’s perspectives in the world economic system and their economic development. Investments in technology should be pursued "in points" for effective economic diversification. Investments should be directed: 1) in the new industries, which will work in collaboration with existing industries; 2) in the modernization of industries that have or may have a competitive position in the global market.

Abovementioned and experience of developed countries summarize target of state structural policy at the macro level: 1) preparation of complex resource base for self-development of the economy; 2) establishment of financial guarantees for transition to the innovative type of development and gradual change of technological order; 3) energy savings through the HT-developement and innovations; 4) balanced development of all forms of ownership, regions and economic entities; 5) solution of the unemployment problems.

Concept of "Look in future: Azerbaijan 2020" provides two approaches: dirigisme ideology and formation of modern institutional environment that meets the challenges of modern epoch. Synthesis of liberal and structurally modernized concepts assumes a leading role of the state in the investment policy implementation. Diversification is intended to cover a range of opportunities to maintain the economic growth, i.e., "narrow" horizontal diversification envisages creation of sustainable institutions for the economic entities functioning and "broad" vertical diversification assumes active state policy on the economy restructuring and its adaptation to the changing needs of strategic development. At the same time Concept is intended to increase direct government investment through concessional funding to meet the challenges of structural economic optimization, promote the development of competitive industries and enterprises. One of the priorities of country economic development is the creation of industrial clusters, which will give an opportunity to increase the scale of the non-oil sector in industrial potential.

CONCLUSIONS

Creation of industrial agglomerations is important for extracting countries.

The proximity of the enterprises included in a common technological chain, creation of additional jobs, effective exchange of technologies, results of marketing research, management approaches, experiences, successes and failures reduces the costs and risks, encourages innovations and productivity growth. E.g. Sumgait Technology Park, where 12 modern factories operate and 6 new ones continue to build, was created during a few years in Azerbaijan [2]. Such parks are created in Ganja, Karadag and Balakhani.

Electroenergetics develops within the framework of innovative model of economic growth to meet the energy demand. Having used innovations to produce alternative and reproducible energy, Azerbaijan tries to provide both energy security and export electricity to rise own competitiveness.

Nowadays, trend of growth of investment processes is enhanced in regions of the country each year. Priorities of regional economic policy on the basis of the third State Program of socio-economic development of regions for 2014-2018 are oriented to meet the population’s demand due to domestic production.
Established in 2006 Azerbaijan Investment Company finances branches of heavy industry, alternative energetic, ICT, logistics, tourism, etc. It implements the project to create a new cement plant, participates in the construction of the Baku Shipyard, etc.

The process of the modern competitive economy formation justifies all features of the innovative model of economic growth. Therefore, further formation of active government policy and activities of state bodies are aimed at maintaining the network forms of their interaction, including good business practices in e-commerce.

Based on this study the main reason of diversification has been identified; it is associated with the need to improve the economic efficiency and security in the long-term. In Azerbaijan, this need is actualized by rapid changes in world oil prices, which is the priority of the country's exports. Contours of optimal forms of the diversification as the industrial clusters in the regions are shown. They are able to produce and export competitive products at the world market.

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MEASURE THE IMPACT OF THE INNOVATION COMPONENT ON COMPETITIVENESS WINERIES USING THE METHOD OF PRINCIPAL COMPONENTS

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Abstract: The question of determining the competitiveness of enterprises is important and relevant for the economy as a whole and for businesses, in particular. High competitiveness business entities are the key to obtaining a high and stable income in market conditions. Support high competitiveness means that all the company's resources are used efficiently, that it becomes more profitable than its main competitors. The author considers a number of factors that affect the competitiveness of this work. This analysis was conducted using the method of principal components. This study is important for understanding the impact of innovative component. Author concludes that implementation of innovations is imperative for the effective functioning of enterprises in the market.

Keywords: competitiveness, enterprise, economics, capital productivity, investment, cost, performance

INTRODUCTION

One of the main elements of the enterprise's competitiveness management is to assess its level. Only quantitative assessment allows measuring the level of competitiveness and managing it. Each evaluation is to establish the presence and extent of display characteristics of the elements. Analysis, regulation function and development, search and identify trends, study features and essential features of a particular phenomenon are based on the estimation. It is impossible to manage any economic process without estimating of each phenomenon level. Each company must know as far as it is competitive towards others.

The theoretical foundations of competitiveness and assessment are considered in the scientific papers of foreign and native scientists, such as M. Porter [4], I. Ansoff, A. Cournot, J.J. Lamben, Ph. Kotler [3], A. Yudanov, I. Gerchikov, U. Zinurov, R. Fatkhutdinov, L. Ilyasova, I. Zulkarnayev, H. Fashiyeva, O. Yankovyi and others. These authors quantitatively and qualitatively have measured the level of companies' competitiveness, having used the indicators of enterprises activity and its financial statements. But none of the authors researched the impact of the innovative component on the wineries competitiveness through spending on innovative activity of the company and the acquisition of modern equipment. It actualizes the author's researches on this problematics.

MATERIALS AND METHODS

The method of principal components, the method of average value and the comparative analysis have been used in our research.

Today there is no single methodology for assessing the company's competitiveness in the economic scientific literature, as long as company's competitiveness depends on many factors, e.g. belonging to industries, its size, the difference in administrative methods in accounting and so on. Therefore, each enterprise develops its own methodology for assessing its competitiveness or uses already developed methodology. All of these methods prove the need to take into account a large number of different source data; sometimes their number includes over 80 indicators. Therefore, recent years there was a significant increase of interest in methods of multidimensional comparative analysis. Methods of multivariate analysis are the most effective quantitative research tools of socio-economic processes described by a large number of characteristics. These include cluster analysis, taxonomy, factor analysis, correlation and regression analysis [5].
In the author's view, the greatest interest is the principal components method, which is a type of factor analysis. The method consists in finding new artificial variables (common factors), which are estimates of latent signs, i.e., vector criterion of competitiveness. Common factors named within this method of principal components are linear combinations of observed symptoms and used in further analysis as estimates of latent signs and explain the correlation communications between the output of symptoms objects. The basic equation of method is (1), where \( Z \) is matrix of standardized values of observed signs of size \( mxn \); \( A \) is factor loadings matrix size \( mxn \); \( F \) is matrix of principal component matrix size \( mxn \).

\[
Z = A \times F
\]  

After signing Ukraine Association Agreement, the issue of competitiveness Ukrainian producer often began increasingly disturb the producers themselves.

The author in his work considers it appropriate to analyze the impact of innovation on competitiveness wineries. In their paper, the author examines the impact of innovation on competitiveness in the Odessa region 9 companies for 2013. The calculations are carried out using the program STATISTICA. Procedure component analysis of multidimensional objects composed of the main stages for the study of latent indicators (Table 1).

### Table 1

<table>
<thead>
<tr>
<th>Steps for conducting an analysis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Formation of the matrix X-outgoing signs of symptoms of latent index</td>
</tr>
<tr>
<td>II</td>
<td>The standardization of outgoing signs Bringing data to one and the same order</td>
</tr>
<tr>
<td>III</td>
<td>Construction of the correlation matrix. The matrix should reflect the relationship of baseline data</td>
</tr>
<tr>
<td>IV</td>
<td>Finding the matrix of factor loadings.</td>
</tr>
<tr>
<td>V</td>
<td>To bold, measurement and interpretation of data</td>
</tr>
</tbody>
</table>

Source: created by author

According to the law "On commercial secrets" [2] the author has not the right to publish data from enterprises. Businesses will be given to letters of the alphabet.

I. Formation of the matrix X-outgoing signs of symptoms of latent index [1].

The author used in his study of the following data: \( X_1 \) – productivity, \%; \( X_2 \) – profitability of total capital \%; \( X_3 \) – return on equity; \( X_4 \) – profitability of sales; \( X_5 \) – product profitability; \( X_6 \) – capital productivity; \( X_7 \) – cost of internal research and development; \( X_8 \) – acquisition costs of research and development; \( X_9 \) – acquisition of machinery, equipment and software; \( X_10 \) – acquisition of other external knowledge; \( X_{11} \) – R & D spending.

II. The standardization of outgoing signs bringing data to one and the same order. Data lead to standardized by splitting each group of data on the average value for each group of data. Standardized data presented in Table 2.

### Table 2

**Standardized data for 2013**

<table>
<thead>
<tr>
<th>No</th>
<th>Wineries</th>
<th>( X_1 )</th>
<th>( X_2 )</th>
<th>( X_3 )</th>
<th>( X_4 )</th>
<th>( X_5 )</th>
<th>( X_6 )</th>
<th>( X_7 )</th>
<th>( X_8 )</th>
<th>( X_9 )</th>
<th>( X_{10} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A</td>
<td>11.53</td>
<td>13.79</td>
<td>8.31</td>
<td>9.14</td>
<td>4.83</td>
<td>10.40</td>
<td>5.78</td>
<td>20.18</td>
<td>8.14</td>
<td>7.51</td>
</tr>
<tr>
<td>2</td>
<td>B</td>
<td>3.08</td>
<td>0.76</td>
<td>3.79</td>
<td>2.55</td>
<td>0.70</td>
<td>4.98</td>
<td>0.67</td>
<td>0.15</td>
<td>0.00</td>
<td>0.25</td>
</tr>
<tr>
<td>3</td>
<td>C</td>
<td>1.46</td>
<td>0.08</td>
<td>0.60</td>
<td>0.21</td>
<td>7.22</td>
<td>4.98</td>
<td>0.72</td>
<td>0.33</td>
<td>10.60</td>
<td>1.21</td>
</tr>
<tr>
<td>4</td>
<td>D</td>
<td>1.19</td>
<td>1.17</td>
<td>1.33</td>
<td>0.91</td>
<td>0.34</td>
<td>0.00</td>
<td>0.01</td>
<td>0.00</td>
<td>0.09</td>
<td>0.00</td>
</tr>
<tr>
<td>5</td>
<td>E</td>
<td>0.72</td>
<td>0.51</td>
<td>0.29</td>
<td>0.53</td>
<td>3.75</td>
<td>0.00</td>
<td>0.96</td>
<td>0.00</td>
<td>0.11</td>
<td>0.00</td>
</tr>
<tr>
<td>6</td>
<td>F</td>
<td>0.80</td>
<td>1.25</td>
<td>1.05</td>
<td>2.03</td>
<td>1.49</td>
<td>0.00</td>
<td>0.48</td>
<td>0.01</td>
<td>0.18</td>
<td>0.13</td>
</tr>
<tr>
<td>7</td>
<td>H</td>
<td>0.62</td>
<td>1.76</td>
<td>0.56</td>
<td>0.64</td>
<td>0.20</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>8</td>
<td>I</td>
<td>0.71</td>
<td>0.21</td>
<td>1.18</td>
<td>1.53</td>
<td>0.13</td>
<td>0.00</td>
<td>0.77</td>
<td>0.13</td>
<td>1.77</td>
<td>0.90</td>
</tr>
<tr>
<td>9</td>
<td>J</td>
<td>0.54</td>
<td>0.17</td>
<td>0.86</td>
<td>1.31</td>
<td>0.21</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Source: calculated by author

III. Construction of the correlation matrix: In this table is presented correlative connection of baseline data. Correlation matrix is presented in Table 3.
Table 3

Correlation matrix

<table>
<thead>
<tr>
<th>Variable</th>
<th>Var 1</th>
<th>Var 2</th>
<th>Var 3</th>
<th>Var 4</th>
<th>Var 5</th>
<th>Var 6</th>
<th>Var 7</th>
<th>Var 8</th>
<th>Var 9</th>
<th>Var 10</th>
<th>Var 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Var 1</td>
<td>1.00</td>
<td>0.82</td>
<td>0.98</td>
<td>0.99</td>
<td>-0.03</td>
<td>0.03</td>
<td>0.71</td>
<td>0.67</td>
<td>0.29</td>
<td>0.64</td>
<td>0.49</td>
</tr>
<tr>
<td>Var 2</td>
<td>0.82</td>
<td>1.00</td>
<td>0.86</td>
<td>0.81</td>
<td>0.30</td>
<td>0.07</td>
<td>0.37</td>
<td>0.29</td>
<td>0.38</td>
<td>0.33</td>
<td>0.67</td>
</tr>
<tr>
<td>Var 3</td>
<td>0.98</td>
<td>0.86</td>
<td>1.00</td>
<td>0.98</td>
<td>-0.03</td>
<td>0.02</td>
<td>0.58</td>
<td>0.54</td>
<td>0.20</td>
<td>0.50</td>
<td>0.55</td>
</tr>
<tr>
<td>Var 4</td>
<td>0.99</td>
<td>0.81</td>
<td>0.98</td>
<td>1.00</td>
<td>-0.03</td>
<td>-0.02</td>
<td>0.69</td>
<td>0.66</td>
<td>0.29</td>
<td>0.62</td>
<td>0.51</td>
</tr>
<tr>
<td>Var 5</td>
<td>-0.03</td>
<td>0.30</td>
<td>-0.03</td>
<td>1.00</td>
<td>-0.05</td>
<td>-0.00</td>
<td>-0.05</td>
<td>0.78</td>
<td>0.07</td>
<td>0.70</td>
<td></td>
</tr>
<tr>
<td>Var 6</td>
<td>0.03</td>
<td>0.07</td>
<td>0.02</td>
<td>0.02</td>
<td>1.00</td>
<td>-0.20</td>
<td>-0.12</td>
<td>0.17</td>
<td>-0.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Var 7</td>
<td>0.71</td>
<td>0.37</td>
<td>0.58</td>
<td>0.69</td>
<td>-0.01</td>
<td>-0.20</td>
<td>1.00</td>
<td>0.98</td>
<td>0.58</td>
<td>0.98</td>
<td>0.18</td>
</tr>
<tr>
<td>Var 8</td>
<td>0.67</td>
<td>0.29</td>
<td>0.54</td>
<td>0.66</td>
<td>-0.05</td>
<td>-0.12</td>
<td>0.98</td>
<td>1.00</td>
<td>0.54</td>
<td>0.98</td>
<td>0.08</td>
</tr>
<tr>
<td>Var 9</td>
<td>0.29</td>
<td>0.38</td>
<td>0.20</td>
<td>0.29</td>
<td>0.78</td>
<td>-0.20</td>
<td>0.58</td>
<td>0.54</td>
<td>1.00</td>
<td>0.66</td>
<td>0.53</td>
</tr>
<tr>
<td>Var 10</td>
<td>0.64</td>
<td>0.33</td>
<td>0.50</td>
<td>0.62</td>
<td>0.07</td>
<td>-0.17</td>
<td>0.98</td>
<td>0.66</td>
<td>1.00</td>
<td>0.13</td>
<td></td>
</tr>
<tr>
<td>Var 11</td>
<td>0.49</td>
<td>0.67</td>
<td>0.55</td>
<td>0.51</td>
<td>0.70</td>
<td>-0.17</td>
<td>0.18</td>
<td>0.08</td>
<td>0.53</td>
<td>0.13</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Source: calculated by author

The data in Table 3 show a correlative connection between the original data. Table 4 shows the characteristic roots correlation matrix that reflects connections of output data. The first column are characteristic roots $\lambda_L$; in the second – the percentage of total variance factors-signs that explain the corresponding principal components $d_L$, in the third – the accumulated value of the characteristic roots, in the fourth – the accumulated percentage of the total variance of variables that explain the corresponding principal components.

Table 4

The characteristic roots of the correlation matrix

<table>
<thead>
<tr>
<th>Value</th>
<th>Eigen value</th>
<th>% Total variance</th>
<th>Cumulative Eigen value</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5.868203</td>
<td>53.34730</td>
<td>5.86820</td>
<td>53.3473</td>
</tr>
<tr>
<td>2</td>
<td>2.098141</td>
<td>19.07401</td>
<td>7.96634</td>
<td>72.4213</td>
</tr>
<tr>
<td>3</td>
<td>1.842358</td>
<td>16.74871</td>
<td>9.80870</td>
<td>89.1700</td>
</tr>
<tr>
<td>4</td>
<td>0.939543</td>
<td>8.54130</td>
<td>10.74613</td>
<td>97.7113</td>
</tr>
<tr>
<td>5</td>
<td>0.197884</td>
<td>1.79895</td>
<td>10.94613</td>
<td>99.5103</td>
</tr>
<tr>
<td>6</td>
<td>0.037887</td>
<td>0.34443</td>
<td>10.98402</td>
<td>99.8547</td>
</tr>
<tr>
<td>7</td>
<td>0.013457</td>
<td>0.12233</td>
<td>10.99747</td>
<td>99.9770</td>
</tr>
<tr>
<td>8</td>
<td>0.002527</td>
<td>0.02297</td>
<td>11.00000</td>
<td>100.0000</td>
</tr>
</tbody>
</table>

Source: calculated by author

Analysis of the results shows that the first three characteristic roots fair condition $dL\geq10\%$, and the proportion of variation eleven primary factors-symptoms caused by the first three principal components 89.17%. Finding the matrix of factor loadings is a fundamental in terms of principle feasibility implementation calculation of the main components.

Table 5 shows the most significant factor loading. High load factor ($|akL| \geq0.7$) of these matrices is allocated and in the last two lines characteristic roots are indicated corresponding correlation matrices $r$ and the proportion of total variance factors-signs that explain the corresponding principal components. Necessary to give the economic interpretation were distinguished of the first three principal components, which together describe the 89.17% of the total variance of the studied signs, symptoms. Analysis of the first column of the matrix $A$ shows that the main component $F1$ is closely related with the variables $X1$, $X2$, $X3$, $X4$, $X7$, $X8$, $X10$. It means that they are "loaded" the first principal component of its content. Minus sign before the factor loading values indicates that the variables passed the first major component of semantic loading, an adequate notion of saving "raw and materials", i.e. cost reduction. $X1$, $X2$, $X3$, $X4$ variables mean the profitability of the enterprise; they must be attributed to the effect. The seventh and tenth variables mean expenditure on innovation, which lead to an increase in the competitiveness of enterprises. And also help to increase profits.
Table 5

The matrix of factor loadings

<table>
<thead>
<tr>
<th>Variable</th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
<th>Factor 4</th>
<th>Factor 5</th>
<th>Factor 6</th>
<th>Factor 7</th>
<th>Factor 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Var1</td>
<td>-0.9283</td>
<td>0.14172</td>
<td>0.33974</td>
<td>0.01938</td>
<td>0.02824</td>
<td>0.03084</td>
<td>0.02129</td>
<td>0.00149</td>
</tr>
<tr>
<td>Var2</td>
<td>-0.7657</td>
<td>-0.30437</td>
<td>0.46478</td>
<td>-0.01091</td>
<td>-0.30742</td>
<td>-0.07422</td>
<td>-0.00537</td>
<td>-0.0153</td>
</tr>
<tr>
<td>Var3</td>
<td>-0.8708</td>
<td>0.07011</td>
<td>0.47214</td>
<td>0.09139</td>
<td>0.02358</td>
<td>0.04600</td>
<td>0.04934</td>
<td>0.01707</td>
</tr>
<tr>
<td>Var4</td>
<td>-0.9276</td>
<td>0.12900</td>
<td>0.34279</td>
<td>0.07713</td>
<td>0.03520</td>
<td>0.07860</td>
<td>-0.05285</td>
<td>-0.0005</td>
</tr>
<tr>
<td>Var5</td>
<td>-0.2124</td>
<td>-0.90954</td>
<td>-0.28969</td>
<td>-0.19099</td>
<td>0.01198</td>
<td>0.05999</td>
<td>0.05807</td>
<td>-0.0966</td>
</tr>
<tr>
<td>Var6</td>
<td>0.11372</td>
<td>0.08086</td>
<td>-0.89521</td>
<td>0.41628</td>
<td>0.07307</td>
<td>-0.01993</td>
<td>-0.08239</td>
<td>0.02893</td>
</tr>
<tr>
<td>Var7</td>
<td>-0.8550</td>
<td>0.32435</td>
<td>-0.38430</td>
<td>-0.02302</td>
<td>0.05041</td>
<td>-0.10757</td>
<td>0.03696</td>
<td>0.00663</td>
</tr>
<tr>
<td>Var8</td>
<td>-0.8133</td>
<td>0.39672</td>
<td>-0.40126</td>
<td>-0.11438</td>
<td>0.08027</td>
<td>0.02870</td>
<td>-0.00318</td>
<td>-0.0366</td>
</tr>
<tr>
<td>Var10</td>
<td>-0.6101</td>
<td>-0.49204</td>
<td>-0.58101</td>
<td>-0.17665</td>
<td>-0.11790</td>
<td>0.02971</td>
<td>-0.04246</td>
<td>0.01573</td>
</tr>
<tr>
<td>Var11</td>
<td>-0.5592</td>
<td>-0.63590</td>
<td>0.19699</td>
<td>0.16876</td>
<td>0.26760</td>
<td>-0.07618</td>
<td>-0.03196</td>
<td>-0.0123</td>
</tr>
<tr>
<td>Expl.Var</td>
<td>5.86820</td>
<td>2.09814</td>
<td>1.84235</td>
<td>0.93954</td>
<td>0.19788</td>
<td>0.03788</td>
<td>0.013457</td>
<td>0.02527</td>
</tr>
<tr>
<td>Prp.Totl</td>
<td>0.53347</td>
<td>0.19074</td>
<td>0.16748</td>
<td>0.08541</td>
<td>0.01798</td>
<td>0.00344</td>
<td>0.00122</td>
<td>0.00023</td>
</tr>
</tbody>
</table>

Source: calculated by author

By combining two concepts in the one, it can be argued that the first principal component reflects in the enterprise – the latent indicator called "innovative component of the competitiveness of enterprises". Analysis of the second column of the matrix A shows that the main component of F2 is closely connected with only 5 variables that is not latent. The same necessary be said of the third principal component F3.

RESULTS

It is necessary to rank studied objects in the latent indicator F1 (Table 6). To do this the author appealed to the matrix values of individual principal components for each of the studied companies. Based on the value of the first column of this matrix, we obtain the following ranks objects in magnitude first principal component.

Table 6

<table>
<thead>
<tr>
<th>Case</th>
<th>Latent indicator F1</th>
<th>Rank of enterprises</th>
<th>Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.16176</td>
<td>1</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>0.87649</td>
<td>3</td>
<td>D</td>
</tr>
<tr>
<td>3</td>
<td>0.50159</td>
<td>4</td>
<td>C</td>
</tr>
<tr>
<td>4</td>
<td>1.20176</td>
<td>2</td>
<td>B</td>
</tr>
<tr>
<td>5</td>
<td>-0.78289</td>
<td>9</td>
<td>E</td>
</tr>
<tr>
<td>6</td>
<td>0.44732</td>
<td>5</td>
<td>F</td>
</tr>
<tr>
<td>7</td>
<td>0.08277</td>
<td>8</td>
<td>H</td>
</tr>
<tr>
<td>8</td>
<td>0.31539</td>
<td>7</td>
<td>I</td>
</tr>
<tr>
<td>9</td>
<td>0.32252</td>
<td>6</td>
<td>J</td>
</tr>
</tbody>
</table>

Source: calculated by author

According to the third column of Table 6, the highest indicator of the innovation component of the competitiveness of enterprises owned by the company A, because it is at this enterprise is the highest expenditure on innovation, as well as all indicators; the company holds a leading position. Fifth, the company is an outsider because he has the lowest cost of innovation.

DISCUSSION AND CONCLUSIONS

The author confirmed the hypothesis that the innovation component affects the competitiveness of enterprises as a result of his research. The results of the study confirmed that companies that were used in the activity of innovation increased their profits. A striking
example is the company A. This company has spent on innovation in 2013, more than any other company. In this way, the amount of profit increased. Enterprise E, which took the last position, is the worst among the studied companies.

This study is important for understanding the impact of innovative component of the enterprises competitiveness. The study shows how important it is implement innovations in the process of production enterprises, because the company is in an environment that is constantly changing. Thus, the author concludes that for the effective functioning of enterprises in the market, is imperative implement innovations.

REFERENCES

NEW PPP MANAGEMENT IDEA IN RECYCLING BUSINESS

Krasimir Nikolov, PhD-Student,

University of National and World Economy, Sofia, Bulgaria

Abstract: At the beginning of the 21st century the countries in the EU are faced in front of pollution problems. The generated wastes in metropolises cause more difficulties in the environment protection. We know that the innovation in recycling business can add value to the collection and wastes processing process. There are many examples in the public private partnership considering this kind of business.3738

PPP can be valuable for the buyers of the recycled products and for the community. First, end users of the products don't receive benefits by personally spent money when they throw wastes. Second, it is important how this kind of business can improve cycle manufacturing and how the community will obtain benefits from the waste management process. All that is possible if we create new organizational business mechanism based on a model PPP including waste management plant. Igor Ansoff's Matrix is very useful in the PPP recycling company strategy cycle. The PPP plant will use complicate management model including one board with three functional units.

The purpose of the article is the creation of a new strategy referring to an idea about new organizational business mechanism in waste management business. The subject of the article is in what way the new organizational business mechanism could be managed by the private partner.

Keywords: strategy, management, public-private partnership, recycling, plant, special purpose vehicle, organizational mechanism

INTRODUCTION

Many literature sources show a number of well-known PPP models based on different combinations including property, subject of contract, contract duration, user of the assets, funding partner and etc. In this research we try to find out which is the best model for the waste management cycle. The Member states need to create more added values by using recycling process and by applying public-private partnership in order to reach the highest percent of waste recycling.42 The main problem is the global low level of recycling, no matter the increasing number of percent.

The European Union applies a Directive 2008/98/European Community including principals such as: "the polluter pays", "extended producer responsibility" and "hierarchy in waste management". Expenditures in waste gathering could be presented not only on a "pay-as-you-throw" principle which is based on a waste separation on a local community level. The expenditures depend on the volume of the thrown trash, which is difficult to be predicted on a household's level. Generally the separate collection system is able to provide benefits to the society as well as to the producer companies. From a strategic viewpoint, it is necessary the domestic waste fees to be determined on the principle "responsibility to preliminary waste

40 European PPP Report 2009, European PPP expert advice center.
separation" (this is a typical behavioral model for waste separation management), so a financial incentive would be possible for an effective recycling process.

In the building up of the new PPP organizational business mechanism it is accepted that the main objective is to find a solution to mobilize resources for production purposes at a lower cost by applying recycling principle. The Private sector is introduced by a company (Special Purpose Vehicle), and the public sector by a municipal administrative unit. SPV consists of production companies of end products and it includes also associated partners, i.e. technical university and an innovation center.

Three stages on PPP organizational business mechanism creation are included in the research. It is accepted that the land for building a recycling plant is actually the municipal administration property.

The first stage refers to the possibility of using option BOO (build-operate-own), where the construction of the building is funded and owned by the private sector, which is not possible, because the land is a municipal property. Consequently for the realization of the new organizational mechanism we can accept option BOT (build-operate-transfer). In this way the construction of the building will be funded by the public sector, especially with the interaction of Structural and Investment Funds, EU, EIB etc.

The construction process will be fulfilled by the private sector (SPV), which has more experience in the construction of waste management plants. Private sector will increase the effectiveness and the building quality according to the equipment and the facilities for waste recycling process. At the end of PPP period the building property would be transferred to the public sector. In this way the risk is shared between both partners.

In the second stage of the research we can take up two cases. The first one is connected with the purchase of equipment and facilities by financial leasing. In this case using the option LfOO 43, means funding by the private sector for the construction of the building, this was previously unaccepted. The Second case is based on an operational leasing, where is valid LoOT option 44, which logically means funding from the public sector of the building 45 and purchasing of equipment and facilities by the private sector. Hence, we accept LoOT option, because we take into account the availability of the needed innovation during the recycling process. In the research it is assumed that the recycling equipment and facilities must be changed every 10 years till 30 years (end of the contract). SPV will recycle domestic wastes including different types of glass, paper, metal, plastic and second processing of waste food and wastes for the heating companies. It also could be possible to create an additional plant for gas manufacturing 46 from food waste.

In stage three of the research we accept new organizational PPP business mechanism which is intended for waste management, especially on waste recycling. The model unites the above mentioned options BOT and LoOT. A final result comes from the creation of a new model BLoOT 47. This model could be applied according Horizon 2020, especially in the creation of Factories of the Future (FoF) 48.

In the next part of the article it is time to see in what way the strategy management can improve the new organizational business mechanism. This could happen by using the theoretical interaction of Ansoff’s Matrix (Figure 1).

43 In the current research we accept the model LfOO is financial leasing, own, operate. Financial leasing at the end of the leasing period the assets becomes a property of the private sector.
44 In the research we accept the model LoOT – operational leasing – operate – transfer. Operational leasing is transferring the assets to the lessor at the end of the lease period.
45 This option is accepted in stage one.
48 EC, Contractual PPP in Horizon 2020, 2013.
Now we will present new PPP management strategy based on a new option BLoOT by using Igor Ansoff’s Matrix.

Firstly, the Market-Penetration Strategy: During the process of seeking increasing market share, SPV can sell unused recycled products to third parties on existing markets.

Secondly, the Product-Development Strategy: Recycled products can be processed on own manufacturing strategy, without supplier interaction, which result will reach a high level of effectiveness.

Thirdly, the Market-Development Strategy: The sale of recycled products on third parties is an option for market development also for manufactory companies which are included in SPV and use recycled products.

Fourth, the Diversification: In practice SPV has a diversification, because wastes are various (solid waste, paper waste, biology waste and etc). All products are provided to be used in the recycling process. By the use of diversification in business strategy we have the next three types, as follows: Concentric, Horizontal and Conglomerate.

The joint stock companies included in the SPV, will achieve a double profit coming from the decreased prices of the processed recycled resources. The first time happens when the resources are recycled and included in the manufacturing process at lower prices. The profit comes from the comparison of the prices suggested by the suppliers. The second time is when the end product is sold to third parties with a profit. Consequently it comes from a lower prime cost. That notes the specification of the strategy management by the achieved business synergism, which will be available in the input and in the outcomes of the company due to the high level of results in the recycling and manufacturing waste cycle. Then, the rest of the non-recycled waste could be sold to a heating company for the realization of the incineration process. Finally, biomass could be used for gas and electricity production. It would bring additional incomes.

Applying the BLoOT model we can create a new strategy management model in PPP. As an effect of the building a new organizational business mechanism consequently is created a “new” business synergism. It includes a part of the recycled resources in the manufacturing process of the private partner. The private partner in PPP business model includes SPV and manufacturing companies. Consequently the management body is composed of a board which has the task to manage the recycling process and the process of manufacturing including recycled products. Project Governance: a guidance note for public sector projects, November 2007. HM Treasury, Available at: www.hm-treasury.gov.uk.
In the board it is included a waste recycle management process and also it is delivering to the shareholders (Company A, B, C, D & E). As a whole in the board activity a marketing process is included for selling on third parties. These board functions are shown on the next graphic\(^5^1\).

The main activity of the waste management recycling board is to manage the recycling process by delivering recycled products to the shareholders in the SPV. The compost activities, waste incineration and selling the non-used recycled products are connected with third parties as well as with SPV marketing activity.

The social benefit has extremely valuable meaning because the private sector could be able to pay a part of the annual waste fee of the households. This is possible to happen from the households included in the waste separate collection and that will be a high incentive for the community. The municipality will not make expenditures in waste treatment. On the fee paper it is possible to be noted SPV fee part. In this way the SPV will have a task to collect and transport wastes from households to the waste plant.

On Figure 3 an interaction between the level of waste collection and the level of household's annual fee for waste collection is shown. The level of waste collection is important for the recycling company because the profit could increase if the households throw their waste separately.

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\(^{51}\) Project Governance: a guidance note for public sector projects, November 2007. HM Treasury, Available at: www.hm-treasury.gov.uk.
The SPV needs preliminary waste separate throwing which will be done by the households. Hence, thanks to the recycling process and the utilization of the recycled products by SPV will be reached an economy of scale and the level of annual waste fee for households will be decreased. This can be an incentive for the household waste separate collection.

![Incentive households in waste separate collection](source: create by author)

Figure 4: Incentive households in waste separate collection

On the Figure 4 we can see an inversely proportional relation between the level of waste separate collection and the level of household's annual waste fee. The higher the percentage of separately collected waste is, the more the annual waste fee will decrease. This is possible to happen on a level of prime costs in waste collection by SPV. We can create one coefficient which can show the relation between the level of waste separate collection in tones and the level of household annual waste fee.

\[
\text{INCENTIVE COEFFICIENT (Ic)} = \frac{\text{level of waste separate collection (tones)}}{\text{level of household annual waste fee (money)}}.
\]

Level of waste separate collection (tones) is the whole mass of generated annually wastes. Level of household's annual waste fee (money) is the whole number of households in the metropolitan.

CONCLUSION

The current article presents the business model PPP as a new specific organizational business mechanism, directed especially in waste processing and mostly in the waste recycling process. Taking into account the existing problems in the pollution of the environment, there is a necessity to apply a new model BLoOT, which will set out a new vision in waste processing. One management board has tree functional units, which are enough for the complex management process. Consequently, a new coefficient is created according to the level of incentive of the household.

The final goal is achieved: the private sector will make a good profit, the public sector will be satisfied by the new waste management process, and the social benefit for the household will be a decrease of the annual waste fee and high level of environmental protection.

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PRESENT AND FUTURE OF GREEN JOBS IN COUNTRIES OUTSIDE THE EUROPEAN UNION

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Abstract: The timeliness of the studied problematics is the result of the forecasts for the creation of millions of new "green" jobs. Experts call to take concrete actions to ensure that the "green" workplaces will provide decent work and poverty reduction. This study aims to analyze the green jobs in countries outside the European Union. The main conclusions concern current issues related to the green jobs. An increase of investments in green jobs, sustainable and thorough interest in them in the countries outside the European Union has been observed. Green jobs contribute to improving living standards and reducing poverty. There is a shortage of "green skills", which requires the development of new curricula for training and retraining. The development of green jobs is accompanied by problems that require the development of state policy to help resolve them. Collaboration between unions, employers and the state is needed for the development of green jobs.

Keywords: green jobs, decent work, sustainable development, green skills

INTRODUCTION

This study is a part of the first stage of a three-year project dedicated to green jobs [7]. The purpose of this study is to analyze the green jobs in countries outside the European Union, focusing on the benefits of green jobs to reduce poverty.

To achieve this goal the following tasks have been accomplished: some features of the green jobs in the countries of South Africa, countries in the Asia-Pacific region (Japan, India, China), Canada, Russia, USA have been analyzed; the forecasts for the development of green jobs in the countries of South Africa, countries in the Asia-Pacific region (Japan, India, China), Canada, Russia, USA have been analyzed; based on the analysis, conclusions concerning problems and prospects of green jobs have been drawn.

The study analyzed different definitions of "green" job. The analysis shows that in the European Union, for example, there is no single accepted definition of "green" job. Among the various definitions stand out the following ones: "green" jobs are those associated with the protection and improvement of the environment and natural resources" [7]. "Green" jobs are jobs in green sectors that contribute to enhancing environmental sustainability, including reducing carbon emissions, protection of biodiversity and ecosystems and adaptation to climate changes. From an economic perspective, they cover those jobs that produce "green products and services" [7].

In a part of the official definitions of "green job", adopted in India, for example, the understanding is that the "green job" is an employment in any industry that contributes to preserving or restoring the environmental quality in this sector and gives opportunity for sustainable development [2]. Despite the differences in definitions, "green jobs" are associated with the hope for a better life, decent work and more equity. Probably due to this reason the analyzed data show not only the growing interest in "green" jobs, but also the taken concrete actions to increase them.

MATERIALS AND METHODS

The analysis of the present and future of the green jobs is based on the results of national and international researches, presented in the reports of the International Labor Conference [6], organized by the International Labor Organization (ILO), analyses of the International Labor Organization for countries outside the European Union, Lisa Mastny, World Watch Institute.
RESULTS

The main results of the analysis of the green jobs in South Africa show that the country has an excellent potential for energy production from wind and sun, because the country has almost 300 sunny days a year. In South Africa, the green economy provides employment for several hundred thousand South Africans predominately in sectors related to recycling, renewable energy, biodiversity conservation and eco-tourism. Researches have shown [8] that the number of green jobs could rise to 300,000-400,000 in the long term. Prospects are their number to reach 1,000,000.

South Africa is a good example also with the development of five-year plans for green skills in various sectors. The sectors in which it is established that there is a shortage of skills, the Ministry of Labor of South Africa published a list of required skills. Plans, lists of the required skills, respectively, are annually updated. Interestingly, they make distinction between "absolute" and "relative" lack of skills.

"Absolute" skills shortage exists when in the labor market there are no suitably qualified people. "Relative" skills shortage is when in the labor market there are adequately qualified people, but they do not meet the other criteria for employment.

A major problem in South Africa in connection with the development of a green economy, the green jobs, respectively, is the lack of green skills. In 305 ads for vacancies for engineers, for example, only 95 are filled [11]. For this reason new curricula for the secondary and higher education are developed to meet the modern needs.

The situation of the "green" jobs in the Asia-Pacific region is best presented at a conference in 2007. The conference was organized on the initiative of the Managing Board of the ILO in partnership with the International Organization of Employers, the International Trade Union Confederation and the United Nations Environmental Program. The conference was held [3] for the "green" jobs in the Asia-Pacific region.

It was reported that during the last 30 years, the Asia-Pacific region is experiencing unprecedented economic growth. At least three major issues can be identified from this conference: the current era means a big change for savings, strategies are necessary for sustainable growth in the Asia-Pacific region, climate changes will cause transformations in production and consumption and this will affect the labor market and the social development.

The issues discussed emphasize the importance of the green jobs. The "greening of enterprises" and the green jobs are a part of solving the problems related to climate and environmental issues. To realize the idea of green jobs an effective labor policy is required that would help to change the content of the jobs and the workers' skills. This change must be done in a way that does not threaten the loss of jobs and income. Redefinition of the new types of employment must provide human security and better income.

Among the main conclusions should be completed also that the development of green jobs is impossible without the commitment and initiatives by employers and by employees. Trade unions and employers can and should cooperate in the development of green skills and for the "smooth transition" to the new conditions.

The analysis of green jobs in Japan shows that the country marks serious success. One of the prides of Japan is the development of a "zero-emissions house" [4].

In 2009, Japan plans to create millions of jobs through "green business", which includes promoting the production and consumption of energy saving products and other technologies, environmentally friendly [1]. The main goals of the Japanese government in this regard are expanding the market for green products by 2015 to about 100 trillion yen (about $1 trillion). The government's plan includes measures to generate 2.2 million new jobs, as the basis for this is to encourage the purchase of electric cars and energy-efficient appliances. By 2009, the number of people working in these areas is 1.4 million [5].

Green jobs in India are in sectors such as agriculture, industry, research and development, administrative and support services such as IT, finance, teaching and others. "Greener" work is the work that provides adequate wages, safe working conditions, job security and workers' rights. Hopes in India are that the green jobs will lift millions out of
poverty. The analysis of green jobs in **China** for 2006-2010 period shows that 2700 jobs directly related to the green energy and 6,500 indirect jobs were generated. Expectations are by 2020 the average increase of direct jobs to reach 6680, and 16370 for the indirect green jobs [10].

The aim of China is to "green" the economy and take a green development path. China has established a long-term green vision and objectives of the green economy are related to the creation of at least 4.5 million green jobs in three sectors: energy, transport and forestry.

The analysis of green jobs in **Russia** shows that Russia has a clear and definite policy in this area. It is understood that the work of the local managers will be evaluated in the context of their environmental record. The financial security of the concept is provided by the budgetary resources under environmental programs. The new initiative requires the federal government to carefully evaluate the effectiveness of eco-politics of the country. Officials will measure twice the local emissions in order to assess their progress in the implementation of the recommended thresholds. They will also assess the quality of water and soil and will check whether the local factories are using clean technologies. In 2009 Russia adopted a federal law on the energy efficiency savings. Moreover, the Russian Federation, together with the European Commission implements and executes a project for the harmonization of the environmental standards.

The analysis of green jobs in **Canada** showed that Canadian market for green technologies and services is growing rapidly. In 2010 it is estimated at 2 300 000 million US dollars. For the period 2014-2019 there is a need for additional 3.5 billion US dollars to meet the targets and to generate 176 000 jobs.

The studies for Ontario, for example, show that investment of 2.8 billion US dollars in renewable energy installations will provide 40 000 jobs. The province has signed contracts to provide more than 20 000 jobs [12].

The analysis of green jobs in **USA** shows that the efforts are focused on the development and creation of new technologies and strategies, such as efficient irrigation systems and flood and storms warning systems. The goal is to rescue people from poor communities that are the most vulnerable to climate changes and to create jobs in the process.

Results of the study show that in the USA the green jobs in water management are 282 35155200 – in the field of consulting services for sustainable development, 589 232 are the jobs for identification of the risks from disasters, 167,973 jobs in the development of agriculture, 363,858 – in the management of natural resources, 551 866 jobs in the development of insurance, marketing and innovation, 126 470 jobs in public healthcare [9].

**CONCLUSIONS**

Several major conclusions can be drawn from the analysis made. Without arrange them in order of importance, they are:

**Firstly:** An increase of investments in green jobs, sustainable and thorough interest in them in the countries outside the European Union has been observed. Green jobs contribute to improving living standards and reducing poverty.

**Secondly:** There is a shortage of "green skills", which requires the development of new curricula for training and retraining.

**Thirdly:** The development of green jobs is accompanied by problems that require the development of state policy to help resolve them.

**Fourth:** Collaboration between unions, employers and the state is needed for the development of green jobs.

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R&D SPENDING AND ITS INFLUENCE ON MNC'S LEVEL OF INNOVATION

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Abstract: The article dwells on interdependence of research and development spending of MNC's and company's level of innovation. This article highlights the role and importance of correct approach to innovation. The article contains survey results of Top 20 R&D spenders and Top 10 most innovative companies and defines indirect dependence between these indicators. Research has shown that not always those companies, which invest most in research and development, are the most innovative. Often it can even be quite to the contrary.

Keywords: research and development, innovative company, R&D spending, innovation, high-tech company

INTRODUCTION

High tech companies invest a lot of money in ongoing research and development to create advanced products that are able to open the window before mankind to the new opportunities and solve earlier unsolved social problems. However, whether always million and billion amounts, invested in R&D, produce the company the desired effect in the form of advanced technology, thereby increasing their level of innovation? We are going to look into this issue in our article.

MATERIALS AND METHODS

The research work was conducted based on the information of the analytical reports, official statistics and financial reports of companies. Methods used in our research are: analytical method, analysis and synthesis, comparison and systematic approach.

RESULTS

Business analysts often focus on the amount a company spends on R&D as an indicator of its competitive strength [5, p. 10]. However, not always those companies, which invest most in R&D, are the most innovative. Often it can be quite to the contrary. For demonstrable vision of this situation let us analyze R&D spending of TOP 20 companies that are investing the largest amounts in this direction (Table 2) and compare it with the list of the most innovative companies (Table 1). For this purpose we suggest to look into survey results, conducted by Booz & Co consulting company.

Examining and comparing statistical data, which is shown in Tables 1 and 2, one should pay attention to the fact that Volkswagen, showing yearly R&D spending rising and being a leader in this direction, wasn't included in the list of the most innovative companies. Similar examples are dozens of companies, whose significant investments in research and development did not help them to become highly innovative. Among them are such giants in computing and electronics as Intel and Cisco, in automotive industry such as Toyota, GM, Daimler, Ford and Honda, as well as a number of companies in healthcare.

Instead, three companies, which were included in the list of TOP 20 investors in R&D in software and the Internet, such as Google, Amazon and Microsoft, was also included in the list of the most innovative companies. It is also appropriate to notice such companies in computing and electronics as Samsung and IBM, which also were included in two lists.

It is remarkable that the most innovative company is Apple, which not only ranked first place in the list of biggest innovators, but even wasn't included in the list of TOP 20 investors in R&D. It demonstrates its smart and skilful use of funds. Over the last few years Apple represents the successful market launch of numerous innovative products and is the most valuable company nowadays in the world.
Table 1

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Source: created by author according to [3, as well as to annual financial reports of companies]

Table 2

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Source: created by author according to [4]

At the same time Apple's spending on research and development is about 2% of its total annual costs. Tesla Motors, 3M, General Electric and Procter&Gamble also demonstrate their effective investment in R&D. The fact that they invested relatively small amounts in research and development has not prevented them from becoming the most innovative companies. Once again it proves the importance of invest expediency in process of making investment decisions.
And exactly successful implementation and commercialization of innovations, as well as using them for getting commercial advantage is the target of significant investment in research and development. If a company doesn't get commercial advantage, it means that investment in R&D did not yield the desired results. In fact, as can be seen from Table 2, the largest amounts of spending on R&D are concentrated in the USA, however, much of them are also concentrated in such European countries as Germany, Switzerland, France and Great Britain, as well as East Asia countries – Japan and South Korea. In comparison with geographical location of the largest companies-investors in R&D, the list of the most innovative companies has shown that all of them, except Samsung, are located in the United States. The evidence of this is the report of one of the specialized agencies of the United Nations – the World Intellectual Property Organization. According to this report the first place in the list of Top 10 companies by patenting volumes belongs to the USA (Figure 1).

![Figure 1: Top 10 companies by patenting volumes 2013](source: adopted by author from [10])

But a company's process for rapidly and efficiently translating its R&D efforts into products that excel in satisfying the market's needs is much more important. After all, what a company gets for the money it spends on R&D is what ultimately matters [5, p. 10].

Therefore, the success in innovative activities depends not only on the size of investments, but on the way investments are being made [2]. The founder of Apple Company, Steve Jobs, strongly agrees with this fact. In his words, innovation has nothing to do with how many R&D dollars you have. When Apple came up with the Mac, IBM was spending at least 100 times more on R&D. He points out that it's not about money. It's about the people you have, how you're led, and how much you get it [8]. Thus, extremely important role in company's development belong to personnel with a high grade of intelligence, because without them talking about company's innovativeness has no sense.

Focusing on having a strong team in lieu of investing a lot of money into research and development was central to Apple's success and a result of Jobs' philosophy. Apple chose not to invest a lot from its revenue into R&D and opted for impromptu hallway meetings between two or more innovators, brainstorming solutions to everyday issues. We're always thinking about new markets we could enter, but it's only by saying no that you can concentrate on the things that are really important. Jobs' approach to systemizing innovation was to maintain an environment that advocated improvised innovation. Impromptu brainstorming sessions promoted the sharing of new ideas, but to reach the diamond, Jobs would thoroughly sift through the dirt [9].

Robert B. Tucker, the author of bestseller "Driving Growth Through Innovation", just like Steve Jobs, is sure that innovation management system, enclosing purposeful work on the creation of ideas, sensing the future, consistent and constant monitoring of new opportunities, their assessment and implementation is essential for ensuring the outstripping growth [1, p. 4].

If company is committed to the global corporate leadership, it should above all things mind the innovative imperative by force of reasoning and realization of key innovative priorities.
That's why leading corporations for reaching global leadership focus on innovative development, which not only requires huge investment, but also associated with high risks. On the other hand, corporations that do not pay enough attention to innovation, quickly lose their positions. This is evidenced by the numerous research consulting and auditing companies of transnational corporation's attitude to innovation [6]. Because, the share of new products and services is a key indicator of corporate success in terms of corporation profitability growth and increasing of shareholder's return [1].

This innovation management system, Robert B. Tucker is talking about, should be thought out from all sides and provide a comprehensive search for new ways of stimulating talented employees at all levels in all divisions of the company. Investing in R&D will bring the desired results only in case of proper direction of these funds. Money should be invested in idea that will create new value and will become useful for consumers. As innovation increases product value or creates new value for consumer, so it increases net profit of the company. At the same time, if the company starts to spend millions or even billions of dollars on ideas, poorly thought out, poorly estimated in terms of implementation and poorly implemented, results could be catastrophic.

DISCUSSION AND CONCLUSION

The results of research showed that in fact not all companies which spend the most on research and development are the most innovative. Often it is quite to the contrary. Based on the Tables 1 and 2, we see that number of companies are innovative, but not the biggest R&D spenders. And vice versa there are companies, which spend lots of money on R&D, but do not become the most innovative. Highly important meaning in making investment decision has expediency of investments. Will investment produce the desired result? To give an answer for this question and make the right investment decisions company should analyze whether their idea creates new value and will become useful for consumers.

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OIL PRICE DROP AND MACROECONOMICS OF RUSSIA IN 2014: 
A HISTORICAL EXPERIENCE

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Saint Petersburg State University, Russian Federation  

Abstract: Since early 2014, the dropping of oil prices has become a concern for oil exporting countries. This is especially true in emerging and developing ones such as Russia, in which its government budget has been tied to the oil revenues. By decreasing this revenue, these kinds of countries are facing a crucial challenge in their economic mechanism. Investigating the historical oil shocks experiences can present the background of structural economics' situation against any unpredictable shock. The aim of this paper is to investigate the existence of macroeconomic stability in Russia against oil price volatility. We will check it through historic (1973-2011) and an empirical view (1995-2012).

Keywords: oil prices, macroeconomic variables, Russia

INTRODUCTION

The volatility of oil price has received special attention in the current environment of sharply decreasing prices since July 2014 from over 100$ to below 60$ per barrel. This plunge (about 50%) is a specific sign of a new negative oil price shock. Historically, most oil price shocks were positive which meant high revenue for oil producers. However, oil price shocks in 1998 and 2007-2008 were negative. So we can define the negative oil price shock of 2014 as the third historic shock. The fundamental reasons behind these 3 shocks are less similar. The first one, 1998 negative oil shock, as Mabro (1998) considered was caused by high level oil production (supply side) and East Asian financial crisis (demand side conflict). The second one in 2008-9 happened because of declining USA and European oil demand and the last one in 2014, oil prices plunged by high level oil production (OPEC and USA) and lower oil demand (China and Europe).

It should be noted that all types of shocks such as negative or positive have a serious effect on the economical use of a country. For example, it is widely discussed that lower oil prices can generate a higher desirability for the economies of oil importers (such as Japan or India) because; primarily their oil imports value and living cost would go down. In contrast, in the oil exporting countries such as Iran and Russia, decreasing oil prices create an adverse situation for revenue volumes and public expenditures. Furthermore, the effects of positive oil shocks can be conversely described for importers and exporters. In other words, the effects of positive shock can be distinguished as beneficial for the economics of oil exporters and as detrimental for oil importers.

This research investigates the macroeconomic situations of Russia; one leading and developing oil export nations, under the negative 2014-oil price shocks through historical experiences during the last oil shocks.

MATERIALS AND METHODS

To investigate the effects of last global crude oil shocks on economy of Russia, we use quarterly data from 1995:Q1 to 2011:Q4, giving about 64 observations. Our selected variables are expressed in logarithmic type as LGDP = Gross Domestic Product at market price at constant price (in Billions of USD); LENO = non-oil export of Russia (in millions of USD); LOILB = Brent crude oil price (Dollars per Barrel); LFDI = Foreign direct investment (in thousands of USD); LINF = Inflation rate of Russia (%); LACP = Active population of Iran (thousand persons).
All series data of these variables are obtained from Central bank of Russia (www.cbr.ru), World Bank data (www.data.worldbank.org) Rosstat (www.gks.ru) and Energy Information Administration (www.eia.doe.gov). Furthermore, the above data is analyzed through Impulse Response Function and Variance Decomposition of the VAR model.

RESULTS

In this research, the macroeconomic of Russia was considered due to the current oil price shock in which result, the global oil prices have decreased sharply. Historically, there are 2 negative shocks (in 1998 and 2007) and 6 positive shocks (in 1973, 1979, 1990, 2003, and 2011). As an oil exporting country, Russia never played a main role in the oil price shock happening. It is obvious that positive shocks were a favorable chance for this country to earn extra revenue and in case of negative ones, except the 1998-negative oil shock in which Russia had a harsh currency conflict; this country did not suffer any huge inconvenient consequences. The following Table 1 illustrates the economic growth of Russia during various historical oil price shocks. It can be seen that, except of Russian Ruble crisis in 1998, economic growth rates of Russia for the rest ones were significantly high.

<table>
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<tbody>
<tr>
<td>Shock type</td>
<td>+</td>
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<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Main Reason of Shock</td>
<td>OPEC oil embargo</td>
<td>Islamic Revolution of Iran</td>
<td>Iraq-Iraq war</td>
<td>Iraq-Kuwait war</td>
<td>Increasing supply and decreasing demand</td>
<td>USA-Iraq war</td>
<td>World financial crisis</td>
<td>A sharp decrease of supply</td>
</tr>
<tr>
<td>Economic Growth of Russia</td>
<td>7.7%</td>
<td>3.4%</td>
<td>5.3%</td>
<td>8.4%</td>
<td>-5.3%</td>
<td>7.3%</td>
<td>8.5%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

Table 1: Historical oil price shocks and economic growth of Russia

In addition, the results of the Impulse Response Function (IRF) and Variance Decomposition (VD) are presented in the following Table 2 and Figure 1.

Table 2: Effects of oil price shocks on the macroeconomic variables of Russia

<table>
<thead>
<tr>
<th>Variables</th>
<th>Short-run</th>
<th>Middle-run</th>
<th>Long-run</th>
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<tbody>
<tr>
<td>Economic Growth</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>-</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>+</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-oil export</td>
<td>+</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Oil supply</td>
<td>+</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>FDI</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

Figure 1: Variance Decomposition of oil price shock

Source: Outputs of Eviews 7.0
DISCUSSION AND CONCLUSION

It is pointed out that the historical oil price shocks were an economic chance for Russia. So we can predict the current oil price decline would not be a harsh challenge for its economy. According to the Table 1, IRF indicates that the oil price shock has a positive influence on the economic growth of Russia, which can be considered as a symbol of natural blessing instead of natural cures. As the oil shock increases the inflation rate in the long run, we can mention in the near future, the increasing price levels in Russia will be unavoidable (it should be noted that the current inflation in Russia is generated by the sanctions). Furthermore, the unemployment rate of Russia may be decreased in the middle and long runs because of increasing supply in labor markets. In case of non-oil export, it is shown that the oil price shock has a positive impact on it especially during the short and middle run. Finally, it is measured that in regard of the oil shock, FDI in Russia will be decreased in the short run. Overall, we can declare that the rate of economic adaptation of Russia with the oil shock is relatively great. It can recover itself under the oil shock circumstances and consequences.

As a conclusion, we can mention some predictable facts about the 2014 oil shock according to the last oil shocks:

1) A number of last studies have proven that Russia has a potential production capability and significant labor forces (Beck and et al (2007)). So they help Russia as an accelerator during oil price shock to achieve an acceptable economic growth.

2) We found out that the oil shock has a positive effect on the volume of the non oil export of Russia. The current oil price decreasing may cause national currency depreciation which leads to the raising the purchasing power of foreign traders who will be interested in selling cheaper Russian goods and services. But this trade position will not continue in the long run.

3) Oil negative shock may boost up the inflation rate of Russia. One of the reasons can be explained through cost production. As Russian suppliers, import technology and capital goods, they have to buy them more expensive that before the shock. So the final goods and services may be produced with a higher amount of expenses. Another reason is the public revenues imbalances in which the government has a way to compensate its revenue shortage during oil negative shock. It can increase the tax income which would lead to a higher price level.

4) Existing efficient Oil Stabilization Fund in Russia is a good instrument to recover and support any budget deficit due to the oil revenue declining. According to the last researches (see, e.g. Spilimbergo (2005); Merlevede and et al (2009)), this fund in Russia was so efficient in the face of oil shocks, so it can be concluded that in the current negative oil shock, this fund can play as a crucial means for Russia.

REFERENCES

THE CLUSTER APPROACH AS A FACTOR FOR CREATING INVESTMENT ATTRACTIVENESS OF THE TERRITORY

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Abstract: This scholarly article explores the most effective approaches and prevailing trends in the implementation process of the investment attractiveness of the territory. The cluster approach is analyzed as an effective and efficient tool to stimulate the development of territories. We explain the benefits of efficient use of all available resources of the area, a reasonable correlation between the industry production and services sectors, completeness processes to produce the expected results, which in turn creates investment attractiveness.

Keywords: cluster, cluster approach, infrastructure, sector approach territory, investment attractiveness

INTRODUCTION

The processes of globalization, high competition in the markets, current trends in science changed the direction of economic development and business structures, as production companies, and organizations providing services. In recent decades has sharply increased interest in the cluster approach. In modern conditions, one of the most effective methods of state regulation is to control the investment attractiveness of the territory, which should correspond to the peculiarities of development and the specificity of the territory since attracting investment is closely related to an ability to create economically favorable conditions and provide efficiency gains from their use.

MATERIALS AND METHODS

In the study author used some methods such as comparative analysis, synthesis, systematic approach and classification, historical method.

Management of investment attractiveness of the area is carried out at the level of the state and the region through various approaches: functional, sector, cluster.

Functional approach is disclosure infrastructure through its performed functions: 1) support for production; 2) movement of goods; 3) ensuring the conditions of social life, etc.

In the sector approach, the individual elements of the infrastructure are considered as a branch of the national economy, in order to identify the status of each sector and determine the most rational way of its development. Approach focuses on horizontal competition within the industry, which limits the interaction between subjects and leads to an inefficient use of resources.

At the present stage, the improvement of the sector approach and the transition to the cluster, through the strengthening of inter-sector linkages between actors.

In this case, there is a clear distinction between the traditional (branch) and the cluster approach (Table 1).

Cluster approach is a complex territorial system, implies a set of infrastructure components, geographically located in a certain area and interacting with each other and with the environment, with its own structure and hierarchy.

The cluster approach is the most promising direction of territories development and management of investment attractiveness. Based on the analysis of resource-territorial structure built modern scheme of interaction through the integration of segments into one cluster, that means formed the infrastructure that under the influence of external factors transformed: there are new elements, change function, complicated relationships between system components.
Table 1

<table>
<thead>
<tr>
<th>Sector approach</th>
<th>Cluster approach</th>
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<tbody>
<tr>
<td>The focus on industry, as a set of companies united on technological grounds or</td>
<td>Considered a strategic group of industries complementary companies belonging to</td>
</tr>
<tr>
<td>grocery</td>
<td>different branches</td>
</tr>
<tr>
<td>Promotion of a group of companies within the same industry segment</td>
<td>Promotion strategy group companies within the complementary segments</td>
</tr>
<tr>
<td>Dialogue with the government carried out by lobbying individual industries, which</td>
<td>Form effective relationships between key holders of interests that enhance productivity and</td>
</tr>
<tr>
<td>leads to a reduction in administrative competition</td>
<td>competitiveness. Setting up a framework for the development of public-private partnerships</td>
</tr>
<tr>
<td>Not considering the possibility of cooperation with competitors</td>
<td>Take into account that most of the participants are not direct competitors, which,</td>
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<td></td>
<td>however, have common needs, and have common barriers to development. Clusters are</td>
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<td>combination of competition and cooperation, there is a symbiosis of these two</td>
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<td>processes</td>
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<tr>
<td>Structural transformation takes place within the existing path, marked by</td>
<td>Clustering subject has a synergetic approach, which is reflected in the emergence</td>
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<tr>
<td>technological and institutional boundaries. Balancing process industry</td>
<td>of the main system property, which is inherent to create a cluster. Clusters</td>
</tr>
<tr>
<td>proportions occur in accordance with the principle of linear development of</td>
<td>functioning in case of uncertainty, creates preconditions for a search of new</td>
</tr>
<tr>
<td>socio-economic systems</td>
<td>combinations of relationships between social reproductions members</td>
</tr>
<tr>
<td>Contributes preservation to existing imbalances in industry, technological</td>
<td>Intensive organization of a new due to the interaction of small and medium-sized</td>
</tr>
<tr>
<td>and reproduction structure of the economy</td>
<td>businesses that form the basis of innovative diversified economy</td>
</tr>
<tr>
<td>Spreads the use of sector priorities bureaucracy, corruption, lobbying, which</td>
<td>Fast changes in the structural response priorities of economic agents in clusters</td>
</tr>
<tr>
<td>reduces the efficiency of selective policy</td>
<td>acquire significant importance in the context of dynamic changes of the economic</td>
</tr>
<tr>
<td>Multiplicative limited effect due to the priority development sectors &quot;engines</td>
<td>Strengthening the multiplier effect as a result of closer inter-firm contact in</td>
</tr>
<tr>
<td>of growth&quot;</td>
<td>the cluster, as well as well-established as a result of information channels,</td>
</tr>
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<td></td>
<td>innovations between competing cluster formations, which ultimately has a positive</td>
</tr>
<tr>
<td></td>
<td>effect on the overall level of economic competitiveness</td>
</tr>
</tbody>
</table>

Source: Regional Innovation System and Industrial Cluster; Its Concept, Policy Issues and Implementation Strategies (National Workshop on Sub-national Innovation Systems and Technology Capacity Building Policies to Enhance Competitiveness of SMEs, October, 27-30, 2006, Beijing, China)

A cluster is a complete infrastructure by geographical concentration of companies, suppliers of basic and support services, financial institutions, industrial structures, as well as specialized agencies (including training), whose competitive advantage is improved by combining the advantages and provide long-term economic growth and competitiveness of an effective system. Externally, there is nothing new. However, a well-developed infrastructure interaction between objects is an integral part to stimulate the growth of clusters, and software infrastructure improvements are a necessary condition for the stability and prosperity of innovative associations. The economist Alfred Marshall was the first who commented the relational communication between companies and entire industries, and emphasized the agglomeration of individual sectors in some parts of England.

Later, Michael Porter put forward the theory about the importance of creating clusters in economic development, the role of interaction and exchange of ideas between companies with ensuring a balance of professional interests, according to this cluster is geographically concentrated groups of interconnected companies: specialized suppliers, service providers, firms in their respective industries, as well as associated with their activities of organizations...
(for example, universities, agencies for standardization, as well as trade associations) in certain areas, competing, but at the same time leading collaboration.

If in the XX century clusters where specialized in the production of consumer goods in order to increase the competitiveness of the territories, in the XXI century with the advent of a new generation of clusters are innovation clusters expanded their functionality and structure, and thus, the orientation on innovation – now are export-oriented products and technologies.

Innovation Cluster is a system of close ties between firms, suppliers, customers, academic institutions that generate innovation. In this case, all the subjects of the process can not only work together, but also compete with each other. The interaction with clusters in other regions and countries gets a big importance that relationships are built on the production of identical or complementary products, a single production processes based on technologies and consumption of resources and/or distribution channels. O. Trofimova offers a model of innovation cluster, highlighting the following structural elements:

- "Core" are objects, which are grouped around the cluster perform the basic activity, positioning the cluster producing the final product, i.e. industrial enterprises with regional specialization;
- "Complementary objects" are objects, whose activities are directly operating the facilities "core";
- "Service facilities" are objects which presence is required, but which activities are not directly related to the operation of facilities "core". For service facilities shall be assigned the enterprise implementing the cluster service functions, i.e. logistical, financial, sales, repairs, etc;
- "Auxiliary objects" are cluster objects whose presence is desirable but not required for the functioning of other objects in the cluster. These include a variety of service and consulting company, whose functions may be implemented as a part of the cluster and through outsourcing.

The cluster approach is used in virtually all the leading countries of the world. Past experience confirms that the creation of clusters is an effective tool to increase the investment attractiveness of the area. Creating clusters began in the 1980s, seeing it as a way to increase the competitiveness of regions through innovative development. The first local program started in Europe in North Rhine-Westphalia in Germany, then in the province of Emilia-Romagna in Italy and in the region of Styria in Austria. After 20 years, the program earned cluster development in most EU countries, as well as in the US, Canada, Japan, Australia, Brazil, India and South Korea.

In 2008, European countries have adopted a memorandum of cluster policy, which announced their intention to withdraw their clusters in the global technology leaders.

In 2008 in Russia adopted the Concept of long-term socio-economic development of the Russian Federation, which provides for the creation of a network of territorial and industrial clusters, realizing the competitive potential of the territories, the formation of a number of innovative high-tech clusters in the European and Asian parts of Russia.

To stimulate the development of the cluster and attract investors, we create economic and social conditions through comprehensive development of energy, transport and social infrastructure.

According to the Russian Cluster Observatory, the country has 25 active clusters.

The cluster approach is regarded as a new integrated approach to the modernization of the state of the economy, as it implies the use of natural, historical advantages in deep areas of specialization industries.

However, as far as an economic complex was presented to the industry structure, in which the main role assigned to the resource industry – remain paramount fuel and energy, at the same time the infrastructure and agro-industrial complexes have an extremely low rate of development. A specific feature is the presence of cross-industry complexes (Table 2).

Based on the analysis of resource-territorial structure of the region, a modern logistics scheme of interaction is built through the integration of industry segments and their structural elements in a single economic space.
Table 2

The list of inter-branch complexes in Russia

<table>
<thead>
<tr>
<th>Cross-industry complexes</th>
<th>Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Production and distribution of fuel and energy, ensuring their economic operators and end-users</td>
</tr>
<tr>
<td>Metallurgical and chemical-wood</td>
<td>Production of materials and chemicals for the economic operators and end-users</td>
</tr>
<tr>
<td>Military-industrial</td>
<td>Development, testing and production of military products for the defense area</td>
</tr>
<tr>
<td>Agro-industrial</td>
<td>Production, processing, storage, distribution of agricultural products to the final consumer</td>
</tr>
<tr>
<td>Engineering</td>
<td>Production equipment, components for economic operators and end-users</td>
</tr>
<tr>
<td>Investment and construction</td>
<td>Organization and provision of construction work for the needs of economic operators and end-users</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Providing kinds of services for economic operators and end-users</td>
</tr>
</tbody>
</table>

Source: created by author

At the same time, Russia's experience confirms the trend away from a sector approach to cluster development of the economy, which is formed on the basis of national innovation programs and policies.

This is due to the fact that not only promotes clustering and structuring a business combination and initiatives, but also is an effective tool to encourage the development of territories: the rational use of all available resources, a reasonable correlation between industry production and services sectors, completeness processes to produce the expected result that turn creates investment attractiveness, and as a result attracts investment, forming the interest of investors.

RESULTS

The study examined the existing scientific and theoretical approaches to defining and identifying the nature of the cluster. Identified and structured the main elements of the cluster: the core, additional objects, service facilities, ancillary facilities.

Different options are formed for the formation of the cluster. Examines the key principles of clustering:

- Availability of competitive enterprises;
- Presence in the region's competitive advantages for the development of the cluster;
- Geographical concentration and proximity;
- A wide range of participants and the presence of a "critical mass”;
- The linkages and interactions between the cluster members.

Since different areas have fundamentally different strengths that need to be considered and used - defined correlation of cluster development, i.e. a unique combination of territorial resources, geographical location, Stakeholder Engagement, infrastructure development, the presence of state incentive programs and regulatory frameworks, qualified staff.

The paper discusses the characteristics of an organization's infrastructure by functional, sector and cluster approaches. Distinctive features of a sector approach to a cluster. Qualitatively explicated competitive advantages and weaknesses of the cluster hike, which at the correct interpretation will allow accurately build a strategy of regional development, and as a result create new competitive opportunities territory.

DISCUSSION AND CONCLUSIONS

Analysis of international experience of land by the use of the cluster approach predicts the possibility of adapting the experience and its successful application in the territory of the less developed countries.
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INTRODUCTION

Recently, due to the growth of information needs and development of information services industry, it is increased importance of marketing communications for construction enterprises. High-quality transmission of information to the consumer has the advantage for the construction company in building a positive image. A continuous communications with customers helps to establish stable strong relationships with them and promotes loyalty.

Construction companies' system of management marketing activities formed under the influence of marketing theory. The problems of marketing issues are studied by S. Schick (2012), J. Burnett (2001), S. Moryarty (2001), M. Sahatskiy (2012), G. Zapsha (2012), O. Ishchenko (2006), etc. Despite the availability of sufficient scientific basis, because of constant changes in economic, disclosure of marketing communications stages in the construction companies' management marketing activities system is not sufficiently reflected in scientific publications and requires a detailed study.

The subject of research is the theoretical, methodological and practical aspects of marketing communications stages in construction companies' management marketing activities system.

The aim of the study is to determine the stages of marketing communications in the management marketing activities system of construction companies, use of which will contribute to strengthening the competitiveness of businesses building.

The objectives of the study are to explore the place of marketing communications in construction companies' management marketing activities system, to show factors that influence to the effectiveness of marketing communications, to reveal process of transferring information from enterprise to consumer, to propose the algorithm stages of marketing communications at construction companies.
Information technologies used in marketing communications have rapid development. From responsiveness to external and internal conditions it is depended success of all organizational units, obtaining competitive advantages in the market and in the branch. Therefore, the use of new information technologies in marketing communications provides certain advantages for building enterprises [2, pp. 121-124].

It is given a place of marketing communications in construction companies' management marketing activities system at the Figure 1.

![Figure 1: Marketing communications in construction companies' management marketing activities system](image)

Source: created by author

Marketing communications of construction companies are included in the management marketing activity system [3] and, first of all, are depended on government regulation. Marketing communications are depended on many factors, including: general situation and conditions of the company; communications infrastructure; staffing employees; communication policy that contains a set of rules and standards of planning, implementation and monitoring of internal (organizational) and external communications (with potential clients and other contact audiences) [4, pp. 16-18].

Construction companies are unable to act immediately at all sub-sectors of construction and quality meet with existing customers' demands. The entity operates in building effective when it acts at certain segment of the market or occupies a niche where customers are most likely to be interested in its products and marketing communications will provide the best results. For example, in civil construction exists ordering for renovation flats or designing services, building houses, investing in apartment building and more.

All marketing communications are intended to provide certain information to the target audience, encouraging it to make purchase or persuade it to change attitude or behavior towards proposals. Final goal of marketing communications strategy is formed depending on the company position on the market, and if there is the economic crisis it must provide support for sales to the construction companies and thus save businesses.

To succeed in the construction market construction companies must deliver their marketing massages with information about their proposals to any places of contacts with target audience [5]. The course of construction companies’ marketing communication process is as follows (Figure 2).
During construction of this structure author believe that communication is the transmission of information that is sent to the market contact audience to achieve very specific goals, taking into account the feedback of respondents. The effectiveness of the process depends on the combined action of technical, technological, methodological, organizational and other components. Therefore, marketing communication process should be understood as a set of tools and methods of transmission to the target audience with predetermined goal information, content of which forms the conduct of market partners [6, pp. 1034-1042].

It is necessary to take into account the fact that during the transmission encoding and decoding information may be partially lost and mixed with noise effect, causing distortion of the content and essence. There are cases of unexpected formation of public opinion, influence of subjective estimates of random people, a combination of different kinds of adverse events and factors more. As a result, in reaching the goals of marketing communication there are arise deviations, which require market participants to correct received information.

To minimize the noise impact on the conduct of marketing communications, construction companies needs to structure and monitor its implementation using available tools and technologies. The algorithm of planning and providing marketing communication, with identification priority of various instruments, includes the consistent implementation of certain functions by construction entities (Figure 3).

**Figure 3: Algorithm of construction companies marketing communications implementation**

Source: created by author
The first block reflects the goals and objectives of marketing communications, based on the overall aim of the company, objectives of the marketing department, appropriate resource potential and opportunities to enhance competitiveness.

The second block describes the transactions at market research regarding macro and microenvironment; research operations as the collection, processing and analysis; presentation of the findings, recommendations and suggestions of marketing communications.

The third block involves planning of communication tools, which are considered with: the choice of means and channels of information; drawing up concrete plan of action; budgeting of the instrument; determining criteria for communication tools evaluation.

The fourth block is related to the direct implementation of marketing communication activities, including monitoring of quality and efficiency analysis of choosing channels, conducting business negotiations and conclusion of commercial contracts. Simultaneously there is implementing the cycle of realization construction products: material-technic, organizational, personnel, logistic, financial supports and after realizable service.

The fifth block covers general evaluation of the company's marketing communications by sales growth, market share, the income, profits, positioning of construction companies in the consumers' minds, image, and competitiveness in the construction market and so on. It is also determined the impact from the achievement of strategic business objectives. The assessment determines the need for changes in marketing communication and, if necessary, re-start a new cycle.

**DISCUSSION AND CONCLUSIONS**

Responsiveness to external and internal conditions influences the success of all company's operations, obtaining competitive advantages in the market and in the branch. That determines the importance of marketing communications at the enterprise. Construction companies' marketing communications are included in the management marketing activities system and they are regulated, first of all, by government. They also depend on many internal and external organizational factors. Marketing communication process should be understood as a set of tools and methods of transmission predetermined intention information to the target audience, the content of which forms the conduct of market partners.

The algorithm of planning and providing marketing communications, identifying the priority of various instruments, includes the consistent implementation of concrete functions by building entities.

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MODERN TRENDS IN FINANCIAL INSTRUMENTS IN UKRAINE

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Abstract: The article deals with the problem of evaluation methodology and accounting of financial instruments. A systematize the accounting policies of enterprises in financial instruments for the purposes of financial and tax reporting and providing information bases – management entity. Pull something and reasonable hypothesis about the possibility of using marketing methods exchange rate. Suggestions on the economic feasibility of implementing internal control operations with derivatives are made.

Keywords: exchange rate, financial markets, exchange trading, market methods of regulation, hedging, accounting

INTRODUCTION

The main objective of currency derivatives market is decrease of currency risks. Habitual for most people currency market is the spot market in which currencies are traded (exchanged) for immediate delivery. But for regulation (registration) long-term currency relations and commitments are necessary instruments of derivatives market.

In recent years, operators of national currency market were able to hedge currency risks using only OTC, not standardized instruments (Forwards, including Non-deliverable, NDF, and Swaps) on the Interbank Foreign Exchange Market of Ukraine (IFEM) or in the international financial markets.

Currency futures launched since 2015 by several Ukrainian stock exchanges, are standardized contracts. They allow buyers and sellers now determine the future exchange rate, and perform contract obligations under fixed conditions on a particular day. Derivatives transactions are traditionally considered to be more profitable than those on the spot market, because of leverage, the absence of transaction costs (depositary and settlement fees) and low trading fees. But credit risks for investors that operated on derivative market not for hedging are significantly higher than those on the spot market. As result, in developing the derivatives market, stock exchanges are concentrated on forming of guarantee systems and effective infrastructure.

Transactions on derivatives market are still quite unusual even for financial intermediaries in Ukraine. Therefore, along with the decision on the establishment of reliable clearing infrastructure and risk-management systems are necessary measures to popularize derivatives of non-financial companies, including accounting of derivatives. Since modeling transactions in financial instruments to optimize economic relations with counterparties, control risks in using capital and implement effective management of its profit [1], there is a need to establish accounting policies regarding transactions with financial instruments.

MATERIALS AND METHODS

The researches of many domestic and foreign scientists are devoted to problems concerning efficiency of regulation of currency rates, dynamics of an exchange rate, especially during financial crises. Main of them is: O. Bereslavsk [1], F. Zhuravka [2], L. Prymostka [3], T. Savchenko [4].

But still there are a number of unresolved issues regarding the mechanisms of management and control of operations with derivatives. It is therefore advisable to focus
research on the analysis of the first-nearest prospects of Ukraine's financial market, given the experience of more developed countries [5; 6]. Furthermore, it should outline directions for information-enuring activities within the operations with derivative financial instruments - accounting and control at all stages of financial management as banking and non-banking counterparties.

RESULTS

Since 1999 the currency derivatives markets on USD/UAH exchange rate are absented in Ukraine and existed only outside in London (the OTC Non-deliverable Forward, NDF) and in Moscow (the Futures at the Moscow Exchange). Forward prices exposed to regular criticism by Ukrainian financial regulators, which, however, have no influence on specified markets and parameters of the corresponding pricing exchange rate.

During 2009-2014 most technologically advanced Ukrainian stock exchanges regularly accessed the National Bank of Ukraine (NBU) for permission to launch trading with standardized currency futures and options contracts. The central bank didn't give such permission in view of the objective difficulties currency policy (government's interest in a stable official exchange rate, high devaluation expectations, lack of gold and currency reserves etc.)

Nevertheless as part of the reform of the financial sector of Ukraine, in late 2014 and early 2015 the Ukrainian financial market regulators (NBU and the National Securities and Stock Market Commission, NSSMC) allowed 4 stock exchanges to launch trading with currency derivatives.

In early March 2015 we can state the following results on exchanges' activity on currency derivatives market. On the PFTS Stock Exchange (No. 2 in Ukraine by the trading volume in 2014, the market share of 15.9%) trades haven't started. On the Ukrainian Interbank Currency Exchange (No. 8, 0.04%) trades are extremely rare. Liquidity and regular market during January-February 2015 was formed on the "Perspectiva" Stock Exchange (No. 1, 78.8%) and on the Ukrainian Exchange (No. 4, 1.4%), since these exchanges established active market for futures on interest rates and equity index since 2010-2012.

Incidently, the liquidity of currency derivatives' trading on PSE and UX comparable to trading activity on cash-settled futures contract on USD/UAH exchange rate on the Moscow Exchange, where such contract was launched in June 2013 (Table 1).

We can distinguish several significant problems related with the launch of currency derivatives market in Ukraine 1) periodic absence of objective benchmark; 2) high volatility; 3) the lack of a centralized clearing infrastructure, including central counterparty.

<table>
<thead>
<tr>
<th>Stock exchanges</th>
<th>Perspectiva Stock Exchange</th>
<th>Ukrainian Exchange</th>
<th>Moscow Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruments</td>
<td>USD/UAH, EUR/UAH</td>
<td>USD/UAH</td>
<td>USD/UAH</td>
</tr>
<tr>
<td>Turnover</td>
<td>1 804</td>
<td>846</td>
<td>1 431</td>
</tr>
<tr>
<td>Trades</td>
<td>559</td>
<td>697</td>
<td>1 123</td>
</tr>
<tr>
<td>Contracts Traded</td>
<td>1 461</td>
<td>846</td>
<td>1 431</td>
</tr>
</tbody>
</table>


Firstly, in 2013 the official exchange rate USD/UAH was different from average weighted exchange rate on the IFEM by only 2%. The central bank supported the stability of the national currency through intervention and administrative restrictions. At the early 2014 as a result of political instability devaluation expectations was increased, foreign exchange reserves were reduced, and in February 2014 the official exchange rate began to decline sharply (Figure 1). The situation was exacerbated hostilities in eastern Ukraine. As result, after a brief liberalization on the IFEM, new administrative and regulatory restrictions are followed (In particular, up to 03.03.2015 banks could participate in transactions with currency derivatives only in the interests of clients) [7]. Moreover, by reducing the volume of trading
and supply in the IFEM, there was a significant demand for the currency, which was extremely difficult to meet by the official rate. In this situation, the official and indicative exchange rate was not seen as sufficient objective indicator, there was demand for alternative benchmarks.

In this case there were problems even with external benchmarks. Traditionally, the fixing EMTA UAH published by Thomson-Reuters was used as an objective international indicator and the underlying asset for London NDF and Moscow Exchange's futures. But EMTA stopped calculating and publishing the USD/UAH exchange rate on 1 October 2014. Therefore, as the underlying assets for futures USD/UAH Ukrainian exchanges considered using a number of alternative indicators: the official rate, the interbank rate, the fixing EMTA, and quotes, announced by the voice brokers and published by Thomson Reuters.

In early February 2015, following consultation with the banks had reached an agreement on the transition to a more transparent exchange rate policy, a unified and effective exchange rate; announced the growing importance of discount rate in monetary policy, and to a lesser extent the tasks of maintaining stability of the national currency.

Thus, the official exchange rate regained the status of an objective benchmark, although it was accompanied by a significant drop in the official rate.

Secondly, since February 2014 the volatility on the IFEM has increased dramatically. If in 2013 the average weighted exchange rate fluctuations was up to 1% (Figure 1), then in 2014 the monthly fluctuations reached 18.9% (in February), and daily 8% (April, 16). In February 2015, the monthly change rate USD/UAH was 71.8% and the maximum daily change 28.5% (February, 6).

On this day, margin call is made on the derivatives market, trading was stopped: also initial margin has been increased from 20% to 30%. Thus, questions of risk management and reliable clearing infrastructure are extremely relevant for development of the currency derivatives market.

Third, the financial market infrastructure of Ukraine (including clearing), despite the partial centralization in 2013, remains significantly defragmenting. The current model of the Ukrainian financial market differs sharply from the European practice and international recommendations (Figure 2).
Defragmenting trading system (excessive amounts of stock and commodity exchanges on a background of the extremely small total trading volume) leads to inadequately controlled exchanges, low quality and lack of objectivity in prices of financial instruments. Central Securities Depository (CSD) currently serves only corporate securities, but state and municipal securities (90% of exchange trading) still accounted in the depository of the NBU. Unified cash settlements (payment system) established only for securities in the form of specialized bank "Settlement Center" (SC), which opened the accounts for participants of clearing and settlement. Most settlement models for other than securities, assets or not requires reliable guarantee obligations and control of settlement finality, or provide for payments within the accounts in commercial banks that is also associated with credit and liquidity risks.

SC performs clearing and acts as a central counterparty (CCP) only for securities. RC performs the CCP functions exclusively formally, providing centralized clearing only in case of ensuring 100% blocking of assets. Most importantly, the RC doesn't serve the derivatives market, so stock exchanges perform clearing for derivatives, and no full CCP for derivatives market, due to legal restrictions. The issue of accounting for transactions with derivative instruments for currency conditions becoming term domestic currency market segment worked enough and many methodological aspects remain unresolved. Development of methodological principles of accounting operations with currency derivatives not completed the formation of the accounting methods and analytical activities of participants on terminal segment of the foreign exchange market. Therefore, internal control of operations with derivative financial instruments, cops is very significant methodological problem.

The accounting business transactions with financial instruments in Regulation (order) of accounting policies on the object defined by the following elements: components of financial instruments; procedure for recognition and derecognition conditions of financial instruments; initial assessment and reassessment procedure financial instruments; method of
accounting for financial instruments on accounts; procedure for documenting transactions in financial instruments, including the founder of determining the share in net income; the relationship and hedging strategy; justification of income and expenses from transactions with financial instruments; order the inventory of financial instruments; order the disclosure of financial instruments reported.

In the preparatory phase control task is to evaluate the specific risk management strategies related to derivative financial instruments; assessment of hedge effectiveness; monitoring the correctness derivative transactions reflected in the account. Planning analytical work provides for public viewing; applying analytical procedures to provide substantial evidence for the assertions related to derivative financial instruments; determine the impact of trade derivatives and changes in market prices of financial results of the entity.

So, information support is reliable information that has been properly adjusted with the accounting records underlying entities sufficiently objective to the auditor had any doubt that this information reflects the operations of the entity.

Systematics and processing operations with non-derivatives and their reflection in accounting is achieved by using professional judgment because the assertions, especially those relating to the assessment, based on subjective assumptions or are sensitive to changes in assumptions - about future events that are difficult expected or conditions that are expected to exist over a long period.

DISCUSSION AND CONCLUSIONS

Moreover, it is defined that financial infrastructure should be the key element of the establishment and functioning of the financial market (the currency derivatives market), which is impossible without a centralized clearing. The conditions for the concentration of such markets and the liquidity of the banking system in general are defined.

The derivatives market in Ukraine is characterized by significant risks and is constrained due to the development of a number of difficulties (high volatility, lack of liquidity, restrictions for participants, poor infrastructure).

REFERENCES

ELECTRONIC MONEY IN UKRAINE

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Abstract: The article reviews opinions of Ukrainian scholars relating to advantages and disadvantages of electronic money. Based on the analysis of domestic legislation and regulatory legal acts of the National Bank of Ukraine the main requirements set for issuance, placement, circulation and repayment of electronic money in Ukraine are described, the requirements relating to amounts of electronic money that may be used by users over a specific time period are outlined. The attitude of the Ukrainian central bank to electronic money as electronic cash substitutes which are not subject to mandatory acceptance is highlighted. The activity of the systems of electronic money the issuance of which has been agreed upon by the National Bank of Ukraine is analyzed.

Keywords: electronic money, system of electronic money, pre-paid card, central bank

INTRODUCTION

The appearance and development of information technologies and their penetration into financial markets have had a great effect on money and monetary systems evolution. First, due to special equipment and software only non-cash settlements were accelerated, but then innovative developments contributed to electronic money becoming a new type of non-cash money that may function in already existing or constitute the basis for newly created monetary systems. Comparison of their appearance by some scholars to the invention of coins [14], by others or with paper currency notes [2, p. 32] is an indicator of the importance of electronic money for economic development. The researchers have come to such a conclusion due to the crucial role electronic money, the same as their currency predecessors, played towards reduction of the costs of trade agreement implementation.

MATERIALS AND METHODS

Scientific publications of Ukrainian scholars, legislative norms of Ukraine and regulatory legal acts of the National Bank of Ukraine (NBU), information from official sites of the central bank and electronic money systems or their issuers constituted the materials for the article. Data processing using analysis, synthesis, induction and deduction methods enabled to outline the main trends in the use of electronic money in Ukraine.

RESULTS

The attitude of Ukrainian scholars to electronic money is not unambiguous, since even to such advantage of them as making settlements cheaper they respond by arguments on the restrictions of their use due to technical capacities of users and traders [1, p. 47; 15, p. 16], and, correspondingly, the need for considerable investment to be made into acquisition and upgrading of computer equipment, means of communication and software [12, p. 13]. It is also of interest that while studying other advantages of electronic money opponents may turn them into drawbacks. For instance, V. Mishchenko and O. Makaheva stress the possibility of achieving high level of payment privacy and security as the result of electronic money use [4, p. 5], however, O. Nosov fears that "there is a possibility of setting full control over individual costs that could limit personal freedom" [5, p. 105], and M. Savluk points to unauthorized penetration of alien persons into the corresponding systems, "failures in the work of electronic equipment, viruses, energy cuts, terrorist acts, etc." [12, p. 13].

The NBU started regulating the circulation of electronic money in the country in 2008 when it issued the Regulation on Electronic Money approved by Resolution of the Board No.
Two years later that Regulation was replaced with a new one, approved by Resolution of the Board No. 481, and in 2012 the article on the special features of electronic money issuance and conducting transactions with them appeared in the Law of Ukraine "On Payment Systems and Funds Transfer in Ukraine".

The Ukrainian legislation takes requirements of the directives of the European Parliament and Council on establishing of and carrying out of activities by institutions-issuers of electronic money and prudential supervision of them approved in 2000 and 2009 as the basis for the definition of the notion of electronic money. As the result, article 15 of the Law suggests considering "units of cost left on the electronic devices, accepted as a means of payment by persons other than the issuing person, and constituting a monetary commitment of the person performed in cash or non-cash form" as electronic money [11].

In Ukraine electronic money may be issued only by banks by way of their providing it to natural persons via exchange of cash or non-cash money, and to legal entities – only of non-cash money for it. And the bank undertakes the commitment to repay the electronic money upon the client's request. Besides the issue and repayment of electronic money which only its bank-issuer may deal with, transactions on its distribution, replenishment, exchange and settlements may be carried out both by this bank, and by commercial agents under the agreement concluded with it.

The tool putting electronic money into motion is pre-paid multi-target use cards. They contain a chip on which electronic money is kept, or which is "a means of accessing electronic money kept in the computer's memory" [8]. The issuing bank shall ensure that the amount of electronic money issued by it does not exceed the amount of cash or non-cash funds received during issuance from natural persons and legal entities (users). It must also determine the amount of electronic money on the electronic device being at the user's disposal, with due account of the following requirements: 1) the amount of electronic money on the electronic device which cannot be replenished shall not exceed 2,000 UAH; 2) the amount of electronic money on the electronic device which can be replenished shall not exceed 8,000 UAH.

All in all, the amount of electronic money the user may use over a calendar year with the help of the electronic device that is replenished (not taking into account the electronic money paid over that year upon its request) may not exceed 35,000 UAH.

The electronic money obtained from the issuer may be used by natural persons to pay for goods or services or be transferred to other individuals. In case of such transfer made using a pre-paid card its amount may not exceed 500 UAH over one day and 4,000 UAH over one month. The same limitation is set for exchange of electronic money for cash via a payment device of the issuer or settlement agent. Business entities may use electronic money to pay for goods or services to traders only. Further on, the trader accepting electronic money from users under the corresponding agreement concluded with the issuer or settlement agent may use it only to exchange for non-cash money. Thus, in Ukraine there might work only non-transferable electronic money since it must be repaid right after its first use.

In spite of the fact that domestic banks may only issue the electronic money nominated in hryvnia only, the NBU does not accept it as either a legal means of payment, or as currency value, or, even, as monetary funds. The central banks comes to such a conclusion with due account of the fact that its emission is performed by banks other than the NBU for separate entities (users, traders, agents) who use electronic money under concluded agreements in settlements with each other. That means that unlike hryvnia which may be issued by the NBU only and which is subject to mandatory acceptance in the Ukrainian territory by all natural persons and legal entities; electronic money nominated in this monetary unit is issued by private entities, is of limited use and constitutes only an electronic substitute of bank notes and coins [10; 13].

Prior to electronic money issuance, the issuing bank shall agree upon the rules of electronic money use with the NBU, and notify it about the commencement of its activity in the sphere within ten calendar days, and afterwards provide information related to electronic
money issuance and use to it on a quarterly basis. Such coordination refers both to electronic money systems created by banks themselves and to those international payment systems via which the bank will issue electronic money. The NBU passes decisions on coordination of the rules of electronic money use on the basis of information obtained from the issuing bank. It shall primarily contain description of the procedure of carrying out operations with electronic money, including the general scheme for all monetary and information flows, as well as of the security and information protection system created to minimize the risks of using electronic money [8]. The requirements on coordination of the rules of electronic money systems are not valid for the systems created by the NBU that is the use of electronic money in the National System of Mass Electronic Payments (NSMEP).

As of the beginning of 2015, 11 Ukrainian banks came to an agreement with the NBU concerning electronic money issuance in NSMEP, 8 – Visa International, 7 – MasterCard and one in Maxi (issuing bank – PJSC "Alfa-bank"), MoneXy (issuing bank – PJSC "Fidobank") and GlobalMoney (issuing bank – PJSC "Oschadbank") systems. The following data may also testify to the level of development of electronic money systems created in Ukraine:

1) over the period from October 21, 2011 to July 15, 2013 "Oschadbank" put into circulation 1,310 thousand electronic money of the GlobalMoney system. It could be used to pay for more than 1.5 thousand different goods and services [9];

2) as of August 13, 2014 some 200 thousand users and 200 traders got registered in the MoneXy system [18];

3) Maxi system works as a multi-brand loyalty program in which, purchasing from 38 traders, one may get bonuses which may be spent in those trade outlets [3].

As far as general statistics is concerned, the NBU publishes in its official site only information on the number of payment cards having the function of electronic money issued in Ukraine (Table I). Another statistics on the intensity of electronic money use in Ukraine is provided in the central bank's notices quite rarely and is not systemic. In particular, it is known that over three quarters of 2012 the circulation of electronic money in Ukraine made 1,164 mln UAH (compared to 116 mln UAH in 2011) [6] and for the first quarter of 2013 it was 511 mln UAH [7]. The above statistics refers only to the electronic money the issuance of which has been agreed upon by the NBU.

Table 1

<table>
<thead>
<tr>
<th>Index</th>
<th>Data as of</th>
<th>01.01. 2010</th>
<th>01.01. 2011</th>
<th>01.01. 2012</th>
<th>01.01. 2013</th>
<th>01.01. 2014</th>
<th>01.01. 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of active payment cards (thousand, pieces)</td>
<td>29104</td>
<td>29405</td>
<td>34850</td>
<td>33106</td>
<td>35622</td>
<td>33042</td>
<td></td>
</tr>
<tr>
<td>Of which electronic money cards (thousand, pieces)</td>
<td>38</td>
<td>25</td>
<td>12</td>
<td>3</td>
<td>5</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Share of electronic money cards in total number of active payment cards (%)</td>
<td>0.131</td>
<td>0.085</td>
<td>0.034</td>
<td>0.009</td>
<td>0.014</td>
<td>0.048</td>
<td></td>
</tr>
</tbody>
</table>

Source: created by author according to NBU [16]

In spite of the fact that banks and commercial agents in Ukraine cannot work with the electronic money the rules of functioning of which are not coordinated with the NBU (WebMoney, Yandex.Money, QIWI, Bitcoin, etc.), they successfully evade the bans set. For instance, Ukrainian users get access to the WebMoney Transfer system both via payment cards or cash-desks of domestic banks, and via payment terminals. Ukrainian hryvnia is one of the national currencies and other types of values (Euro, US national currency, national currency of the Russian Federation, Belarus, gold and Bitcoin) which constitute the basis for title units issued within this system. WMU issuance (in UAH) is carried out by the "Ukrainian Warranty Agency" registered as the legal entity in Ukraine. Title units received in exchange for cash or non-cash hryvnias may be used by domestic users to pay for over 400 types of commodities and services in the Ukrainian Internet segment and for over 60 thousands [17],
for settlements with other individuals and legal entities, to exchange them for title units of some other type via exchange services as well as to take them out of the system in any minute. Title units are pre-paid; cash collateral for them during their circulation in the system is kept in the account in the settlement bank.

**DISCUSSION AND CONCLUSION**

Thus, gradually, to replace paper currency notes, coins and records in bank accounts there appears electronic money. In order not to lose control over the monetary sphere, state regulatory bodies are trying to make its performance legitimate. The main goal declared by them here is care for the user that is securing the user against possible losses resulting from depreciation or counterfeit of electronic money. An optimal way out is seen by the regulators in 100% reservation of traditional money in the issuer's account of electronic analogs. That is nothing new in the theory and practice of currency system functioning, since it reminds of the customs of the metal standard period when the requirement set for emission of bank notes was to secure them with gold or other precious metals. It is complicated for the state to acknowledge that money may be issued following somewhat different rules. That is why it is trying either to prohibit it, or at least to take control of it.

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IMPACT OF FOREIGN DIRECT INVESTMENT ON DEVELOPMENT OF INNOVATIVE SECTOR OF UKRAINIAN ECONOMY

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Abstract: The paper presents foreign investment as one of the most important sources for financing of innovation process in Ukraine. We analyzed foreign experience, the current state of the innovation sector in Ukraine, as well as an impact of foreign investment for country's economy. Also we made an overview of main barriers of attracting foreign investments to the economy of Ukraine and identify role of foreign investment in the structural reform of Ukraine's innovative development. The contribution of the paper is to suggest directions of activation of foreign investment inflow to Ukraine.

Keywords: foreign investments, Ukrainian economy, innovation sector, Ukrainian association of venture capital and private equity

INTRODUCTION

Impetuous growth of speculative component in economy leads to transition of main source of economic growth from innovation to monetary capital and turns it into a relatively independent way of profit’s accumulation. In addition, in Ukraine investments in production sector are devoted exclusively to low-technology industries. It contributes to the further transformation of Ukraine into raw materials appendage of more developed countries. So, in our country except politics, economics and military we have innovative crisis too. Problem of innovative development is one of the most difficult for Ukraine. Its solution is impossible without attracting foreign investment. Current economic conditions and integration of Ukrainian national economy into the world's economic system impact foreign investment as an essential ingredient of economic policy and economic practice and also an important source of replenishment of funds for investment. This necessitates a theoretical study of problems of foreign investment. Ukrainian scientists made an important contribution to solve problem of attracting investment in domestic innovation sector. O. Vasilitsya (2013) developed theoretical methodology to assess impact of foreign pseudo-investments on growth of economy. Gavrilyk (2008) described problems of investment image and investment attractiveness of Ukraine. Malitskiy (2009) analyzed a problem of value's reducing of innovation sector in Ukrainian economy and its replacement by financial activities. O. Zhylinska (2013) investigated a role of public funding for R&D. However, topic of main problems, principles and sequence of actions for attracting of foreign investors for Ukrainian innovation sector is not disclosed.

MATERIALS AND METHODS

The target of the article is to focus on issues of growth of foreign investments for development of innovative sector in Ukraine. Objectives of the paper are to make an overview of main barriers of attracting foreign investments to the economy of Ukraine and identify role of foreign investment in the structural reform of Ukraine's innovative development. In this case, descriptive and analytical types of research have been applied. Descriptive research was used to collect and summarize data about correlation between level of economic expansion, development of innovation sector and level of foreign direct investment in different countries. Also we represented data about top investors in Ukrainian economy and main sources of investments in domestic innovative sector. Analytical type of research was used for understanding causes of low level of attracting FDI in Ukrainian industry.
ANALYSIS

In modern terms foreign investment was an inherent part of economic policy in all countries with developed market economies, a form of integration into the world's economy. The rate of foreign investment in the past two decades almost 5 times outpaced the growth of international trade. Worldwide experience shows that restructuring of economic system, reduction of technical and technological backwardness of economy and ensuring competitiveness of domestic products in global market are impossible without extensive attraction of foreign capital.

Transition to innovative development model means firstly search of financial sources such as foreign investment for promotion of innovative activities. It is necessary to adopt appropriate regulations to establish incentives and create conditions for attracting foreign capital and development of venture businesses.

According to Ukrainian Law foreign investments are values that were invested by foreign investors in objects of investment for profit or achieving social effect.

Foreign investment provides long-term relationships and continues concern and control by a resident of country (foreign investor) in respect to company which is the object of foreign capitals placing. Foreign direct investments are long-term involvement of foreign investors into capital funding to create capacity, which would ensure profitable implementation of manufactured goods or services.

This definition focuses on three main features of foreign direct investment 1) long-term nature of the investment; 2) control and constant interest of foreign investors to object of their investment; 3) a profitable business as ultimate goal of investment.

In second half of the 20th century in process of deploying of new wave of scientific and technological revolution scientists received a number of theoretical and empirical evidence of impact of innovation activities on economic growth. For example, American economist Robert Solow was first in American literature (1957) who evaluated autonomous scientific and technical progress, showing that in the mid 1950s, it accounts for nearly 70% of US economic growth. During this scientific result R. Solow received the 1987 Nobel Prize.

Data demonstrate correlation between level of economic expansion, development of innovation sector and level of foreign direct investment in different countries are submitted in Table 1.

<table>
<thead>
<tr>
<th>Countries/Indicators</th>
<th>GDP (mln $) 2013</th>
<th>GDP growth (annual %) 2013</th>
<th>GDP per capita 2013</th>
<th>Research and development expenditure (% of GDP) 2010</th>
<th>Scientific and technical journal articles 2011</th>
<th>Foreign direct investment, net inflows (BoP, current US$ mln) 2010</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>2245673</td>
<td>2.5</td>
<td>11208</td>
<td>1.16</td>
<td>13148</td>
<td>53344</td>
<td>80842</td>
</tr>
<tr>
<td>China</td>
<td>9240270</td>
<td>7.7</td>
<td>6807</td>
<td>1.76</td>
<td>89894</td>
<td>272986</td>
<td>347848</td>
</tr>
<tr>
<td>Germany</td>
<td>3634822</td>
<td>0.4</td>
<td>45085</td>
<td>2.8</td>
<td>46259</td>
<td>35259</td>
<td>32627</td>
</tr>
<tr>
<td>India</td>
<td>1876797</td>
<td>5.0</td>
<td>1499</td>
<td>0.8</td>
<td>22481</td>
<td>27396</td>
<td>28153</td>
</tr>
<tr>
<td>Israel</td>
<td>291357</td>
<td>3.3</td>
<td>36151</td>
<td>3.97</td>
<td>6096</td>
<td>5509</td>
<td>11804</td>
</tr>
<tr>
<td>Georgia</td>
<td>16126</td>
<td>3.2</td>
<td>3602</td>
<td>-</td>
<td>118</td>
<td>869</td>
<td>102</td>
</tr>
<tr>
<td>Poland</td>
<td>517542</td>
<td>1.6</td>
<td>13432</td>
<td>0.74</td>
<td>7564</td>
<td>17074</td>
<td>-</td>
</tr>
<tr>
<td>Ukraine</td>
<td>17743</td>
<td>1.9</td>
<td>39</td>
<td>0.83</td>
<td>1727</td>
<td>6451</td>
<td>3771</td>
</tr>
</tbody>
</table>

Source: created by authors according to [6]

In modern terms of socio-economic development Ukraine need innovative approaches for development and implementation of revised investment policy, while it is important to use international experience, which empirically substantiate a possibility of creating favorable investment climate and strengthening investment potential. China is an example of a country which has achieved considerable success in attracting FDI. As a result of government policies
to stimulate FDI inflows over the past decade China has received about 25% of the total investment directed to developing countries. Thus, over 70% were invested in industry.

The main motive to invest in Chinese economy is low cost of production factors and growing demand in domestic market. An equally important factor is a possibility of participation of foreign investors in privatization of state enterprises, due to stable demand for the product of these companies.

Brazil is an example of a country which has a lot of foreign investment without providing special incentives, largely thanks to liberalization and structural reforms, privatization and deregulation. Tax credits and other benefits provided by Brazil's Government and local authorities without discrimination to both foreign and domestic firms, which leads to a proportionate participation in investment process.

India's experience in attracting of foreign investment also deserves attention. As a result of deliberate government's actions to create a sufficient level of investment's attractiveness of this country in recent years India has become one of the most attractive for foreign investors. The most important thing for Ukraine is successful Indian experience of attracting foreign investments in IT-sector.

On the basis of international experience we can argue that balanced investment policy, aimed at creating a positive environment for development of investment process, which can be expressed in many innovative decisions and orders of the authorities is a main cause of successful involvement of FDI. It is also important the presence of direct contact between government organizations and investors to eliminate barriers of development of investment process by accepting compromise solutions and help in resolving current business issues.

In comparison with listed countries Ukrainian investment and innovation sector are characterized by decreased activity, lack of financial resources, decreasing of demand for scientific and technical products which caused significant shortcomings in development and implementation of state programs. Since independence our country received 48.5 billion dollars (on 01/10/2014). Investments came from 136 countries.

The top investor countries who have almost 83% of total direct investment on 31.12.2013 are: Cyprus $ 19035.9 mln, Germany $ 6291.8 mln, Netherlands $ 5561.5 mln, Russian Federation $ 4287.4 mln, Austria $ 3257.5 mln, United Kingdom $ 2714.1 mln, Virgin Islands (Brit.) $ 2493.5 mln, France $ 1825.8 mln, Switzerland 1325.4 $ mln and Italy $ 1267.8 mln [6]. It should be noted that Cyprus (31.2% of FDI) and Virgin Islands (4.1%) are offshore zones, so the actual amount of foreign investment is still below officially. Investments in innovative sector of Ukraine in last 5 years are shown in Table 2.

<table>
<thead>
<tr>
<th>Table 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments in innovative sector of Ukraine in last 5 years</strong></td>
</tr>
<tr>
<td><strong>Years</strong></td>
</tr>
<tr>
<td>2009</td>
</tr>
<tr>
<td>2010</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
</tr>
</tbody>
</table>

Source: created by authors according to [7]

In addition to lack of innovation funding from budget those data indicate relatively small size of foreign investments and instability of foreign investments in different years. Unstable political environment, imperfect legislation, high levels of bureaucracy and inflation, poor infrastructure, inadequate tax system and lack of information's provision are main negative factors that affect on the attraction of foreign investment in Ukraine.

Moreover, there is a lack of interest of foreign investors based on the orientation of Ukrainian economy on resource sector and not on innovation. According to the current
structure of domestic economy to attract large amounts of foreign investment is not possible due to lack of interest of foreign contracting parties to invest in low-tech and resource industries. Therefore the state should pay priority's attention to IT, high-tech industries and development of alternative energy sources. Despite negative trends in global economy Ukrainian IT-industry shows positive trend. Thus, the size of involved foreign investments in IT-sector amounted to $ 1.994 billion on 01.01.2013. This fact confirms that in spite of military operations in the east of our country, high level of corruption and bureaucracy there are resources that can be attractive for foreign investors in Ukraine, especially when it comes to complex software systems. In The Global Competitiveness Report 2014-2015 in terms of "quality of math and science education" Ukraine occupies 30th place, which is the best result among the countries of Eastern Europe. In terms of pay and productivity of labor Ukraine is on 31st place and in terms of availability of scientists and engineers on 48. Strong fundamental scientific school and low wages are two main reasons for the attractiveness of Ukrainian IT sector for foreign investors. Ukrainian startups also call sufficient interest from foreign investors. The most famous of these was Viewdle. In 2012 Google acquired it for $ 45 million.

To increase amount of foreign investment in high-risk technology projects in August 2014 was established Ukrainian Association of venture capital and private equity (UVCA). UVCA became an honorary member of the European Association of Private Equity and Venture Capital (EVCA). For example, European investors have received reliable window for investment to Ukraine in the face of UVCA. Practically, this means Ukrainian integration into European investment sphere.

Ukrainian Association operates on principles of the European private equity and venture capital Association (EVCA). Ukrainian Association has united almost all leaders of domestic investment market: Horizon Capital, KM Core, AVentures, Intel Capital, SCM, Vostok Ventures, Capital Times, Warsaw Stock Exchange and other international investors. European Bank for Reconstruction and Development is main partner of UVCA. The most difficult task for association is to create conditions for large funds – such as the EBRD, e.g. to invest through existing funds in Ukraine. For this collaboration representatives of Association need to keep in touch with Administration of the President and other government agencies to protect rights of foreign investors.

There are 5 committees in UVCA. Those committees need to solve main following problems: to protect investors' rights, fight corruption, promote innovation infrastructure, and identify priority sectors for investment in IT and energy industries and overcome major barriers for foreign investment. The first step by members of Association was plan for protection of intellectual property that was highly regarded in American Chamber. Members of Association will continue to focus on encouraging foreign investments not in state projects but on projects of specific individuals or entities.

**DISCUSSION AND CONCLUSIONS**

Foreign investment is an important and integral part of modern international business. It contributes to transferring technological know-how, new organizational, managerial and marketing practices and affect on competitiveness of members of international production networks, enterprises, domestic industries and economy as whole. Given the fact that investment is the basis of structural reforms, there is a need in Ukraine to develop an effective system of foreign direct investment. Main problems of attraction of foreign investors in our country are unstable political environment, imperfect legislation, high levels of bureaucracy and inflation, poor infrastructure and resource-oriented economy.

For increasing of investment activity in Ukraine our government must develop and implement National strategy to attract foreign capital and create a lot of special organizations as Ukrainian Association of venture capital and private equity. First of all for improving the investment climate in Ukraine we need to find economic mechanism that would help balance the rate of return, risks, incentives and guarantees for foreign investments in privatization and development of export potential and modern technologies.
REFERENCES


SIMILARITIES AND DIFFERENCES OF TRADE IN BULGARIA AND ROMANIA

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Abstract: The question of the effects of the full EU membership of Bulgaria and Romania is becoming one of the most significant aspects of the controversy surrounding the commitments made for reforms in problematic areas of public and economic life. In this paper a comparative study has been carried out by contrasting the development of the domestic commercial sector of Bulgaria and Romania in terms of several indicators. The role and significance of trade for national economy, more specifically its service to the people, helps satisfy the various needs in the highest degree of economic and social efficiency and will continue its upward movement and innovative improvement. Success will come to those economic agents, who manage to harness the highly dynamic market environment by offering optimally structured trade services, which can satisfy the growing requirements of consumers.

Keywords: commerce, retail trade, market liberalization

INTRODUCTION

The choice of Bulgaria and Romania for comparison was prompted by their simultaneous accession to the EU, which is the starting point for conditional comparability arising from the fact that both countries had achieved the same social and economic development at the time of the accession at 1st January 2007. This means that as at the date of the full membership both states had fulfilled the Copenhagen accession criteria related to the implementation and application of all current EU regulations. Generally speaking, these concern three main areas: the presence of stable institutions which guarantee democracy, the rule of law and that the rights of all citizens are observed; a functioning market economy and an ability to rival with the competition and market forces in the EU; ability to take on and fulfill effectively a member's obligations.

The aim of this paper is in comparative terms to review the development of domestic trade in Bulgaria and Romania by means of comparing some of the quantitative values of the commercial sector and on these grounds to formulate some of the problems and challenges for future improvement.

METHODOLOGY

The research thesis underlining this paper claims that in the development of the domestic trade of Bulgaria and Romania several major lines of development emerge, which in terms of quality have their similarities, but evaluated in terms of their quantitative characteristics they exhibit some differences. In order to achieve the goal thus set we shall apply a systemic theoretic-empirical approach implemented through the application of scientific research methods of analysis and synthesis. The study is limited to the time horizon spanning from the accession of both countries to the EU and he last available official statistical data for 2012 and/or 2013, adjusted in the Eurostat system. Sectoral scope of the presented data is determined by the classification NACE Rev 2 and includes G45 and G47.

OVERVIEW OF DEVELOPMENT

The domestic consumer goods market of Bulgaria and Romania follows an evolutionary type of market development, in which in the last over two decennia it has passed through several distinct stages. Its first phase was marked by drastic market liberalization, which created conditions for the development of commercial entrepreneurship and regulatory environment for the transformation of the monopolistic business organizations set up during Socialism. It is a projection of the desire to transform the social-economic centralized regime and to impose a
new type of market relations after 1990. Gradually, and connected with many contradictions between the estimated and actually achieved effects, the processes of demonopolization, privatization and formation of competition occurred. The market environment became saturated with small market players and open-air market trade typical of the transition period was formed and they shaped the appearance of the so-called traditional trade. In the course of time and on the basis of the experience gained, as a strategy for domestic territorial expansion, first appeared the local, followed by regional and later national retail chains, mostly in the form of supermarkets. At a certain stage of its transformation, the consumer goods market was included in the strategic priority for cross-border expansion of the major international retail chains for food and non-food goods, which began to saturate the market environment with points of sale which represented the so-called modern trade: supermarkets, hypermarkets, discounters, cash and carry, convenience and large specialized stores.

The development thus described shows a significant restructuring of retail trade over the past more than two and a half decennia as a response to the changed characteristics of the consumer goods market, the conditions of competition, entering barriers and regulations, etc. It is important to point out at this stage that in the years of the period of negotiations for full membership in the EU, the countries created attractive opportunities for new businesses. That market potential was fully exploited in the first two years of the membership of Bulgaria and Romania in the biggest consumer goods market in the world. Currently, and in view of the economic crisis which broke out in the end of 2008 and the beginning of 2009, the domestic consumer market of both countries is described as "saturated, oriented towards investment in the brand, "leadership within the segment" as a suitable trade strategy and a second wave of development of commercial formats" [1, p. 3].

**ECONOMIC ASPECTS OF DEVELOPMENT IN TRADE**

Despite the significant national differences between the two countries, they fall within the same echelon in respect of their integration in the EU. And despite the ratio of their territory being in a proportion of 1:2.15 (BG = 110 994 sq km; RO = 238 391 sq km), and of their population the ratio being 1:3.12 (in 2013 BG = 6.9882 million citizens; RO = 21.790 million citizens), the two countries exhibit significant similarities in the development of their commercial sectors. The first foreign company which embarked on the adventure to penetrate the Bulgarian and Romanian consumer goods market was Metro. With its completely new market format of cash and carry, the company first entered Romania in 1996 and after three years in 1999 it expanded its business as the first international commercial chain in Bulgaria. The positive move of the trade operator was followed by other companies and soon the domestic markets saw the arrival of Billa in 1999 in Romania and in the following year in Bulgaria followed by Carrefour (RO 2001; BG 2009), Praktiker (RO 2002, BG 2004), Kaufland (RO 2005, BG 2006), Penny Market (RO 2005, BG 2009), Mr. Bricolage (BG 2000, RO 2006), Baumax (RO 2006, BG 2008), Ikea (RO 2007, BG 2011), Lidl (RO 2011, BG 2010) and many other international companies. The main factors behind this steady investment interest are "because the markets are still embryonic enough not to have huge investors already present, while retailers are expanding their operations there" [2]. In the years of market transition and afterwards, there were companies which changes their business strategy and left local markets, closed down the less effective points of sale or sold their local branch to another foreign or local company (Plus, Praktiker, Baumax, Delhaize, Delta Maxi Group, Roda, Domo and others), with this process testifying of the dynamics of the domestic and international market, which is driven by the efficiency of competition, the optimal trade combination and the chances of the macroeconomic environment. Despite this, the role of trade and more specifically the segment of modern trade are crucial for local and national economy. Its economic and social impacts can be expressed in terms of "diversification and growth of hypermarkets and discount formats; retail investments in small towns and more remote areas; continued growth of foreign participation and investments heavily in the retail sector of Central and Eastern Europe because it offered more opportunities for growth than
the fairly saturated markets in Western Europe as they could benefit from soft local competition, higher mark-ups, growing markets and less strict spatial planning and employment regulations" [3, pp. XI-XII].

The growth of trade as part of the services sector showed long ago that as at the beginning of the third millennium national economies were more and more taking the shape of a post-industrial society and its typical feature, which determines the growing significance of science, advanced technologies and innovations. The volume of trade as at the end of 2013 reached 93 931 million EUR in Romania and was almost twice (190.3%) as big as that of Bulgaria EUR 49 337 million (Figure 1). Compared to 2007, in 2013 the Bulgarian domestic trade sector registered a relative increase of 29.3%, while that in Romania registered a decrease of –2.2%. In view of the effects of the world financial crisis spreading to national economies, the decrease in the commercial turnover of 2009 compared to 2008 was unfavourable, when the Romanian trade sector registers a decrease of –23.1%, and that of Bulgaria –14.1%.

Figure 1: Turnover or gross premiums written in Wholesale and retail trade; repair of motor vehicles and motorcycles 2007-2013, millions of EUR


In respect of the active economic agents operating in the trade sector, Romania reported a general decrease, which at the end of the period was stabilized at 169 723 enterprises. For Bulgaria, the first year of membership and the period until the end of 2009, marked by the outbreak of the economic crisis, were favorable for the development of entrepreneurship in the sector, after which a slight decrease was registered and stabilization was at the level of 138 642 enterprises (Table 1).

Despite this, in terms of the average turnover per one enterprise, the domestic trade of Romania demonstrated higher average efficiency, which in total for the period grew by 22.1% to EUR 560 320, which was mainly due to the higher turnover, while in Bulgaria a more moderate increase of 14.4% to EUR 348 943 was measured.

The tendencies described above found further confirmation in retail trade. Still, there are some specific moments which we should point out: firstly, as at the end of the period the number of retail trade enterprises of the two countries was almost the same, so in Bulgaria in 2012 their number was 99 718, and in Romania 102 459 (Table 2).

Despite the slight difference in the number of retail companies, the result by the end of the period in 2012, expressed in EUR 31 985 million turnover of the enterprises in the northern Balkan country, was almost three times as big as that of Bulgaria, which was EUR 11 107 million (288%). All this led to an average turnover per enterprise dealing in retail in Romania exceeding that of Bulgaria 2.14 times in 2007 and 2.8 times in 2012. Nevertheless, both countries registered a general positive increase in the average turnover per enterprise in 2012 against 2007 with growth rate of 12% in Bulgaria and 46.8% in Romania.
Table 1

Number of enterprises and average turnover or gross premiums at one enterprise in wholesale and retail trade; repair of motor vehicles and motorcycles 2007-2012

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of enterprises</th>
<th>Average turnover or gross premiums written on one enterprise, EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bulgaria</td>
<td>Romania</td>
</tr>
<tr>
<td></td>
<td>vol.</td>
<td>yoy % ch.</td>
</tr>
<tr>
<td>2007</td>
<td>125 092</td>
<td>4.19</td>
</tr>
<tr>
<td>2008</td>
<td>125 115</td>
<td>0.02</td>
</tr>
<tr>
<td>2009</td>
<td>143 258</td>
<td>14.50</td>
</tr>
<tr>
<td>2010</td>
<td>141 075</td>
<td>-1.52</td>
</tr>
<tr>
<td>2011</td>
<td>138 010</td>
<td>-2.17</td>
</tr>
<tr>
<td>2012</td>
<td>138 642</td>
<td>0.46</td>
</tr>
</tbody>
</table>


Table 2

Number of enterprises, turnover or gross premiums written and average turnover or gross premiums written on one enterprise in Retail trade, except of motor vehicles and motorcycles 2007-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of enterprises</th>
<th>Turnover or gross premiums written, millions EUR</th>
<th>Average turnover or gross premiums written on one enterprise, EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bulgaria</td>
<td>Romania</td>
<td>Bulgaria</td>
</tr>
<tr>
<td></td>
<td>vol.</td>
<td>yoy % ch.</td>
<td>vol.</td>
</tr>
<tr>
<td>2007</td>
<td>91 007</td>
<td>2.85</td>
<td>133 807</td>
</tr>
<tr>
<td>2008</td>
<td>91 217</td>
<td>0.23</td>
<td>135 244</td>
</tr>
<tr>
<td>2009</td>
<td>104 850</td>
<td>14.9</td>
<td>121 311</td>
</tr>
<tr>
<td>2010</td>
<td>102 504</td>
<td>-2.24</td>
<td>112 198</td>
</tr>
<tr>
<td>2011</td>
<td>99 546</td>
<td>-2.89</td>
<td>100 321</td>
</tr>
<tr>
<td>2012</td>
<td>99 718</td>
<td>0.17</td>
<td>102 459</td>
</tr>
</tbody>
</table>


PROBLEMS AND CHALLENGES

The development of the trade sector of Bulgaria and Romania over the past years, and mainly after the membership of the two countries in the EU, should be measured both from the point of view of the improving conditions for end commercial exchange, and in a more complex manner in view of the increasing market power of modern trade. A significant aspect of the transformational processes in the consumer goods market and in the economy as a whole is the saturation of the business environment with many small independent business units. Furthermore, their role is important in respect of the satisfaction of specific consumer needs and segments, but it is also subjected to the systematic influence of the rest of the market participants organized in commercial chains.

In this context the spread of disloyal trade practices in the domestic consumer goods market is most damaging to the interests of the micro-market participants, deforms the market mechanism and systematically transforms the risk and utility between the market agents. We are therefore of the opinion that the increasing market power of the large-scale retailers or the appearance of overconcentration in one system leads to a state in which it is compromised. This requires the creation of a mechanism for effective preventive control and instruments for maintaining effective market competition. Another weakness through the years and as accumulated heritage of the insecurity and inconsistency of market transformation has been
the accompanying business corruption. Corruption lowers the total evaluation of the attractiveness of the business environment and the opportunities for carrying out trade activities under equal conditions of competition. We therefore claim that in order not to hamper the social-economic development, it is of utmost importance to adapt and apply on a massive scale the electronic government in all sectors of business and public life. Last but not least we believe that another objective is the control tool of "EU's multi-level system ensures that EU institutions can act as a final check and balance when national institutions fail" [4, p. 139].

CONCLUSION

Trade business plays a central role in any society. The past years of market transformations, followed by the full membership in the EU, pose many challenges in the development of all sectors of national economy, functioning within the highly competitive common European market. The role and significance of trade for national economy, more specifically its service to the people, helps satisfy the various needs in the highest degree of economic and social efficiency and will continue its upward movement and innovative improvement. Success will come to those economic agents, who manage to harness the highly dynamic market environment by offering optimally structured trade services, which can satisfy the growing requirements of consumers.

REFERENCES

NEW PUBLIC-PRIVATE PARTNERSHIP MANAGEMENT IDEA IN MANUFACTURING BUSINESS

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Abstract: The EU member states are faced in front of ecological and manufacturing challenges. The existing wastes in metropolises are non-used resource which can be included in the manufacturing process. Recycling business gives a possibility to develop a new manufacturing business. As a sustainable business model we can accept public-private partnership. The creation of cooperation between manufacturing companies and recycling business as well as public sector will contribute for the establishment of a new PPP recycle-manufacturing business mechanism. This is a motivation to stop environment pollution. Igor Ansoff's Matrix is a good manner to analyze the new PPP recycle-manufacturing business mechanism. In this way the manufacturing business is possible to receive recycled resources from the recycling company at lower price in comparison to the vendor's prices. New possibility in PPP is an acquirement of the recycling company from manufacturing consortium by the capital market.

The purpose of the article is the creation of a new PPP business model referring to an idea about new PPP recycle-manufacturing business mechanism. The subject of the article is the manner by which the new PPP recycle-manufacturing business mechanism could be managed by the manufacturing business.

Keywords: strategy, public-private partnership, mechanism, manufacturing, recycling plant, management, special purpose vehicle

INTRODUCTION
The manufacturing process in 21st century is possible to be based on new PPP recycle-manufacturing business mechanism. There are a lot of well-known PPP models as well as different contracts. PPP is composed by the public and private partners who have different service providing industry. In business model PPP exist many recycling companies.

In our research we analyze possibilities in front of the private sector especially on manufacturing companies which need to receive resources at a lower price in comparing with supplier's prices. This could be possible if they use recycling process with more effective management manner than usual.

Taking into account that recent economic crisis has led to the decrease of manufacturing to 15.1% of GDP. Consequently main European Union purpose is to reach 20% of GDP by 2020. As we know, that industry is the core element of the EU. In this way, manufacturing is one of the most important elements in EU competitiveness. We need a high level of innovation in manufacturing process than will reach high competitiveness level. We pay attention to the multimillion consumers in EU as well as million numbers of SMEs. In this way we can see that we have a possibility to create new PPP recycle-manufacturing

business mechanism. Currently, business in EU needs easier access to a wide range of suppliers, lower unit costs and greater commercial opportunities. This will be possible if manufacturing companies use recycling business and merged manufacturing SMEs. For creation of the new PPP recycle-manufacturing business mechanism we must accept that the manufactory companies of the end products will need own supplier lines.

The manufacture of recycling products has really innovative character in reducing energy consuming. For instance, manufacturing glass containers with recycled cullet consumes 32% less energy than using virgin materials. Added value in manufacturing process is important for all involve materials, hence the manufacturers need to create new product at a lower prime cost and to have a much higher competitive value on the marketplace. This could happen by using recycled products in manufacturing process. The waste management process is regularly included in Directive 2008/98/European Community.

By using recycling process EU will achieve reducing CO₂ emissions, saving resources and energy, steel's green innovation, energy-saver economy, more manufacturing competitiveness, less waste.

**METHODS/MODEL**

On this part of the article, we have created a new business PPP model especially applicable in recycling business. In the research are included three stages. It is accepted that the land for waste recycling plant is actually the private sector property, which is a typical SPV (special purpose vehicle). The waste collection process is managed by the private partner and the waste separate collection baskets are public sector property.

The first stage refers to the possibility of using option BOT (build-operate-transfer), which is not possible, because the land is accepted to be a private property and cannot be transferred to the public partner in the end of the contract. Consequently for the realization of the new business PPP model we can accept option BOO (build-operate-own). This option is specific because of, first, recycling factory and lend are private property and second, the public sector property is waste separate collection waste baskets.

The second part of the research is based on an operational leasing, where is valid LoOT option, which logically means purchasing of the equipment and facilities by the private sector. By the accepted LoOT option we dive attention on the needed innovation during the recycling process. In the research it is assumed that the recycling equipment and facilities must be changed three times in 30 years the duration of the contractor every 10 years.

In stage three of the research we accept new business PPP model which is intended especially for manufacturing based on recycled resources. The model unites the above mentioned options BOO and LoOT. As a final result comes the creation of a new business model BLoOO (Build-Lease operational-own-operate). This model could be applied according to Horizon 2020, especially in the creation of Factories of the Future (FoF).

**RESULTS**

For the building up of the new PPP recycle-manufacturing business mechanism it is researched in a way that manufacturer can find a solution to mobilize resources for a

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57 Chapter One, Why and How to Start a Recycling-Based Manufacturing Enterprise, U.S., Environmental Protection Agency, Available at: http://www.epa.gov.
58 Ibid.
59 Directive 2008/98/EC consider principals such as: "the polluter pays", "extended producer responsibility" and "hierarchy in waste management".
60 APEAL – the Association of European Producers of Steel for Packaging, Available at: www.apeal.org.
61 In the research we accept the model LoOT – operational leasing – operate – transfer. Operational leasing is transferring the assets to the lessor at the end of the lease period.
63 EC, Contractual PPP in Horizon 2020, 2013.
production purposes at a lower cost and increase the competitive level. As we mentioned above, this can happen by applying recycling principle. The private sector is introduced first by a recycling factory (Special Purpose Vehicle) which is a stock company with trading shares on a capital market. The public sector is introduced by a municipal administrative unit. There searched manufacturing companies are SMEs which are united in manufacturing consortium with the purpose to put all efforts on evolving of a recycle resources in a manufacturing process at a lower cost. The SME’s could be manufacturers of different products.

The creation of a recycling-manufacturing consortium can happen by investment strategy\(^\text{64}\), which gives possibility of manufacturing consortium to acquire all recycling company shares on a capital market. The existing recycling company\(^\text{65,66}\) is based on a new PPP business model (\textit{BLoOO}). The recycling company works on a great metropolitan level and produces recycle products (\textit{Figure 1}).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{recycling_consortium_diagram.png}
\caption{Share acquiring process by the manufacturing companies}
\end{figure}

\textit{Sources: created by authors}

It is shown the process of acquiring shares by the manufacturing consortium. This process is performed on the capital market, where the manufacturing consortium acquires shares from the recycling company (special purpose vehicle – \textit{SPV}). In this way we have acquiring company process between two private partners, which is typical investment strategy. In the recycle-manufacturing consortium are included also associated partners - technical university and an innovation center. We know that recycling company can recycle many wastes, for instance different kind of glasses, paper, plastic, metal and waste food. Waste food is necessary for the creation of an additional plant for gas manufacturing\(^\text{67}\).

The management process is based on a complicate cooperation between all manufacturers as well as recycle process including different waste-recycle types. \textit{Figure 2} shows "\textit{Shares allocation in recycle-manufacturing consortium}" as the shares allocation, for instance this could be in percentages. Applying the new PPP recycle-manufacturing business mechanism we can create a new strategy management model in PPP. Consequently as an effect of the creation a new PPP recycle-manufacturing business mechanism, a "new" business synergism is created. It includes the recycled resources in the manufacturing process of the recycle-manufacturing consortium and the selling of the non-used recycled resources on third parties.

The recycle-manufacturing consortium could achieve a double profit. The first time happens when the recycled resources are included in the manufacturing process of the consortium at lower prices. The profit comes from the lower prices of the recycled products in comparison of the prices suggested by the suppliers. The second time is when the recycled products are sold on clients and has been generated a profit. Consequently it comes from a lower prime cost of the recycled products. That notes the specification of the strategy

\begin{itemize}
\item[64] Porter, M., Competitive Strategy, 1980, p. XVI.
\item[67] Energy company, Canada, Available at: http://himarkbiogas.com.
\end{itemize}
management by the achieved business synergism, which will be available in the input and in the outcomes of the recycle-manufacturing consortium due to the high level of results in the recycling waste and manufacturing cycle.

Figure 2: Shares allocation between shareholders

Sources: created by authors

The process after shares allocation from the recycle-manufacturing consortium logically needs to create new management model based on recycling and manufacturing process. The recycle-manufacturing management body will include all of abovementioned manufacturers. Figure 3 shows "Recycle-manufacturing management body" where we can see the management body functionalities.

Figure 3: Recycle-manufacturing management body

Source: created by authors

Recycle-manufacturing management body has specific responsibilities to ensure resource balance between recycling process and manufacturing of the end products. Actually this is management activities between recycle factory and SMEs.

In this part of the article is analyzed the new PPP recycle – manufacturing business mechanism according to Igor Ansoff’s Matrix. The strategy management is really important because by its support we can analyze the possibilities in front of the new PPP business model BLoOO and including recycle-manufacturing consortium activity.

Now we will present the new PPP recycle-manufacturing business mechanism based on a new BLoOO business model by using Igor Ansoff's Matrix (Figure 4).

Firstly: Market-Penetration Strategy: Applying the investment strategy by shares acquiring process on a recycling factory can mean penetration from the manufacturing consortium in recycling business.

Secondly: Product-Development Strategy: Processed recycled products included in manufacturing process of the recycle-manufacturing consortium, without supplier interaction, which is high level of effectiveness.

Thirdly: Market-Development Strategy: This strategy is applicable, because of the fact that the recycle-manufacturing consortium will sell non-used recycled resources in manufacturing process on third parties.

Fourth: Diversification:

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The recycle-manufacturing consortium use various recycled products (solid waste – metal, paper waste, plastic, biology waste and etc.). By the use of diversification in business strategy we have the next three different possibilities, as follows:

- **Concentric** diversification refers to adding new but related products or services in the recycle-manufacturing consortium, namely this is the recycled materials included in manufacturing process;
- **Horizontal** diversification refers to adding new, unrelated products or services for present customers, actually this is applicable in the case trading with a third parties;
- **Conglomerate** diversification includes adding new, unrelated products or services, this is possible if recycle-manufacturing consortium produce different recycled products for a third parties.

**Vertical integration**: specification is the degree to which a recycle-manufacturing consortium owns its resource supplier that is recycling company. Usually, each shareholder produces a different end product. Consequently we can review the specification of the vertical integration by using the new PPP recycle-manufacturing business mechanism, as follows: 1) **forward integration**: the sale of non-need recycled products on third parties; 2) **backward integration**: manufacturers in consortium own the waste recycling factory and use the recycled products in production process; 3) **balanced integration**: this integration is not applicable for the article.

Horizontal integration: in the core of the new PPP recycle manufacturing business mechanism, the consortium can increase the control over a firm's competitors, because inclusion of some SMEs in consortium will give them great competitive advantages.

**CONCLUSION**

In the current article is presented the business model PPP as a new recycle-manufacturing business mechanism. By the interaction of the private sector in the waste management process an environmental protection effect has been reached. The new PPP business model BLoOO will give to the manufacturers a possibility to create an innovation in their management process. By reaching business synergism the recycle-manufacturing consortium will be satisfied in reaching of high competitive level.

The final goal is achieved on a good profit for SMEs included in the consortium. The public sector will be satisfied because the business in EU will have an innovative face and the CO2 level will be decreased. The purpose of 20% manufacturing share of GDP is possible to be reached by 2020. Consequently, the environment protection will be a special community benefit as well as possibility of the new work places will be created.

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*Previously acquired on a capital market by the shareholders established the recycle-manufacturing consortium.*
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THE LABOR MARKET PROBLEMS OF THE AGEING SOCIETY 
IN THE MIRROR OF HEALTH MANAGEMENT

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Abstract: The statement that our society, especially the employable layer is ageing is true, not only on local or national level, but also on European, global level. Besides the growth of the employable layer's average age, the number of new-born is decreases and the length of working hour's increases. The problems emerge not only in a demographic aspect, but they have a widespread effect on economy and business life as well. The study presented in the paper summarizes, how this process can be linked to the life and operation of organizations, why is it necessary for the companies to pay attention to this change.

Keywords: ageing society, health management, health development

INTRODUCTION

Parallel to the ageing society the costs in the health system are increasing (Peine et al, 2014). Based on the last years' statistics it is to note that the percentage of GDP health care expenditures of the countries is continuously increasing. In the last few years the health care expenditures in larger countries of Europe has amounted to 7-11% of GDP. In senescence of society is going to raise new challenges. Increasing rate of old people will make realignment in care, pension and health care systems. The growth in the number of old people will have an effect first on the pension system. The growth of old people's proportion means a longer part of lifetime as a pensioner, so the state has to spend more on pensions. In the most countries and in Hungary some actions are brought into practice in favor of trying to restrict the fast growth of pension costs (e.g. rising of retiring age, stricter conditions).

Another problem is that members of so called "baby boom" generation (Coupland, 1991; Wolff, 2007), who was born after the II. World War will leave the labor market together and they become pensioners all at once. It will result in the decrease of labor supply in a while. To compensate this trend, state could increase the number of people in their working ages (with supporting immigration and appetite of raising children), redefine the working age (young people start to work earlier, while elders stay longer time on labor market), or it could raise productivity (by several actions).

MATERIALS AND METHODS

The change of the population structure in Europe and also in Hungary results a great challenge both for the employers and the employees. The processes are changing the working environment. A current research of the EU intensifies the significance of the topic, it says that the number of people aged over 60 will probably increase until 2030, and the proportion of births will remain permanently low (Commission of the European Communities, 2005).

It must be considered that the average age of the employees remains increasing, what will produce changes in the general health status. Besides the length of working time and the quantity of working hours will rise, too (Bokor et al, 2009). It means that in the future the organizations gradually will have to prepare to employ older employees and they will have to give more importance to the improvement and sustainment of their health state. According to the optimistic conception, these demographic factors will boost the economy in the future; they will be the base of the competition. According to the pessimistic conception, they will have definitely negative effects on the business sphere. (Farkas et al, 2009).

The advantages of employing the older aged people can be perceived when we talk about experience, conflict management or productivity. Growing costs and the resistance...
against changes can be mentioned next to the low interest for new technologies as disadvantages. The overview of work organization processes and the improvement of working conditions will become necessary. Most of the enterprises link their value to their capital, which includes performance, physical assets, intellectual goods, financial tools and human capital in most cases (Farkas et al, 2009). Next to the need for enjoying competitive advantages, these resources are ensuring the operation and existence of the organization. It is worth to examine from abovementioned elements the human resources in details. In my opinion the demographic changes will affect both labor market and employment. Therefore organizations have to prepare themselves; they have to make preventive measures in order to maintain their operation uninterrupted. Health management may offer acceptable solutions (Burns et al, 2012; Ulrich & Wülser, 2010). Talking about organizational health management covers preventive and health developing activities, services, which can be utilized by employees inside the organization (at the workplace), in an organized way (with managerial approval). The employee besides taking advantage on health management that greatly influence and forms the company's success. The former approach considered only physical aspect of health during the work. The science of operations management (Pheasant & Haslegrave, 2006) was able to handle properly the problems arising from physical work (Taylor, 2012). But nowadays, the proper handling of the changing working environment requires an interdisciplinary approach. In order to make successful management actions, it is necessary to approach health management in innovative ways.

Health management nowadays is not only an offer; it is a necessary tool (Buchbinder & Shanks, 2012). Its purpose is to reduce the physical and mental health damage of employees in order to boost motivation, satisfaction, loyalty, productivity, etc. The changes can be perceived usually promptly, the applied programs are selected directly according to the company goals. Although the initial investment is huge because of the need for forming the organizational cultural background, the flexibility ensures to regard this form of health management as an investment into human capital.

RESULTS

The Hungarian institution, which is the main basis of the research, pursues intellectual work, so the employees have a sedentary lifestyle and problems arising from that. The management ensured the employees free time (during their working hours) to go to a masseur in order to improve their health. The institution ensured the curing conditions inside, which means the management provided a room with a massage table. The service was available during working hours, and because the employees were well-organized, the therapies went smoothly. A questionnaire was made to help to reveal how the employees' performance changed. 51 interviewed people answered the questions. The main results can be summarized as follows. The institution used therapeutic massage to improve the employees' performance. Since they are white collar workers, they expected better results from psychical aspects, but the therapies improved the physical conditions and fitness, too. The main changes caused by therapies took place by the following (Figure 1-2). 90% of the interviewees experienced positive changes in their physical conditions. The muscle pains caused by monotonic work reduced, their work motivation improved, and the narrowing of working space originated from certain degenerations got better, too.

The psychical factors influencing performance got positive evaluation, too. It means that thanks to the therapies, the diseases, which could decrease the effectiveness and quality of work, dropped. 80% of the interviewees had clear improvement regarding concentration skills and better well-being. They could perform their work more precisely. After all, working performance improved with 50% and working stress decreased with the same measure.

Already Mayo and McGregor called the attention to the possibilities in human resources (Heil et al, 2000). One of their remarkable work shows the relationship between individual (physical condition, satisfaction, personal development, promotion, status) and organizational (high productivity, few absenteeism, cooperation, harmony, low fluctuation) needs, through which the productivity will probably grow.
DISCUSSION AND CONCLUSIONS

Taylor had a hypothesis, that workers performance is influenced by their mood; it was confirmed by the experiment of Elton Mayo Hawthorne. Carl Rogers's hypothesis alleges that the individual physical condition affects interpersonal capabilities, too (Klein, 2004).

This means, that physical and psychical load both can worsen individual performance. In the case of physical stress we talk about musculoskeletal diseases and for psychical load we speak about emotional and mental disorders. It is important such supporter tools to be used by the management of the company, which have an effect on both dimensions. If they have not, performance and motivation may become poorer and physical disintegration might happen. Performance management is able to serve the performance maintenance or development, one of its tools might be the health management. Regardless the used approach and method, the goal is achieve feeling well and healthy. On an organizational level, long and enduring successes can only be reached with capable employees. Previously, simple series of action caused simple changes, which could be easily fixed. This was used by ergonomics as a discipline. Today, in the new work sessions, however puts the firms under new challenges. Although, the
following advantages on organizational level by well-established programs (Meifert & Kesing, 2004):

- Reducing the quota of workplace accidents, saving: namely reducing the amount of workplace accidents, thus gaining financial savings for the organization.
- Growing yield on a personal and organizational level: the personal yield increase can also show not just on a physical level, but also on a psychological one. Because the yield of an organization is greatly influenced by the yield of the employees, these two factors show a significant relationship.
- Improvement of reactivity and alertness: The improvement of these traits can also reduce the number of accidents.
- Handling conflicts: A trait appearing in aura and also in performance.
- Creativity, innovation and the improvement of competitiveness: it supports the competitiveness of the organization, the improvement of performance and a quicker reaction to change.
- Better workplace environment and satisfaction with the job: Better workplace moral also affects the performance.
- Increase in productivity and profits: aims at the corporate profit and the support of competitiveness.

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STRATEGIE FÜR EINE INTELLIGENTE SPEZIALISIERUNG AUF DEM GEBIET DES TOURISMUS ALS EIN SCHLÜSSELFAKTOR IM NATIONALEN MAKKÖÖKONOMISCHEN RAHMEN

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Schlüsselwörter: Strategie, intelligente Spezialisierung, makroökonomischer Rahmen, BIP, Tourismus, nationale Wirtschaft, führende Position, Image, Brand

EINFÜHRUNG


Im Hinblick auf die wachsende Anzahl der Touristen weltweit werden Strategien zur intelligenten Spezialisierung auf dem Gebiet des Tourismus im nächsten Jahrzehnt ein Schlüsselfaktor im makroökonomischen Rahmen der Länder sein, die den Tourismus als Schwerpunkt setzen, weil diese Strategien:

✓ die Politik und die Investitionen in touristisch wichtigen nationalen Prioritäten unterstützen, was zur Verbesserung der nationalen Konkurrenzfähigkeit führt;
✓ die globale Marktposition, die Konkurrenzvorteile und das Entwicklungspotenzial des nationalen touristischen Produkts eines jeden Landes verbessern, wenn das Land dieses Strukturinstrument der europäischen Regionalpolitik einsetzt;
✓ die Entwicklung von hoch technologischen und wissensbasierten innovativen Sektoren im Bereich Tourismus fördern, um den Mehrwert in das BIP fließen lassen;
✓ ein günstiges Wirtschaftsklima schaffen, indem sie zur Senkung von bestimmten makroökonomischen Indikatoren wie Inflation, Arbeitslosigkeit, Zinssätzen und Defizit des öffentlichen Sektors beitragen, und andererseits zur Erhöhung bestimmter BIP-Werte wie direkte Investitionen aus dem Ausland, der Produktivität, der Zahlungsbilanz, der Handelsbilanz führen;
✓ eine nachhaltige soziale Umgebung schaffen, die Erhöhung des Wohlstands und des Lebensstandards der regionalen Bevölkerung fördern;
✓ zu einem langfristigen, intelligenten, nachhaltigen und allgemein nützlichen Wirtschaftswachstum beitragen.
METHODOLOGISCHE GRUNDLAGEN ZUR ERFORSCHUNG DER BEZIEHUNG "STRATEGIE ZUR INTELLIGENTEN SPEZIALISIERUNG IM MAKROÖKONOMISCHEN RAHMEN"


Die methodologische Grundlage der vorliegenden Studie ist die Simulation als Instrument, das anhand abstrakter simultaner Handlungen die Strategie für eine intelligente Spezialisierung unterstützt und verbindet das Ergebnis mit dem makroökonomischen Potenzial und der Dynamik der nationalen Wirtschaft. Die Simulation in der vorliegenden Studie stellt eine Wiedergabe der dynamischen sozio-ökonomischen Vorgänge in einem einheitlichen und ganzheitlichen Modell dar, das eine flexible Systemarchitektur realisiert, die realistische und adäquate Informationen über die Struktur sowie über die Vorgänge und die funktionalen Bereiche des makroökonomischen Rahmens enthält.

Die methodologische Grundlage der vorliegenden Studie soll dazu führen, dass ein Modell aus zusammenhängenden einander bedingenden strategischen Verbindungen ausgearbeitet wird, für dessen Beschreibung nur die grundlegenden Eigenschaften genannt werden, die den konkreten Strukturwandel in der nationalen makroökonomischen Dynamik und die Wachstumsraten beeinflussen. Wir haben also folgende Etappen der Forschung:

- Definition der Stärken durch strategische Analyse in globalem Maßstab sowie Definition der ökonomischen Lebensfähigkeit und der Dynamik der Länder, die die Strategie der intelligenten Spezialisierung anwenden;
- "Key Success Factors Analysis" der Indikatoren, die wirtschaftliche Aktivitäten in den jeweiligen Ländern fördern;
- Auswertung sozio-ökonomischer Indikatoren wie BIP, Inflationsrate, Arbeitslosigkeitsindex, Produktivität der Wirtschaft, Einkommenswachstum, Ertragswachstum, direkte Investitionen aus dem Ausland, Handelsbilanz;
- Systemeinteilung durch ein ausgeglichenes System von Indikatoren und strategischen Tabellen finanzieller und nicht-finanzieller Indikatoren, die Informationen über die makroökonomische Dynamik in einem langfristigen und einem mittelfristigen Intervall enthalten;
- Makroökonomische analytische Untersuchung des Einflusses der ökonomischen Dynamik, die infolge der Anwendung der Strategie zur intelligenten Spezialisierung entstanden ist, auf den makroökonomischen Rahmen des jeweiligen Landes.

Das Ziel der Erforschung der Beziehung "Strategie zur intelligenten Spezialisierung im makroökonomischen Rahmen" besteht darin, dass sich in Zukunft die Länder auf ihre potenziellen Stärken konzentrieren und dadurch eine optimale makroökonomische Wirkung erzielen, die ihnen den Schwerpunkt auf die nationalen Stärken erlaubt, und zwar nicht nur in lokalem, sondern auch in globalen Maßstab.

STRATEGIE ZUR INTELLIGENTEN SPEZIALISIERUNG AUF DEM GEBIET DES TOURISMUS ALS SCHLÜSSELFAKTOR IM NATIONALEN MAKROÖKONOMISCHEN RAHMEN

Die Strategie zur intelligenten Spezialisierung auf dem Gebiet des Tourismus bedingt eine ökonomische Modularität und verbessert den makroökonomischen Fokus. Unter den Bedingungen begrenzter Ressourcen trägt sie zur Sicherung einer optimalen Ertragsfähigkeit der Investitionen im Tourismus für den nationalen Haushalt bei, und zwar nicht nur im
Tourismus, sondern auch in allen Bereichen der Wirtschaft. Jeder Baustein dieser Strategie muss in einem System zur Messung der makroökonomischen Aktivitäten erfasst werden. Die kausale Verbindung zwischen der angewandten Strategie und den makroökonomischen Indikatoren erfordert also nicht nur die Konzentration auf etliche Elemente des Erfolgs, sondern auch die Erfassung der Faktoren, die absolut erforderlich für die Erzielung einer nationalen Konkurrenzfähigkeit und einer führenden Position in globalen Maßstab sind.


Die Analyse der Strategie zur intelligenten Spezialisierung im Bereich Tourismus verbindet man prioritär mit dem Angebot und der Nachfrage im Tourismus, und die Strategie selbst ist ein Schlüsselaktor des nationalen makroökonomischen Rahmens, weil es Mehrwert in das BIP fließen lässt, und zwar durch:
- Verbesserung der nationalen touristischen Konkurrenzfähigkeit in globalem Maßstab;
- Erhöhung des Einkommens im Tourismus, das von touristischen Betrieben und der lokalen Bevölkerung realisiert wird;
- Einnahmen durch direkte und indirekte Steuern und Abgaben für den Staatshaushalt sowie für lokale Haushalte;
- die Anzahl der Beschäftigten im Tourismus und den damit verbundenen Sektoren;
- den Wohlstand der Bevölkerung des jeweiligen Staates;
- den Zustrom von Investitionen aus dem Ausland.
Diese makroökonomischen Indikatoren können sich aus folgenden Faktoren ergeben:
- Erhöhung der Touristenströme;
- Erhöhung der durchschnittlichen Aufenthaltsdauer der Touristen;
- Erhöhung der durchschnittlichen Ausgaben, die von Touristen im Laufe ihres Aufenthaltes gemacht werden;
- Erhöhung der Anzahl touristischer Betriebe;
- Mehr Arten von Tourismus, die auf dem internationalen touristischen Markt angeboten werden.

Die Strategie zur intelligenten Spezialisierung im Bereich Tourismus stellt ein Schlüsselaktor im nationalen makroökonomischen Rahmen dar, weil sie eine innovative Verbindung des ökonomischen Wachstums mit vernünftiger Investition öffentlicher Gelder ist. Sie zielt auf einen Wandel des makroökonomischen Rahmens durch Erzielung von mehr Mehrwert und Verbesserung der nationalen Konkurrenzfähigkeit, des nationalen Image und des nationalen Brands in globalen Maßstab. Die Verbindung der Strategie mit allen anderen Sektoren der nationalen Wirtschaft ergibt drei grundlegende makroökonomische Wirkungen:
- Sie führt zu besseren Entwicklungstendenzen auch in anderen Bereichen der nationalen Wirtschaft, indem sie direkt vor allem die Entwicklung des Verkehrs, der Telekommunikationen, der Nahrungsmittelindustrie, der Landwirtschaft, des Baugewerbes sowie des Handels unterstützt;
- Sie begünstigt das Wirtschaftsklima und die Investitionsaktivitäten;
- Sie verbessert den Wohlstand der Bevölkerung.

SCHLUSSFOLGERUNGEN


REFERENZEN

TECHNIQUE OF THE COMMERCIAL EFFECTIVENESS ASSESSMENT OF THE INNOVATIVE PROJECT

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Abstract: Efficiency of the innovative project is estimated during the whole settlement period (life cycle) covering a time interval from initial investment of capital before its termination, the receiving which was embodied in the termination of positive result. The beginning of the settlement period is recommended to be established in a task for calculating the efficiency of the project, for example, on start date of investment of capital in research or construction work. The settlement period breaks into steps and intervals of time within which intermediate calculation of result of implementation of the innovative project is carried out.

Keywords: commercial efficiency, innovation project, cash flow, innovation, capex, liquidity, profitability

INTRODUCTION

Financial feasibility of the project, first of all, is connected with the analysis of the cash flows generated by the innovative project. In the center of the innovative project there are actual cash flows during the certain periods. Arising deviations demand the analysis of the reasons and expeditious development of decisions on the economic facts of changes.

On receiving demanded analytical indicators of a cash flow usually leaves to two thirds of all expenses of time, and consequently, and financial costs for an assessment of efficiency of the innovative project. Using quantitative and qualitative parameters of future cash flow carry out an assessment of generalizing indicators of efficiency of realization of the offered innovations. On their basis, in view of the corresponding degree of risk, rates of inflation and the taxation, the decision is made, whether to carry out specific project or to reject it.

MATERIALS AND METHODS

Such researchers as D. Lviv, E. Krylov, I. Zhuravkova, D. Endovitskky, P. Vilensky, V. Livshits recommend the following model of cash flow calculation for all life cycle of the innovative project taking into account the major influencing factors (Table 1).

<table>
<thead>
<tr>
<th>Stage of project realization</th>
<th>Calculation of a cash flow</th>
<th>Main influencing factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project development stage</td>
<td>(capital expenditure; other organizational expenses; expenses on dismantle of the replaced equipment; to demolition of buildings and constructions; the tax payments connected with realization of replaced fixed assets; investments into net working capital) – (proceeds from sales of replaced fixed assets and (or) cost of scrap and details in case of their elimination and a delay on tax payment and other obligatory payments) = initial investment expenses</td>
<td>irretrievable expenses; inflation influence; tax legislation; costs for service of the capital invested in the project</td>
</tr>
<tr>
<td>Stage of project realization</td>
<td>Proceeds from sales of production and services (without VAT) – Expenses on usual kinds of activity = Profit on sales – Tax on profit = Net profit + Depreciation – Increase (+ decrease) in the size of net working capital – Increase (+ decrease) in volume of non-current assets + Increase (– decrease) in volume of the delayed payments = Pure operational cash flow</td>
<td>inflation; overhead costs; tax legislation; transfer pricing; terms of capacities development; business cycles and seasonal fluctuations in volumes of products realization; percentage of payments</td>
</tr>
</tbody>
</table>

Table 1
The following calculation of cash flows for separate kinds of activity (Table 2) is presented in the Methodical recommendations [1].

Table 2

<table>
<thead>
<tr>
<th>Inflows of money</th>
<th>Outflows of money</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities (a direct method)</strong></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sales of goods and service</td>
<td>Monetary payments to suppliers and contractors for goods and services</td>
</tr>
<tr>
<td>Receipts of money as a result of extraordinary events</td>
<td>Monetary payments to the personnel (on compensation and so forth)</td>
</tr>
<tr>
<td>Monetary rent receipts, commissions and other income</td>
<td>Social payments and charges</td>
</tr>
<tr>
<td>Receipts from insurance companies</td>
<td>Fiscal charges</td>
</tr>
<tr>
<td>Monetary receipts as a result of extraordinary events</td>
<td>Payments to insurance company and interest payments</td>
</tr>
<tr>
<td>Other monetary receipts from operating activities</td>
<td>Monetary payments as a result of extraordinary events</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities (an indirect method)</strong></td>
<td></td>
</tr>
<tr>
<td>Profit on operating (current) activities</td>
<td>Loss from operating (current) activities</td>
</tr>
<tr>
<td>Non-monetary articles (depreciation, delayed taxes, unused reserves of the forthcoming expenses et al)</td>
<td>Increase in receivables (as result of operating activities)</td>
</tr>
<tr>
<td>Receivables reduction (as result of operating activities)</td>
<td>Accounts payable reduction</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>Increase in stocks</td>
</tr>
<tr>
<td>Reduction of stocks</td>
<td>The paid profits tax and other collecting</td>
</tr>
<tr>
<td>Receipts of money as a result of force majeure</td>
<td>Outflow of money as a result of force majeure</td>
</tr>
</tbody>
</table>

II. Cash flow from investment activity

Sale of non-current assets; receipt of funds from realization of separate knots and parts of fixed assets in the course of their elimination

Monetary receipts from sales of share and debt tools of other companies and shares in the joint companies

Monetary receipts from compensation of advance payments and the loans granted to other parties

Monetary receipts from the urgent contracts, options and swaps, except cases in which contracts are signed for commercial purposes

III. Cash flows from financial activity

Monetary receipts from issue of actions or other share tools

Monetary receipts from issue of bonds and bills

Receipt of funds from the obtained loans, the short-term and long-term credits

Source: created by author according to [1]

RESULTS

In the course of financial flows planning it is necessary to follow some rules and recommendations:
- Liquidity coordinates inflows and outflows of the real production sphere to fund opportunities. Thus, it is necessary to provide that all arising payment obligations were repaid at any moment: before suppliers, creditors, on a salary and so forth.

- Deficiency of financial flows is, as a rule, inherent in the period of implementation of the innovative project, when real financing is necessary. Then surplus which can be used for annual payments in repayment of debts, for payment of dividends to owners and taxes to the state is formed.

- Positive balance of the real saved-up money proves successful realization of an innovation and together with an assessment of profit confirms investment efficiency.

Choice of threshold value (minimum) profitability is a very important point in the analysis of financial feasibility of the project. Threshold value of profitability is used as a norm of discounting (reduction on time factor). The norm of discount, according to methodical recommendations, reflects the inflation adjusted profitability of the invested capital minimum accepted for the investor at the risk-free directions of investments alternative and available in the market [2].

Table 3 distinguishes commercial, social and budgetary types of discount norm.

<table>
<thead>
<tr>
<th>Types of discounting norm</th>
<th>Counting</th>
<th>Sphere of implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>Is established by investors</td>
<td>Assessment of commercial effectiveness of the innovative project</td>
</tr>
<tr>
<td>Social (public)</td>
<td>Is national parameter, is established centrally</td>
<td>Calculation of indicators of public efficiency of the innovative project</td>
</tr>
<tr>
<td>Budgetary</td>
<td>Is established by federal or regional governing bodies</td>
<td>Calculation of indicators of the budgetary efficiency of the innovative project</td>
</tr>
</tbody>
</table>

Source: created by author

Depending on the innovative project orientation, it carries out a choice of discounting norms. According to author, the project discounting rate needs to be equated to the average price of the invested capital created with the help abovementioned model of the capital optimum structure definition of the innovative project. Calculation of a real discounting rate is defined by the increment sum to a project rate of various "risky" awards. Most often applied analytical approach to calculate a real discounting rate (Figure 1) is shown below.

![Figure 1: Discounting rate in the project](source: created by author)
DISCUSSION AND CONCLUSIONS

In well predicted innovative projects for calculation of discounting rate it is possible to use formula (1), where \( r \) is refinancing rate, \%; \( \sum D \) is the sum of revenues for all term the innovative project use, RUB; \( T \) is time of innovative project realization, years; \( K \) is tentative investments on implementation of the innovative project, RUB:

\[
r = \frac{\sum D}{T/K} \times 100
\]

(1)

Calculation of discounting rate is defined by total amount originally invested capital and the sum of revenues for all terms the innovative project realization. To estimate the innovative projects effectiveness, many operations and researches are devoted to the analysis, however, generally all of them refer to the effectiveness estimated according to the Methodical recommendations [3].

As the main efficiency factors of the innovative project Methodical recommendations establish: 1) financial (commercial) effectiveness considering financial consequences for the project participants; 2) budgetary effectiveness considering financial consequences for budgets of all levels.

REFERENCES


STATUS AND PROSPECTS OF AGRICULTURAL FINANCIAL SUPPORT

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Abstract: The article discusses the issues of financing and crediting of agricultural producers through the "Agrarian Credit Corporation" JSC, as well as the role and importance of this financial institution in the development of agriculture. The results of the major programs of financial resources both from the national budget and own funds and corporations identified several priority areas of financial support to agricultural producers in the future. The methods of determining the amounts of subsidies granted on the basis of the value of output, allowing increasing the interest in agricultural commodity producers in output growth, consistent with the principles of justice and fairness of government support measures.

Keywords: government support, budget loans, financing of agriculture, credit societies, special purpose transfers, agricultural sector, financial and credit institutions

INTRODUCTION

In Kazakhstan, the problems in the sphere of state support of agricultural production are achieved by consolidating the concerted efforts of financial and credit institutions of the country and improvement of the credit and financial mechanisms that are aimed at creating an accessible system of financing and crediting of agricultural production [1]. With this approach can be considered factors that may affect the efficient functioning of the domestic agro industrial complex (AIC), such as an increase in competition in the food market as a result of the forthcoming accession to the World Trade Organization and to strengthen restrictions on the use of different measures of agricultural policy, including domestic support of agriculture, tariff quotas and the level of customs duties.

Typical institution consolidation effort is "Agrarian Credit Corporation" JSC (ACC), implementing the state policy on the formation of a system of affordable lending to agricultural producers.

The effectiveness of the ACC depends on the amount of financing of agricultural producers and their associations, as well as the rural population for the development of agro-processing and the provision of services. Same priority activities of such organizations are the primary and deep processing of milk, meat, wool, fruit and vegetables, sunflower, sheepskin and others. It should be noted that the share of the ACC is more than half of the total amount of financing for development of agro-processing and services. Therefore, in the future it is necessary to increase the amount of funding not only from the budget but from its own sources of the ACC, which is directly dependent on the performance of the corporation [2].

Further funding and lending should be directed to conduct a full-scale technological modernization of agricultural enterprises, as the current state of the implementation of new technologies in agriculture does not meet the required level and does not provide a steady growth of agricultural products, the development and introduction of new products, the conclusion of a higher level of competitiveness.

MATERIALS AND METHODS

When writing this article were used State program of development of agriculture in the Republic of Kazakhstan for 2010-2014 of 15 September 2010, the Development Strategy of "Agrarian Credit Corporation" JSC for 2011-2020 and data reports on implementation of the strategy for 2013, official materials sites www.minaqri.kz; www.aqrokredit.kz.

A comparative study of state funding and lending the domestic agricultural sector, realized "Agrarian Credit Corporation" JSC was carried out on the basis of calculation of
indicators using statistical and economic methods and techniques, as well as logical generalization of the results.

OBTAINED RESULTS AND THEIR INTERPRETATION

The Corporation provides loans to agricultural commodity producers through the credit societies with an interest rate of remuneration to an average of 8-9% per annum for the final borrowers (4% is a margin of ACC, 4-5% is credit societies). Agricultural commodity producers associations are credited with an interest rate of remuneration to 5% per annum, non-agricultural business in rural areas to 10%, lending to enterprises for processing of agricultural raw materials and food production is carried out by 5-7% per annum, peasant (farmer) economy on livestock development loan in the amount 6% per annum. Corporation funded activities to support agribusiness entities, including spring-field and harvesting of 5-7% per annum. National Fund is directed to the financing of investment projects of agricultural interest rate of 6% per annum. Generally, there is a dynamic growth in finance and credit through ACC within the state support for agriculture allocated annually from the state budget (Table 1). On average, the structure of the Corporation's loan portfolio by sector was as follows: Crop 51.9% of total debt; Livestock 47.6%; Recycling 0.5%. Of the total short-term loans amounted to 25%, long-term 75%.

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Made credit societies, units</td>
<td>146</td>
<td>153</td>
<td>161</td>
<td>161</td>
<td>161</td>
<td>161</td>
<td>163</td>
</tr>
<tr>
<td>2</td>
<td>Number of members of credit societies, units of agricultural commodity producers</td>
<td>5,446</td>
<td>6,158</td>
<td>6,671</td>
<td>6,777</td>
<td>6,799</td>
<td>6,751</td>
<td>8,114</td>
</tr>
<tr>
<td>3</td>
<td>Agriculturally used areas, thousand hectares</td>
<td>7,418</td>
<td>7,337</td>
<td>7,494</td>
<td>8,733</td>
<td>9,971</td>
<td>10</td>
<td>313</td>
</tr>
<tr>
<td>4</td>
<td>Livestock number, thousand heads</td>
<td>1,030</td>
<td>1,197</td>
<td>1,235</td>
<td>1,295</td>
<td>1,354</td>
<td>1,453</td>
<td>1,562</td>
</tr>
<tr>
<td>5</td>
<td>Authorized capital, million tenge, total:</td>
<td>4,034</td>
<td>4,970</td>
<td>5,835</td>
<td>6,188</td>
<td>6,159</td>
<td>6,182</td>
<td>7,178</td>
</tr>
<tr>
<td></td>
<td>- means of ACC, million tenge</td>
<td>788</td>
<td>581</td>
<td>517</td>
<td>517</td>
<td>354</td>
<td>172</td>
<td>124</td>
</tr>
<tr>
<td></td>
<td>- means of agricultural commodity producers, million tenge</td>
<td>3,246</td>
<td>4,385</td>
<td>5,318</td>
<td>5,672</td>
<td>5,805</td>
<td>6,010</td>
<td>7,054</td>
</tr>
<tr>
<td>6</td>
<td>The sum of public budget loans of credit societies, million tenge</td>
<td>9,683</td>
<td>15,072</td>
<td>15,768</td>
<td>11,193</td>
<td>7,473</td>
<td>8,298</td>
<td>15,599</td>
</tr>
</tbody>
</table>

Source: compiled by the authors at the beginning of each year according to agrokredit.kz

In general, as it can be seen from Table 1, positive dynamics in the development of credit societies, which totaled 163 units, up 11.6% compared to 01.01.2007. As the number of credit societies related increase (albeit at different rates) level indicators of the size of land, livestock, the authorized capital of credit societies. Thus, for the period under review, the land area increased by only 39.3%, while the number of livestock by 51.6%, which, in our view, indicates a more rapid development of animal husbandry in recent years.

At the beginning of 2013 the growth of the authorized capital amounted to almost 78% compared to 2007. Moreover, it should be noted that the Corporation's share in the charter capital of credit societies has steadily decreased and reached 2% in 2013. It means that Agricultural commodity producers, increasing its stake in credit societies capitalize funds for further financing from its own sources. This is indirect evidence also outpacing the growth rate of the amount of funds in the authorized capital Agricultural commodity producers credit societies (more than 2-fold) compared to the growth rate of the amount allocated to loans (about 62%). But it is also necessary to note that in the crisis years the amount of credit provided (as opposed to the share capital) had a slight decline, although at the beginning of 2012 has already started lifting. It can be stated that the Corporation was held as a financial institution, and on the extent of financial support and a fairly high level of development and stable financial condition of the ACC show the size and direction of funding (Table 2).
### Table 2

<table>
<thead>
<tr>
<th>Title of the program</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit society</td>
<td>18 890.9</td>
<td>17 613.4</td>
<td>23 522.4</td>
</tr>
<tr>
<td>Unifications</td>
<td>7 556.9</td>
<td>7 856.8</td>
<td>7 001.2</td>
</tr>
<tr>
<td>Rural nonfarm activities</td>
<td>1 586.9</td>
<td>1 628.6</td>
<td>1 010.8</td>
</tr>
<tr>
<td>Commercial project lending in agribusiness</td>
<td>23 763.5</td>
<td>19 674.5</td>
<td>19 873.0</td>
</tr>
<tr>
<td>Organizations on processing</td>
<td>3 800.0</td>
<td>4 200.2</td>
<td>4 509.9</td>
</tr>
<tr>
<td>Agricultural commodity producers on animal industry development (&quot;Sybaga&quot;)</td>
<td>-</td>
<td>5 104.5</td>
<td>10 881.1</td>
</tr>
<tr>
<td>Investment projects</td>
<td>14 348.9</td>
<td>17 960.2</td>
<td>17 196.8</td>
</tr>
<tr>
<td>Spring field and harvesting operations</td>
<td>2 028.9</td>
<td>18 595.2</td>
<td>10 071.2</td>
</tr>
<tr>
<td>All the rest of it</td>
<td>107.0</td>
<td>120.1</td>
<td>142.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>72 083.0</td>
<td>92 753.5</td>
<td>94 778.4</td>
</tr>
</tbody>
</table>

Source: compiled by the author at the beginning of each year according to aqrokredit.kz

In recent years in the ACC expands such an important area as encouraging the establishment of associations Agricultural commodity producers and rural population for the development of agro-processing and the provision of services. Funding is provided since 2006 to provide an opportunity for agricultural producers, including personal backyard farms by combining bring their products to the consumer without intermediaries. Loans are directed mainly at primary and deep processing of milk, meat, fruits and vegetables, sunflower and sheepskin, and the provision of procurement services to farmers for growing fruits and vegetables, oilseeds, sugar beet, collection and sale of cotton.

Over the years, this program at the beginning of 2013 the Corporation were issued budget loans 140 associations to $ 11.2 bn., Which include 5120 participants, of which 1638 (32%), agricultural producers and 3482 (68%) of private homestead farm. As a result, only in 2012 received credit funds will enable the combined purchase of 87 items of various types of equipment and working capital in the amount of 144.1 million tenge. It was created by the union of the whole country an additional 2568 jobs. ACC, since 2007, in accordance with the state program of development of rural areas, began to lend to non-agricultural businesses in rural areas, aimed at the development of entrepreneurial activity in the field of non-agricultural infrastructure. Since the start of the program funded 142 projects worth $ 2.8 billion tenge. Among the projects for funding which were directed credits include: development of roadside service (35 projects); creation of the rural outlets (32 projects); organization of the food service outlets (24 projects); production of light and food industry (16 projects); organization of the Hotel industry (10 projects); development of rural tourism (15 projects); other kinds (7 projects). E.g. in 2011 funds for lending of 4 projects, worth 57.6 million tenge at the interest rate of 9% were allocated only in the development of rural tourism, roadside service, retail outlets and food production in rural areas.

Since 2010, the Corporation has launched a program of lending large and medium enterprises for processing of agricultural raw materials and food production. Over the years, the Corporation under this program credits for 17 projects worth $ 7.3 billion tenge for purchase of fixed and current assets.

Since 2011, in order to implement the President’s Address on 28.01.2011, the "Building the Future Together" Corporation implements a program of lending to agricultural livestock development (hereinafter "Sybaga"), whose aim is to increase the breeding stock mongrel cattle with gradual transformation in beef breeds to ensure created feedlots young cattle and increase the production of meat. During the period 2011-2012, Corporation credits for 674 projects worth 11.2 billion tenge to acquire 61600 head of cattle. Agrarian Corporation carries out commercial lending extra budgetary funds. During the period 2010-2012, agribusiness entities funded more than $ 12 billion tenge. Credit resources are aimed at the production and processing of agricultural products (cereals, oilseeds, fruit and vegetable culture, meat and milk, equipment, etc.).
Since 2009, the Corporation provides loans to investment projects in the framework of joint actions of the Government of the Republic of Kazakhstan and the National Bank of Kazakhstan to stabilize the economy and financial system. In this direction was provided lending infrastructure projects in industrial production of meat products, as well as projects for the development of production and processing of fine wool, to create the infrastructure of grain exports, for deep processing of grain, construction and modernization of the silos.

During this time, credited the 52 investment projects totaling $ 22 959 700 000 tenge. Among them, four projects totaling 2251.6 million tenge to create cattle feedlots, 7 projects worth 8070.7 million tenge to establish breeding farms (reproducers), 11 projects worth $ 368 million tenge to create modular slaughterhouses, 3 projects amounting to 2043.7 million tenge on the organization of meat processing complexes. As part of the development of infrastructure for grain export credits for one project to build an elevator, comprising a mill complex and feed mills in the amount of 3744.7 million tenge, for deep processing of grain 1 project for the production of pasta for $ 1492.3 million tenge, for the construction and modernization of the granaries 14 projects for a total of 3938.5 million tenge, as well as 11 projects for a total of 1050.2 million tenge on production and processing of fine wool.

Forecast figures for 2013-2015 show [3], which has been declining in both absolute relative magnitude of budget financing the agricultural sector. So, if in the national budget approved for 2013 funding is 176.4 billion tenge, in 2014 in accordance with its reduction to 156.9 billion tenge, or 11.1%, and in 2015 already up to 152 8 billion, or by 2.6% (Table 3).

<table>
<thead>
<tr>
<th>Title of the budget program</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Growth rate (decrease), %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and management in agricultural sphere</td>
<td>12 647.6</td>
<td>12 388.8</td>
<td>12 388.8</td>
<td>97.9 100.0</td>
</tr>
<tr>
<td>Special purpose transfers to regions on animal disease control</td>
<td>11 150.2</td>
<td>11 150.2</td>
<td>11 150.2</td>
<td>100.0 100.0</td>
</tr>
<tr>
<td>Construction and reconstruction of water facilities</td>
<td>21 596.1</td>
<td>17 157.7</td>
<td>16 724.8</td>
<td>79.4 97.5</td>
</tr>
<tr>
<td>Special purpose transfers to regions on the development of animal industry production</td>
<td>38 881.9</td>
<td>38 881.9</td>
<td>38 881.9</td>
<td>100.0 100.0</td>
</tr>
<tr>
<td>Development of the plant production and providing the food supply security</td>
<td>18 785.0</td>
<td>18 696.3</td>
<td>18 696.3</td>
<td>99.5 100.0</td>
</tr>
<tr>
<td>Veterinary interventions and food safety providing</td>
<td>16 093.1</td>
<td>13 564.6</td>
<td>13 564.6</td>
<td>84.3 100.0</td>
</tr>
<tr>
<td>Special purpose transfers to regions material and technical equipment of the state animal organizations</td>
<td>9 670.2</td>
<td>2 398.9</td>
<td>-</td>
<td>24.8 -</td>
</tr>
<tr>
<td>Forest management, providing the conservation and development of the forest resources and the animal world</td>
<td>13 005.4</td>
<td>11 826.7</td>
<td>11 665.5</td>
<td>90.9 98.6</td>
</tr>
<tr>
<td>Processing plants development</td>
<td>3 400.0</td>
<td>4 000.0</td>
<td>4 000.0</td>
<td>117.6 100.0</td>
</tr>
<tr>
<td>Scientific research and arrangements in agricultural complex area</td>
<td>3 457.8</td>
<td>3 326.6</td>
<td>3 326.6</td>
<td>96.2 100.0</td>
</tr>
<tr>
<td>Other budget program</td>
<td>27 738.8</td>
<td>23 520.9</td>
<td>22 376.8</td>
<td>84.8 95.1</td>
</tr>
<tr>
<td>Financing of the Ministry of agriculture, total</td>
<td>176 426.1</td>
<td>156 912.6</td>
<td>152 775.2</td>
<td>88.9 97.4</td>
</tr>
</tbody>
</table>

Source: created by authors according to [3]

At the same time, it should be noted that in 2013-2015 most of the budget will be allocated for the implementation of the following major budget programs: 222 "Target transfers to the regions for the development of livestock"; 214 "Development of crop production and food security"; 029 "Construction and reconstruction of water supply".
They accounted for 24.1%, 11.6% and 11% respectively, over the years. Among other programs, we can note programs such as "Veterinary measures and ensuring food security" in the amount of more than 14.4 billion tenge, "Planning, regulation, management in agriculture" in the amount of 12.5 billion tenge, "Targeted transfers to the regions to conduct animal disease control events" of $11.1 billion tenge. It seems that the state of such financing in 2013 and decreased it by some budget programs in 2014-2015 will not contribute to the stable growth of agricultural production, and especially livestock in the medium term. Study of foreign experience, compliance with the requirement of evidence-based system of agricultural production indicate that the size of the state financial support is still not in conformity with international standards and the subsidies offset costs in agriculture, for example, in crop depending on the level of technology, equipment and the use of herbicides in all 2-3%.

**CONCLUSIONS, PROBLEMS AND POSSIBLE SOLUTIONS**

Since the efficient functioning of modern agriculture to a great extent determined by the conditions of state financial support, for this purpose we can use mechanisms including:

1) Tax incentives; 2) State preferential tax and credit rates; 3) The payment of government subsidies; 4) Subsidies; 5) The creation of a favorable investment climate; 6) Regulation of ceiling prices, product quality (through certification, licensing, state control, etc.); 7) Environmental measures; 8) Social development at the expense of public resources.

For example, government subsidies in the USA account for 25% of the income of agricultural producers in Japan more than 70%, in Canada 40%, in the EU over 50%, in Belarus 18%, in Russia 7% and in Kazakhstan 2.5%. In this regard, it is necessary to revise the priorities of agricultural policy, bring it into line with international practice, the basic principles of which is to ensure a level playing field for all actors in agricultural production based on the principles of justice and fairness of government support measures.

The current method of subsidizing agricultural production in Kazakhstan as a form of public financial support, based on payment per unit of area of agricultural land, does not encourage producers to increase production. In our opinion, to raise interest in agricultural output growth is more preferably binding values allocated grants to the value of output.

The proposed method of determining the volume of provided subsidies from the calculation of the value of output will also simplify their allocation from the national budget, because after the approval rate subsidy per unit of crop production, it is possible to make payments at the rate of 50% of the estimated amount of subsidy at the beginning of the year and 50% after receiving the products. As the amount of subsidy payments to agricultural producers are invited to produce for the amount of output, its value will be determined by the base acreage and yield a three-year moving average. In this case, for the base area, the actual area under crops established, regulated and supervised by the competent authority.

It is also important to note here that the need to develop a clear mechanism for financing and crediting of the agricultural sector, particularly in the area of state support for agriculture, particularly relevant in relation to future membership of Kazakhstan to the World Trade Organization (WTO). Since membership in this organization prescribes the adoption of certain obligations to reduce the level of support in the agricultural sector, the planning of budget expenditures need to coordinate with the negotiation process with the WTO. And the light of the WTO rules require revision of measures of state support for agriculture. Therefore, in this case, the volume of production should be determined as the product of only 85% of the base of the sown area of each crop, the average yield and the rate of subsidy. Such a procedure for calculating subsidies for manufactured products to avoid the inclusion of subsidies in the "yellow basket", regulated by WTO rules. Under WTO rules, "yellow basket" includes measures affecting production and distorting effects on trade. These measures are subject to restrictions (for developing countries 10% of the advanced economies 5% of total agricultural production).

Amount of subsidy is calculated based on 85% of the cultivated area and productivity in recent years, not stimulate agricultural producers in the current year and not associated with the regulation of prices, that is, these subsidies cannot be included in the "yellow basket".
To implement this mechanism, there is no need to create a new institutional framework, as the competent authority (Ministry of Agriculture) argues its order rate subsidy rate per unit of crop production in the republic and regions on a three-year period (similar to the three-year budget). Lower-level controls at district and regional department of agriculture will control the volume of agricultural production and the allocation of subsidies to agricultural producers.

Another direction of improvement of the state support for agriculture is the use of subsidies for guaranteed purchase of agricultural products, allowing providing income for self-producers. The main point in this regard is the need to differentiate the allocation of grants for the guaranteed procurement of agricultural products based on standard costs and the level of profitability of farms in regions of the country. Moreover, the costs of regulations, each culture (type of product) must be defined on the basis of the best production conditions, i.e. subsidies to increase the guaranteed prices for commodity products with the worst conditions of production in order to offset the costs.

The current status of the implementation of new technologies in agriculture is not at the required level and does not provide a steady growth of agricultural products, the development and introduction of new products, the conclusion of a higher level of competitiveness. Therefore, further financing and lending should be directed to conduct a full-scale technological modernization of agricultural enterprises, which will significantly increase the volume and efficiency of agricultural production. At the same time requires financial support of the research base in agriculture, sufficient to ensure rapid technological development of the industry, since the lack of domestic production capacity for modern global standards, equipment, makes technical and technological modernization of AIC Kazakhstan dependent on imported technologies to attract.

In this regard, improving adaptability of domestic agricultural production invariably entail an increase in demand of agricultural producers of our country for services structures ACC acquisition of high-tech and high-performance equipment and technology. This approach is defined and the development strategy of the ACC for 2011-2020, the main aim of which is to ensure that lending to high-tech investment projects [2].

Realization of this goal requires the following key tasks:
1. Determination of the needs of agricultural producers in modern technologies of production and processing of agricultural products.
2. Formation of the list of high-tech investment projects involving the introduction of modern technologies and contributing to the growth of labor productivity in the agricultural sector.
3. The involvement of the budget and extra-budgetary resources to finance investment projects and high-tech agricultural enterprises on the introduction of modern technologies of production and processing of agricultural raw materials.

REFERENCES
WAYS OF ANTI-TRUST REGULATION IMPROVEMENT OF FOREIGN BANKING IN UKRAINE

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Abstract: The article defines main ways of anti-trust regulation of foreign banking in Ukraine which need improvement. The changes of the number of banks with foreign capital and the dynamics of foreign capital in Ukrainian banking system were defined. Demands of Ukrainian anti-trust legislation have been analyzed; the disadvantages and problems were revealed. The actions of anti-trust regulation authorities in the sphere of international cooperation and coordination the activities with authorities of foreign countries were characterized. Recommendations on the improvement of regulations in the sphere of prohibition of monopolization and ensuring competition development in the sphere of foreign banking in Ukraine were offered.

Keywords: state regulation, competition, competition regulation, anti-trust legislation, foreign banking, foreign capital

INTRODUCTION

The most important role in the competition regulation is working out laws and regulations for the protection of competition in the foreign banking sector and preventing monopolization of the market. Nowadays Ukrainian legislation does not have special legal act which individually regulates the action of banks with foreign capital and branches of foreign banks in Ukraine and thus there is no single act that would contain explanations about competition regulation of foreign banking. Anti-trust legislation includes general regulations about competition regulation and non-admission monopolization by market subjects.

The issues of antimonopoly regulation were outlined by lots of national and foreign researchers, including: D. Armentano, Z. Borysenko, V. Vovk, S. Kuzmina, S. Lobozynska, T. Nekrasova, M. Porter, S. Reverchuk, L. Semenova, Y. Umantsiv et al. Researchers paid their attention, mainly, to the formation of competitive policy, elaboration of competitive strategies, formation of competitive environment in banking sector and promotion of Ukrainian competitiveness. Conversely, lack of fundamental researches in antimonopoly regulation of foreign banking and ensuring the development of competitive Ukrainian banks and banks with foreign capital causes the necessity to elaborate recommendations on improvement of government work in this sphere.

MATERIALS AND METHODS

Following methods of research were used in the article: systematic (to realize integrity of anti-trust regulation and to establish correlation between elements of the system), methods of analyses and synthesis (to compare main figures of foreign banking development, coordination of legislative and regulatory acts), logical (discovering the coordination of regulatory acts with laws of foreign banking law), induction and deduction (to reveal the peculiarities of antimonopoly regulation of foreign banking, presentation of the results and recommendations for its improvement.

RESULTS

The process of bank capital consolidation in Ukraine have started in 1999, when the first merging took place at "UKRGAZBANK" and "Servis Bank", and lasted for the next several years. In 2006 the amount of fusions and absorption in Ukraine constitute 110 agreements with total sum $ 4,9 million, that is near 5.5% of GDP. The financial sector of
Ukraine had the largest amount of agreements with total sum $2,88 million [2, p. 43]. Twelve banks became a property of financial groups from Europe; Russian investors became owners of two more banks. In 2006 saw increased interested of foreign investors to Ukrainian bank sector that essentially distinguishes it from fusions and absorptions in 1999-2005, that was the time of national banks integration [2, p. 43]. The amount of floated and absorbed market in Ukraine in 2007 has been doubled and went over $10 million [4, p. 31].

During 2001-2013 there were 17 integrations of banks, when mainly small banks joined the bigger ones it meant that small banks stopped functioning. Mainly banks with foreign capital took part in agreements. The most activity for the processes of bank reorganization and foreign capital participation can be traced in 2007-2010 and 2012-2013. We consider that is connected with crisis in the economy of the country. Banks that were not able to survive on the market were forced to join other financial more stable banks, including banks with foreign capital. The dynamic of number of banks with foreign capital and share of foreign capital in the authorized capital of the Ukrainian banking system is presented in Figure 1.

![Figure 1: The dynamics a number of banks with foreign capital and share of foreign capital in the authorized capital of the Ukrainian banking system, 1995-2014 (data at the end of period)](chart)

Source: created by author according to [7]

In Ukraine there are three main models of national banks absorption: full, partial (portfolio sales) and common business. The most popular variant is to buy controlling interest and to shift the establishment under the full control of transnational bank. According to this scheme, JSC "Agio", "Aval", "NRB Ukrain", "PJSC Ukrsotbank", "JSC Index-Bank", and "JSC Raiffeisen Bank Ukraine" were sold. Portfolio stock sale of Ukrainian banks is presented by private stock promotion of 10% "JSC FORUM" in Frankfurt and 20% of "JSC Megabank" in PFTS [6, p. 11]. The average and small Ukrainian banks are trying to attract portfolio investors selling small shareholdings. For them such private promotion of stock is the most suitable ways to attract costs, since exhibition of corporate stock for average and small banks is not profitable and IPO demands a lot of time and expenses.

We consider that the greatest attention in regulation of foreign banking must be paid to improvement of legal framework, non-admission of anticompetitive actions in the process of merging and takeover of Ukrainian banks by foreign banking groups, establishment of responsibility for violation of bank competitive legislation, non-admission of monopolization of foreign investors of the same country, support of competitive positions of national banks and acceptance of fair competition between foreign and Ukrainian banks. We suggest that anti-trust legislation on regulation of foreign banking is a combination of valid laws and other national regulations which control the relation in the sphere of state control on compliance...
with legislation on protection of economic competition in banking; prevention, disclosure and ceasing the violation of law and on protection of economic competition; monitoring of bank concentration, coordinated bank actions and priced regulation on operations and services that are offered by banks with foreign capitals and branches of foreign banks; contribution to the development of honest competition between banks with foreign and Ukrainian capitals; systematic provision of law application on the protection of economic competition; realization of control on the creation of competitive environment and protection of competition in bank business. To explain anti-trust legislation some authors include not just a system of law but also legal institutions which are created to regulate social relations in the process monopoly activity restrictions [9, p. 32].

Antimonopoly legislation can be characterized by the usage of different methods of regulation, including the establishment of organizational, economic restrictions and incentives (the system of taxes, regulation pricing processes, forced separation of monopolies, application of legal sanctions for violation of relevant rules). Some researchers stresses upon the complexity of Ukrainian anti-trust legislation [8, p. 223; 5, p. 196]. There exist a great number of people, who support the complete abolition of anti-trust economy regulation [10, p. 73]. D. Armentano claims that anti-trust regulation protects competition, ignoring interests of participants in market process [1, p. 78]. He suggests that government may hinder the process of competition through the mechanism of lawmaking, by creating legal barriers for entrance into the market and just country (not free market) is a real source for monopoly power.

The competitive policy of the government authorities must include steps that would not allow monopolizing of banking industry as result of merging and absorption of banks, particularly if it concerns the association of large banks with the foreign investors. It is connected with the fact that leading role of foreign banks will allow them to dictate their own terms in maintenance and development of the Ukrainian banking system and can influence negatively on financial, economic and political situations in the country. Therefore it is important to reveal anticompetitive agreed actions, periodic assessment of the concentration of banking industry and foreign banking sector as well as the improvement of competitive legislations of banks.

The main regulations in the Ukrainian anti-trust legislation are: Constitution of Ukraine (denote principals of national competition protection in the industry, stresses upon determination of competition rules and norms of anti-trust legislation), Laws of Ukraine "On the Anti-monopoly committee of Ukraine" (1993), "On protection Against Unfair Competition" (1996), "On Protection of Economic Competition" (2001), international legal acts, interstate agreements, decision by Cabinet of Ministers of Ukraine, regulations of Anti-monopoly Committee of Ukraine (AMCU) etc.

Certain provisions of anti-trust competitive regulations are outlined in Ukrainian codified laws: The Criminal Code of Ukraine (determines penalties for counteraction against legitimate business activity; establishes responsibility for illegal collection with the aim of data usage and its exposure when it is commercial or banking secrecy; responsibility for power abuse and negligence); The Civil Code of Ukraine (presupposes non-admission of civil rights with the aim of illegal restriction of competition, dominant market position abuse); The Commercial Code of Ukraine (establishes the necessity for national control and monitoring in the sphere of competition, price formation, external relations etc); Commercial and Procedural Code of Ukraine (regulates the issue of infringement cases to judge that deal with rights of enterprises, organizations, national and other agencies, cases on bankruptcy) and other.

The main regulations of AMCU are: Decree by AMCU from 16.01.2013 No. 21 "On ratification of examination order during the control over compliances with legislation on the protection of economic competition", Provision on the order of applications submission to AMCU about authorization for coordinated actions of entities, Regulation on the coordinated action, methods of determining the leading position of business entities on the market and other. The issues on regulation of competition in baking industry are covered in Law of Ukraine "On Banks and Banking". It admits that banks are prohibited to commit any actions
on application of unfair competition, including signing of agreements with the aim of the competition and monopolization of banking operations conditions, installment of interest rate and commission on the level below the prime cost of bank services etc. More detailed information about the development of the competition in the market of financial services and non-admission of unfair competition is presented in Law of Ukraine "On Financial Services and State Regulation of Financial Service Markets" (2002). It outlines authenticity of advertisement and information, the client right for information, non-admission of restrictions in financial services markets, empowerment of AMCU to control the financial service markets etc.

In the conditions of globalization and liberalization of Ukrainian economy efficient competitive policy impossible without particular mechanism of international cooperation since great negative impact on domestic competition might have the actions that are committed beyond the borders of particular countries by transnational banks, companies and their associations. Thus the important role in the work of AMCU plays international multilayer cooperation in the field of competitive policy and activities grounded on the multilateral and bilateral interstate agreements. One of the mechanisms of interstate cooperation is multilateral Agreement on coordinated anti-trust policy, signed in 25.01.2000 and ratified by Verkhovna Rada of Ukraine in 16.01.2013. It outlines concrete procedure of interaction between competitive authorities which is based on the principals of agreed applications of national legislation with the aim of revealing and termination of transnational restrictions of competition and takes into consideration appropriate recommendations by Organization for Economic Co-operation and Development, United Nations Conference on Trade and Development and also experience of cooperation of the foreign countries. Cooperation AMCU based on special bilateral agreements with foreign competitive agencies is directed to practical usage of these agreements while dealing with international violation, establishes exchange of experience, provides with the protection of economic competition on the territory of member state of a treaty as well as promotes termination of competition in situations that are go beyond the jurisdiction of national antitrust laws. Ukraine has signed interagency agreements with such countries as Georgia, Azerbaijan, Armenia, Russia, Austria, Bulgaria, Latvia, Lithuania, Poland, Romania, Slovakia, Hungary, the Czech Republic and others.

National researchers emphasize on the importance of improvement and modernization of competitive legislation [3, p. 123; 5, p. 205]. We agree with the suggestion about the necessity to create special legislative act that would regulate the question on the protection of economic competition in banking system. Simultaneously we stress upon the importance of creation of separate law chapter that would deal with attraction of foreign bank capital and non-admission of monopolization in the market banks with foreign capital. In this chapter we outline next main issues:

- The procedure of consideration by anti-trust authorities together with bank supervisory authorities the possibility of foreign investors entry in the Ukrainian banking market and the disclosure of anticompetitive actions made by foreign investors while creating the banks with foreign capital and establishment of branches of foreign banks;
- The procedure of control over the merging processes, alliances, absorptions and amalgamations of banks with foreign investors with the aim to prevent not only from monopolization of the banks but also non-admission of concentration and achievement of significant market share by foreign investors of one country since it may affect economic security of the country;
- Illustration of the banks separation procedure according to the structure of their property and comprehensive test of the investors from offshore areas on the possibilities of capital effluent from the country, removal of costs that were earned from crime and financial support of terrorism;
- Procedure for determining the price of the bank in the case of its sale to foreign investors to minimize the risk of unreasonable rise of its value.

Among the areas of improvement of ant-trust legislation we consider that it would be appropriate to adopt the Resolution "On the prevention of Ukrainian market bank monopolization
by foreign investors" it should also include the list of systemic banks that have strategic importance for the banking system and economy of the country and cannot be qualified for sale to foreign investors because of their great impact on economic and political safety. It is also would be appropriate to elaborate and adopt Rules of Professional Ethics in competition in the sphere of national banking industry. The possibility to elaborate such Rules and their approval by AMCU is provided in the Law of Ukraine "On protection Against Unfair Competition". As the Code of Honor of Ukrainian banker and the Code of Ethics for internal auditors of banking systems, such Rules should establish general principals of behavior with foreign capital on the Ukrainian market, ethical norms and standards of behavior on the basis of which they must function on the Ukrainian financial market without violation of fair competition and anti-trust legislation. The main aim of these Rules is maintenance from any actions in competition that might contradict the traditions and customs of banking business, provision with valid information on the condition of the bank actions with foreign capital and foreign branches, the quality of banking service and the price for the service for the customers; promotion of the mechanisms that would prevent from the violation of the law on the protection of economic competition and customers rights, fair bank functioning with foreign capital and foreign branches; strengthening of creditors, investors and customers confidence to banks institutions.

**DISCUSSION AND CONCLUSION**

Taking into consideration all advantages that banks are gaining from the cooperation with foreign capital and to ensure the development of fair competition on the market, the main principals that coordinate functioning with foreign banks and branches on the Ukrainian market must be fair play, legitimacy, justice, observance of business etiquette and maintenance of correct attitude by both sides while signing the agreements, exclusion of unfair banking business that aims at gaining illegal benefits and privileges.

**REFERENCES**

CONTEMPORARY DIMENSIONS OF RAIL TRANSPORT

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University of Economics, Varna, Bulgaria

Abstract: This paper offers a brief overview of the state rail transport worldwide by studying empirically the indicators for payload-distance of freight transport and for density and availability of railway lines in selected countries. Some aspects of the development of passenger rail transport in the EU have been traced as well. On the basis of the conducted analysis the more important findings were formulated regarding the current parameters of the studied transport mode. Rail transport has its place in the transport market, where we see its exploitation mainly in respect of freight carriage and less in respect of passenger carriage, but mode for overcoming spatial discrepancy stands out with a number of significant advantages, which will be a prerequisite for its intensive development at a certain point in the future.

Keywords: rail transport, freight and passenger transport

INTRODUCTION

Rail transport is emerging as an alternative for moving cargoes and passengers, which stands out with its competitive advantages in respect of the other variant solutions in the context of road and air transport. The prerequisites which position it adequately on the transport market are related to its major advantages such as the significant economic efficiency in the long-haul carriage of bulky goods, its capability of carrying bulk cargoes, the large carrying and throughput rail lines capacity, quite high independence degree from meteorological conditions, which is also the main factor for the positive values of the indicators for continuity and regularity of carriages throughout the year, as well as in respect of the compliance with required delivery deadlines, etc. Thus, the idea emerged to review rail transport on an international scale as a transport mode with significant potential for development in terms of both freight and passenger carriages.

The aim of this paper is to follow the state of rail transport and to outline some issues related to its development. In order to achieve this aim, we must solve the following major problems related to: 1) the study of the current state of rail transport around the world; 2) drawing conclusions and formulating tasks for its development. Solution of the systemized problems presupposes the use of certain methodological apparatus.

METHODS

In economic analysis a number of quantitative indicators are widely applied. In the field of transport they stand out with their specificity. For the purposes of this paper, we shall calculate: 1) payload-distance for freight rail transport, million tkm; 2) density of railway lines in selected countries (km/ 1000 km² of territory); 3) available degree of rail network for the population on the territory of selected countries, measured per 1000 residents.

Having analyzed materials, we shall apply the comparative method and graphic methods, which will allow outlining and tracing the major tendencies in the development of rail transport.

RESULTS

The systematized empirical information clearly shows that the countries with the highest volume of rail transport carriages in 2013 are still outside the EU borders, which at national level exceed the total value for the EU of 200 144 (2012) and 192 045 (2013), shown in million tons per kilometer for the entire European community.

These are countries such the US (2 545 132 million tkm) and Russia (2 196 217 million tkm) (Table 1 and Figure 1).
Table 1

Carriages performed by rail transport in selected countries for 2012-2013

<table>
<thead>
<tr>
<th>No</th>
<th>Countries</th>
<th>Goods Transport, million tkm</th>
<th>National</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2012</td>
<td>2013</td>
<td>2013/2012 %</td>
</tr>
<tr>
<td>1</td>
<td>USA</td>
<td>2,532,648</td>
<td>2,545,132</td>
<td>0.493</td>
</tr>
<tr>
<td>2</td>
<td>Russia</td>
<td>2,222,389</td>
<td>2,196,217</td>
<td>-1.178</td>
</tr>
<tr>
<td>3</td>
<td>Canada</td>
<td>2,245,882</td>
<td>2,105,528</td>
<td>-14.378</td>
</tr>
<tr>
<td>4</td>
<td>Mexico</td>
<td>79,352</td>
<td>77,719</td>
<td>-2.058</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>56,326</td>
<td>57,063</td>
<td>1.308</td>
</tr>
<tr>
<td>6</td>
<td>Poland</td>
<td>34,239</td>
<td>36,153</td>
<td>5.590</td>
</tr>
<tr>
<td>7</td>
<td>France</td>
<td>21,849</td>
<td>20,358</td>
<td>-6.824</td>
</tr>
<tr>
<td>8</td>
<td>United Kingdom</td>
<td>21,467</td>
<td>22,401</td>
<td>4.351</td>
</tr>
<tr>
<td>9</td>
<td>Japan</td>
<td>18,741</td>
<td>18,748</td>
<td>0.037</td>
</tr>
<tr>
<td>10</td>
<td>Sweden</td>
<td>13,951</td>
<td>14,124</td>
<td>1.240</td>
</tr>
<tr>
<td>11</td>
<td>Turkey</td>
<td>10,473</td>
<td>10,241</td>
<td>-2.215</td>
</tr>
<tr>
<td>12</td>
<td>Switzerland</td>
<td>10,053</td>
<td>10,911</td>
<td>8.535</td>
</tr>
<tr>
<td>13</td>
<td>Romania</td>
<td>8,040</td>
<td>7,652</td>
<td>-4.826</td>
</tr>
<tr>
<td>14</td>
<td>Spain</td>
<td>7,048</td>
<td>6,982</td>
<td>-0.936</td>
</tr>
<tr>
<td>15</td>
<td>Italy</td>
<td>6,831</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>16</td>
<td>Finland</td>
<td>6,804</td>
<td>6,501</td>
<td>-4.453</td>
</tr>
<tr>
<td>17</td>
<td>Austria</td>
<td>6,096</td>
<td>3,357</td>
<td>-44.931</td>
</tr>
<tr>
<td>18</td>
<td>Georgia</td>
<td>5,976</td>
<td>4,077</td>
<td>-31.777</td>
</tr>
<tr>
<td>19</td>
<td>Czech Republic</td>
<td>5,839</td>
<td>5,541</td>
<td>-5.104</td>
</tr>
<tr>
<td>20</td>
<td>New Zealand</td>
<td>4,581</td>
<td>4,858</td>
<td>0.087</td>
</tr>
<tr>
<td>21</td>
<td>Lithuania</td>
<td>3,612</td>
<td>3,645</td>
<td>0.914</td>
</tr>
<tr>
<td>22</td>
<td>Norway</td>
<td>2,141</td>
<td>2,611</td>
<td>21.952</td>
</tr>
<tr>
<td>23</td>
<td>Bulgaria</td>
<td>2,010</td>
<td>2,376</td>
<td>18.209</td>
</tr>
<tr>
<td>24</td>
<td>Portugal</td>
<td>1,881</td>
<td>1,600</td>
<td>-14.939</td>
</tr>
<tr>
<td>25</td>
<td>Hungary</td>
<td>1,417</td>
<td>1,605</td>
<td>13.267</td>
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<tr>
<td>26</td>
<td>Azerbaijan</td>
<td>1,160</td>
<td>1,331</td>
<td>14.741</td>
</tr>
<tr>
<td>27</td>
<td>Slovakia</td>
<td>756</td>
<td>811</td>
<td>7.275</td>
</tr>
<tr>
<td>28</td>
<td>Slovenia</td>
<td>668</td>
<td>653</td>
<td>-2.246</td>
</tr>
<tr>
<td>29</td>
<td>Estonia</td>
<td>656</td>
<td>676</td>
<td>3.049</td>
</tr>
<tr>
<td>30</td>
<td>Croatia</td>
<td>519</td>
<td>942</td>
<td>81.503</td>
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<tr>
<td>31</td>
<td>Serbia</td>
<td>474</td>
<td>510</td>
<td>7.595</td>
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<tr>
<td>32</td>
<td>Latvia</td>
<td>372</td>
<td>286</td>
<td>-23.118</td>
</tr>
<tr>
<td>33</td>
<td>Denmark</td>
<td>168</td>
<td>141</td>
<td>-16.071</td>
</tr>
<tr>
<td>34</td>
<td>Moldova</td>
<td>101</td>
<td>118</td>
<td>16.832</td>
</tr>
<tr>
<td>35</td>
<td>Ireland</td>
<td>92</td>
<td>97</td>
<td>5.435</td>
</tr>
<tr>
<td>36</td>
<td>Albania</td>
<td>25</td>
<td>23</td>
<td>-8.000</td>
</tr>
<tr>
<td>37</td>
<td>Luxembourg</td>
<td>23</td>
<td>23</td>
<td>0.000</td>
</tr>
<tr>
<td>38</td>
<td>Macedonia</td>
<td>2</td>
<td>6</td>
<td>200.0</td>
</tr>
<tr>
<td></td>
<td>EU</td>
<td>200,144</td>
<td>192,045</td>
<td>-4.047</td>
</tr>
</tbody>
</table>

Source: created by author according to [1]

While the US has scored a however small increase in this indicator, the Russian Federation has reported a drop of 1.178%. It must be pointed out that this means of transport is best developed in Russia and the Russian state railway company RJD (Russian Railways) is planning to invest 5 trillion RUB (157 billion US dollars) in the construction of high-speed railway connections [2].

The total length of railway lines in the country amounts to 87 157 km, 40 300 km of which electrified. With its 224 792 km, the USA has the most railway lines in terms of total length in the world, second position is taken by Russia with 87 157 km, followed by China (86 000), India (63 974) and Canada (46 552) (Table 2).
Figure 1: Payload-distance in international freight rail transport for 2013, in million km

Source: created by author according to [1]

Table 2

<table>
<thead>
<tr>
<th>Countries</th>
<th>Railway lines /km/</th>
<th>Area /sq. km/</th>
<th>Population</th>
<th>Railway lines density 1000 sq. km</th>
<th>Satisfaction with railway lines per 1000 citizens</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>224 792</td>
<td>9 826 675</td>
<td>316 668 567</td>
<td>2.288</td>
<td>0.710</td>
</tr>
<tr>
<td>Russia</td>
<td>87 157</td>
<td>17 098 242</td>
<td>142 500 482</td>
<td>0.510</td>
<td>0.612</td>
</tr>
<tr>
<td>China</td>
<td>86 000</td>
<td>9 596 961</td>
<td>1 349 585 838</td>
<td>0.896</td>
<td>0.064</td>
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<tr>
<td>India</td>
<td>63 974</td>
<td>3 287 263</td>
<td>220 800 359</td>
<td>1.946</td>
<td>0.052</td>
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<tr>
<td>Canada</td>
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<td>9 984 670</td>
<td>34 568 211</td>
<td>0.466</td>
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<td>81 147 265</td>
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<td>22 262 501</td>
<td>0.497</td>
<td>1.727</td>
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<td>2 780 400</td>
<td>43 024 374</td>
<td>1.330</td>
<td>0.859</td>
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<td>France</td>
<td>29 640</td>
<td>643 801</td>
<td>65 951 611</td>
<td>4.604</td>
<td>0.449</td>
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<td>201 009 622</td>
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<td>0.142</td>
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<td>27 182</td>
<td>377 915</td>
<td>127 253 075</td>
<td>7.193</td>
<td>0.214</td>
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<td>21 619</td>
<td>603 550</td>
<td>44 291 413</td>
<td>3.582</td>
<td>0.488</td>
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<td>20 255</td>
<td>301 340</td>
<td>61 482 297</td>
<td>6.722</td>
<td>0.329</td>
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<td>20 192</td>
<td>1 219 090</td>
<td>48 601 098</td>
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<td>0.506</td>
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<td>116 220 947</td>
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<td>0.148</td>
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<td>63 395 574</td>
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<td>0.260</td>
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<td>17 948 816</td>
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<td>0.854</td>
</tr>
<tr>
<td>Spain</td>
<td>15 293</td>
<td>505 370</td>
<td>47 370 542</td>
<td>3.026</td>
<td>0.323</td>
</tr>
<tr>
<td>Turkey</td>
<td>12 008</td>
<td>783 562</td>
<td>80 694 485</td>
<td>1.532</td>
<td>0.149</td>
</tr>
</tbody>
</table>

Source: created by author according to [3]

The indicators for density and available degree of rail network for the 20 countries with the biggest rail network in the world show that in respect of the first indicator the highest parameters have been measured in Germany, which has built 11.759 km per 1000 sq km of territory and is ahead of the second country in the ranking by 5.005 km (Great Britain) and the last country Kazakhstan by 11.196 km per 1000 sq km of territory. In terms of available degree of rail network measured per 1000 people, the chart is headed by Canada with 1.347 km, and the lowest values have been reported in India with only 0.052 km, followed by China with 0.064 km, which suggests that the results have been greatly influenced by the territory of both countries, which are some of the largest in the world. Another quantitative measurement for the condition of the rail network is the length of electrified lines. In terms of this indicator,
the first position is taken by Russia, and in terms of electrification in Switzerland, where almost 100% of all railway lines have been electrified. A number of countries use diesel locomotives, and therefore the percentage of electrified lines is low (Japan 50%, France, Spain 30%, USA 25%).

At international level, the carriage of passengers and cargo is facing certain difficulties due to the differences concerning the track gauges of the rails in the different regions. In Europe (with the exception of Finland and the Baltic republics) the gauge is 1 435 mm. At the points, where the lines with different track gauges join (normally border stations), there are special facilities which allow for the wheels for the different gauges to be replaced. In Poznan (Poland) systems are manufactured for the automatic changing of gauges, which allows for the duration of the process to be reduced.

Nowadays passenger carriage in rail transport occupies a smaller share in the total carriage performed by rail transport, but this fact does not lower its economic and social significance for the public and for the national competition. It is in this direction that all European countries have directed their efforts, since the market of international railway carriages is only 6% of the total traffic in the EU [4, p. 3], which is a rather small relative share considering the advantages of rail transport both in economic and social-ecological respect, but we must not ignore other means of transport, especially air transport and cars, which create a wide foundation for competitive rivalry on transport market.

With regard to domestic railway carriages on the territory of the EU states, the segmentation projection shows four main relations who find application in the carriage of passengers (Figure 2). With the biggest relative share emerge long-haul carriages or intercity destinations, and the exploitation of trains in suburban areas shows the lowest activity, which is the logical consequence of the economic effects which this transport option accumulates when used for carriage at longer distances between the first and the final point.

![Figure 2: Segmentation of domestic rail market (in million km)](source: European Commission Impact Assessment SWD (2013), 10 accompanying the 4th Railway package proposal on measures for opening the domestic market in the railway sector)

The Report of the European Commission in relation to the competition in rail transport in 2013 [5] to a certain degree supports these results as it measures serious polarization in the answers of surveyed Europeans, since 14% of them use suburban railways on a daily basis or several times a month, but a significant group of 53% can be grouped around the answer that they never make use of this mode. The most serious interest in these trains is shown by Netherlanders (66%), Danes (63%) and Germans (61%), who have boarded a suburban train at least once, and the lowest percentage for the same is in Bulgaria (20%), Estonia (19%) and Romania (19%).

The reasons for the data can be looked for in the condition of the infrastructural units, which service rail transport and we should mention that this low activity in the studied
Eastern-European countries is also typical of freight carriage as a whole. In the years of centralized planned economy the focus was on the development of railway infrastructure and rolling stock, which serves as a prerequisite for serious carriage activity carried out on railway tracks in the socialist countries. With the transition to market-oriented economies, however, a slight interest in this transport mode was registered due to the need for serious investment activity in the transport sector and the development of modern technologies, which in principle transformed the required material and technical base for exploiting the rail transport. The lack of the state financial support and privatization in the railway companies to a great extent are hampered their modernization, and it contributes to the diversion of cargo and passenger flows mainly to road transport.

CONCLUSIONS

In conclusion we can formulate some important findings in the development of rail transport on an international scale:

1. The highest payload-distance of railway transport in 2013 is marked in countries outside of the EU, such as the USA, Russia, Canada and Mexico.
2. In terms of the indicator for rail network density, measured per 1 000 sq km, the highest parameters have been reported in Germany and the lowest in Brazil.
3. In terms of availability per 1 000 people, the highest numbers have been registered in Australia and the lowest in India.
4. We must not ignore the fact that the rail network in the EU remains to a great extent fragmented and controlled by vertically organized companies, which run both the infrastructure and trains using this infrastructure. It prevents other companies from having access to the market and limits the competition, which gives rise to conditions for the intensive development of the rest of the transport modes, and mainly of road transport, which we identify with low levels of green efficiency measured by the indicators for climate changes, for air pollution, noise and energy efficiency. The outlined tendencies do not correspond with one of the main pillars of the European transport policy, i.e. "balanced transport sector".
5. Despite the many advantages with which trains stand out and which make them a safer green mode of transport, the fact remains that they perform only 6% of the passenger transport in Europe. Thus, increasing competition in the sector on the one hand and introducing uniform standards on the other hand, would make them more desirable.

Rail transport has its place in the transport market, where we see its exploitation mainly in respect of freight carriage and less in respect of passenger carriage, but this mode for overcoming spatial discrepancy stands out with a number of significant advantages, which will be a prerequisite for its intensive development at a certain point in the future.

REFERENCES

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